MACEDON RANGES EQUINE CENTRE

Feasibility Study: Draft Final Report

Macedon Ranges Shire Council

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Macedon Ranges Equine Centre

Feasibility Study: Final report

Client: Macedon Ranges Shire Council

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Executive Summary

This draft report outlines the preliminary findings of the investigation into the feasibility of an equine centre in the Macedon Ranges Shire.

The draft feasibility study aims to deliver on an action in the *Macedon Ranges Equine Strategy 2012-2016* (the 'Equine Strategy'), which committed to investigating the feasibility of an international standard equine facility within the shire. Such a facility would leverage the strong equine culture and ethos of the Macedon Ranges community.

The Macedon Ranges Equine Strategy and the Equine Centre Feasibility Study have been part funded by the Victorian State Government.

The equine centre concept aims to address a number of challenges and opportunities relating to the equine sector, including community, economic and sporting issues. These include:

- The perceived need among equine stakeholders in the Macedon Ranges Shire and the broader industry for a facility with a large indoor arena to support the development and growth of the equine industry within the Shire and Victoria;
- A major equine event facility to attract major events, increase visitation, and generate associated flow-on economic impacts; and
- Development of an international standard equine facility in Australia to host major international events, and to support the development of world class equine athletes.

This draft study has been underpinned by an extensive literature review and consultation of equine stakeholders in the Macedon Ranges Shire, Victoria and nationally.

Strategic options

Four strategic options were considered as part of the analysis. A strategic option is defined as a high level solution that can be implemented to address the challenges and opportunities identified. The four strategic options were:

1. Do nothing – do not develop a major equine facility in the Macedon Ranges Shire;
2. Upgrade an existing equine facility in Victoria - the most likely venue would be the Werribee Park National Equestrian Centre, although the size of this site is limited;
3. Adapt an existing (non-equine specific) facility for equine use - no specific venue was identified; or
4. Build a new facility on a greenfield site.

Analysis indicated that the development of a new facility at a greenfield site was most likely to address the challenges and opportunities outlined above. In particular, strategic option 4 offered:

- Close proximity to Melbourne and transport infrastructure, including Melbourne Airport and major highways;
- An opportunity to secure a large site that provides potential to grow and expand over time; and
- A high level of support from equine industry participants, associations, and others.

The Macedon Ranges Shire is considered a good location because of its well-established equine industry, a high level of local participation in and support for equine sports, proximity to Melbourne, and a climate that is conducive to equine activities.

Project options

Following preliminary consultation and desktop research, four project options were identified. A project option provides detail about the type of facility that could be possible and is defined by a number of concepts, including:

- The extent to which community access would be facilitated;
- The type and size of facilities;
- Whether they would cater for "core" disciplines (those disciplines governed by the Fédération Équestre Internationale – FEI) as well as "non-core" disciplines (non-FEI events such as cutting and campdrafting);

- Whether they would cater for non-equine as well as equine events.

The four project options are:

- Project Option 1 – this project option caters largely for core equine events and training only, but has some limited capacity to be used for non-equine events (e.g. small scale conferences/ meetings, bovine and other livestock events). It also has a purpose built community facility;
- Project Option 2 – this project option caters for both core and non-core equine events, but would not offer a purpose built community facility. It would be designed to convert easily into an events facility, hosting concerts, trade fairs, other animal shows, non-equine sporting events, and conventions;
- Project Option 3 – this project option caters largely for core equine events and training only, but has some limited capacity to be used for non-equine events (e.g. small scale conferences/ meetings, bovine and other livestock events). It does not include a purpose built community facility;
- Project Option 4 – this project option caters for both core and no-core equine sports, and has a purpose-built community facility. It will be designed to convert easily into an events facility, hosting concerts, trade fairs, other animal shows, non-equine sporting events, and conventions.

All project options were predicated on the need for a flexible, multi-discipline facility. Benchmarking of other venues and consultation revealed that:

- Comparable equine facilities need to cater for as broad a range of equine disciplines as possible to be feasible;
- Given the competition for equine events, many venues are seeking to attract non-equine events, as a way of bolstering the bottom line and reducing commercial risk.

For this reason, multi-discipline, multi-event facilities are a feature of each project option.

Financial analysis

A demand model was developed based on research and preliminary consultation; initial capital and operating costs were developed by AECOM. Table 1 outlines the estimate revenues and costs associated with each project option.

Table 1 Financial summary – Project Options 1-4

Category	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Revenue	$9,588,227	$10,945,924	$9,985,681	$13,041,081
Expenses	$7,826,050	$6,256,750	$5,856,100	$8,020,450
Operating surplus	**$1,762,177**	**$4,689,174**	**$4,129,581**	**$5,020,631**
Capital cost	$39,130,250	$31,283,750	$29,280,500	$40,102,250

While all of the options return an operating surplus, project option 4 returns the largest surplus, of over $5 million. As this option is most suited towards multiple uses, this is not surprising.

It is also worth noting that these estimates do not include the cost of capital (e.g. interest). When the cost of capital is considered, the relative financial impact of each project option changes. Financial modelling results incorporating cost of capital (CoC) are outlined in Table 2. Project option 2 returns the largest surplus when cost of capital is considered.

Table 2 Impact on operating surplus with cost of capital added

Category	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Capex	$39,130,250	$31,283,750	$29,280,500	$40,102,250
Cost of capital (7%)	$2,739,118	$2,189,863	$2,049,635	$2,807,158
Surplus before CoC	$1,762,177	$4,689,174	$4,129,581	$5,020,631
Surplus/deficit with CoC	-$976,941	$2,499,311	$2,079,946	$2,213,473

Economic analysis

Economic modelling was undertaken for each of the project options. Project option 2 had the greatest annual economic impact, with a conservative estimated $9.9 million of economic impact per annum. This outcome was driven by:

- The largest amount of visitation through events held at the equine centre;
- A high proportion of visitors and participants likely to be from interstate and the rest of Victoria.

Risk

While there was little to differentiate each of the options by way of risk, project option 2 has been selected as having the lowest risk on the basis that:

- This project option has no dedicated community facility, which makes its financial position more favourable;
- Project option 2 allows for equine and non-equine events, which expands the potential pool of users for the facility.

Key risks for this project, whatever project option is selected, include the following:

- Financial - the risks relating to capital cost, revenues and operating costs are significant;
- Site location and space - given the preference for a minimum of 120 Ha (300 acres) and possibly up to 160 Ha (400 acres) depending on the specific site selected, it may be challenging to identify and acquire a site of this size;
- Social and environmental - increased traffic may lead to congestion at peak times, reduced community amenity and increased emissions and pollution if not managed carefully.

Conclusions

The development of an equine centre in the Macedon Ranges Shire is feasible. This conclusion is based on the following:

- There is a high level of stakeholder support for an equine centre in the Macedon Ranges Shire from the local community and nationally;
- All options have the potential to be financially sustainable, based on existing and potential future demand, provided that cost of capital is not considered. Once this is factored into the financial analysis, project option 2 has the most favourable financial outcomes;
- There is a significant economic and employment impact for Macedon Ranges Shire and beyond from the development and operation of a facility of this nature.

Based on the assessment of the four project options, project option 2 is the most feasible because:

- It represents the most positive economic outcomes of all the options investigated;
- While project option 2 is not as favourable as project option 4 in terms of community access, it will still provide much better access for the community to equine facilities compared to the current situation (the ‘do nothing’ case);
- Project option 2 represents the most favourable financial outcome for the project once the cost of capital is considered;
- Project option 2 could incorporate a 5,000 seat indoor stadium, an undercover 500 seat warm up arena, dressage arenas, a competition-standard show jumping course and a competition-standard cross country course, stabling, camping facilities, training and meeting rooms.

1.0 Delivering the Macedon Ranges Equine Strategy

1.1 Strategic direction

In 2012, the Macedon Ranges Shire Council released the *Macedon Ranges Equine Strategy 2012-2016* (the 'Equine Strategy'). The Equine Strategy outlined seven Strategic Directions, encompassing 27 strategies over five years, to support the growth and development of the equine sector in the region. The strategic directions underpin the Shire's ambition to become the Equine Capital of Australia, building on the strength of equine culture and ethos of the Macedon Ranges community.

The strategic directions include a range of initiatives to facilitate infrastructure and product development. Analysis undertaken through the development of the Equine Strategy identified that the equine sector (both commercial and community elements) lacked infrastructure to support its continued growth and development. In particular, through extensive consultation with the equine sector, it identified that the key piece of infrastructure needed is the development of an indoor equine centre to support a diverse range of activities.

While there are a number of local facilities currently in use, most are at capacity and/or require upgrades. Additionally, the equine centre concept provides the opportunity to drive state and national opportunities in the sector, for participants and individual equine disciplines. It also provides an important economic opportunity for the Macedon Ranges Shire and Victoria, driven by tourism as well as growth in equine support services.

In particular, Strategic Direction 4, Strategy 4.1 seeks to promote the demand for the establishment of an international standard indoor equestrian centre that can attract and host international competitions and events. This feasibility study into a proposed equine centre in the Macedon Ranges Shire directly addresses the strategy.

1.2 Vision and objectives

The vision for the equine centre has been developed in conjunction with the Macedon Ranges Shire Council, and informed by the Equine Strategy and preliminary stakeholder consultation. The vision is:

> ***"The Macedon Ranges Equine Centre shall become the premier equine event and training facility in Australia attracting local, national and international participants and events"***

Overall, there is widespread support for the development of a high quality equine centre among stakeholders in the Macedon Ranges Shire, Victoria and nationally. This support includes equine peak bodies, local community equine groups, event organisers, horse breeders, and others within the equine sector.

Consistent with the vision, the equine centre has a range of objectives. These are to:

- Provide both an event and training facility that serves equine communities nationally;
- Showcase the local equine industry both in Australia and overseas;
- Develop the Macedon Ranges Shire as a major centre for equine events in Australia;
- Drive growth and development in the equine industry in the Macedon Ranges and beyond;
- Provide a world class facility which can underpin and encourage participation in equestrian sports in Macedon Ranges Shire, Victoria and Australia; and
- Provide a profile for Macedon Ranges Shire and the local equine community.

This strategy focus strongly aligns with a range of State Government priorities. In particular, Sport and Recreation Victoria (SRV) has indicated that one of the state's long term goals is to develop national/international standard training and competition facilities for all major sports in Victoria. Other than the Werribee Park National Equestrian Centre (which is widely recognised in the equine sector as having significant limitations in terms of size and facilities), Victoria does not have a dedicated facility for the range of equine disciplines.

1.3 Purpose and scope of this feasibility study

The Macedon Ranges Shire Council commissioned AECOM to examine the feasibility of developing an equine centre in the shire. More particularly, the objectives of the feasibility study were to:

- Determine the feasibility of an equine centre in the Macedon Ranges Shire, including uses, configuration, governance, funding and 'conditions of success';
- Examine opportunities for investment attraction, infrastructure development and employment creation, including how to maximise economic, industry and other benefits for Macedon Ranges Shire, Victoria and nationally. This includes economic benefits associated with tourism and visitation, as well as from additional investment in the sector.

With the above in mind, the feasibility study has included the following tasks:

- Identify and define the 'Problem' that the equine centre would address, and the opportunities associated with the centre;
- Identify, describe and assess different strategic options for the development of an equine centre, including scope of facilities, site and other components;
- Identify, describe and assess a series of project options, based on the preferred option;
- Analyse potential governance and business models, risks and 'conditions for success'.

The proposed facility is unique, at least in the Victorian context. While potential users have been readily identified, actual demand will depend on a range of factors including pricing, availability, quality of the facility and the response of competing facilities (e.g. interstate equine centres).

This study has been approached using a business case lens. This means that the focus has been on the demand and commercial elements of the equine centre as well as the quality and breadth of facilities and the layout. This approach means that stakeholders should be able to see the link between feasibility and the scope of services to be offered under the preferred option, and visualise the potential layout of the centre.

1.4 Structure of this report

This report focuses on the articulation and solving of the 'Problem', which is essentially the challenge of creating a viable equine centre that fulfils the vision of the project and meets all stakeholders needs. The problem describes in basic terms what needs to be achieved to deliver a successful equine centre.

Strategic options are then used to provide a high level articulation of how the problem may be solved. The report then examines the project options which detail more individual facilities and elements the centre will require to be most likely to succeed. The capital and operational expenditure, revenues and demand analysis are then defined for each project option.

The report structure can be summarised as:

- Section 1: Background and context
- Section 2: Significance of the equine industry
- Section 3: Problem definition
- Section 4: Assessment of strategic options
- Section 5: Description of project options
- Section 6: Financial assessment of project options
- Section 7: Economic assessment of project options
- Section 8: Review of governance arrangements
- Section 9: Risk assessment
- Section 10: Preferred project option
- Section 11: Equine centre design
- Section 12: Conclusions

2.0 Significance of the equine industry

2.1 International equestrian profile

Equine events and competitions have a long history across a range of cultures. For centuries, horses were a key form of energy to power agriculture, war, travel and industry (hence the expression “horse power”). From this long history there have emerged many different breeds of horses, generally bred for specific purposes, as well as a large range of equine competition, entertainment and recreation pursuits and racing disciplines.

Today the equine industry is global, with enormous turnover in horse breeding, racing, competitions, events and in the ancillary industries (training, stabling, grooming, veterinary, equipment, marketing, feed and many others) that support the sector.

A brief snapshot of the equine sector in different regions of the world is outlined in Table 3.

Table 3 Comparative statistics for major international equine markets

Market	Key facts
United Kingdom[1]	- The equine industry provides direct and indirect employment to between 220 – 270 thousand people - Horse riding is one of the most popular sports/leisure activities in the UK, with around 4.3 million horse riders - There are around 1 million horses and ponies in the UK - The UK boasts a world-class, multi-million-pound equestrian export industry - Britain's equine industry has a combined economic impact of £7 billion, over half of which derives from horseracing
Europe[2]	- There are over 6 million horses in Europe (including the UK) - The most important regions for equine activities include Basse-Normandie in France and the Curragh (County Kildare) in Ireland - An estimated economic impact of 100 billion euros per annum - Horse industries provide around 400,000 jobs - The number of horse riders are estimated to be growing at about 5% per year
United States[3]	- There are over 9 million horses in the USA - Around 4.6 million Americans are involved in the industry as owners, service providers, employees and volunteers - The horse industry has a direct economic effect of $39 billion annually - Racing ($10.6 billion), showing ($10.8 billion) and recreation ($11.8 billion) account for most of this amount
China[4]	There are over 6 million horses in China, and a range of high quality private equestrian facilities have been developed in recent years. While equine statistics are not complete, it is estimated that there may be at least 300,000 equestrian sports participants in China, with around 1,000 new equestrian club members registering each week.[5] China is becoming a key export market for thoroughbred and other horse breeds from Australia. The annual China Horse Fair brings together buyers and sellers from across China around the world, attracting 125 company participants in 2013.
Australia	An estimated 167,000 people aged 15 and over take part in equine activities at least one a week on average. The annual expenditure of the horse leisure industry is estimated at $225 million nationally.

[1] Source: British Horse Riding Confederation
[2] Source: European Horse Network
[3] Source: www.theequestrianchannel.com
[4] Source: www.theequestrianchannel.com
[5] Source: “China’s Horse Sports Industry Has Huge Development Potential”, www.horseyard.com.au

The Fédération Équestre Internationale (FEI) is the international body governing equestrian sport as recognised by the International Olympic Committee.

Founded in 1921, FEI now has 132 affiliated national federations including Equestrian Australia since 1951. FEI promotes and governs all international events in Dressage, Jumping, Eventing, Driving, Endurance, Vaulting and Reining at the Championships, Continental and Regional Games as well as the Olympic and Paralympic Games levels.

> ***"Equestrianism is the only sport that involves two athletes, equine and human. It is the successful partnership between these two elements; the relationship of confidence and respect that is built up between them, that makes the sport so exceptional."***
> *Fédération Équestre Internationale (FEI) Code of Conduct*

In 2012, FEI held 3,378 international events in 74 national federations. This included the London 2012 Olympic and Paralympic Games, which marked 100 years of equestrian sport in the Olympic movement. These events generate significant international broadcast coverage for the host countries.

In countries such as the USA, the development of large-acreage equine venues is growing. Examples include the Kentucky Equestrian Centre, the Palm Beach International Equestrian Centre, and the Bromont International Equestrian Centre (Canada).

These venues provide permanent facilities of varying sizes and design for hosting multiple disciplines and equine events. They provide a focal point for the development of equine and other complementary activities (e.g. exhibitions, museums and festivals) within a region, and often attract a large and diverse visitor base throughout the events calendar. A proportion of these facilities are supported by Government operational funding in recognition of the substantial economic, training and recreational benefits generated for the host region.

2.2 The Australian equine industry

In Australia, horse riding and related equine activities attracts a notable participation rate among the population, particularly in the youth age group. In 2010, an estimated 167,000 persons, or 1% of the Australian population aged 15 years and over, took part in equine activities at least once a week on average, with both organised and non-organised forms of the sport represented in the top ten regular physical activities in the country ahead of snow sports, motor sports, tennis, rugby and hockey.[6] The annual expenditure of the horse leisure industry is estimated at $225 million nationally.[7] The Equine Strategy estimated the total annual direct economic impact of the sector in the Macedon Ranges Shire to be $140 million.[8]

Recent industry studies[9] have noted the desire of the equine sector for improved access to facilities that can better accommodate the multi-disciplinary and training requirements of a broad base of user groups, including hosting of international level events. Many of the existing regional facilities such as those located at Tamworth (NSW), Werribee Park (Victoria) and Tatura (Victoria) are established assets with restricted capacity for expansion to accommodate events of international scale. Similarly, newer facilities including privately owned facilities across the country have a regional focus (albeit with a broadened facility offering to cater to a greater range of activities and amenities).

In addition to community participation, health and economic benefits, Australia has a long history of success in international equestrian competitions. For instance, the Australian eventing team won gold medals at the 1992, 1996 and 2000 Olympics, as well silver in 2008. An equine centre in the Macedon Ranges Shire would underpin the development of Australian equestrian competitors, through the quality of facilities and exposure to high level competition and entertainment.

The development of a national level equine facility has been identified by stakeholders (refer section 3) as an important initiative to bring together the diverse equine disciplines and operations and provide a common platform for the future development of the industry in Australia. This strategy requires the development of high quality, well-

[6] Australian Sports Commission, 2011, Participation in Exercise, Recreation and Sport – Annual Report 2010 (Revised 2012)
[7] Equestrian Western Australia, www.wa.equestrian.org.au
[8] *Macedon Ranges Equine Strategy 2012-2016*
[9] CPR Group, 2012, Coolup Regional Equestrian Centre Feasibility Study; Regional Development Australia - Far South Coast, 2013, Equine Industry Scoping Report

located and scalable facilities and the establishment of a critical mass of breeding, training and equine support services.

Stakeholders have also noted the strategic opportunity for Victoria to provide leadership in the future development of equine-based sports and industries at a national level. Victorian-based infrastructure investments can deliver a wide reach, given the advantages of relative proximity to the other states, good transport connectivity including major highways and international air links, and growing recreational interests driven by population growth. Victoria already hosts a number of national sports centres, such as the National Tennis Centre, which is an important facility for training and sports development, as well as a driver of economic and visitation outcomes through the events it hosts.

2.3 Significance of the equine industry in the Macedon Ranges

The Macedon Ranges is recognised within the equine community as a premier area for equine activities due to its central location, climate, open land and a high level of participation in equine activities. The Macedon Ranges is within easy access of other regional centres including Melbourne and its international airport, Bendigo, Werribee Park National Equestrian Centre and medical facilities. The Macedon Ranges Shire also has a low risk of exposure to the Hendra virus, a bat-borne disease that severely affects horses, due to the lack of fruit bat "camps".

There are a number of characteristics of this region which provide a living showcase of the rich equine history and culture of the Macedon Ranges Shire, for example:

- It is home to a number of international standard trainers, instructors and judges for a range of equine performance activities. These equine specialists train riders locally, nationally and internationally and attract those seeking training/ instruction from all over the world;
- There is a diversity of equine businesses and establishments, which provides a high level of robustness to the sector. For instance, many breeds of horse are represented in the Macedon Ranges, and there are a variety of businesses supporting the sector e.g. in health, feed, equipment and breeding;
- Participation in equine activities is supported by a strong schools' curriculum, for instance, at Braemar College;
- It is home to major thoroughbred horse studs such as Eliza Park, Woodside Park, and Wingrove Park, which deliver significant economic activity and impact in the Macedon Ranges;
- The concentration of horses and clubs in the Macedon Ranges creates a strong community of interest. These clubs are largely volunteer based, and represent adult, youth and child participants. Additionally, this critical mass of participants means that there is a strong annual calendar of events;
- The breeds attract international inquiries – e.g. Arabian bloodlines attract international visitors;
- Kyneton and Hanging Rock Racing Club has been rezoned to enable education and events at the Kyneton racecourse (NMIT Kyneton Park).

Despite current facility limitations, the equine sector is an important economic cluster in the region. It generated a direct economic impact of $140 million in Macedon Ranges Shire in 2009-10, equivalent to an employment impact of around 900 Full Time Equivalent (FTE) jobs per annum.[10] Interest in equine activities in the region is growing, particularly the middle aged female market.

The economic impact is felt across a range of core, industry support and complementary sectors in the regional economy.

[10] Macedon Ranges Shire Council, Macedon Ranges Equine Strategy 2012-16

Table 4 Industry components – equine industry

Core equine industry	Industry support	Complementary businesses
- Competitive horse riding - Equine clubs and associations - Horse training - Breeding	- Fodder supply - Equine health clinics - Husbandry services - Education - Equipment and saddlery - Event managers and catering - Horse floats	- Recreational horse riding - Tourism - Hospitality - Accommodation - Other recreational services

Source: Stakeholder consultations

2.4 Benchmarking selected equine facilities

To understand the quality, scope and pricing of equine facilities around Australia and Victoria, benchmarking was carried out. In particular, this exercise has provided an overview of different facilities, including capacity, demand, footprint, design, facilities, attendance levels, revenue and other benchmarks.

The benchmarking exercise has provided inputs into demand modelling, options development and design elements.

Key findings from the benchmarking are as follows:

- The most modern, largest and flexible equine facilities are found interstate in Caboolture, Sydney and Tamworth (the Australian Equine and Livestock Events Centre (AELEC)). On the eastern seaboard, these are the 'stand out' facilities. In Victoria, Werribee is considered to be the most important facility, but it is generally not perceived as being of the same quality as venues such as Tamworth or Sydney;
- There are a range of facilities run by associations and private interests. These cater mainly for dressage, show jumping, cross country, eventing and show events. There is no quality facility for other disciplines (e.g. western events) in Victoria;
- Due mostly to the feasibility work undertaken most of the larger facilities struggle to break even or turn a profit;
- The larger facilities attract significant visitation and have a positive economic impact on their local areas.

In terms of operating models:

- All of the major facilities (AELEC, Sydney, Werribee, and Caboolture etc) are publicly owned by either state or local governments but are run by professionally employed staff or industry associations eg. Equestrian Victoria;
- Venues are increasingly seeking and hosting non-equine events. This is becoming more important to be able to break even or be profitable;
- Most venues are reliant on Government funding for asset funding. Aside from AELEC, there is very little data available about operating surpluses or losses from venues.

All of this indicates that a flexible, multi-purpose facility will be critical in making the equine centre viable on a commercial basis. Additionally, it is likely to need Government funding or private industry investment for all or part of the capital cost.

A summary of benchmarking findings is contained in Table 5.

Table 5 Benchmarking of Victorian and Australian equestrian/equine facilities

Facility	Design elements	Demand and attendance	Governance	Funding model
Australian Equine and Livestock Events Centre (AELEC) Location: Tamworth, NSW Established: 2008	- Indoor area – 40m x 80m with 3,360 tiered seats - Undercroft stock holding yards for up to 200 heads - Sales ring – 562 seats with standing room for 200 plus. The sales ring also doubles up as a warm up area for the indoor facility - Stables – 478 stables 3.6 x 3.6 metres in size with wash bays - Education/training building with a 44 seat lecture/demonstration room, a veterinary room, utilities room and meeting room - Outdoor facilities – include 2 outdoor completion/warm up areas, horse sporting fields - Undercover cattle handling yards for 400 head - Outdoor exhibition, trade and field day areas - 187 powered parking bays adjacent to stables - Additional non-powered camping and parking - Exhibition lawn areas - Catering/café facilities on site	AELEC hosts approximately 50 events per annum (43 events in 2013). Events are diverse and include: - Agility Dog Association Nationals - Short Film Awards - Pony Shows - Jumping Championships Sports tourism audits show that AELEC finished in 2010 with over 140 event nights and 200 days occupied by event movements in and out, with 12,200 cattle and over 5,130 horses through the door and about 4,460 competitors.	Owned by Tamworth Regional Council Board structure consisting of Council, business and community leaders $20 million of capex funding was contributed by Tamworth Regional Council with the rest coming from State and Federal grants	- Strategy concerns increasing the number and range of events Business Plan: - The equine and associated events industry is worth about $45 million a year to the Tamworth regional economy - It also found that while the venue was being used for half of the year, there was capacity during 29 per cent of those activities to allow another concurrent event to take place “The moves come as the latest results show AELEC is a huge contributor to the regional economy after only two years in operation...”
State Equestrian Centre Location: Brigadoon, WA Established: 1985	- 70 x 30 metres indoor arena with a seating capacity of 2000 including a private box area, conference room and bar - Four outdoor areas: international arena (60 × 35 metres), the new 80m×80m C-Quest arena, the RDA arena and the warm-up arena - Polocrosse field	Events include: - Showjumping - Dressage - Rodeos - Polocrosse - Dog Trials - Corporate events - Camps - Exhibitions	Funding provided by the federal and state governments as well as private enterprises Managed by Equestrian Western Australia Capex of $12 million	The aims of the State Equestrian Centre are to: - Provide the finest equestrian venue for all uses in Western Australia - Assist in the development of equestrian sport in Western Australia

Facility	Design elements	Demand and attendance	Governance	Funding model
	- International cross country course complete with derby bank and water jump - 147 stables – 48 3.5 x 3.5 metres aluminium stables and 90 3 x 3 metres concrete and steel stables; 7 stallion boxes - Caravan and camping facilities	- Trade shows Facility is international competition standard		- Maintain a sound financial business model allowing for major maintenance and capital investment - Develop strategic alliances with stakeholders - Give priority to state and national events and increase usage by clients, event organisers and competitors - Assist in attracting high profile equestrian events to Western Australia
State Equestrian Centre Location: Caboolture, QLD Established: 2011	- Main covered arena 80m x 40m surface, seating for up to 4,000 spectators, warm up area, clubroom area - 70 x 30 metres covered arena with 1,500 seating - Five outdoor sand dressage arenas - Large multi-purpose arena for various equine disciplines - Lit area for night activities - Up to 500 stables and day yards depending on configuration - Extensive camping and parking areas	Can host all equestrian disciplines Recognised as the Queensland State Equestrian Centre for dressage, show jumping and racing	Managed by Moreton Bay Regional Council, supported by a non-voting Equestrian Advisory Committee	
Werribee Park National Equestrian Centre (WPNEC) Located: Werribee, VIC Established: 1984	- Two indoor arenas - Three polo fields - Two show jumping areas - Five dressage areas - Cross country course - 201 horse stables - Competition warm-up and holding areas	91 events listed for 2014. Average of 7.5 per week. Events include: - World Polo Championships - Melbourne 3DE - Jumping with the Stars - Dressage - Show jumping - Victorian Arabian Classic	Managed and maintained by board structure. Equestrian Victoria and Polo Association and Friends of Werribee (non-voting) User pays Minimal government support for maintenance.	Designated state centre for equestrian activity and has a focus for major equestrian events and elite training in Victoria.

Facility	Design elements	Demand and attendance	Governance	Funding model
		- Pony pageant -		
Sydney International Equestrian Centre (NSW) Location: Horsley Park, NSW Established: 2000	- Main Arena: Grass and fixed seating for up to 2,000 spectators - Indoor Arena: Covered seating for 1,150 spectators with serviced offices, conference centre and canteen facilities - Outdoor arenas: five sand arenas and one grass arena - Cross country course - Steeple chase track - Accommodation blocks: fixed accommodation for 40 cabins. 67 camp sites with power.	4,185 riders used the facility in 2004.	Used for the 2000 Sydney Olympics 40 events between June and Dec 2014 booked in. ~ 6.7 per week on average. Events include: - Dressage championships - Tow-ed driver education - Arabian National show - Andalusian Gala day - Interschools competition	Managed and maintained by the NSW government. The Sydney International Equestrian Centre at Horsley Park receives a $1.3 million-a-year subsidy or $310 for each of the 4,185 riders who used it last financial year.
Tatura Park Equestrian Centre Location: Tatura, VIC Established:	- Indoor arena – 75mx35m with sand floor, fixed seating for 300 people, temporary seating provision for 700, designated warm up arena adjacent to main arena - Outdoor arenas – 70mx30m, grassed - Function centre for up to 350 people, kiosk - 200 enclosed, undercover stables - Car and float parking - Central loading ramp - Powered and unpowered caravan and camping sites - Toilet and shower facilities		Operated and owned by the City of Greater Shepparton	
Boneo Park Equestrian Centre Location: Boneo, VIC	- 345 Ha (850 acres), with around 120 Ha (300 acres) having the potential to be developed - An indoor arena (66 x 30 metres), and several outside arenas (the main outdoor	Caters mainly for dressage and show jumping. It is a mix of national, local and regional events. Many are generated by Boneo Park itself.	Family owned business.	Privately owned facility. Boneo Park hires out its facilities for events, but most of its revenue and usage has

Facility	Design elements	Demand and attendance	Governance	Funding model
Established:	arena is 75 x85 metres). With a temporary grandstand, it can seat up to 500 people - The arena surface is imported from Belgium, and comprises fibre mixed with sand - 159 stables for hire at events, plus an additional 20 private stables - It has catering facilities and a café on site, with plans for a restaurant in the future			come from events generated by the company itself. It is also considering hosting non-equine events in the future.
Melbourne Indoor Equestrian Centre Location: Kinglake West, VIC Established:	Melbourne Indoor Equestrian Centre facilities include: - Olympic size indoor arena - Outdoor arena - 21 horse stables - Undercover tie up and grooming area - Trail riding throughout the property - Qualified instructors for group and private lessons - Parents' retreat room - Private and shared agistment paddocks		Melbourne Indoor Equestrian Centre is privately owned and operated.	

3.0 Problem

3.1 Problem definition

The problem definition outlines the issue or issues that the feasibility study is seeking to address. It does not consider any risks or issues that would occur as a result of potential solutions – that analysis is undertaken in the assessment of strategic options, project options and project risks.

The problem definition for this assignment has been set out in the *Macedon Ranges Equine Strategy 2012-16*, which identified that:

- Stakeholders considered the development of an equine centre with a large indoor arena as a key piece of infrastructure that would support the continued development and growth of the equine industry within the Macedon Ranges Shire and Victoria more broadly;
- An asset that can be accessed by the community and local stakeholders was also seen as an important part of an equine facility development;
- A fit-for-purpose equine facility would enhance the reputation of the shire and serve as a magnet for major equine and other events, providing support for the broader economy in addition to the equine sector.

Additionally, stakeholder consultation has revealed that:

- There is no international standard equine facility in Australia equipped to host national and international level competitions and events for all equine disciplines;
- Other facilities for equestrian events in Victoria have limited capacity for participants and spectators, have limited facilities for horses and participants and are not of the same quality or capacity as other national or international equine facilities.

These are explored in more detail below.

Problem 1: Facility needed to boost industry and sport development

The *Macedon Ranges Equine Strategy 2012-16* identified the need for an international standard indoor equestrian centre to host competitions and events. The rationale for this recommendation included the following:

- Macedon Ranges Shire has a large and diverse range of equine facility users. The development of an asset of this nature would provide a boost not only to those who participate in events, but to horse breeders, trainers, suppliers of equine products and services, and a range of other ancillary services;
- As noted in Section 2 of this report, the equine sector in Australia is substantial, attracting around 170,000 participants each year. Additionally, organised and non-organised forms of equine sport are represented in the top ten regular physical activities in Australia, with annual expenditure of the horse leisure industry estimated at $225 million nationally. To grow this sector, and to provide opportunities for young Victorian riders to compete in national and international standard events and competitions, a high quality venue is needed to attract these events;
- Recommendation 7 in the Equine Strategy concerns the ambition for Macedon Ranges Shire to become the “Equine Capital of Australia.” For this ambition to be met, Macedon Ranges Shire would become the premier region for horse breeding, training and education, competitions and equine support services. An equine facility would be a key piece of infrastructure to enable this vision to be realised, through the positive impact it would have on industry and event attraction, as well as providing visibility for the Macedon Ranges Shire in the Australian equine context.

Problem 2: Lack of a community asset

Consultation during this project and as part of the Equine Strategy revealed that local equine participants believed that there was a lack of affordable undercover facilities for local community use within the Macedon Ranges Shire.

While a range of pony clubs and adult riding clubs have the use of Council land at low cost, the facilities are usually fully funded by the clubs themselves, and tend to be fairly spartan. Additionally, there are a limited number of privately owned undercover arenas in Macedon Ranges Shire, but these are often not of a competition standard, can be challenging to book, and may be expensive for riders and trainers to use.

As noted in Section 1 of this report, a key objective of the proposed equine facility is to provide a venue for international standard competition, and a community asset that can be accessed and shared with the equine community in the Macedon Ranges Shire and beyond and a venue for non-equine events.

Problem 3: Facility needed to increase economic impact of the equine sector

The Equine Strategy estimated that the direct economic impact of the equine sector was around $140 million per annum. The key drivers of economic impact include:

- Horse breeding, training and support services;
- Visitation to the Shire and to Victoria which is largely driven by competitions and events.

An equine centre in the Macedon Ranges Shire would provide the impetus for new equine-related (as well as non-equine) events to take place in the state of Victoria. This will drive visitation from interstate and internationally.

4.0 Strategic options

4.1 Strategic options development

The purpose of identifying strategic options is to determine which high level approaches can be used to address a problem. In government decision making, this can typically mean options such as investment in infrastructure, regulation or programmatic responses.

In this instance, the broad strategic options are:

1. Do nothing;
2. Upgrade an existing facility;
3. Adapt an existing (non-equine specific) facility for equine use;
4. Build a new facility at a greenfield site.

These four strategic options are discussed below.

4.2 Strategic option 1

Strategic option 1 is the 'do nothing' or base case option. Under this option, no action is taken to upgrade, build or otherwise provide a state-of-the-art equine facility in the Macedon Ranges (Victoria).

Under this scenario, the potential benefits to equine sports and industry development, economic impact and tourism will be lost to Victoria.

There is also the potential that other jurisdictions will continue to upgrade and expand their facilities, meaning that national level events may continue to migrate from Victoria, with the associated loss of visitation and spend that this entails.

Community facilities would remain the same and require funding assistance through other avenues.

4.3 Strategic option 2

Strategic option 2 refers to the upgrading of an existing facility. Realistically, this means an upgrade at either Werribee Park National Equestrian Centre or at Tatura Park Equestrian Centre.

There are several advantages to this approach. These are:

- There would be no cost of land acquisition;
- Existing facilities may be able to be expanded or upgraded, which may reduce the overall capital investment;
- Participants and spectators are already familiar with the venues, and so there is an established level of demand i.e. an existing calendar of events.

However, this strategic option has a number of disadvantages:

- Werribee is set on some 12 Ha (30 acres), which is insufficient for a facility of the quality and size envisaged to address the problem. There is limited space for expanded facilities at Werribee and an upgrade to the existing assets would not be able to achieve the step change in capability envisaged[11];
- The Werribee facility needs a substantial upgrade, even without expanding the breadth of its current service offerings;
- Tatura is set on 40 Ha (100 acres) and may not have sufficient space for a facility of the quality and size that would address the problem;

[11] Equestrian Victoria has indicated that it may be possible to expand the Werribee Park National Equestrian Centre by up to 16 Ha (40 acres), giving a total area of around 28 Ha (70 acres). This would still strictly limit the ability to expand capacity of the centre.

- Tatura is some two hours from Melbourne by car. This distance means that the benefit associated with being close to Melbourne and an international airport (Tullamarine) would be reduced or lost;
- Upgrading both facilities, while maintaining existing points of access, would be duplicating investments and still not provide for the core industry requirements.
- During construction, a key facility for the Victorian sector would not be available, further worsening the issue of poor access to facilities in the short term.

4.4 Strategic option 3

A further strategic option could be to adapt or hire another large capacity facility, such as the Showgrounds at Flemington, which has not been designed with equine events specifically in mind.

Potential advantages of this approach are as follows:

- There would be no cost of land acquisition;
- Existing facilities could be expanded or upgraded, which may reduce the overall capital investment.

This strategic option also has a number of weaknesses, however:

- There may be a misalignment between the use and access requirements of the equine sector for events and training compared to other users of the facility;
- Given the specialist infrastructure needed for equine events, it may not be cost effective or logistically possible to convert an existing facility for equine use;
- It is unlikely that an existing facility could accommodate events such as cross country, which require substantial space.
- The location means that there is not sufficient space for a facility of the quality and size that would address the problem.

4.5 Strategic option 4

The fourth strategic option is to develop a new facility at a greenfield site, within close proximity to Melbourne. This is predicated on the facility being able to meet the needs of a diverse range of equine disciplines and events.

The benefits of this approach include the following:

- An ability to identify a site that is fit for purpose. Work to date has indicated that the features of an appropriate location include a site no smaller than 120 Ha (300 acres) and possibly up to 160 Ha (400 acres) depending on the specific site selected, on a relatively flat site;
- An ability to design a facility that meets the needs of the equine sector, focusing on a range of equine events;
- Ensuring that the site is close enough to ensure a substantial market for participation and visitation. In the case of Macedon Ranges Shire:
    - It is close to Melbourne and central to major regional cities of Geelong, Ballarat and Bendigo
    - It is close to Melbourne’s international airport and therefore accessible to visitors and competitors from interstate and overseas;
    - The Macedon Ranges Shire is an important centre for the equine industry and equestrian sports. There is already a strong competitor and visitor base for disciplines such as dressage, show jumping and cross country/eventing;
    - Given the high level of local interest in equestrian disciplines, it is likely to attract community support.

Potential disadvantages of this strategic option are as follows:

- Challenges in identifying (and acquiring) a site no smaller than 120 Ha (300 acres) and possibly up to 160 Ha (400 acres) depending on the specific site selected, which is relatively flat and appropriate for equine activities, and will be consistent with Council planning requirements;

- High cost of constructing a state-of-the-art facility from scratch.

4.6 Risks and adverse impacts

All of the strategic options will face a range of risks and impacts. Some are common to all options, while others may be specific (or of a greater quantum) depending on the option identified.

Potential risks and adverse impacts of the strategic options are described briefly below:

- Congestion and crowding at peak times – the establishment of a major equine facility could have an impact on existing roads and other infrastructure, leading to traffic congestion and crowding during major events. This would have adverse environmental impacts (through pollution and increased emissions) as well as negative consequences for community amenity and safety. This risk could be mitigated by maximising the use of existing infrastructure e.g. by locating close to public transport and by education and information about other options.
- Competition with existing services – depending on which model is adopted, there is a risk that the new centre could divert some spending away from existing retail, accommodation and other services. Should services of this nature be located on site, and access to other parts of the Shire limited, local providers may "miss out" on the positive impacts of visitation. The expectation is, however, that components such as on-site retail, hospitality, accommodation and other services will enhance rather than detract from the opportunity for local business development, growth and employment. For instance, corporate hospitality would be similar to any other large event venue offering "high end" visitors the opportunity to host guests. Anticipated visitation numbers are such that on-site services are unlikely to meet all the needs of visitors, and the excess demand for goods and services should be largely met from local businesses;
- Infrastructure costs – the operation of the facility coupled with increased visitation may require increased infrastructure capacity e.g. transport, water and sewerage. Capacity upgrades may need to be factored into strategic planning for responsible entities e.g. water companies, VicRoads.
- Environmental impacts – possible environmental impacts include potential damage to the natural environment during the construction of the facility. Increased visitation will increase emissions and pollution in the local area. Other environmental risks would be identified at a later date through detailed impact assessments when a site has been selected.

4.7 Strategic option assessment

Framework for assessment

The framework for assessing the strategic options was developed through consultation with stakeholders and following an extensive literature review.

It encapsulated the following criteria:

Table 6 Criteria for strategic assessment

Criterion	Description	Rating system
Proximity to transport infrastructure	Proximity is also a function of transport links, including freeways, train and airports (international and domestic).	High – close to major roads/freeways, public transport, access and proximity to an international airport or major regional airport Medium – close to freeways with train connections Low – minimal access to freeways and no rail connection
Capital cost	The cost of construction will be a major challenge for all of the options.	Low – relatively low cost upgrade Medium – extensive rebuild of an existing facility High – complete rebuild of an existing facility and/or new build at a greenfield site
Capacity for expansion	Learnings from AELEC have found that the facility is not able to readily expand because the site selected did not allow for this. The project is	High – A large site with considerable potential for expansion of facilities and capacity. Currently has unused capacity

Criterion	Description	Rating system
	expected to develop over time, and must have 'room to move'.	Medium – a site which is of significant size (100 acres), but is fully utilised. It has capacity for extensive re-modelling Low – little capacity to expand or remodel
Stakeholder support	Support from equine participants, investors, service providers and spectators will be critical.	High – a high level of stakeholder support Medium – a moderate level of stakeholder support Low – little stakeholder support for this option
Community and environmental impacts	Any risks or adverse impacts that may accrue to the local community or environment as a result of a strategic option.	High – there is no or minimal potential for adverse environmental and social impacts Medium – there is potential for moderate adverse environmental and social impacts Low – there is potential for significant adverse environmental and social impacts

The assessment system for the strategic options is very simple with 'high' being the top (best scoring) rating, and 'low' being the least scoring rating. 'Medium' is in between the two.

We divided strategic option 2 into two parts (Werribee and Tatura) as the assessment of these two sites differs significantly.

Assessment

The assessment for the strategic options is outlined in Table 7.

Table 7 Strategic assessment summary

Criterion	Strategic option 1: Do nothing	Strategic option 2(a): Expansion at Werribee	Strategic option 2(b): Expansion at Tatura	Strategic option 3: Expansion at a different facility	Strategic option 4: Development at greenfield site
Proximity	L	H	L	H	H
Capital	H	L-M	L-M	L-M	L
Capacity	L	L	M	L-M	H
Support	L	L	L	L	H
Adverse impacts	H	H	H	H	L
Overall	L	L	L	L	H

4.8 Preferred strategic option

Overall, strategic option 4 is the preferred strategic option. In particular, this strategic option offers:

- Good proximity to Melbourne and transport infrastructure, including Melbourne International Airport and major highways;
- Excellent potential to grow and expand over time, provided that a suitable site can be identified;
- A high level of support from equine industry participants, associations, and others.

Additionally, Macedon Ranges Shire offers other advantages including:

- A well-established equine industry and a high level of local participation in equine sports;
- Support from the Council and has political good will;

- Better proximity to the airport and highways than the east of Melbourne;
- A cool weather climate that is conducive to equine activities.

5.0 Project options

The strategic options identified our preferred approach: to develop a new, fit for purpose facility at a greenfield site.

This section fleshes out the potential project options. Project options describe different development scenarios i.e. differing facilities and capacity, and are analysed further in the rest of this feasibility study.

Given the advantages of an equine centre in the Macedon Ranges Shire, the options developed for this project have the following characteristics:

- They are all located in Macedon Ranges Shire;
- They all represent a purpose built facility at a greenfield site;
- They assume that 120 to 160 Ha (300 to 400 acres) of suitable land can be identified;
- The centre can be used for other training, and in some cases, non-equine events.

5.1 Framework for project options development

The project options for an equine centre have been defined by the following differentiating elements, which respond to the overarching needs (criteria) of:

- Enabling core industry development (core disciplines – mandatory for all project options);
- Supporting the development of complementary disciplines or activities;
- Supporting recreational access for equine community;
- Establishing a purpose-built platform for growth.

All of these elements were considered and adopted to different extents, in developing the project options for consideration.

Table 8 Elements for describing project options

Elements	Description
Disciplines	Different equine disciplines have different infrastructure training and access needs. Disciplines that could potentially access the equine centre include the following: Core equine elements: these refer to disciplines which are well-established in Victoria, and which are part of Equestrian Australia and the FEI: - Eventing - Dressage - Cross country - Show jumping - Show horse - Vaulting Non-core equine elements: these are disciplines which are less established or emerging in Victoria, but which may be well established elsewhere in Australia. - Western pleasure - Camp draft - Cutting - Reining - Quarterhorse/stockhorse other breeds championships - Carriage driving

Elements	Description
	The facility must also be able to be used for complementary (non-equine) activities, including events based on other livestock (e.g. cattle), trade shows, concerts, events, conferences and the like. All of the options outlined below are assumed to have the capacity for venue hire to non-equine functions. We have assumed that the core disciplines require an arena that is at least 80mx45m. This allows for a ten metre space around a standard dressage arena (60 x 20 metres). Feedback from AELEC is that the main arena (80 x 20 metres) is a little bit too narrow for world championship show jumping as well as other disciplines. For that reason, we have factored in an additional 5 metres in width. To cater for all disciplines, we have factored in an arena of 100 x 50 metres, which will comfortably cater for western disciplines and carriage driving.
Level of community access	Community access refers to the extent to which the facility could be used by local pony and adult riding clubs, as well as other local user groups. Consultation revealed the following pre-conditions for community access: - An undercover arena for use by the community in inclement weather; - Low fees for use of the facilities. Stakeholders indicated that the prices at the Werribee Park National Equestrian Centre were too high for many recreational riders.
Purpose built for equine events	This refers to the extent to which the facility caters largely or exclusively for equine events. This would limit the ability of the facility to host other commercial activities such as: - Conventions; - Trade shows and fairs; - Concerts; - Non-equine events involving other forms of livestock. If the facility is developed as an event/conference/ catered meeting centre (with scope for equine activities), the infrastructure requirements, operational model and level of access for community and other groups may be significantly varied. The project options that cater for core and non-core events include a warm-up arena which can be used for livestock sales. The other two project options include an outdoor arena for livestock sales.

5.2 Description of project options

A high level summary of the key elements of each of the four project options are outlined in Table 9. In addition to these four project options, there is a ‘base case’, which has been defined as ‘no change’ scenarios from the current situation.

Table 9 Elements of each project option

Option	Core disciplines	Non-core disciplines	Community access	Multi-use (equine and non-equine)
1	✓		✓	
2	✓	✓		✓
3	✓			
4	✓	✓	✓	✓

The four project options are described below in more detail.

Project option 1

This project option caters largely for core equine events and training only, but has some limited capacity to be used for non-equine events e.g. small scale conferences, bovine and other livestock events. It also has a purpose built community facility.

Key features will include:

Table 10 Features of Project Option 1

Category of facility	Description
Indoor areas	- A 5,000 seat indoor stadium, with the arena measuring 80 x 45 metres, with a surface suitable for dressage and related events
Community	- Basic under cover arena (70 x 30 metres) for use by the community and other equine groups for training purposes. This will be a subsidised facility which will offer low (community standard) pricing
Outdoor areas	- Five outdoor dressage arenas - One competition-standard show jumping course - One competition-standard cross country course
Training and stabling	- 300 stables, 3.6 x 3.6 metres - Equipment for show jumping, clinics and training - Temporary/ demountable yards for horses
Accommodation	- 150 powered sites - Large facilities block - Café
Administration	- Administration offices - Three training/meeting rooms
Business principles	- Equine training and events will receive priority access, regardless of commerciality

Project option 2

This project option caters for both core and non-core equine events, but will not offer a purpose built community facility. It will be designed to convert easily into an events facility, hosting concerts, trade fairs, other animal shows, non-equine sporting events, and conventions.

Key features will include:

Table 11 Features of Project Option 2

Category of facility	Description
Indoor areas	- A 5,000 seat indoor stadium, with the arena measuring 100 x 50 metres, with a surface suitable for dressage and related events - An undercover 500 seat warm up arena (70 x 30 metres) that can also be used for training, clinics and other purposes. This will be hired on a commercial basis, and will double as a venue for horse (and other livestock) sales
Outdoor areas	- Five outdoor dressage arenas - One competition-standard show jumping course - One competition-standard cross country course
Training and stabling	- 400 stables, 3.6 x 3.6 metres - Equipment for show jumping, clinics and training - Temporary/ demountable yards for horses

Category of facility	Description
Accommodation	- 150 powered sites - Large facilities block - Café
Administration	- Administration offices - Extensive facilities for education, training, conferences, exhibitions and other events
Business principles	- Equine training and events will receive priority access, but the operation will be run on a commercial basis without special community access.

Project option 3

This project option caters largely for core equine events and training only, but has some limited capacity to be used for non-equine events e.g. small scale conferences, bovine and other livestock events. It does not include a purpose built community facility.

Key features will include:

Table 12 Features of Project Option 3

Category of facility	Description
Indoor areas	- A 5,000 seat indoor stadium, with the arena measuring 80 x 45 metres, with a surface suitable for dressage and related events - The indoor stadium will have capacity to be transformed into a major concert facility, with additional temporary seating - The stadium will also contain meeting rooms, a small convention/function centre and catering facilities, to be operated on a commercial basis
Outdoor areas	- Five outdoor dressage arenas - One competition-standard show jumping course - One competition-standard cross country course - An outdoor arena (500 seats) for livestock sales
Training and stabling	- 300 stables, 3.6 x 3.6 metres - Equipment for show jumping, clinics and training - Temporary/ demountable yards for horses
Accommodation and other	- 150 powered sites - Large facilities block - Café
Administration	- Administration offices
Business principles	- Pricing will be established on a fully commercial basis

Project Option 4

This project option caters for both core and non-core equine sports, and has a purpose-built community facility. It will be designed to convert easily into an events facility, hosting concerts, trade fairs, other animal shows, non-equine sporting events and conventions.

Key features will include:

Table 13 Features of Project Option 4

Category of facility	Description
Indoor areas	- A 5,000 seat indoor stadium, with the arena measuring 100 x 50 metres, with a surface suitable for dressage and related events - The indoor stadium will have capacity to be transformed into a major concert facility, with additional temporary seating

Category of facility	Description
	- The stadium will also contain meeting rooms, a small convention/function centre and catering facilities, to be operated on a commercial basis - An undercover 500 seat warm up arena (70x30 metres) that can also be used for training, clinics and other purposes. This will be hired on a commercial basis, and will double as a venue for horse (and other livestock) sales
Outdoor areas	- Five outdoor dressage arenas - One competition-standard show jumping course - One competition-standard cross country course
Community	- Basic under cover arena (70 x 30 metres) for use by the community and other equine groups for training purposes. This will be a subsidised facility which will offer low (community standard) pricing
Training and stabling	- 400 stables, 3.6 x 3.6 metres - Equipment for show jumping, clinics and training - Temporary/ demountable yards for horses
Accommodation and other	- 150 powered sites - Large facilities block - Café - Extensive facilities for education, training, meetings, conferences, exhibitions and other events
Administration	- Administration offices
Business principles	- Pricing will largely depend on a commercial basis, but with a subsidised community facility

5.3 Other conditions for success

Based on consultation and the benchmarking study, there are a number of other facilities that the equine centre should have. These will not necessarily be funded as part of the project.

These are:

- Accommodation on-site – consultation with AELEC has revealed that some accommodation on site may be an important factor in the facility's success, in addition to space for powered sites. This should be a commercial project, and would need to be privately funded. It will need to be accounted for in master planning, and the facility operator may need to undertake market sounding/attraction to identify an investor;
- There needs to be space for retail and additional catering facilities. These could feasibly be part of the main arena design, or could be provided from other buildings. These will, however, need to be factored into the master plan;
- Key features such as light and sound systems, large screens and other service components. Details of this infrastructure will be developed in the next steps of project development.

Additionally, a key consideration will be the role that the Werribee Park National Equestrian Centre will continue to play in hosting equestrian events. Some preliminary discussions have been undertaken with Equestrian Victoria, which currently manages the Werribee facility, about the potential for establishing a new facility at Macedon Ranges Shire. Further discussions are expected to take place to gauge the level of support from Equestrian Victoria for this proposal.

6.0 Financial assessment

In this section of the report, we consider the demand and revenue implications of each of the project options.

This assessment assumes that most of the activities currently held at Werribee Park National Equestrian Centre would move to the equine centre in the Macedon Ranges.

6.1 Demand drivers

Drivers of demand refer to the factors which will drive usage of the new centre. These drivers have been identified through a mix of desktop review and consultation with a broad range of stakeholders. A wide range of potential drivers of demand were identified through these processes.

The key drivers of demand for the equine centre are as follows:

- **Level of community demand** – two of the project options allow for a purpose-built community facility. The use of this facility will be driven by community demand, and access to this facility would be given preference to community users. The consultation process revealed that most community demand would comprise access to an undercover arena, largely during inclement weather (rain, extreme cold or extreme heat). Other project options will also enable community access, but community groups will need to compete with other users for that access;
- **Level of event demand from equine associations** – there are a large number of events every year at the national, state and regional level, coordinated and organised by equine associations. Additionally, there are schools-based competitions and events;
- **Major equine events** – the key provider of major equine events in Australia is Equitana. There is an opportunity for additional major events of this type, if an appropriate facility was available close to Melbourne;
- **Equine events that could be developed specifically for the new facility** – consultation with private providers e.g. Boneo Park has revealed that there is a significant market for new events (with between 100-200 participants), particularly those that attract experienced judges and high quality competition;
- **Equine sales** – there is potential, with an appropriate facility, for additional equine sales to be held at a facility in Macedon Ranges Shire;
- **Other livestock events, including sales** – these include cattle competitions, shows and sales, as well as events for other forms of livestock;

- **Entertainment, exhibitions and trade shows** – the main arena and other facilities will be able to host other events such as shows and expos;
- **Business events** – some of the project options will allow the development of business event facilities;

6.2 Demand assumptions

Demand assumptions have been developed to build up a picture of potential levels of usage (and revenue) under each of the four project options. These estimates have been monetised in a demand model, which:

- Estimates potential demand for each of the project options;
- Based on the demand, estimates potential operating revenues;
- Using estimates of visitation, derive outcomes for the economic model.

Key demand assumptions are outlined below. Additional details on demand assumptions are in Appendix A.

Level of community demand

An estimate of local user demand has been developed based on consultation with local stakeholders e.g. pony clubs and adult riding clubs, as well as discussions with equine associations and Equestrian Victoria. Please note that the community demand estimate applies only to project options 1 and 4.

Local users have indicated that they would be looking to use the facility as a supplement to existing club grounds during inclement weather. We have therefore assumed that:

- Local users will comprise pony clubs, adult riding clubs and coaches based in Macedon Ranges Shire;
- Local users will primarily use the facilities in inclement weather conditions;
- The equine centre would be used for both training days and rallies.

Inclement weather for the purpose of the study has been defined as days where average rainfall is greater than 1mm. Historic averages for Kyneton were sourced from the Bureau of Meteorology website which suggests 119 days per annum can be expected to be inclement.

AECOM estimates that the community facility will be booked out for 35 weekend days per annum by either pony clubs or adult riding clubs. Additionally, we have assumed there are 20 coaches operating in the area which will use the facilities on 26 inclement days. As coaching is by the hour, and multiple coaches may use the facility on any one day or time we have assumed that the basic covered facility will be fully hired out for 30 weekdays and 25 weekend days.

Table 14 illustrates the local users considered and key assumptions made in the demand model.

Table 14 Community demand – assumptions

Category	Assumption
Pony clubs - children	- There are eight pony clubs - Pony clubs will use facilities in inclement weather only - Pony clubs have one rally & training weekend per month - Will not use the facility for annual events as these are fund raisers for the club
Adult riding clubs	- There are seven adult riding clubs - Riding clubs will use facilities in inclement weather only - Riding clubs have one rally & training weekend per month - Will not use a facility for their annual event
Coaching & instruction	- Assume 20 coaches working in the Macedon Ranges would use a facility in inclement weather up to five one hour sessions per week day. This could include clinics held by national/international coaches - Up to five one hour sessions every second weekend

Events currently held at Werribee Park National Equestrian Centre

We have adopted the existing annual calendar for Werribee Park National Equestrian Centre, on the basis that this represents a potential starting point for the operation of an equine centre in the Macedon Ranges Shire.

For the period 2014-15, 67 events including events, trials, clinics and training have been planned, or have been held at Werribee Park.

The Werribee Park events calendar is assumed for the equine centre in the Macedon Ranges Shire for all four project options, and represents a base level of demand for each.

A list of these events for the period August 2014-July 2015 are contained in Appendix A.

Other equine events

The demand model assumes a range of other equine-based activities and events for some of the project options. These have been developed based on consultation with event managers, associations and existing venues.

In particular, we have assumed additional equine event demand for project options 2 and 4. The design configuration of these project options e.g. multiple under cover arenas lends itself to additional events, either on weekdays, or by running events simultaneously.

The additions for project options 2 and 4 are:

- Two small scale Equitana events. These are assumed to run for five days each, attracting 5,000 spectators each day. revenue is raised through an entrance fee, in addition to the fee charged by Equitana, and venue hire;
- Equine events developed and managed by the Macedon Ranges Equine Centre. We have assumed one additional event per month, either show jumping or dressage, in addition to the Werribee calendar. These will attract 200 competitors on average, and an additional 400 spectators. Revenue is earned by registration fees, entry fees, equipment and stable hire.

All other events

A range of other (non-equine) events have been assumed to be held at the centre. The type of events for each project option varies, and has been driven largely by the type of facilities available. Other events comprise the following categories:

- Horse sales – consultation across the equine sector identified horse sales as a potential user of the facility. One livestock agent indicated that the main barrier to further horse sales in Victoria was the lack of an appropriate venue, rather than a lack of demand;
- Cattle shows and sales – experience from venues such as AELEC indicates that there is a substantial market for cattle sales and shows;
- Other livestock shows – there are a large number of other livestock and animal shows and events held around Victoria annually (e.g. dogs or sheep). The equine centre could easily be adapted to this use;
- A range of other non-livestock events could use the facility, including music events and concerts, balls, shows and displays and conferences.

The allocation of these events to each project option is outlined in Table 15. Additional details on these assumptions are contained in Appendix A.

Table 15 Demand modelling - non-equestrian events by project option

Category	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Horse Sales		✓		✓
Cattle show		✓		✓
Cattle sales		✓		✓
Other livestock shows		✓		✓
Music events/concerts		✓	✓	✓
Gala Balls		✓		✓

Category	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Shows and displays	✓	✓		✓
Conferences and other	✓	✓	✓	✓

Pricing and fee assumptions

There are two main sources of fees for the facility – venue hire and event fees. Fee and pricing estimates have been drawn from desk top review and consultation. While they largely reflect pricing at Werribee Park National Equestrian Centre and elsewhere, the fee structure has also taken into account feedback from the equine community about existing facility and other fees.

Venue hire fees are outlined in Table 16.

Table 16 Demand model - venue fees

Facility prices	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Whole Venue	$2,451	$2,967	$2,444	$2,931
Indoor 1	$824	$1,167	$840	$1,144
Indoor 2	$824	$1,167	$840	$1,144
Outside Dressage	$283	$275	$275	$275
Show Jumping	$340	$330	$330	$330
General Purpose	$283	$275	$275	$275
Outside Arena	$340	$330	$330	$330
Cross Country	$170	$165	$165	$165
Community Facility	$155	-	$155	-

Event fees have also been largely based on existing fees. These are outlined in Table 17.

Table 17 Demand modelling - event fees

Category of fee	Cost
Facility fee (per horse)	$15
Powered sites	$25
Unpowered sites	$15
Stable fee	$24
Yard fee	$16
Spectator fee	$10
Trade stand fee	$2,500

Other sources of revenue

Other major sources of revenue include:

- Sponsorship for major events - consultation has revealed that corporate or other sponsorship for national and state level events is feasible;
- Rent from leasing out café/restaurant facilities (to an operator) and agistment fees.

Consultation with existing equine venues has revealed that there is substantial interest in sponsorship for equine events, particularly dressage, in recognition of the relatively affluent demographic of both participants and spectators.

The demand model assumes that sponsorship will be available for state level and national events only. Sponsorship assumptions, by venue, are outlined in Table 18.

Table 18 Demand modelling - sponsorship assumptions

Events by venue type	State event	National event
Whole Venue	$100,000	$200,000
Indoor 1	$50,000	$100,000
Indoor 2	$25,000	$50,000
Outside Dressage	$10,000	$20,000
Show Jumping	$10,000	$20,000
General Purpose	$10,000	$20,000
Outside Arena	$10,000	$20,000
Cross Country	$10,000	$20,000

Café/restaurant leasing arrangements are estimated to bring revenues of $2,000 per week or $104,000 per annum. Agistment fees are estimated at $1,000 per week, or a total of $52,000 per annum.

6.3 Capital and operating costs

Capital costs

Capital costs have been estimated by AECOM's quantity surveying team. These should be treated as high level estimates at this stage. More detailed costing will need to be undertaken once a detailed design has been developed.

Two key elements have been costed:

- Base building costs – the building costs of each facility, based on the specification outlined in Section 5; and
- Site wide works which refers to the utilities and services (e.g. water, sewerage) that the site will require to be operational.

Indicative Probable Costs (IPC) by project option are outlined in Table 17.

Table 17 Indicative Probable Costs by project option

Indicative Options of Probable Cost	
Total costs	
Project Option 1	$39,130,250
Project Option 2	$31,283,750
Project Option 3	$29,280,500
Project Option 4	$40,102,250
Base building costs	
Project Option 1	$33,775,250
Project Option 2	$25,928,750
Project Option 3	$23,925,500
Project Option 4	$34,747,250

Site wide works	
Project Option 1	$5,355,000
Project Option 2	$5,355,000
Project Option 3	$5,355,000
Project Option 4	$5,355,000

Operating costs

Operating costs have been assumed to total 20% of the IPC for each option. This will be explored further during the remainder of the consultation for the feasibility study.

6.4 Financial analysis outcomes

Table 19 outlines the estimates revenues and costs associated with each project option. Additional details of the operating impacts are contained in Appendix A.

Table 19 Financial summary by project options

Category	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Revenue	$9,588,227	$10,945,924	$9,985,681	$13,041,081
Expenses	$7,826,050	$6,256,750	$5,856,100	$8,020,450
Operating surplus	**$1,762,177**	**$4,689,174**	**$4,129,581**	**$5,020,631**
Capital cost	$39,130,250	$31,283,750	$29,280,500	$40,102,250

While all of the options return an operating surplus, project option 4 returns the largest surplus, of over $5 million. As this is the option most suited towards multiple uses, this is not surprising.

It is also worth noting that these estimates do not include the cost of capital (e.g. interest). When the cost of capital is considered, the relativities of the financial results are different. These are illustrated in Table 20.

Table 20 Impact on operating surplus with cost of capital added

Category	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Capex	$39,130,250	$31,283,750	$29,280,500	$40,102,250
Cost of capital (7%)	$2,739,118	$2,189,863	$2,049,635	$2,807,158
Surplus before CoC	$1,762,177	$4,689,174	$4,129,581	$5,020,631
Surplus/deficit with CoC	-$976,941	$2,499,311	$2,079,946	$2,213,473

Under this scenario, project option 2 becomes the most favourable option in financial terms, with an operating surplus of around $2.5 million, including cost of capital.

7.0 Economic assessment

This section of the report contains the results of the economic modelling for all four project options.

The modelling was undertaken using input-output (I-O) multipliers from the Australian Bureau of Statistics (ABS). The I-O multipliers enable us to estimate the direct and flow-on impacts of a 'shock' to the economy. In this instance, the 'shock' is the expenditure represented by the construction and operation of the National Equine Centre in the Macedon Ranges Shire. In particular, we estimated the economic impacts of:

- The economic and employment impacts generated by the construction of the centre; and
- The economic and employment impacts generated by ongoing expenditure resulting from participants and visitors to the centre.

The economic modelling results comprise the direct impact of the equine facility as well as the indirect impact. In particular, the modelling takes into account the flow-on impacts for the broader local community through the development and operation of the facility. Most of these impacts will be through additional visitation to Macedon Ranges Shire as a result of competitors, support staff and tourists attending events at the facility.

The modelling results represent the estimated economic impact on the Macedon Ranges Shire, and not on the broader Victorian economy. The methodology for a broader whole-of-Victoria economic impact assessment would be more complex, with additional requirements on visitation data and spending. An economic impact assessment for Victoria is expected to be required should this project move to a full business case, and further funding would be required from the Victorian State Government to undertake the study.

Additionally, the estimated economic impacts and assumptions presented in this section of the report should be considered to be conservative.

Tamworth Regional Council estimates the regional impacts of AELEC at $17.4 million per annum. Given the proximity of the proposed Macedon Ranges Equine Centre to a much larger population base, and the high level of participation in Victoria in equine activities, it is reasonable to expect the equivalent economic impact for the Macedon Ranges to be equal to or higher than that of Tamworth.

In the absence of more definitive data, such as data collected through surveys at actual events in Victoria, the economic analysis has relied on existing tourism daily spend data, which may understate the potential expenditure resulting from competitors and others attending equine events. Additionally, the assumptions made for attendance at events have been extremely conservative and are based on incomplete data gained through desktop review and the stakeholder consultation process.

7.1 Assumptions and inputs

Estimating economic and employment impacts using input-output multipliers

The key input into an I-O model will be the additional spending accruing to the economy as a result of a project. In this instance, and as noted above, this will be the capital cost of construction, and the ongoing expenditure derived from equine centre users i.e. participants and visitors.

Once the spending estimates have been derived, we use the I-O multipliers to estimate the economic impact. There are two outputs that measure economic impact:

- Initial impact – this describes the first round net impacts of the increased export sales on the economy. Specifically, these are profits, wages, government taxes and charges associated with the companies that actually realised the export sales. These should be seen as the producer and consumer surpluses resulting from the increased export sales;
- Flow-on impact – these are the surpluses (wages, profits etc) resulting from the indirect beneficiaries of the export sales up and down the supply chain. For instance, the flow-on impact captures the effects of additional spending in the economy. In this instance, it will include impacts on providers of retail, accommodation, restaurants in the broader region, as well as suppliers of services such as saddlery, feed, veterinarian products, equipment and other inputs into the smooth running of the facility.

The employment multipliers represent the average number of jobs created per million dollars of expenditure. There are two employment outcomes estimated:

- Immediate employment impact – employment effects associated with the first round effects of increased export sales; and
- Flow-on employment impact – employment effects associated with flow-on impacts up and down the supply chain.

This modelling has been undertaken for all four project options.

Capital spending assumptions

Capital expenditure values are those outlined in section 7 of this report. These are:

Table 21 Capital costs by project option, economic model

Project Option	Total capital cost
Project Option 1	$39,130,250
Project Option 2	$31,283,750
Project Option 3	$29,280,500
Project Option 4	$40,102,250

Participant and visitation assumptions

Participant and visitation assumptions have been derived from the demand modelling undertaken for the financial analysis. These assumptions have been built up through:

- Benchmarking and desktop research of other equine facilities; and
- Consultation with facility managers, users and event managers.

We anticipate that our assumptions and modelling will be further refined before the finalisation of this report.

Number and origin of participants and visitors

The number of participants and spectators has been driven by the number of events in the calendar for each project option. Assumptions about participation and visitation (i.e. spectators and other non-participants) were developed through consultation with facility managers, pony and adult riding clubs, event managers and others. Please note that detailed visitation data for an annual calendar of events was not available. For this reason, attendance and visitation for some categories of events has been estimated. Any estimates have been done on a very conservative basis, in order not to overstate economic benefits.

Estimated participation and spectator visitation for each of the project options are outlined in Table 22.

Table 22 Participation and visitation for each project option

Category	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Participants	11,880	14,940	11,880	14,600
Spectators	27,810	27,810	27,810	27,810
Total	39,690	42,750	39,690	42,410

The assumption about the geographic origin of participants and spectators are outlined in Table 23. No data was available on the proportion of visitors that would be local i.e. from Macedon Ranges Shire, from the rest of Victoria, and from inter-state. AECOM has made an estimate based on feedback received from stakeholders.

Table 23 Geographic origin of participants and spectators at equine events

Participant & spectator origin	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Local	40%	30%	30%	35%
Rest of Victoria	45%	40%	40%	45%
National	15%	30%	30%	20%

The rationale for the assumptions about geographic origin are as follows:

- Project options 1 and 4 include the community infrastructure element, and the proportion of local participants and visitors is higher than the other options to reflect this level of community use;
- For project options 2 and 3, feedback from other venues is that the vast majority of participants and visitors for most (but not all) events are local or intrastate. Because our modelling is based on event averages, the proportion of the rest of Victoria and interstate participants and visitors is higher than the other project options. We note, however, that for some events (e.g. state or national level events) the proportion of intrastate and interstate participants and visitors would be much higher.

Expenditure estimates

Expenditure estimates have been derived from Tourism Victoria visitation data from 2013. The visitor spend assumptions (which are identical for both participants and visitors) are outlined in Table 24.

Table 24 Expenditure estimates

Category	Estimated spend per event	Source of estimate
Local	$73	*Domestic Tourism Spend in Victoria, Year ending December 2008-13* (visit per day trip to Daylesford & Macedon Ranges)
Rest of Victoria	$154	*Domestic Tourism Spend in Victoria, Year ending December 2008-13* (expenditure per night to Daylesford & Macedon Ranges)
National (interstate)	$345	*Domestic Tourism Spend in Victoria, Year ending December 2008-13* (expenditure per visitor to Daylesford & Macedon Ranges)

These spending estimates may substantially under-estimate visitor spend in all categories, particularly for competitors and support teams. For instance, the expenditure numbers do not take account of the significant costs of transporting and feeding horses, particularly during a multi-day event. To gain more accurate data, a detailed survey of visitors at a major equine event would need to be undertaken. This may be an exercise that could be considered further as part of the full business case stage.

Input-output tables

The input-output modelling requires spending inputs to be assigned to different sectors of the economy, which are reflected in the categories within the input-output tables.

Visitor expenditure (local, Victorian and interstate/ international) was assigned and categorised according to type of expenditure. These types were:

- Accommodation
- Food & Beverage
- Other event expenditure
- Recreation and entertainment
- Local shopping
- Fuel and vehicle expenses.

These types of expenditure were then, in turn, assigned to relevant ABS ANZSIC (Australian and New Zealand standard industrial classification) categories to determine a multiplier.

The cost of construction for each option was assigned to the “construction” multiplier in the ABS tables.

The allocation of types of expenditure to ANZSIC categories are outlined in Table 25.

Table 25 Allocation of spending types to ANZSIC categories

ANZSIC Category	Accommodation and Food Services	Retail Trade	Construction	Arts and Recreation Services
Visitor expenditure impact				
Accommodation	✓			
Food & Beverage	✓			
Other event expenditure	✓			
Recreation and Entertainment				✓
Local Shopping		✓		
Fuel and Vehicle Expenses		✓		
Construction impact				
Construction			✓	

As noted above, input-output multipliers are summary measures used for predicting the total impact on all industries in an economy as a result of changes in demand for output of any one industry. For instance, the ABS-estimated production induced effect multiplier for the construction industry in Victoria is 1.41. This means that for every $1 spent on construction in the economy, suppliers (and supplier’s suppliers) need to increase output by a total of $1.41. Similarly, the consumption induced effect, or flow-on multiplier for the construction industry in Victoria is 1.57. This means every $1 spent in construction output in the economy, will give rise to an additional $1.57 of economic activity from the indirect effects of the initial construction activity.

This additional economic activity is a result of flow-on effects in the economy, such as businesses involved in manufacturing the materials needed for construction (e.g. concrete, steel frames) seeing an increase in demand. The businesses supplying and servicing the concrete and steel frame businesses (e.g. quarrying, steel production) will also see an increase in demand for their products and services. As activity has increased throughout the construction industry supply chain, the result is a further increase in economic activity.

Overall, this means that for every $1 spent on construction there is an economic output of circa $4 ($1 of direct impact, $1.41 production and $1.57 consumption effect).

Similarly, employment multipliers generate the employment estimates. For instance, the ABS-estimated initial effects multiplier for the construction industry in Victoria is 2.32. This means for every $1 million spent on construction output in the economy, the output would give rise to 2.32 jobs in the construction industry (the initial employment effect). The ‘initial effects’ are the outputs of construction, such as new housing and/or commercial buildings. The flow-on employment multiplier for the construction industry in Victoria is 10.98. This means every $1 million spent in construction output in the economy, will give rise to an additional 10.98 jobs in the economy from the indirect effects of the initial construction activity.

This additional employment is a result of flow-on effects in the economy, such as businesses involved in manufacturing the materials needed for construction (e.g. concrete, steel frames) seeing an increase in demand. The businesses supplying and servicing the concrete and steel frame businesses (e.g. quarrying, steel production) will also see an increase in demand for their products and services. As activity has increased throughout the construction industry supply chain, the result is a further increase in job creation.

7.2 Economic modelling results

Economic modelling results for construction

Economic impacts were modelled separately for the 'one off' construction impacts of the new facility, as well as for the ongoing operational impacts. We have separated the assessment of the economic impacts because the construction is a 'one off' while the operational impacts are expected to be ongoing. Construction impacts are shown as total impacts over the construction period, with the operational impacts shown on an annual basis only.

The estimated economic impacts of the construction period are outlined in Table 26.

Table 26 Estimated economic impact of construction (initial estimate)

Project scenario	First round impact ($m)	Flow-on impact ($m)	Total impact ($m)
Project Option 1	$5.7	$30.9	$36.6
Project Option 2	$4.6	$24.7	$29.2
Project Option 3	$4.3	$23.1	$27.4
Project Option 4	$5.8	$31.7	$37.5

Overall, the economic impact of each option reflects the expected capital cost, with project option 4 (highest capital cost of $40.1 million) also having the greatest economic impact from the construction period.

Economic modelling results for ongoing operations

The economic modelling estimates for the ongoing operations of the equine centre are driven by the visitation and expenditure estimates outlined in the previous section.

The first round impacts refer to the benefit accruing from visitor expenditure directly to providers of goods and services catering to competitors, supporters and tourists at centre events. The value of first round impacts is not the same as the amount of money spent by visitors; instead, it represents the 'surplus' (i.e. profits and wages) resulting from this spending.

The second round or 'flow-on' impacts represent the benefits accruing from subsequent rounds of expenditure. This comes about through flow-on expenditure from the first round beneficiaries, for instance by buying in stock or supplies (retailers, restaurateurs etc), or by spending wages on goods for their own consumption. Flow-on effects have a greater impact on the economy that the first round effects, and represent the broader economic benefit from the equine centre.

The estimated ongoing impacts from the functioning of the national equine centre are presented in Table 27.

Table 27 Estimated ongoing economic impact (initial estimate)

Project scenario	First round impact ($m)	Flow-on impact ($m)	Total impact ($m)
Project Option 1	$2.1	$4.4	$6.4
Project Option 2	$3.2	$6.8	$9.9
Project Option 3	$2.9	$6.1	$9.0
Project Option 4	$2.8	$5.9	$8.6

As the results indicate, project option 2 has the largest annual economic impact. The economic impacts have two main drivers:

- Total amount of induced visitation through events held at the equine centre in the Macedon Ranges Shire - project option 2 had the highest estimated amount of visitation;
- The composition of visitors and participants - project options 2 and 3 had the highest numbers of interstate participants and visitors.

Employment modelling results

Employment impacts were modelled separately for the construction impacts and ongoing operations. The employment impacts relating to construction are outlined in Table 28.

Table 28 Estimated employment impacts from construction

Project scenario	First round impact	Flow-on impacts	Total impact
Project Option 1	73	2,010	2,083
Project Option 2	58	1,607	1,665
Project Option 3	55	1,504	1,558
Project Option 4	75	2,059	2,134

In this instance, the employment impacts should be considered as 'one-off' impacts during the construction period. Employment outcomes are driven in this instance by the value of capital investment.

Employment impacts for the ongoing operation of the equine centre are outlined in Table 29. Consistent with the flow-on economic impacts, additional jobs are created as a result of flow-on expenditure working its way through the economy.

Table 29 Estimated employment impacts from National Equine Centre operations

Project scenario	First round impact	Flow-on impacts	Total impact
Project Option 1	58	65	122
Project Option 2	89	100	190
Project Option 3	81	91	172
Project Option 4	78	87	165

These impacts reflect the economic impacts outlined in Table 29, with project option 2 having the most significant employment impact. This indicates that project option 2 could result in 190 direct and indirect jobs every year.

8.0 Governance

Part of the scope of this feasibility study was to consider governance arrangements for the equine centre. This section explores potential models for governance and operating of the Centre.

8.1 Review of existing governance and operational models

There are a range of governance and operational models in equine facilities around Australia. The models at some of the major facilities are briefly described below:

- Werribee Park National Equestrian Centre – WPNEC is a private organisation, jointly owned by Equestrian Victoria and Polo Victoria which are both represented on the Board. WPNEC leases the Werribee site from Parks Victoria, and is self-funded. The facility is run on a professional basis, with Equestrian Victoria providing management and administrative services;
- AELEC – the Tamworth facility is owned by Tamworth Regional Council, and is managed by an independent board and a specialist facility manager;
- Queensland State Equestrian Centre – QSEC at Caboolture is owned and managed by Moreton Bay Regional Council;
- State Equestrian Centre (Western Australia) – the SEC is managed by Equestrian WA;
- Sydney International Equestrian Centre – this facility is owned and managed by the NSW Government's Office of Sport.

This brief review shows that:

- There are a range of governance and operating models;
- Most facilities are run on a commercial/professional basis
- Governance arrangements vary significantly, with some (e.g. Werribee Park National Equestrian Centre) having a board and others being managed directly by council or a State Government department.

8.2 Governance options

Governance in this instance refers to the corporate governance of the equine centre (once built), that being the way in which the board or other responsible persons direct the centre.

Typically, the objectives of governance for an entity can include:

- Using governance arrangements to contribute to organisational performance (meeting financial, economic, social or other goals)
- Using governance arrangements to ensure the organisation meets its legal and ethical requirements, and meets government, legal and community expectations for probity and accountability.[12]

Using these objectives, we have developed a suite of elements that we have used to assess different governance models.

Site ownership

Any discussion of governance and operating options is inextricably tied to the ownership of the site and the assets on it (e.g. if the site and the infrastructure assets are privately or government funded and/or owned).

The most realistic ownership option for the equine centre, given the upfront capital cost, is the Victorian State Government, based on other models used for sport and economic development. Alternatively, there may be the potential for a site to be leased from a local landowner. Under this model, a third party (e.g. Equestrian Victoria) could own the assets on the site for the period of the leasehold.

With the above in mind, the assessment in this Section of the report assumes that:

- Macedon Ranges Shire Council, while an important stakeholder, will not own or manage the equine centre;

[12] *Public Sector Governance Volume 1: Better Practice Guide*, Australian National Audit Office, 2003

- The ultimate ownership of the site (public or private) is likely to have the same or similar governance and operating arrangement to manage and direct the centre.

Framework for consideration of governance

In identifying an appropriate governance model for the equine centre in the Macedon Ranges Shire, there are a range of different elements that should be considered. These include:

- Risk – this measures the extent to which risks are minimised for Council, the community and users. Risk includes financial risks associated with construction and operation, design risk, and other related risks (e.g. demand lower than expected);
- Transparency and accountability – in the event that the centre is a publicly owned facility, there will be clear expectations on accountability and transparency, to ensure that the interests of the community, ratepayers, taxpayers and other stakeholders are adequately protected. In the event that the centre is privately owned, there would be significantly less public transparency about the centre's priorities and objectives, and little control by the Council, the community and others over its strategic direction.
- Control – the ability for key stakeholders such as the Macedon Ranges Shire Council, the Victorian State Government or Equestrian Victoria to be able to influence the strategic direction of the centre. Other equine centres (and other tourism/sporting assets) may be overseen by a board or committee of management, in addition to oversight by a council or state government.

We have assessed each of the governance options using these three elements as a framework.

Governance options

In light of the ownership assumptions, we have identified five potential governance models for the Macedon Ranges Equine Centre. These are described in Table 30.

Table 30 Potential governance options for the National Equine Centre at Macedon Ranges Shire

Governance Option	Description and characteristics
Governance Option 1: Department	An entity that is part of the Crown, and would function as a government department or a division of a department. There would be no board of management with a formal governance role, and governance would be overseen by the relevant departmental executive, reporting to the Minister.
Governance Option 2: Administrative Office (State)	An entity that is part of the Crown, but may have a separate legal identity. Typically, an entity of this sort is created to undertake discrete functions or services. There would be no board of management with a formal governance role, and governance would be the responsible of the relevant departmental secretary.
Governance Option 3: Public entity (State)	An entity that is created through statute, either a new State Act or under Commonwealth legislation. Typically, an entity of this sort has a governing board appointed by the Minister, and ultimately reports to the Minister.
Governance Option 4: A Council owned business enterprise	An entity that is part of the Macedon Ranges Shire Council. We would expect that an entity of this type would operate as an arm of Council, reporting to the CEO and Council.
Governance Option 5: Not-for-profit	An entity of this type would be an entity which does not seek to return a benefit to particular people or owners, and is registered as a not for profit with the Australian Tax Office. There are a range of potential legal entities that can be established (e.g. incorporated or unincorporated association etc).

Source: *Legal form and governance arrangements for public sector entities guidelines*, State Services Authority, 2013

These options do not include a privately owned and operated facility. There are several reasons for this:

- The cost of the facility and the potential returns mean that it is unlikely to be feasible on an entirely commercial basis. It is unlikely, therefore, to attract investors seeking to make a profit from the development;
- It may be feasible for a private investor to identify a site, build and operate a facility for reasons other than profit. In this instance, however, it becomes a planning issue rather than a question of feasibility, and does not need to be considered further.

8.3 Governance options assessment

Each of the five governance options have been assessed against the criteria identified above. A summary of the assessment is outlined in Table 31.

Table 31 Governance options assessment summary

Criterion	Governance Option 1	Governance Option 2	Governance Option 3	Governance Option 4	Governance Option 5
Risk	H	H	H	L	M
Transparency	M	M	H	M	H
Control	L	L	M	H	M-H
Overall	M	M	H	M	M-H

Note: L refers to a poor (or Low) outcome from the perspective of users, M refers to a medium outcome, and H refers to a good (or high) outcome. Where ratings have been given as M-H, the colour code is a mix of amber (medium) and high (red).

Overall, governance option 3 (a state-owned public entity) appears to be the strongest governance option from the perspective of Council, community and users. The rationale for this assessment is as follows:

- Governance option 3 provides:
  - Minimal financial and project risk to Council;
  - A high degree of transparency. This would come through mechanisms such as annual reports and corporate plans. Additionally, it may be possible for Council and other stakeholders to be represented on the board, which would provide further transparency over the entity;
  - Depending on the composition of the board (see above), Council, the community and users would have a medium level of control over the strategic direction and business approach.
- Governance options 1 and 2 are similar, as core parts of state government, and would provide low financial risk for stakeholders. It would, however, afford little control over the strategy and direction of the centre. Additionally, because it would be part of a larger entity (a government department), there may be limited visibility of its performance and achievements.
- Governance option 4, a Council owned entity, is not desirable because of the high level of financial and other risk that this form of entity would pose for the Council.
- Governance option 5, a not-for-profit entity, could be desirable, but will depend on which parties comprised the new entity. An arrangement similar to the Werribee Park National Equestrian Centre, which is jointly managed for Parks Victoria by Equestrian Victoria and Polo Victoria, could be considered further.

9.0 Project risks

The Macedon Ranges Equine Centre has a level of risk. These risks include financial, design, access and other risks.

The purpose of this risk assessment is not to provide risk mitigators – that is a task for a full business case. Instead, it is to provide an overview of the project risks, and the extent to which they are risks for each project option.

There may be risks that are as yet unforeseen that we cannot comment on, or there may be risks that are not applicable to the site selected. For these reasons, a more detailed risk assessment will need to be undertaken once a preferred site, masterplan and design have been agreed.

In particular, the statutory requirements (planning, environmental and so on) will change over time and from site to site. As a preferred site is yet to be identified, this section outlines a list of general risks that are 'usual' for development of this type in 2015, although these may not all be relevant when the project is initiated.

9.1 Key project risks

The key risks are outlined in Table 32.

Table 32 Key risks, National Equine Centre at Macedon Ranges Shire

Risk	Description
Financial	
Capital cost	The risk is that the estimated capital cost developed during the detailed design phase is insufficient to complete to construction.
Revenues	During the operating phase, revenues are not as high as estimated. This could be driven by: - Fewer than expected events at the venue; - Less than expected participation in events; - Less than expected visitation by tourists and spectators.
Operating costs	The operating costs of the facility could be higher than expected. This could also be linked to flaws in the design process.
Design	
Design meets user and spectator needs	The design of the centre does not meet the needs of users or spectators. For instance: - Inadequate provision for warm-up, training or events; - Poor site configuration; - Unsuitable building design, leading to additional needs for light or temperature control; - Poor views for spectators; - Limited ability for large scale events.
Adequate space for expansion	Either the size of the site or its configuration means that the potential for expansion of the centre over time is restricted.
Social and environmental	
Social risks	The establishment of a major equine centre could have impacts on traffic congestion and noise during major events, with potential decreases in community amenity.
Environmental risks	The increase in traffic could result in increases in emissions and pollution.
Other risks	
Infrastructure	Connecting infrastructure will be critical for this project. That includes: - Utilities (electricity, gas, water and sewerage); - Transport (access roads, arterials etc). The risk is that the site will not be connected to infrastructure, or the cost of infrastructure provision will be high.

Risk	Description
Lack of private sector investment	The success of the equine centre will in part depend on investment leveraged from the private sector in facilities such as: - Retail; - An anchor tenant; - Cafés and restaurants; - Accommodation. While these may not all have to be on site, they will need to be accessible if the expectations of users and spectators are to be met.
Health and disease control	An equine centre will need to be structured to identify and manage equine and human health risks. An outbreak of disease, if not quickly and effectively controlled, could undermine the success of the centre.
Inability to locate a suitable site	The concept has been assessed on the basis of a 300 acre site in the Macedon Ranges Shire. The site will need to be contiguous, relatively flat and well drained, and have no significant environmental issues (undue fire risk, flora and fauna etc). Identification of a suitable site, and the cost of acquisition, could be a major risk for this assignment.
Planning issues	The Macedon Ranges Shire faces significant development pressure over coming years. The identified site will need to satisfy planning issues around development, environmental and zoning, and will need to be consistent with Council's long term land use planning framework.

9.2 Risk assessment

The risk assessment is set out below. In undertaking a risk assessment of this nature, and consistent with guidance from the Department of Treasury and Finance, we apportion two ratings to each risk. These are:

- Criticality (High, Medium or Low);
- Likelihood (High, Medium or Low).

Each option below will therefore have two assessments. For instance, H/L indicates that a risk has a high level of criticality, but a low risk of occurring. Together, this enables us to rank each option according to risk level.

The risk assessment and ranking is outlined in Table 33.

Table 33 Risk assessment by option

Risk	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Capital cost	H/M	H/M	H/M	H/M
Revenues	H/H	H/M	H/M	H/H
Operating costs	H/H	H/M	H/M	H/H
Design meets user and spectator needs	M/M	M/M	M/M	M/M
Adequate space for expansion	H/L	H/L	H/L	H/L
Social risks	L/M	L/M	L/M	L/M
Environmental risks	M/H	M/H	M/H	M/H
Infrastructure (utilities, transport)	H/H	H/H	H/H	H/H
Lack of private sector investment	M/H	M/H	M/H	M/H
Health and disease control	M/L	M/M	M/L	M/M

Risk	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Inability to locate a suitable site	H/H	H/H	H/H	H/H
Planning issues	M/L	M/L	M/L	M/L
Risk ranking (lowest to highest)	4	1	2	3

As can be seen from the table above, there is very little to separate each of the options by way of risk. While a risk ranking has been completed, it is worth remembering that there is not a major difference between the risk rankings for the project option ranked at 1 (lowest risk) and 4 (highest risk). Project option 2 has been selected as having the lowest risk on the following basis:

- This project option has no dedicated community facility, which makes its financial position more favourable;
- Project option 2 allows for equine and non-equine events, which expands the potential pool of users for the facility.

Key risks for this project – whatever project option is selected – include the following:

- Financial - the risks relating to capital cost, revenues and operating costs are significant. Should Council decide to accept the feasibility study, the next stage of work will need to review and validate the financial modelling for this project, and undertake more extensive financial benchmarking and market sounding with other facilities of this nature
- Site location and space - given the preference for 120 to 160 Ha (300-400 acres), it may be challenging to identify and acquire a site of this size with appropriate qualities, and without unduly onerous environmental and infrastructure needs
- Leveraging private sector investment - a key factor in making the centre work will be leveraging private sector investment in retail, accommodation and related services. We anticipate that the centre may need to demonstrate the level of demand before private sector investment is realised, so there may be a lag between centre establishment and follow up investments.

10.0 Overall project option assessment

The framework for the overall project option assessment is a multi-criteria analysis (MCA). This analysis uses a series of 'criteria' to assess and rank each of the project options. The criteria used for this assessment are outlined in Table 34.

Table 34 Criteria for MCA

Criterion	Description
Financially self-sustaining	Extent to which the facility is likely to be financially sustainable, and not reliant on ongoing subsidies from government.
Ability to host major national and international events	The extent to which the scope of facilities will make the centre able to host world-class national and international events, and generate additional equestrian events for Victoria.
Economic impact	The potential economic impact of each option.
Community and sporting impact	The extent to which each option will encourage participation in equestrian events from the community and across Australia, and support the development of equestrian sports nationally.
Risk	The level of financial, location and design risk associated with each option.

To score each project option, we have adopted a scoring system of ±3. We therefore score each criterion for each project option according to whether it is 'better' or 'worse' than the base case (i.e. do nothing). A much 'better' project option will score +3, whilst a much 'worse' option will score -3. We have weighted all criteria the same for the purposes of the assessment.

Table 35 MCA assessment summary

Criterion	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Financially self-sustaining	+1	+3	+2	+1
Ability to host major national and international events	+1	+2	+1	+3
Economic impact	+1	+3	+2	+2
Community and sporting impact	+2	+1	+2	+3
Risk	-2	-1	-2	-2
Total score	**3**	**8**	**5**	**7**

Overall, project option 2 appears to be the most feasible project option for the equine centre.

The rationale for this assessment is as follows:

- This project option represents the most positive and economic outcomes of all the project options investigated;
- While Project Option 2 is not as favourable as project option 4 in terms of enabling community participation, it will provide greater community access to facilities than the current situation (i.e. the 'do nothing' case);
- This project option represents the lowest level of financial risk for the project.

11.0 Equine Centre design

11.1 Overview

This section provides an overview of how the equine centre may be arranged to respond to 'project option 2' of the project options provided in the introduction of this report. Project option 2 seeks to cater for both core and no-core equine sports, and has no specific arrangements for community access. It will be designed to convert easily into an events facility, hosting concerts, trade fairs, other animal shows, non-equine sporting events, and conventions.

Therefore the design of the centre will be required to service a broad range of event types. Equine and bovine stock sales, corporate hospitability, education and equine related retail and commerce are uses that will also need to be accommodated.

The following site design propositions seek to describe a unique combination of disciplines. Combining the equine disciplines more popular in Victoria (such as dressage, eventing and show jumping) with other equine pursuits such as the western disciplines (reining, cutting and campdrafting) requires a high level of flexibility not seen in other centres in Australia. This is a deliberate strategic move designed to broaden the appeal of the equine centre and create a centre of national significance.

In addition to catering for the western disciplines the centre will also be required to provide an international standard cross-country course for competitive eventing (FEI standard). The need for the facility to be flexible enough to cater for the complete range of equine events is a major driver in the design of the equine centre.

Two phases of development have been included in this section. The first phase includes all facilities that have been included within the financial analysis of this report; phase two represents future development opportunities. The role of showing the second phase is to ensure the site design allows for expansion over time.

This is particularly important when considering the addition of new arenas that serve developing markets, such as a dedicated open air western disciplines arena that may also serve as a major concert space. The expansion of basic facilities such as camping, car parking and covered stabling also requires allowance for expansion. Figures 1 and 2 illustrate how the first and second phases of development could operate in the future.

11.2 Required facilities

Based on the strategic and project options analysis and consultation with the industry it is clear that there are a series 'core' and 'peripheral' facilities. The core facilities relate directly to the performance, training and stabling of horses engaged in disciplines governed by the FEI. Amongst the core facilities are the arenas, stables and even the camping and yard stables required by users engaged in the FEI disciplines.

Many of the peripheral facilities are essential in supporting the greater operations of the centre as they allow for a diversification from the core equine events and training purpose of the facility. Other equine events and training, equine (and bovine) sales, exhibitions, corporate events and retail are all understood to be peripheral facilities.

An additional consideration of the site design is the provision for growth of both the core and peripheral facilities. Attracting the western disciplines to Victoria, for example, is important to the operation and future viability of the centre.

While the western discipline events can be accommodated by core facilities, such as the main arena, it is likely that a dedicated open arena for larger national events may be required in the future. Once complete, such an arena would form a significant part of the centre and would therefore need to be located close to the main entrance, corporate facilities and the primary back of house support and service facilities.

The key drivers of demand for the proposed equine facility indicate a significant need for a combination of the following **core facilities**:

- **Main arena** – aims to provide 5,000 seats, is easily serviced and is designed so that the arena surface can be renewed efficiently. The main arena will also need to serve as a concert and exhibition space;
- **Two support arenas** – to be used as a support to the main arena, where possible these could be combined to serve as a larger combined concert or exhibition space. The combining of the two support arenas will require an additional servicing access area;

- **General purpose (community) arena** – the community arena will be covered and serve the local pony and adult riding clubs of the region. This arena will be a simple covered space with a surface maintained at a standard similar to existing pony and adult riding areas within Victoria.
- **Warm-up arenas** – one covered warm up arena will be required to support major events held at the centre;
- **Covered stabling** – with a capacity of 280 covered stables, each stall measures 3.6 x 3.6 M. The stables are organised in 'sheds' of 140 stalls and include veterinary facilities, wash-down and storage facilities;
- **Yard stabling** – 100 open air and low cost stables for single night stays, these yard stables support the community and smaller events and also serve as overflow for the larger events;
- **Camping** – comprising of both powered and un-powered sites. An initial 50 powered and 100 unpowered are considered as core or necessary to the operation of all equine events.

The key drivers of demand for the proposed equine facility indicated a significant need for the following **peripheral facilities**:

- **Sales arena** – provides a dedicated covered arena for equine sales. This building includes support facilities, separate holding yards, covered stables and direct road access. Corporate facilities are also to be well accommodated alongside the 500 seat capacity;
- **Meeting Facility** – provides an indoor location to host conferences and larger catered meetings for groups up to 80 people ;
- **Education building** – a space for delivering and coordinating learning activities including vocational and skills training, secondary students, and other equine-related educational activities;
- **Office (commercial) buildings** – commercial office space for site administration anchor tenant and other potential commercial activities;
- **Yard stabling** – open air and low cost stabling for single night stays, these yard stables support the community and smaller events and serve as overflow for the larger events.

The key drivers of demand for the proposed equine facility indicated a potential need for the following **expansion facilities**:

- **Western arena** – to assist in the hosting of significant western events a second large arena suitable for western disciplines will be required. This area will be open air and have 1,000 permanent seats.
- **Additional yard stabling** – currently 100 open air stalls have been accommodated with expansion space for a further 200 should they be required in the future. This expansion is likely to support the western disciplines and also allow greater flexibility during the changeover between major events.
- **Additional covered stabling** – in addition to the 'core' 280 stables an allowance for an additional 140 covered stables has been set aside. This additional stabling could be installed as a third 'shed' of 140 stalls and include veterinary facilities, wash-down and storage facilities.
- **Additional warm-up arena** – an additional warm up arena will be required to support major events held at the centre. This may be covered or open depending on the need in future development phases;
- **Additional camping** – comprising of both powered and un-powered sites. Space allocation for an additional 150 unpowered (250 in total) and 100 powered (200 in total) site has been set aside. It is expected that these may be required for a developed western series of events, non-equine events (such as concerts) and possibly during simultaneous events (such as equine competition and an un-related commercial concert).

11.3 Site arrangement models

Primary functional zones

The site arrangement and site design models have been developed to demonstrate how the facility could be organised. The site is organised in three major functional zones: arenas; back of house support; and front of house with commercial. Figures 1 and 2, with orange showing the *arenas*, light blue showing the *back of house*, and the darker blue showing *front of house* and *corporate*.

In addition to the three main uses, yellow shows the community use, dark grey the main service corridor and green indicates camping and yard stabling. It should be noted that as these site design diagrams relate to 'project option 2' the community facility is not required. It has been illustrated in this section however to show provision of a general purpose arena that may, at a later stage be funded and operated exclusively for community use (as per project option 4).

Arenas

The arenas illustrated in figures 1 and 2 have been designed and located to host both core and non-core equine events and a broad range of non-equine events. The main arena has been sized to accommodate 5,000 spectators, television standard media and communications, corporate facilities and an 80 x 45 metre 'floor'. This floor will be required to allow for rapid resurfacing between each event, therefore multiple access points for machinery and material storage. The ability of the arena to quickly respond to the different needs of a variety of events is critical to the success of the broader facility.

Arenas two and three have been co-located so that they may be used as either two separate arenas or combine to form a larger multipurpose arena. Again this flexibility is important to the operation of the broader facility. Corporate facilities, media, judging and storage areas have also been included in the current arrangement. Within this study however the 'floor' of both arenas is for equine use only. This may be redeveloped at a later time to allow for a similar rapid resurfacing system to be installed, similar to the main arena.

Arena five allows for general purpose equine use. It is anticipated that this arena will be primarily used by community and local level users and as an 'overflow' warmup or lower grade competition arena during larger events. It has been located adjacent to the powered and un-powered accommodation sites and the yard stabling so that travelling horses and riders have direct access to an exercise area.

The covered 'warm up arenas' are intended to be used for major competitions and are located to serve both the main arena and arenas two and three during large equine events. One of the 'warm up arenas' is also able to host 500 spectators using temporary seating. This is expected to occur when there are multiple smaller events being hosted across the facility (local competitions and clinics for example) and one of the 'warm arenas' is required for an event.

Back of house

This area provides majority servicing, storage, major stabling and equine training and exercise activities. One of the more critical areas of the back of house is the main service access serving the main arena. To allow for efficient changing and alterations to the arena surface, a direct access route to all storage areas must be maintained. The main 'ring road' must also have a direct connection along the length of the back of house area to provide multiple points of access to the various facilities.

More generally it is important to keep visitors and spectators away from the servicing and stabling areas for both safety reasons and to maintain a higher quality experience.

Front of House

This area provides the 'sense of arrival' for most visitors, and hosts the meeting facilities, corporate, office and retail facilities. The front of house is adjacent to the powered and un-powered accommodation sites and the community (temporary accommodation) centre. The front of house area extends (in this arrangement) to include a 'plaza' area intended to host temporary marquees for corporate hospitality, retail and exposition purposes during events. The 'plaza' illustrated here is 70 x 60 metres and can be extended as required.

Circulation and access

Circulation within the site is dealt with via a perimeter ring road that links a series of service connections into the centre of the site. The ring road also serves the public/ event car parking. Considerations such as managing movement conflicts (particularly between visitors, horses and vehicles) and visitor and corporate experience further influence the arrangement of the site.

To assist in the planning of the site, four major user groups have been identified, these are: corporate and visitors; local community; equine (horses and handlers); and western (cattle, horses and handlers). Each group has particular needs and require their own specific facilities, support and separation from other users.

Figures 3 and 4 illustrate how these movement areas or ‘paths’ can be arranged in relation to the core and peripheral facilities.

The diagrams (Figures 1 to 4) illustrate how the facility may be arranged. These are not designs and are not able to respond to a specific site. Issues such as topography, title boundary, water bodies, creek lines, significant vegetation, ecological and cultural sensitivity, and location of existing roads, services and buildings will all play factors in altering the site arrangement.

Additional facilities

As the following site design diagrams are intended to illustrate most intensively used parts of the site, they do not include additional event and infrastructural support facilities. Event facilities such as the long format (6,840 metre long) competition standard (four star) cross country course, polo field and pavilion and a water treatment wetland are considered to be situated outside the ring road of the centre. Once again the existing land form and condition will play a major part in the selection and location of these additional facilities.

Figure 1 Phase One (initial development) Functional zones showing both 'core and 'peripheral' facilities

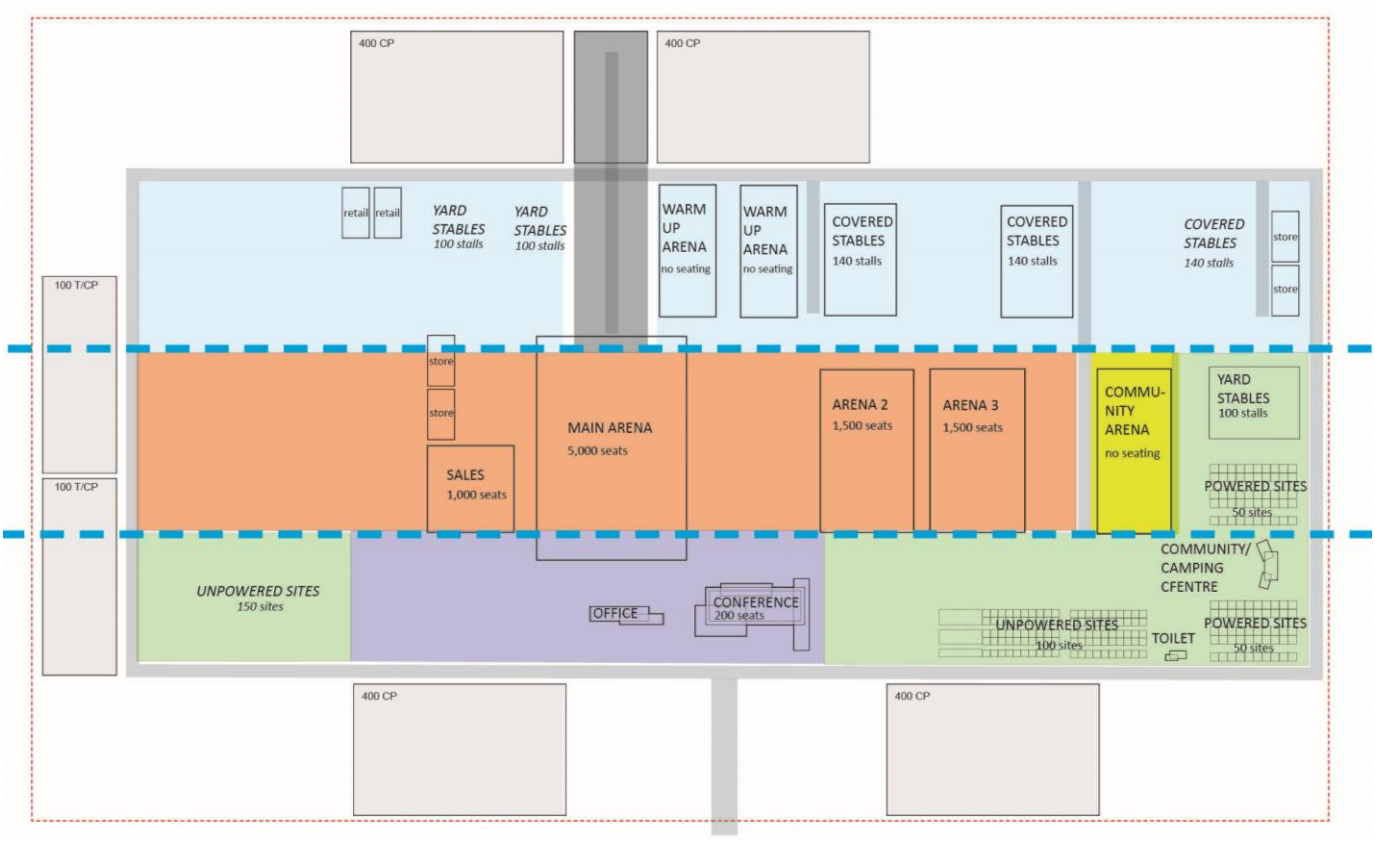


Figure 2 Phase Two (future development) Functional zones

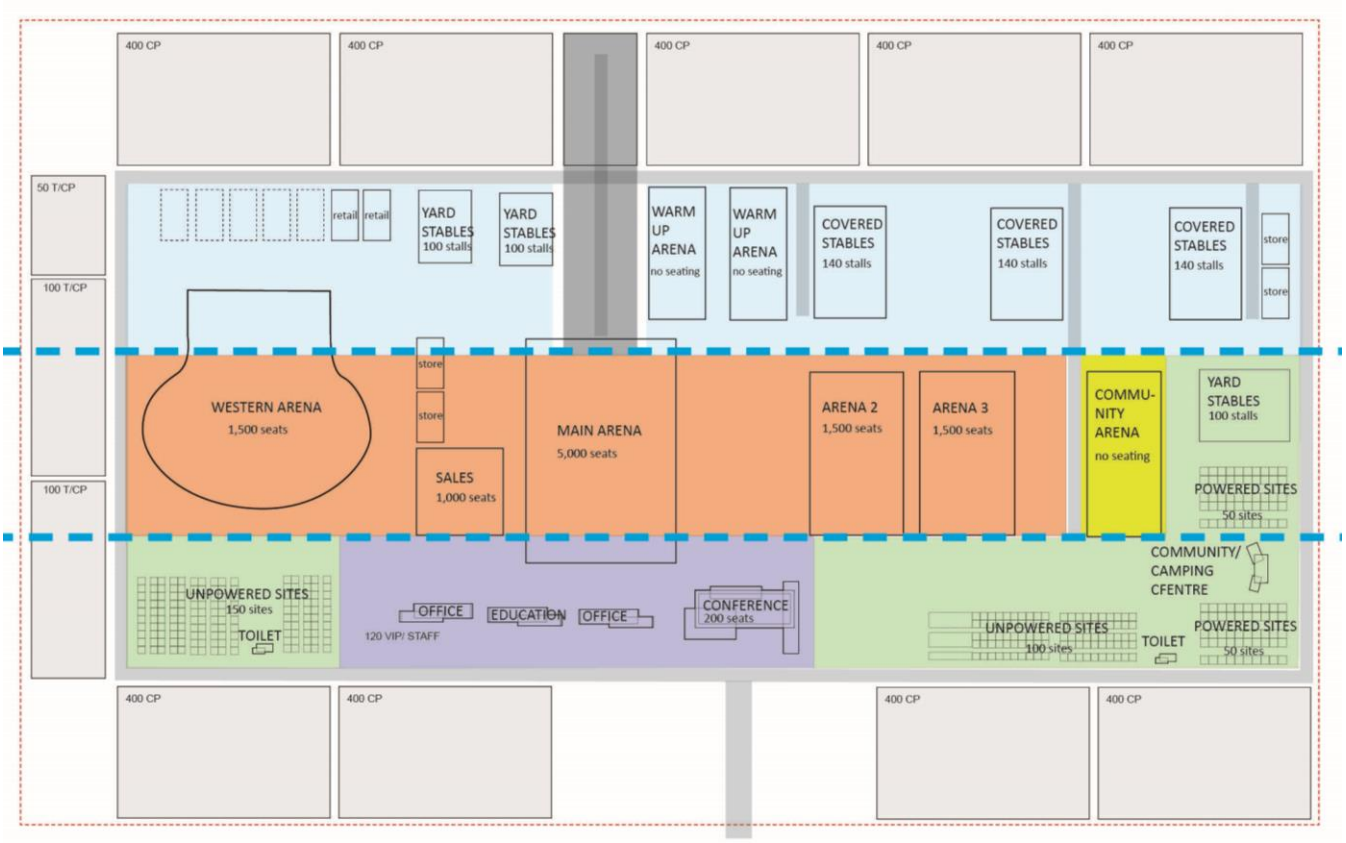


Figure 3 Phase One (initial development) access and servicing

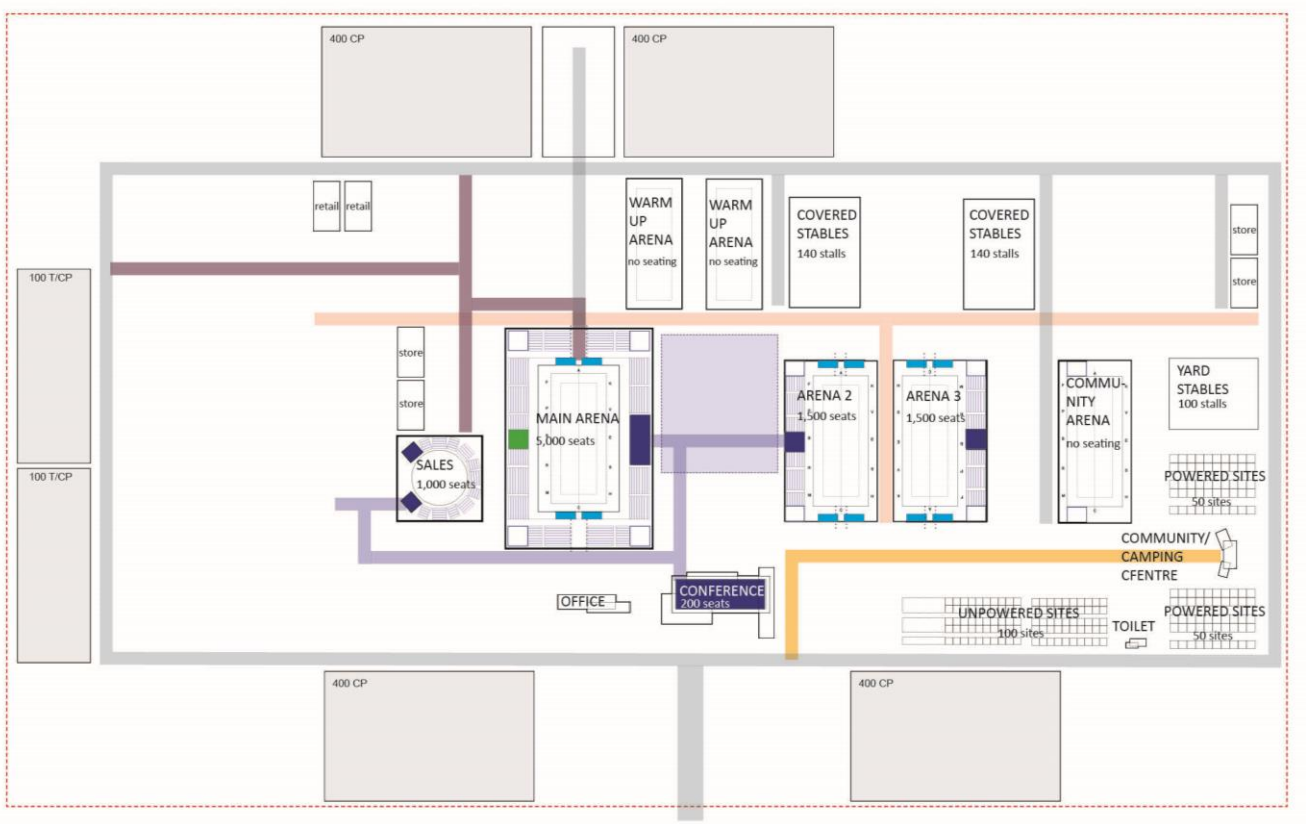
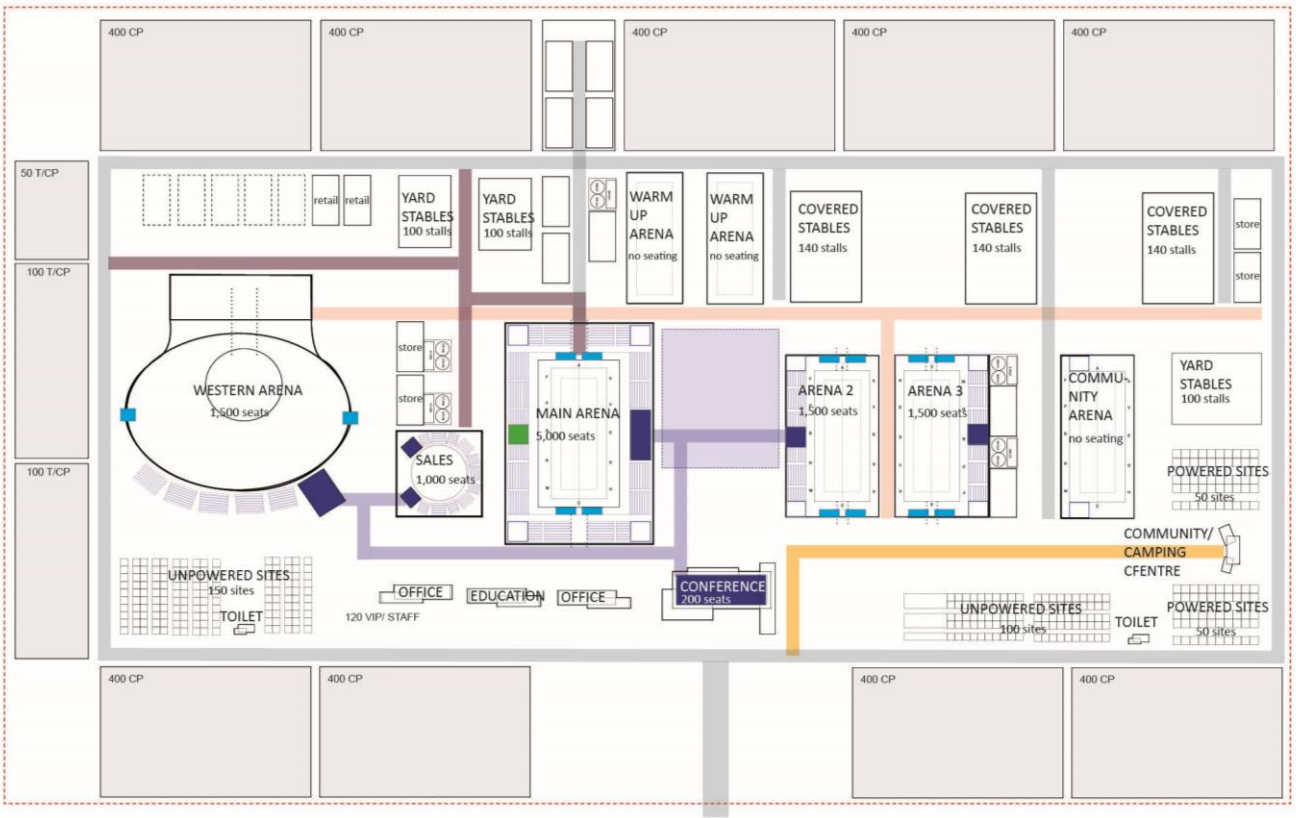


Figure 4 Phase Two (future development) access and servicing



12.0 Conclusions

The development of an equine centre in the Macedon Ranges Shire is feasible. This conclusion is based on the following:

- There is a high level of stakeholder support for an equine centre in the Macedon Ranges Shire from the local community and nationally. Evidence from other facilities of this nature indicates that there is substantial unmet demand for an equine venue of this nature;
- All of the project options examined have the potential to be financially sustainable, based on existing and potential future demand;
- The design of the centre, by enabling the possibility of consecutive events or non-equine events will make the centre more sustainable on a financial basis;
- There is a significant economic and employment impact for the Macedon Ranges Shire and beyond from the development and operation of a facility of this nature.

Based on the assessment of the four project options, project option 2 is recommended as the most feasible.

Project option 2, as described in section 5, could incorporate:

- A 5,000 seat indoor stadium, with the arena measuring 100 x 50 metres;
- An undercover 500 seat warm up arena measuring 70 x 30 metres;
- Dressage arenas, a competition-standard show jumping course and a competition-standard cross country course;
- Stabling, camping facilities, training and meeting rooms.

The preferred project option would be run on a commercial basis, and ideally would be a state government business or not-for-profit entity, with Macedon Ranges Shire Council represented on the board.

Should the Macedon Ranges Shire Council support this option as the preferred, the next steps include:

- A full business case to be submitted;
- More detailed concept design and costings;
- A market sounding exercise to identify potential private sector investors;
- An initial scan of potential sites for the centre;
- A comprehensive risk assessment to be part of the full business case. This should be undertaken when a preferred site, a masterplan and design have been approved;
- More detailed financial and economic modelling.

Appendix A

Detailed demand assumptions

Appendix A Detailed demand assumptions

Community demand estimate – list of riding clubs identified in the Macedon Ranges Shire

Pony clubs	Adult riding clubs
Bullengarook Pony Club	Bullengarook Adult Riding Club
Findon Pony Club	Gisborne and District Adult Riding Club
Gisborne Pony Club	Kyneton & District Adult Riding Club
Kyneton Pony Club	Lancefield Equestrian Group
Lancefield & District Pony Club	Macedon Ranges Dressage Club
Macedon Pony Club	Riddells Creek Adult Riding Club
Riddells Creek Pony Club	Oaklands Hunt Club
Woodend Pony Club	

Werribee Park National Equestrian Centre calendar (August 2014-July 2015)

Vic Private Interschool	Berwick Dressage
EV Dressage Clinic	Plenty Valley Quarter Horse
EV Show Horse Clinic	Yarra Valley Dressage
EA CE/SSTA Clinic	Summer Royal Show
VRHA	Macedon Rangers Dressage
Vic Eventers	SEDC
EA CE/SSTA Clinic	Barastoc Horse of the Year
EV Show Jumping Y/R	VRHA
FOW ODE	Heritage Festival Clydesdale
HRCAV TTT Show Jump	VDC Dressage
VDC Dressage	AWHA
Aust Show Jumping Champs	Arab Nationals
Werribee Pony Club ODE	Aust Halter Show Case
National Interschools	VRHA Championships
National Interschools	EV Show Horse State Titles
Western Port Dressage	Dressage & Jumping with the Stars (DJWTS)
VRHA	EV Young Rider
Yarra Valley Dressage	APOB
NADAC	Masters Games
Victoria Pinto State Championships	Plenty Valley Quarter Horse
RDA Special Olympics	VRHA
Yarra Valley Arabian Horse	EV Eventing Clinic
Plenty Valley Quarter Horse	EV Show Horse
ASPR	VDC Dressage
TTT Dressage	Arab Foal Show
APSB	NADAC
SHCV	EV Show Jumping Y/R
VRHA	MIHT
National Show Horse	EV Show Horse Clinic
Dressage Festival	EV Eventing Clinic
EV Show Jumping Y/R	EV Show Jumping Y/R
Vic Arabs	VDC Dressage
Western Quarter Horse	Vic Interschools
TTT Show	Vic Interschools
SHCV	

Detailed non-equestrian event assumptions – attendance

Category	Events p.a.	Days per event	Total days p.a.	Attendance per day	Attendance p.a.
Horse sales	1	14	14	1500	21,000
Cattle show	10	6	60	1000	60,000
Cattle sales	10	6	60	1000	60,000
Other livestock shows	10	2	20	1000	20,000
Music events/concerts	12	1	12	5000	60,000
Gala balls	30	1	30	200	6,000
Shows and displays	12	5	60	3000	180,000
Conferences and other	30	2	60	200	12,000

Detailed non-equestrian event assumptions – revenue

The equestrian facility is assumed to raise revenue by venue hire and an entry ticket surcharge of 8%.

Category	Ticket price	Facility used	Facility hire revenue	Attendance surcharge p.a.
Horse sales	$25	Whole venue	$7,500	$46,875
Cattle show	$20	Whole venue	$7,500	$97,500
Cattle sales	$20	Whole venue	$7,500	$97,500
Other livestock shows	$20	Whole venue	$7,500	$37,500
Music events/concerts	$80	Whole venue	$7,500	$367,500
Gala Balls	$100	General Purpose	$3,000	$48,000
Shows and displays	$30	Conference Facilities	$5,000	$410,000
Conferences and other	$100	Conference Facilities	$5,000	$95,000

Detailed capital cost estimates – indicative probable costs (IPC)

Indicative probable costs for option 1 by cost item

Project option 1	
Covered stadium – premium	$11,325,500
Covered stadium – community	$1,531,000
Open arena - dressage (and warm up)	$2,720,000
Open arena - show jumping (and warm up)	$444,000
Open arena/ course - cross country	$484,500
Training and stabling complex (400 stables)	$3,436,000
Accommodation - camping for 150	$7,918,750
Administration and multi-purpose meeting centre (100 capacity)	$5,915,500
Site works	$5,355,000
Total	**$39,130,250**

Indicative probable costs for option 2 by cost item

Project Option 2	
Covered stadium –premium	$11,325,500
Open arena - dressage (and warm up)	$544,000
Open arena - show jumping (and warm up)	$2,220,000
Open arena/ course - cross country	$484,500
Training and stabling complex (400 stables)	$3,436,000
Accommodation - camping for 150	$7,918,750
Administration and multi-purpose meeting centre (100 capacity)	$5,915,500
Site works	$5,355,000
Total OPC	**$37,199,250**

Indicative probable costs for option 3 by cost item

Project Option 3	
Covered stadium - premium	$11,325,500
Open arena - dressage (and warm up)	$544,000
Open arena - show jumping (and warm up)	$2,220,000
Open arena/ course - cross country	$484,500
Training and stabling complex (400 stables)	$3,436,000
Administration and multi-purpose meeting centre (100 capacity)	$5,915,500
Site Works	$5,355,000
Total OPC	**$29,280,500**

Indicative probable costs for Option 3 by cost item

Project Option 4	
Covered Stadium – premium	$11,325,500
Covered Stadium – community	$1,531,000
Open arena - dressage (and warm up)	$2,720,000
Open arena - show jumping (and warm up)	$444,000
Open arena/ course - cross country	$484,500
Training and stabling complex (400 stables)	$4,408,000
Accommodation - Camping for 150	$7,918,750
Administration and multi-purpose meeting centre (100 capacity)	$5,915,500
Site Works	$5,355,000
Total OPC	**$40,102,250**

Detailed financial modelling outcomes – by Option

Revenue	Project Option 1	Project Option 2	Project Option 3	Project Option 4
Venue hire fees	$137,186	$221,620	$125,540	$231,122
Facility fee (per event)	$178,200	$260,100	$178,200	$261,600
Stabling fee	$288,192	$417,312	$288,192	$421,152
Yard fee	$108,992	$154,112	$102,592	$154,432
Camping fee	$68,680	$113,280	$68,680	$113,440
Sponsorship per event	$2,940,000	$3,695,000	$2,940,000	$3,705,000
Equipment hire	$75,752	$94,975	$75,752	$95,935
Spectator fee	$1,030,350	$1,934,150	$1,030,350	$1,940,150
Stand fee	$2,900,000	$3,525,000	$2,900,000	$3,562,500
Other income (sponsorship, café, meeting facilties)	$1,860,875	$530,375	$2,276,375	$2,555,750
Total revenue	**$9,588,227**	**$10,945,924**	**$9,985,681**	**$13,041,081**
Operating costs	**$7,826,050**	**$6,256,750**	**$5,856,100**	**$8,020,450**
Operating surplus	**$1,762,177**	**$4,689,174**	**$4,129,581**	**$5,020,631**

Appendix B

Stakeholders consulted

Structured interviews with the following stakeholders

Grant Baldock
Chief Executive Officer
Equestrian Australia

Justin Burney
Director, Major Projects and Events
Sport and Recreation Victoria

Robert Byrne
Director, Business Engagement
Regional Development Victoria

Fiona Cotter
Manager, Strategic Planning & Environment
Macedon Ranges Shire Council

Catherine Davies
Riding coach (eventing competitor)
Macedon Ranges Shire

Kate and Doyle Dertell
Future Farms – Arabians and Derivatives
Macedon Ranges Shire

Lyn Keyse
Kyneton Adult Riders' Club

Roger Lavelle
Lancefield Equestrian Group
Zone representative for Horse Riding Clubs Association Victoria (HRCAV)
Member of the Australian Horse Industry Council
Representative Macedon Ranges Equine Industry Network (REIN)

Clare Lewin
Executive Officer
Pony Clubs Association of Victoria

Robyn Lewis
Executive Assistant
Australian Quarterhorse Association

Rod Lockwood
Managing Director
Definitive Events (Equitana Australia)

Fiona McNaught
Managing Director
Boneo Park

Gordon and Marion Nash
Quamby Stockhorses (Macedon Ranges Shire)
Australian Stockhorse breeders and competitors
Representatives Macedon Ranges Equine Industry Network

Greg Pratt
CEO
Equestrian Victoria

Tracey Robertson
Public Relations, Marketing & Events
Eliza Park Thoroughbred Stud
Representative Macedon Ranges Equine Industry Network (REIN)

Mike Rowland
Venue Manager
Australian Equine and Livestock Centre (AELEC)
Tamworth, NSW

Sophie Segafredo
Director, Planning & Environment
Macedon Ranges Shire Council

Debbie Swanwick
Kyneton Adult Riders' Club

Mick Taylor
Vice-President
Board of Directors and Officers
Reining Australia

Rohan Taylor
Kyneton Pony Club

Joe Vella
Chief Executive Officer
Wingrove Park (Macedon Ranges Shire)
Representative Macedon Ranges Equine Industry Network (REIN)

Questionnaires sent to the following stakeholders

Australian Stockhorse Society

Bullengarook Adult Riding Club

Bullengarook Pony Club

Gisborne Pony Club

Lancefield & District Pony Club

Macedon Pony Club

Macedon Ranges Dressage Club

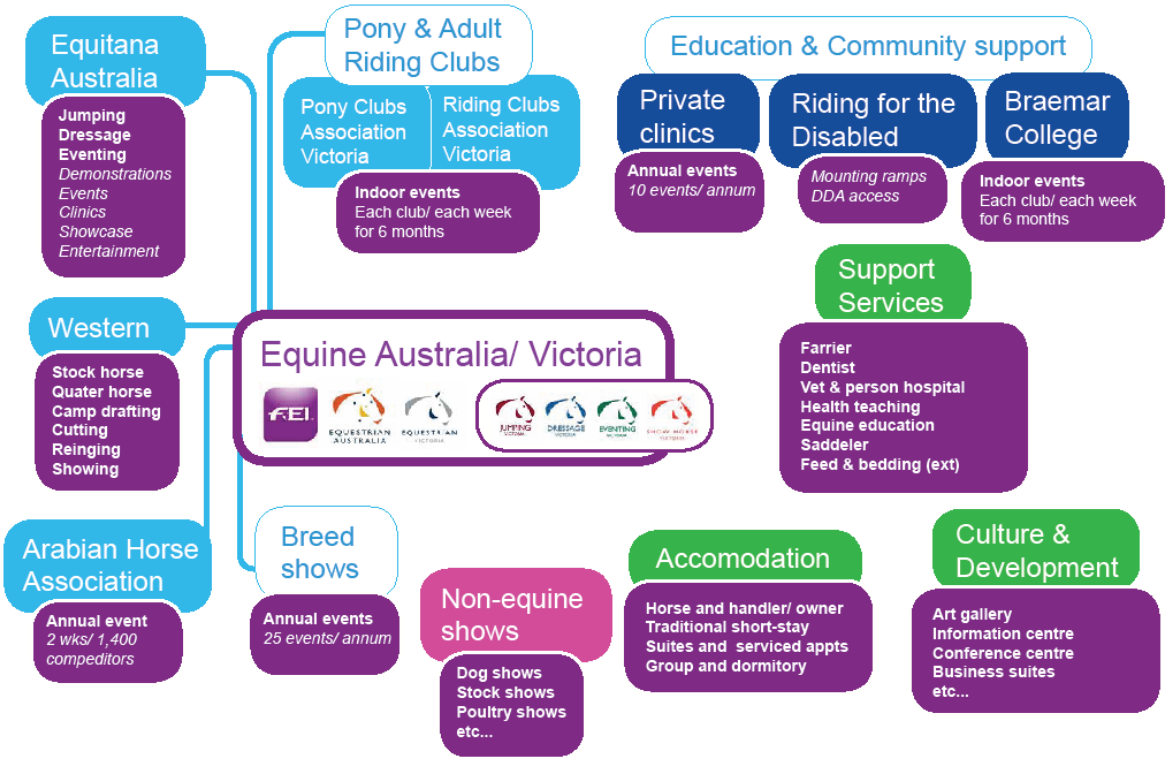
Riddles Creek Adult Riding Club

Riddles Creek Pony Blub

Victorian Arab Horse Association

Woodend Pony Club

The Stakeholder Map that used to guide the consultation process



AECOM
Macedon Ranges
Equine Centre Feasibility
04.04.14

Macedon Equine Stakeholder Map

The Macedon Ranges Shire delegation to AELEC, Tamworth

The purpose of the delegation was to see the centre in operation and to hold a series of meetings to seek Information relevant to the study being undertaken for the feasibility of an equine centere in the Macedon Ranges.

Tamworth City Council:

- Mayor
- CEO

AELEC:

- Mike Rowland (Operations Manager)

Landmark:

- Marie Fields – Regional Manager
- Mark Barton – National Landmark Director
- Andrew – cutting/quarter horse, live export
- Michael Wilson – Stockhorse Association

Committee members who were involved in the development of AELEC:

- Greg Macquire
- James Treloar (Ex Mayor and Ex Chairman Tourism Tamworth and Powerhouse (owner), on the committee who organised the facility.