

Size and Scope of the

Victorian Racing Industry

Prepared by IER / September 2018



**Racing
Victoria**



HARNESS RACING VICTORIA



GRV
GREYHOUND RACING VICTORIA







Contents

- 4** Key Findings
- 8** Introduction
- 12** Community & Social Impacts
- 14** Economic Impacts
- 22** Employment & Supply
- 32** Racing Participants & Animals
- 48** Racing Club Activity
- 64** Wagering

Key Findings

Value Added Contribution	Total FTE Employment Sustained
Direct \$1.4 billion Indirect & Induced \$2.9 billion Total \$4.3 billion	Direct 15,415 Indirect & Induced 18,411 Total 33,826
Taxes Generated by the Victorian Racing Industry	Total Household Income Generated
State Government \$469.4 million Federal Government \$81.9 million Total \$551.3 million	Direct \$0.9 billion Indirect & Induced \$1.4 billion Total \$2.3 billion

Direct Spending Impacts

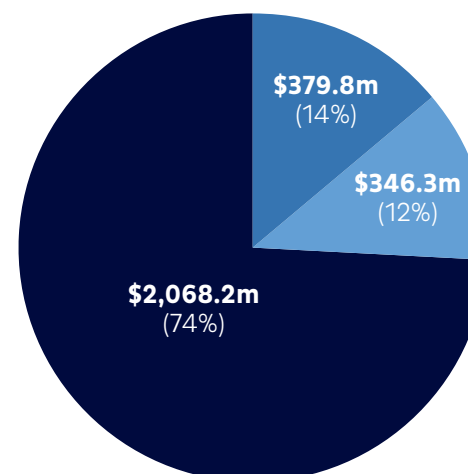
	2006	2013	2018
Total Direct Spending	\$1.8 bil	\$2.2 bil	\$2.8 bil

Direct Spending by Code

	Thoroughbred	Harness	Greyhound	Total
Production of racing horses and greyhounds (Breeding)	\$177.1 mil	\$60.4 mil	\$12.2 mil	\$249.7 mil
Preparation of racing horses and greyhounds (Training)	\$349.7 mil	\$126.1 mil	\$48.4 mil	\$524.2 mil
Racing & wagering activities	\$1,387.0 mil	\$168.4 mil	\$281.2 mil	\$1,836.6 mil
Non-raceday activities	\$154.3 mil	\$24.9 mil	\$4.6 mil	\$183.7 mil
Total	\$2,068.2 mil	\$379.8 mil	\$346.3 mil	\$2,794.2 mil



Direct Spending by Code (\$Mil)





“
The VRI contributes more than \$4.3 billion in real gross value added to the Victorian economy”

Economic Impacts

	2006	2013	2018
Real Gross Value Added	\$2.1 bil	\$2.8 bil	\$4.3 bil
Total Full Time Equivalent (FTE) Employment	18,700	26,900	33,826
Household Income	\$1.1 bil	\$1.6 bil	\$2.3 bil

Economic Impacts by Code

	Thoroughbred	Harness	Greyhound
Real Gross Value Added	\$3.2 bil	\$0.6 bil	\$0.5 bil
Total FTE Employment	25,157	4,367	4,302
Household Income	\$1.7 bil	\$0.3 bil	\$0.3 bil

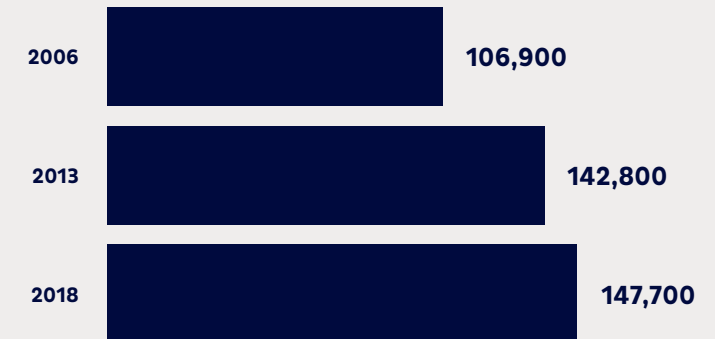
1. Value-added is defined as the value of sales less the value of inputs used in production, ie it is equal to the income (wages, salaries and profits) generated in production. 2. Household Income is defined as being wages and salaries (before tax) earned from employment generated by the racing industry. 3. Full Time Equivalent Employment is defined as being the jobs that are created (both within and outside the racing industry) to meet the demand created by racing industry activity



Jobs and Participants Supported by Racing

	Thoroughbred	Harness	Greyhound	Total
Participants in Racing				
Breeders	2,054	2,261	313	4,628
Trainers	942	1,121	1,575	3,638
Owners	68,469	4,520	8,464	81,453
Volunteers	5,542	2,533	1,420	9,495
Total Participants in Racing	77,007	10,435	11,772	99,214
Employed Directly in Racing				
Employed by Racing Clubs & Principal Racing Authorities	6,510	1,675	1,513	9,698
Employed in Wagering Jobs	2,820	320	618	3,758
Employed by Participants	5,455	2,500	673	8,628
Total Directly Employed in Racing	14,785	4,495	2,804	22,084
Total Directly Participants and Employees in Racing	91,793	14,930	14,576	121,298
Total Employed in Support Industries	17,679	5,375	3,353	26,407
Total Jobs & Participants Supported by Racing	109,472	20,305	17,929	147,705

Direct Participants and Employees in Racing





The people

4,628 Breeders

Thoroughbred 2,054
Harness 2,261
Greyhound 313

3,638 Trainers

Thoroughbred 942
Harness 1,121
Greyhound 1,575

81,454 Owners & Syndicate members

Thoroughbred 68,470
Harness 4,520
Greyhound 8,464

913 Jockeys, Drivers & Apprentices

Thoroughbred 243
Harness 670

“
More than
121,200 people
are directly
employed,
volunteer or
participate in
racing industry
activities
(including non-
raceday business
entities)”

4,948 Stablehands/Kennel Employees

Thoroughbred 3,278
Harness 1,166
Greyhound 504

8,540 Industry & Club Employees

Thoroughbred 6,044
Harness 994
Greyhound 1,502

9,495 Volunteers

Thoroughbred 5,542
Harness 2,533
Greyhound 1,420

The Animals

22,358 Horses/Greyhounds in Training

Thoroughbred 10,559
Harness 4,891
Greyhound 6,908

8,203 Broodmares/ Females Covered

Thoroughbred 4,664
Harness 3,233
Greyhound 306

7,650 Foals/Pups

Thoroughbred 3,177
Harness 1,818
Greyhound 2,655

“
The economic
activity generated
by the Victorian
Racing Industry
is directly
responsible for
sustaining more
than 33,800 full time
equivalent (FTE)
jobs in Victoria”

Racing Activity

126 Racing Clubs

Thoroughbred 69
Harness 44
Greyhound 13

108 Race Tracks

Thoroughbred 67
Harness 28
Greyhound 13

2,172 Race Meetings

Thoroughbred 551
Harness 451
Greyhound 1,170

22,143 Races

Thoroughbred 4,431
Harness 3,751
Greyhound 13,961

80,177 Racing Club Members

Thoroughbred 66,467
Harness 12,419
Greyhound 1,291

1,742,130 Attendances

Thoroughbred 1,339,240
Harness 208,872
Greyhound 194,018

Introduction

The Victorian Racing Industry (VRI) commissioned IER to undertake a study into the size and scope of the three codes of racing in Victoria. This study represents an update to the previous report completed in 2011 and uses racing industry data from the 2016/17 racing season. The VRI encompasses the thoroughbred, harness and greyhound racing industries in Victoria.

Purpose of the Study

This study aims to quantify the economic, employment and social contribution that the VRI generates in Victoria. The report focuses on State impacts as well as looking at specific outcomes for regional areas. The key focus of the study is to investigate the following outcomes attributable to the racing industry:

- + The total direct expenditure contribution that the industry makes, in its current form, to the Victorian economy
- + The full-time equivalent employment generated by racing industry activities in Victoria
- + A headcount of the total number of participants (i.e. trainers, breeders, employees etc.) in the industry
- + The value added contribution that the industry makes to the Victorian economy
- + The social and community importance of thoroughbred, harness and greyhound racing – particularly in regional parts of the country
- + The taxation revenues generated as a result of racing industry activity in Victoria

This study has been undertaken within a broader framework than previous studies of this nature. Specifically, this study also includes impact associated with corporate bookmaker business activity (in Victoria) as well as the impact of non-racing businesses owned by the racing industry. In this way, this study is a more comprehensive measure of the industry's impact than any undertaken previously

Study Methodology

In assessing the size and scope of the racing industry, the study will report on a number of the traditional measures adopted by the racing industry (such as breeding and training activities, attendance and wagering) as well as calculating a number of economic measures. For the purpose of this study, the racing industry is defined as covering all racing and non-racing activities undertaken by racing clubs and peak racing bodies, as well as the customers, owners, breeders, trainers & wagering service providers in the industry.

From an economic impact perspective, the aim is to measure the expenditure that is generated as a result of racing industry activity and the way that it impacts on the State economy. The data that underpins this study has been gathered from a number of sources. These are outlined below:

- + The three codes of racing provided data related to financials, racing activities and participant registrations

- + Racing clubs provided financial data as well as data relating to their club and raceday operations. They also provided data on the social and community impacts that they have as well as the extent of their diversification of business interests and activities (to the extent that they add to the measured economic or social impact)
- + IER also interviewed a number of breeders, trainers and owners in order to build a profile of the cost of production and preparation of racing horses and greyhounds.
- + Racing clubs were asked to complete a survey aimed at gathering more information relating to their community and social involvement as well as any other business entities that they have an involvement in
- + A number of the large wagering service providers detailed financial activity (both in Victoria and in other States). IER has included data related to activity in Victoria funded by Victorian racing industry activity)
- + Various bodies provided data on racehorse and greyhound registrations and activity

Throughout the report, data has been presented at a State and regional level. The regional level analysis is based on nine key regional areas taken from the Australian Statistic Geographic Standard (ASGS) SA4 framework. The SA4 framework contains the largest sub-State regions in the Main Structure of the ASGS, and has been designed for the output of a variety of regional data, including data from the 2016 Census of Population and Housing.

They are specifically designed for the output of ABS Labour Force Survey data and therefore have population limits imposed by the Labour Force Survey sample. These areas represent labour markets or groups of labour markets within Victoria.

Economic Methodology

The development of an economic model of the Victorian racing industry requires a strong understanding of the internal and external flows of money. Through the model, duplicate expenditures have been identified within this monetary framework and excluded from the total expenditure calculations. In this regard, the key is to identify the final expenditures – ensuring not to count the same expenditures as they flow between internal racing industry transactions.

An example of this relates to the training of racehorses. Owners pay a training fee to trainers to prepare their racehorses (owners also incur expenses outside the training fees of their own). Trainers, in turn spend money into the economy on goods and services related to their training activity. If both of these expenditures were counted within the model, this would constitute an overstating of impacts due to the fact that same money has been counted twice.

This study measures the economic contribution made by the racing industry in Victoria. The final expenditure profile of the racing industry is based on the following key inputs:

- + Breeding activity– the expenditure made by breeders in the process of producing foals and caring for broodmares and stallions
- + Training activity – the expenditure made by owners in the preparation of their racehorses for racing. This includes spending on training services as well as other non-training related expenses such as major veterinary, transport etc.
- + Racing & wagering activity – the expenditure made by racing's customers in the following areas:
 - + Purchases of raceday products and services
 - + Non-raceday functions
 - + Revenues from other racing club operated activities (i.e. gaming)
 - + Off-track spending related to attendance at the races (i.e. fashion)
 - + Sponsorship and membership products
 - + Broadcast fees

Whilst racing and wagering are separate components of the industry, they are inextricably linked within the industry financial model and are therefore assessed together (ensuring that monies are not counted more than once within the inter-industry transactions).

The economic model used within this study follows three key steps:

1. Gathering Industry Expenditure – This has been explained in more detail previously; however, this is the most important step as a

failure to accurately generate the expenditure profile of the industry only leads to a multiplication of this error throughout the latter parts of the economic methodology.

2. Categorisation of industry expenditures into sectors – the racing industry (as a whole sector) does not exist within standard industry classifications. A 26 sector industry table was used to allocate Victorian racing industry expenditures. This allows for a detailed analysis of the impact of certain expenditures as they flow through the economy.

3. Economic modelling – IER has utilised an input/output methodology for the calculation of economic impacts associated with the racing industry in Victoria. The input-output model provides direct and indirect impacts in relation to value added, income and employment. Specifically, the input-output model is a derivation of the publicly available input-output table that is produced by the ABS. Manipulation by IER's economist ensures that the input-output table is useful for the purposes of this study.

External Expenditure ←

Off-course spend
+ Accommodation + Transport
+ Retail/Fashion
+ Food & Beverage

+ TAB/Government share of NWR
+ Government Taxes
+ Wagering Operator Expenditure

+ Administration Costs
+ Race Meeting Costs
+ Marketing & Promotions
+ Integrity Services

+ Track Maintenance
+ Racecourse Administration
+ Food & Beverage
+ Insurance + Event Costs
+ Marketing & Promotion

+ Insurance + Agistment
+ Vet Costs + Transport
+ Registration
+ Accommodation

+ Employee Wages
+ Stock/Greyhound Feed
+ Transport + Stabling
+ Saddles, Sulkies, Equipment
+ Administration/Marketing
+ Supplements, Vitamins
+ Rates/Taxes

+ Service Fees + Agistment
+ Insurance + Vet/Farriers
+ Employee Wages
+ Stock/Greyhound Feed
+ Sale Cost
+ Worming/Vaccinations
+ Rates/Taxes

Racing Customers

Wagering
+ Pari Mutuel (on & off-course)
+ Bookmakers (on & off-course)
+ Betting Exchanges (off-course)

Non-wagering Raceday Income
+ Admissions + Packages
+ Food & Beverage
+ Racebooks

Non-raceday Income
+ Gaming + Functions
+ Donations + Memberships
+ Food & Beverage
+ Facilities Hire
+ Other Business Interests

Product Fees & Wagering Distributions

Victorian Racing Industry
RV / HRV / GRV

Operational, Marketing & Capital Maintenance Grants

Racing Clubs

Additional Prizemoney

Prizemoney & Owners Incentive Schemes

Racehorse/Greyhound Owners

Breeding Incentive Schemes

Training fees

Animal Purchase or Breeding Costs

Trainers

Breeders

Riding or Driving Fees

Jockeys/Drivers

← Internal investments

+ Facilities Income
+ Sponsorships
+ Government Grants
+ Animal Exports
+ VRIF Funding

Investment & expenditure flow in Victoria



Community & Social Impacts

The three codes of racing in Victoria play an important role in the development and preservation of social capital within regional and metropolitan communities. These social and community impacts are initiated through racing activities on both raceday and non-racedays. This contribution to community social benefit enhances both individual and community well-being throughout regional and metropolitan Victoria.

The development of social and environmental initiatives has had a positive impact within the communities where racing exists in terms of family socialisation, and with regard to supporting health, education, employment and environmental practices. However, maintaining and building the trust and respect of the communities in which racing clubs operate is also extremely valuable.

Racing clubs contribute to their communities through the following areas:

- + Capacity building** – sharing and hiring out facilities to other organisations requiring function or meeting space that may otherwise be in short supply, particularly in regional Victoria
- + Charitable support** – Provide direct, financial and in-kind fundraising support for more than 1,450 charities across the State
- + Education** – partnering with education institutions to provide placement, work experience, internship and excursion opportunities
- + Volunteerism** – The racing industry is supported by a strong volunteer base in a mutually beneficial way. Many volunteers provide their support because of their love of the sport and, in turn, build capacity and skills that translate into aspects of a career or life in general.





Capacity Building

65% of racing clubs hire out on-course facilities for private or corporate use. The hire of these facilities served events that recorded attendances of more than 670,000 people

Charitable Support

More than 1,450 charitable organisations supported by the racing industry. The charities received nearly \$3.5 million in funds, in addition to the in-kind support provided



Education

More than one third of Victorian racing clubs have partnerships in place with education institutions

Volunteerism

Nearly 9,500 individuals provide their skills, time and support to the racing industry as a volunteer



Facility Sharing

More than 650 community and not-for-profit organisations share racing club facilities in Victoria

Community

Racing clubs provide an important community for more than 80,000 members who are actively engaged in their club. More than 1.7 million attendances are recorded at Victorian race meetings. Clubs located in more densely populated areas of the state add valuable greenspace to communities



Direct spending generated by the VRI

The direct spending profile of the Victorian Racing Industry relates to the expenditure generated by racing through its customer and business to business transactions. This study, unlike others before it, also takes into consideration expenditures generated in relation to non-racing business interests (owned by the racing industry) and non-TAB wagering service providers in Victoria.

In 2016/17, the Victorian racing industry generated nearly \$2.8 billion in direct expenditure. The calculation of direct expenditure is based on the final expenditures of the racing industry – or put another way – the point at which the expenditure leaves the internal racing industry and hits the broader economy. For instance, a raceday attendee who spends money at the bar is generating expenditure within the racing industry. However, this expenditure is used by the racing club to fund its operations and it is at this level where final expenditures are captured (i.e. the customer funds the racing club's expenditure on wages, advertising and operations).



“
The Victorian
Racing
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responsible
for generating
nearly \$2.8
billion in
expenditure
in Victoria”

The breakdown of final expenditures is outlined below:

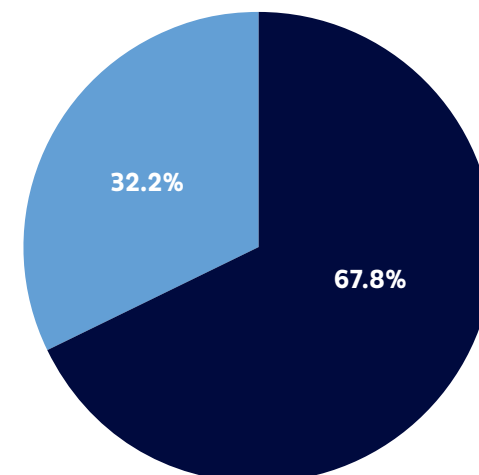
Source of Final Expenditure	Funded by	Amount	% of Final Expenditure
Production of racing horses and greyhounds (Breeding)	+ Private investment + Service fees revenue + Industry bonuses & incentives	\$249.7 mil	8.9%
Preparation of racing horses and greyhounds (Training)	+ Private investment + Prizemoney + Industry bonuses & incentives	\$524.2 mil	18.8%
Racing & wagering activities	+ Wagering product fees + Raceday revenues + Sponsorship & Membership + Nominations + Racing customers spend + Taxation on wagering revenue + Expenditure by WSP on operations in Victoria	\$1,836.6 mil	65.7%
Non-raceday activities	+ Revenues from other (non-racing) business interests + Non-raceday revenues generated at racing clubs	\$183.7 mil	6.6%
Total		\$2,794.2 mil	

*Some totals may not add due to rounding

Whilst racing and wagering are separate components of the industry, they are inextricably linked within the industry financial model and are therefore assessed together (ensuring that monies are not counted more than once within the inter-industry transactions).

 **Metro**
 **Regional**

Total Direct Spending
(Metro v Regional)

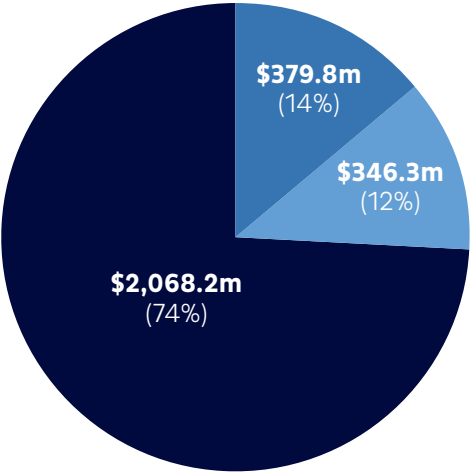


Thoroughbred racing is responsible for generating more than 74% of the final expenditures. The greater Melbourne region is responsible for generating more than 72% of this amount whilst the Hume region is responsible for 6.6%.

Harness racing is responsible for generating more than 14% of the final expenditures. The outer Melbourne region (39.5%), Shepparton (13.7%) and Ballarat (10.1%) regions make up nearly two-thirds of this expenditure impact.

- Thoroughbred
- Harness
- Greyhound

Direct Spending by Code (\$Mil)



Greyhound racing is responsible for generating 12% of the final expenditures. More than 58% of this expenditure impact occurs in greater Melbourne with the Latrobe-Gippsland region (11.8%) contributing the largest regional impact.

Overall, 66% of the industry’s expenditure impact is driven by wagering & racing activities, including:

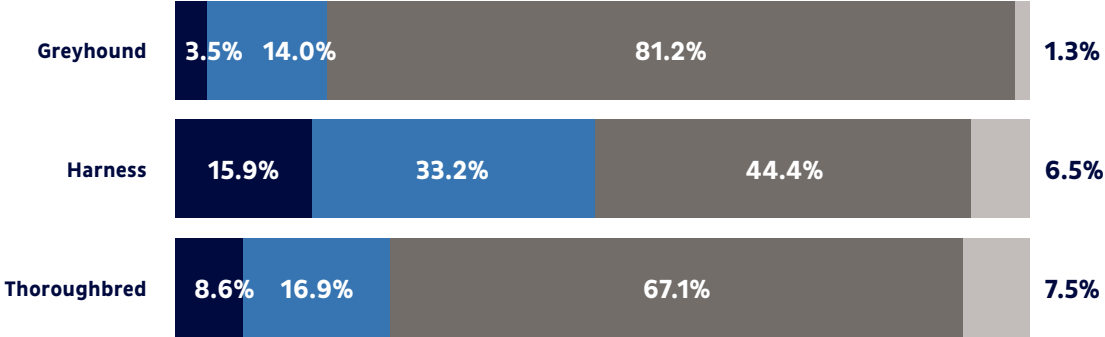
- + Raceday racing club revenues
- + Racing attendee spending in the community
- + Wagering service provider operational expenditure
- + Other racing business revenues

In addition to this, the breeding (8.8%) and training (18.8%) aspects of the industry contribute more than 27% of the expenditure impact whilst customer spending on non-raceday activities makes up the remaining 6.6%.

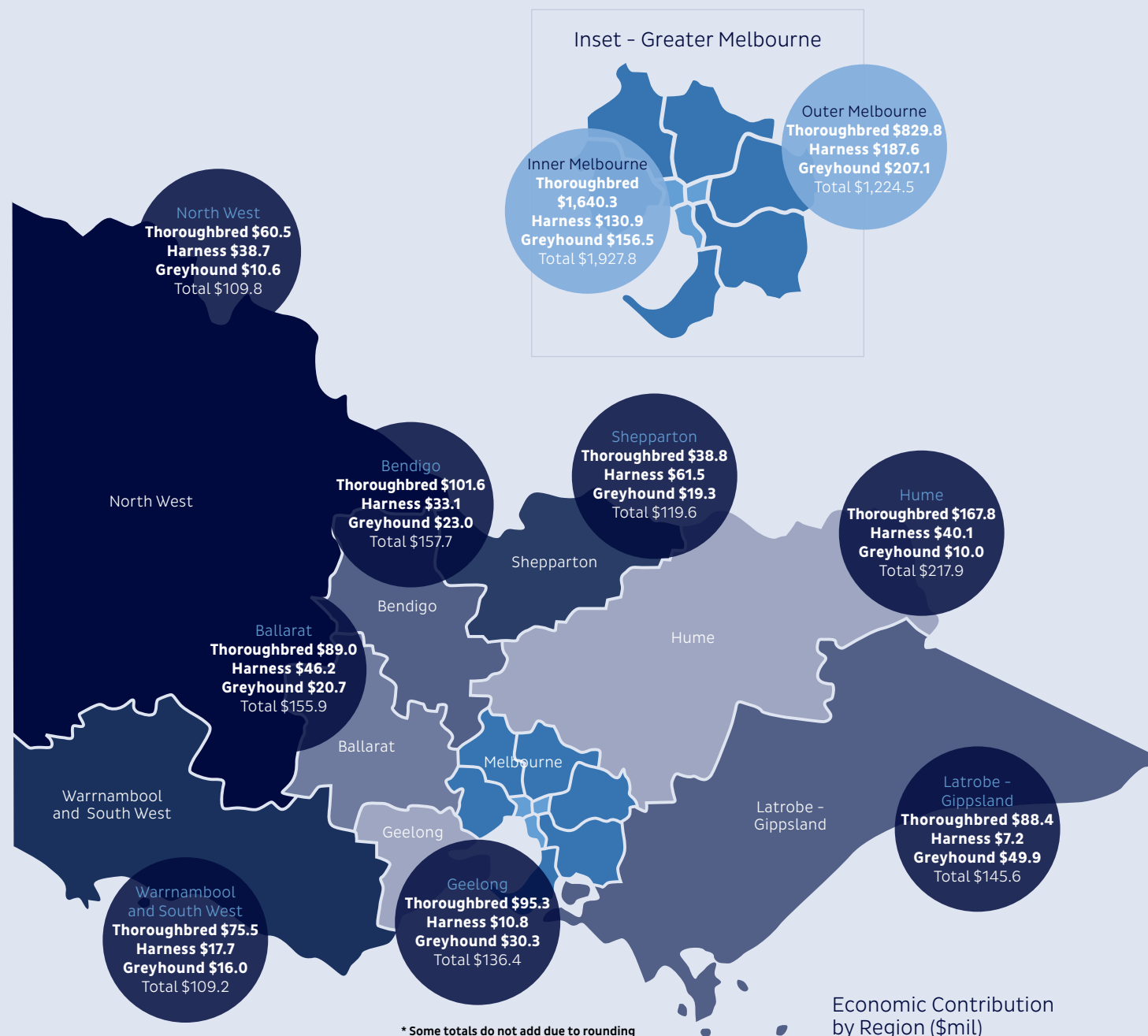
The following chart illustrates the proportional breakdown of direct expenditure generated by the Victorian Racing Industry:

- Production of Racing Horses and Greyhounds (Breeding)
- Preparation of Racing Horses and Greyhounds (Training)
- Racing & Wagering Activities
- Non-raceday Activities

Proportion of Expenditure by Code







Economic contribution of the VRI

The Victorian racing industry is responsible for generating a real gross value added contribution of \$4,304.4 million for the Victorian economy. Real gross value added is the generally accepted measure of the value of production from economic activity. It is the sum of value added by all industries in a region (in this case, regions of Victoria). In any period of time, the value added contribution in an industry equates to the value of sales less the value of inputs used in production. This means value added is equal to the income (wages, salaries and profits) generated in the course of production.

The real gross value added calculation uses constant prices (prices in a selected year), hence it does not allow for general price level changes (inflation). Also, the calculation makes no allowance for capital used in production (depreciation).

Generally, the level of economic activity will not always proportionally follow the final expenditures, as regional areas generally have higher import penetrations than metropolitan areas – i.e. a lot of the expenditure is on product imported from the metropolitan area. As such, the model takes into consideration these leakages between regions.

When considering the value added contribution of \$4,304.4 million generated by the Victorian racing industry, it is important to note that it is made up of:

+ Direct Value added (\$1,375.4 million) - this represents the amount of income included in the direct in-scope expenditure. It is the amount of gross wages and salaries in the racing industry and the direct provision of services to racing activity, plus the gross operating surplus (profits, interest payment and direct taxes) directly created in supply these services and product. This is also equal to the direct in-scope expenditure less the purchases that the provider of the goods and services makes in providing the goods and services (both supplied from within the region, as well as externally (i.e. imported)

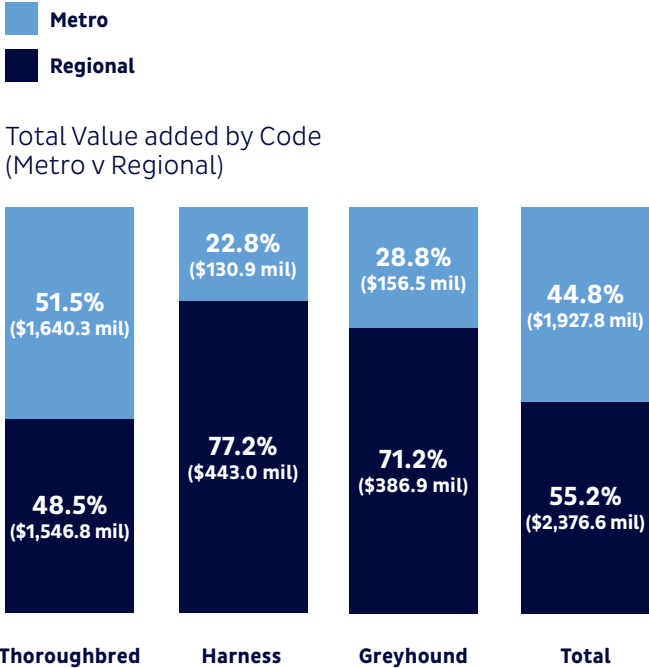
+ Indirect (Induced) Value added (\$2,929.0 million) - represents the value added activity (wages, salaries and gross operating surplus) generated to support the purchases made in providing the inputs to the providers of the direct services, along with the value added impact in providing households with goods and services as they spend their wages, and the trickle on effect of this

The direct value added impacts are calculated using the ratios within each of the relevant industry sector classification sectors identified within the input-output table. The calculation of the indirect (induced) effects, which are allocated to the industry in which the impact occurs, is undertaken by running an impact assessment, and tracing the whole of economy effect of the expenditure patterns linked to the racing industry

When the direct value added impacts are assessed by industry sector, the Victorian racing industry generates its most significant impacts within the following sectors:

Industry	Direct Value Added Impact (\$mil)	Proportion of industry impact (%)	Sources of Impact
Arts & Recreation Services	\$397.9	29.1%	+ Betting + Racing Activity
Retail Trade	\$134.0	9.8%	+ Equipment + Personal Shopping + Stock
Road Transport	\$128.3	9.4%	+ Fuel + Float/Trailer
Professional, scientific & technical services	\$100.1	7.3%	+ Veterinary + Breeding Activity + Integrity

“Overall, the Victorian racing industry contributed just under \$4.3 billion in value added impacts to the Victorian economy. More than 55% of this impact occurred in regional areas of the State”



Taxation Impact

The Victorian Racing Industry generates more than \$461 million in taxes from its racing, wagering and business activities. The State Government receives more than \$327 million in taxes from sources including; gaming taxes, wagering taxes, employee taxes, land taxes and stamp duty. Additionally,

it is estimated that a further \$85.6 million flows back to Victoria from GST *. The Federal Government receives more than \$49 million in taxes from income taxes and retained GST. The following chart illustrates the breakdown of these taxes for State and Federal Governments:



* Includes estimated GST receipts returned to Victoria under the horizontal fiscal equalisation policy

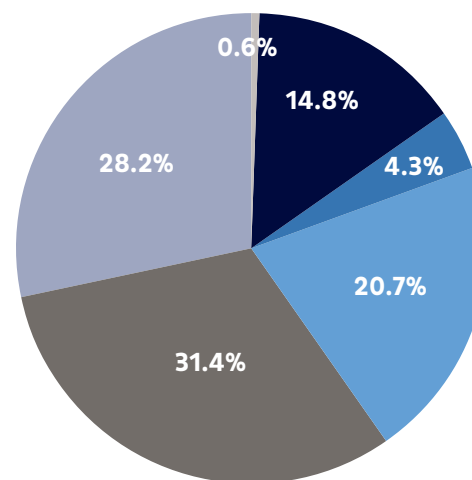




Just under 31% of the State Government taxation revenue from racing is sourced from direct wagering tax whilst employee related taxes make up a further 25.2%. GST (received from the Federal Government distribution) makes up 29.2%. The following chart illustrates the breakdown of taxation revenues generated for State and Federal Government:



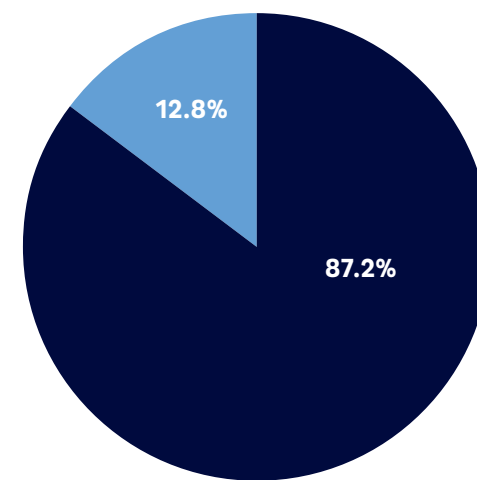
Taxes generated for the State Government



* GST reformed by Federal Government



Taxes generated for the Federal Government



Participants in Racing

The concept of 'participation in racing' is broader than simply considering those employed in the industry. Participants include employees, trainers, breeders, contractors and volunteers who are involved in varying levels of engagement from occasional to full-time.

Participants are the lifeblood of the racing industry. A large portion of the industry's participants are involved in racing as a hobby. Their passion for the sport is a major driver to their involvement in racing – particularly amongst owners who provide the capital investment which underpins the production and preparation of racehorses and greyhounds.

The breeding and training sector also relies upon a mix of those motivated by professional and hobby pursuits. Many participants, and their employees, find gainful employment of their specific skillset through the racing industry where they may find it difficult otherwise. This is especially true in relation to the trainers, breeders, stable/kennel staff and particularly for supply businesses for whom the racing industry provides the market for which to sell their goods or services.

Close to 90,000 breeders, owners and trainers provide the capital and the skills to produce and prepare racehorses and greyhounds for racing. These participants drive a chain of activity

which leads to the production of a racing product that is consumed by audiences on most days of the year in Victoria.

In addition to these participants, nearly 20,000 individuals are employed directly within the racing industry. These individuals are employed in a variety of full-time, part-time and casual positions. Just over 7,500 of these people are employed in roles that are hands-on with the animals (i.e. working for trainers and breeders) whilst the remainder are responsible for the administration of the sport, racing clubs and in other non-racing businesses.

Finally, there are more than 9,495 individuals who volunteer their time and skills in a variety of roles within the industry. A significant portion of these volunteers support breeders and trainers with their activities. Additionally, most racing clubs are supported by volunteer boards and by volunteers in a variety of on-course raceday roles, which increases their skills base as well as providing an important function for the racing industry.

In total, there are more than 121,200 individuals who participate in the Victorian racing industry as a participant, employee or volunteer. More than 76% of these participants are in regional areas of Victoria.

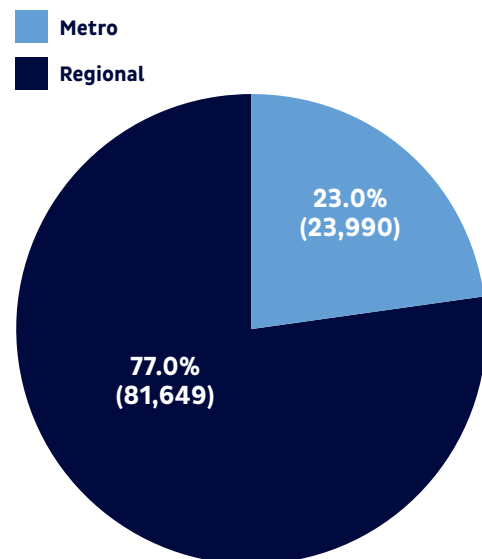
	Thoroughbred	Harness	Greyhound	Total
Breeders	2,054	2,261	313	4,628
Breeders Staff	2,177	1,334	169	3,680
Owners & Syndicate Members*	68,470	4,520	8,464	81,453
Trainers	942	1,121	1,575	3,638
Stable/Kennel Employees	3,278	1,166	504	4,948
Full Time Racing Club Staff	857	173	863	1,893
Part Time & Casual Racing Club Staff	4,755	701	394	5,850
Wagering Service Provider Staff**	1,877	276	607	2,760
Bookmakers & Staff	943	44	11	998
Volunteers	5,542	2,533	1,420	9,495
Jockeys, Drivers & Apprentices	243	670	0	913
Other Racing Business Staff	223	11	11	245
Peak Racing Body Staff	432	120	245	797
Total	91,793	14,930	14,576	121,298

* Some totals may not add due to rounding

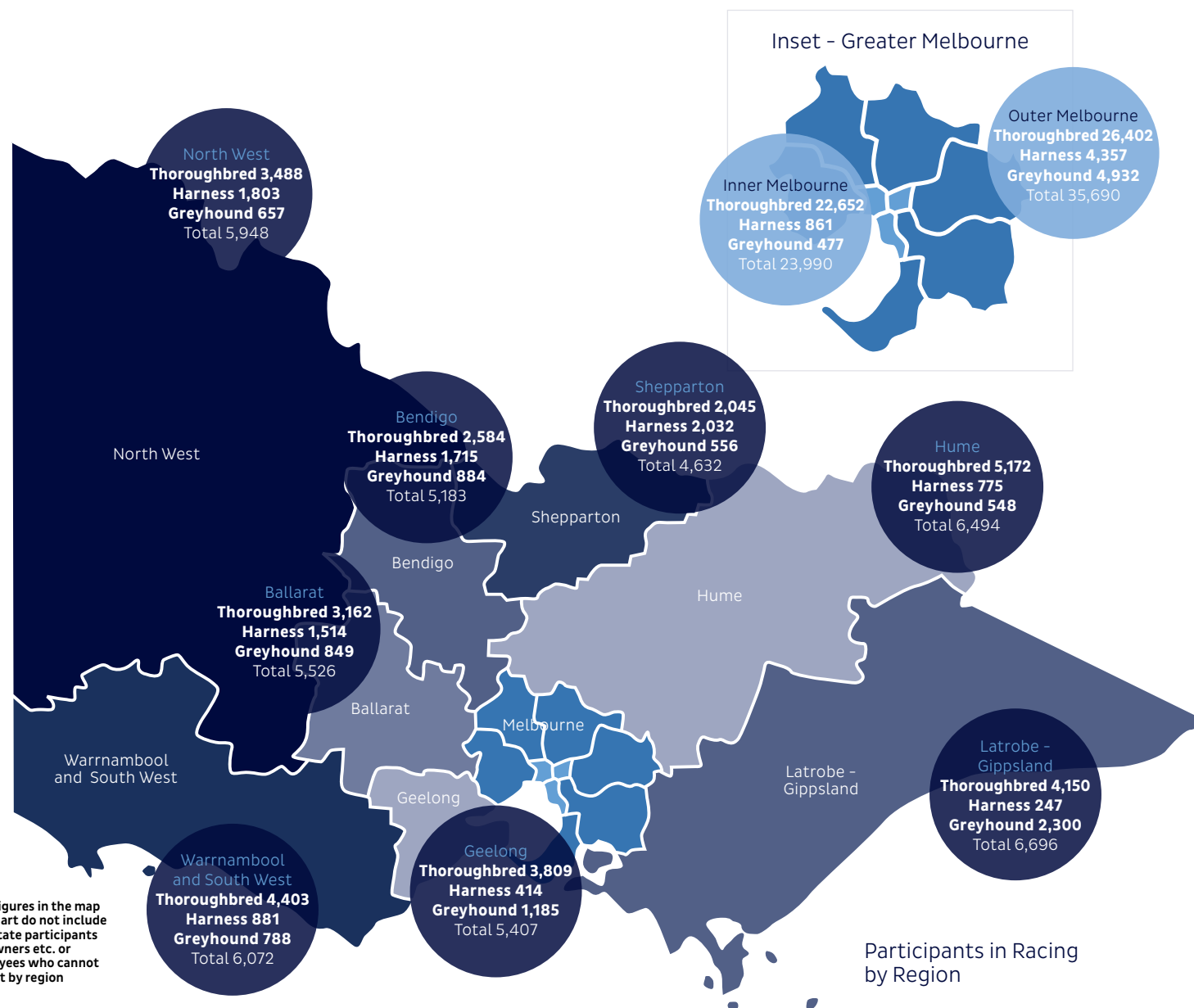
* Thoroughbred owners include all individual Owners Gold Card holders for the racing season

** Individual code values based on share of turnover

“
More than 121,200
individuals are
involved in the
Victorian racing
industry as a
participant, employee
or volunteer”



*The figures in the map and chart do not include interstate participants e.g. owners etc. or employees who cannot be split by region



Case Study:

Spring Racing Carnival

The nexus between the racing industry and tourism has been established over many years. At a regional level, racing events are an important part of driving both intrastate and out-of-state visitors to regional parts of Victoria. From a State-wide perspective, major racing events have the ability to generate economic impacts for the State, not only from visiting attendees, but also from visiting participants.

The Spring Racing Carnival is one of the pinnacles of the Victorian sporting and events calendar. Over nearly three months from September to November, it captures the attention of racing and non-racing fans alike, peaking with the running of the time-honoured Melbourne Cup on the first Tuesday in November. Referred to as 'the race that stops a nation', and the first live sporting event broadcast on Twitter, the Melbourne Cup continues to expand its national and international footprint thus delivering continued growth in its economic value to the Victorian economy.

In 2017, the Spring Racing Carnival was directly responsible for bringing more than 88,000 out-of-state visitors to Victoria. For these people, the decision to travel to Victoria was driven by

a desire to experience the world-renowned Spring Racing Carnival. In total, the 2017 Spring Racing Carnival attracted attendances of more than 686,000. Remarkably, more than 26% of these attendances were made by out-of-state visitors.

The internationalisation of the Spring Racing Carnival has been heavily driven by the Victoria Racing Club (VRC) through the promotion of the Melbourne Cup. Over the last two decades, the VRC has been successful in attracting increasing numbers of world class horses to run during their four-day Melbourne Cup Carnival. During this period more than 200 international horses have competed in the Melbourne Cup (excluding NZ). Many of these horses also run in lead-up races meaning that their (and their connections) length of stay in Victoria is expansive.

The tourism impact of the Spring Racing Carnival includes:

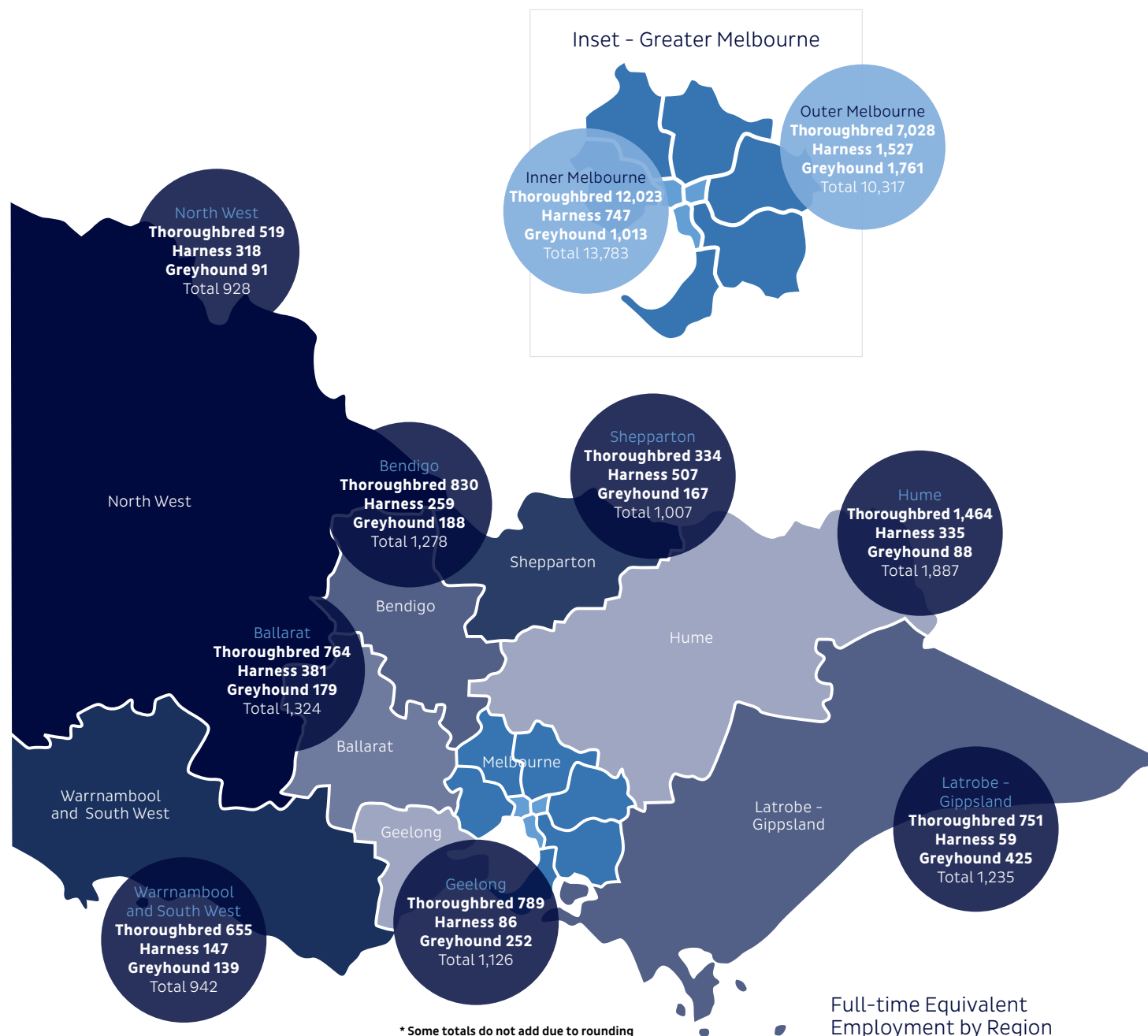
- + Motivating more than 152,600 attendances by out-of-state visitors who travelled to Victoria primarily to be part of the Spring Racing Carnival
- + Delivering more than 314,000 visitor nights in Victoria in commercial accommodation
- + Generating more than \$51 million in spending in the accommodation sector and \$54 million on fashion items

“
The attraction
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In the first year of the Spring Racing Carnival, 1993, it was estimated that the gross impact on the economy was approximately \$132 million. Twenty-five years later, the Carnival now generates a gross economic benefit of more than \$762 million. However, the most telling measure of the Carnival's importance to the Victorian economy lies in the extent to which out-of-state investment is generated by the Carnival. This investment, by way of participants, punters and visiting tourists, leads to the Victorian economy being 'better off' to the tune of close to \$290 million. This is the growth in Victorian economic output that is attributable to the Spring Racing Carnival.









Full-time equivalent employment

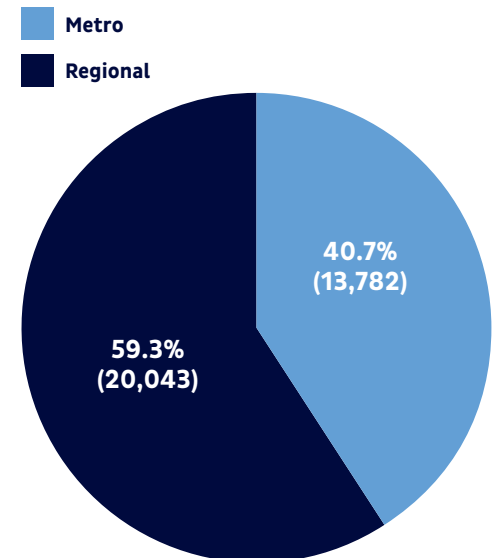
There are more than 121,200 participants directly involved in the Victorian racing industry. As outlined earlier, this is a statistical construct that takes into consideration participants, volunteers and employees (full time, part time, casual and contractor).

The direct impact on employment, generated specifically by the activities of the racing industry, sustains 15,415 FTE jobs each year. When the indirect impacts, generated by the flow-on of economic benefits to other industries are taken into account, the total employment impact rises to more than 33,826 FTE positions.

The Victorian racing industry, like racing industries all over Australia, relies on a large amount of part-time and casual labour. Further to that, it employs a large number of people in roles that are not plentiful in the marketplace (such as horse care). It is important to note that the FTE job creation does not necessarily directly follow direct spending within the Victorian economy. This is because some regions have a higher need to import labour (due to supply side constraints) than others.

The FTE positions that are sustained by the Victorian racing industry result in more than \$2,341 million in wages and salaries for the

people employed in the racing industry as well as those employed in other down-the-line industries that receive increased demand as a result of racing. Some examples of the other industries that are stimulated by racing include; veterinary, feed, retail, tourism, accommodation, transport, entertainment & fashion.

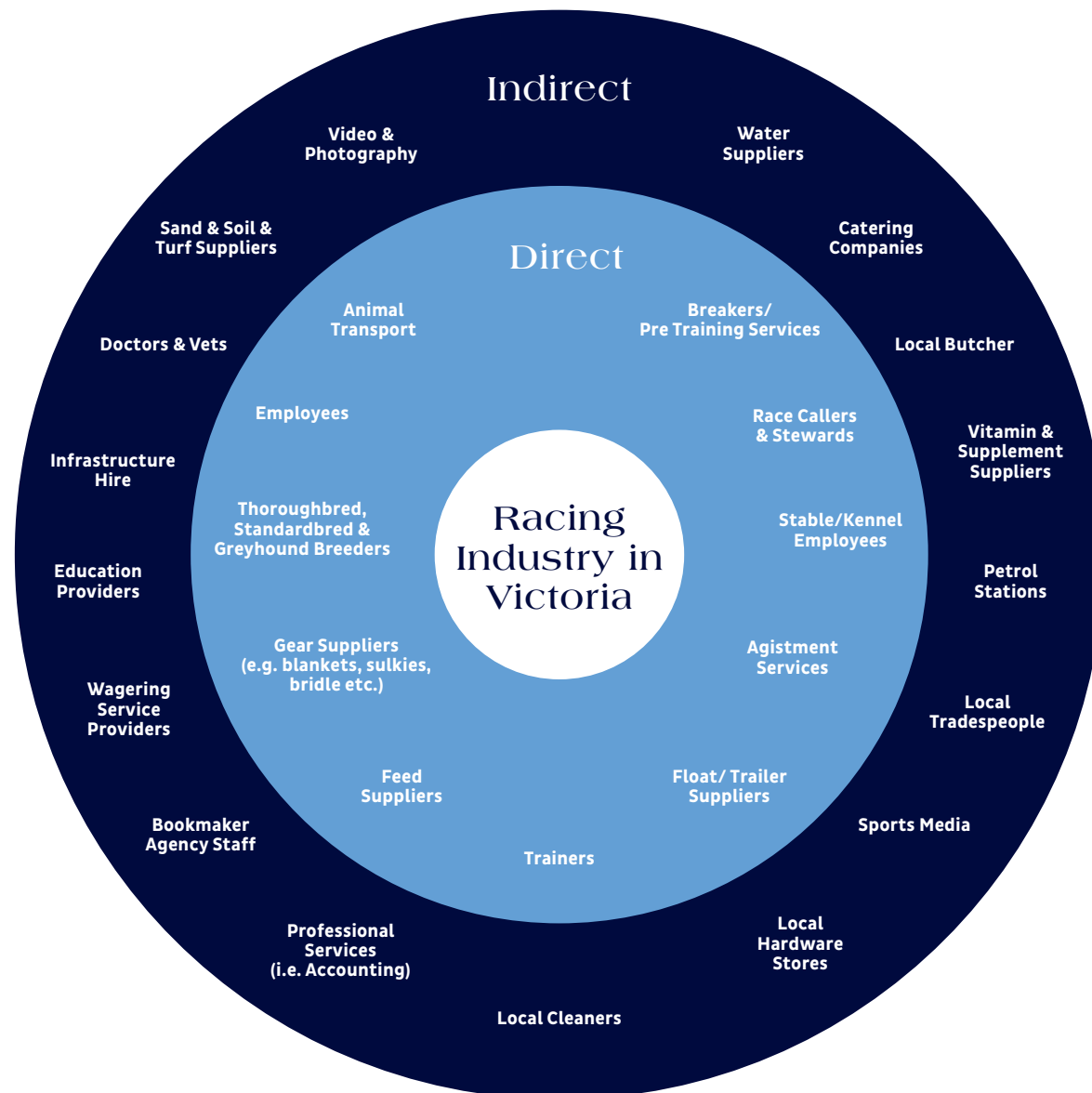


The Supplier Network

Supporting an entire supply network

The Victorian Racing Industry supports, and is supported by, a large supplier network in a mutually beneficial way. For many suppliers of goods and services, a strong racing industry forms an important part of the critical mass of their client base. Many offer specific skills, and customised products that are relevant only to this industry. The supplier network broadly contains those providing a direct service or product to the industry as well as those down-the-line businesses who provide the raw materials and manufacturing that drive the products on offer.

The direct suppliers to the Victorian racing industry provide goods and services that are specifically developed for the sport. A functioning and thriving racing industry provides those suppliers with the opportunity to also prosper.





Key Industry Sectors

Wagering & Gaming

Wagering & Gaming activities are responsible for generating a direct and indirect value added impact of \$363.5 million in Victoria. This spending is responsible for sustaining more than 5,600 direct and indirect FTE jobs in Victoria

Retail Trade

The retail sector is supported by the Victorian Racing Industry in a number of ways. Racegoers, particularly around major racing carnivals, generate considerable spending on fashion. Participants also invest significant amounts in products developed to help in the breeding and training process. Overall \$311.3 million of direct and indirect value added is generated from retail trade – sustaining more than 3,900 direct and indirect FTE jobs in Victoria.

Food Services

Food & beverages and catering is a significant sub-industry within Victorian racing. There are more than 2,170 race meetings requiring catering. Additionally, racing has been continuing to diversify its operations to include other food services businesses such as restaurants and pubs. The result of this is that more than \$153.1 million of direct and indirect value added is generated in the food services sector – sustaining just under 2,300 FTE jobs in Victoria.

Road Transport

There are 120 racing clubs in Victoria and racing on nearly every day of the year. Overall, the Victorian Racing Industry is responsible for more than \$184.2 million of direct and indirect value added generated in the Road Transport sector. Transporting horses and greyhounds makes up a large proportion of this, as does the travel of participants and racegoers. This direct and indirect value added impact is responsible for sustaining 1,637 FTE jobs in Victoria.

“
The Victorian racing industry was responsible for supporting as many as 3,943 direct and indirect FTE jobs in the retail trade sector and just under 2,300 FTE jobs in the food services sector”



Case Study:

Reinswomen in Teal Raising Funds for Women's Cancer Foundation

The 'Team Teal' campaign commenced in 2014, when several Victorian harness racing owners and breeders came up with the idea of connecting their industry with the Women's Cancer Foundation. Held each February – Ovarian Cancer Awareness Month – the Team Teal campaign raises funds for gynecological cancer research.

Now a national fundraiser and growing in prominence every year, Team Teal is an extremely important contributor to women's

cancer research. Commencing at the start of February for six weeks, reinswomen across the nation and New Zealand raise money from each of their wins.

In the 2018 campaign, a total of 247 riders participated in Team Teal: 73 from NSW, 63 from New Zealand and 61 from Victoria, with smaller numbers from other States – achieving 315 wins over the finish line. As donations still come in, the final figure is yet to be made, but a record-breaking \$185,000 will likely be reached.

In 2018, Victoria raised the most of any State and generated a total donation to Team Teal of \$30,800, via 77 wins. Participating donors included Tabcorp and Harness Racing Victoria. The Team Teal campaign is increasingly being embraced by the wider harness racing community, with additional fundraising coming from, but not limited to:

- + Reinswomen seeking individual sponsorship
- + Hosting of fundraising dinners by individual harness racing clubs
- + On-track fundraising (raffles, merchandise sales, etc.) by coterie groups
- + Donations by individual harness racing clubs
- + Donations of stake money by owners and driving fees and training percentages
- + Collections by pony trot girls



Case Study:

The Melbourne Cup Pin and Win

Since 1995, Victoria Racing Club (VRC) has given charities the platform to raise more than \$5 million through the sale of the Melbourne Cup souvenir pins, helping to change lives and support the community.

Hundreds of volunteers are engaged to help sell pins on course at Flemington across the four days of the Melbourne Cup Carnival, and at major events surrounding Cup Week.

In addition to fundraising, the Pin & Win program helps charities raise their profile and awareness of the work they do and issues they are fighting for.

Previous charity partners include SecondBite, Starlight Children's Foundation and Riding for the Disabled Association.

In 2018, Juvenile Diabetes Research Foundation and VRC raised \$420,000 to support the 120,000 children and adults in Australia living with type 1 diabetes.

Each year, high profile ambassadors are engaged to help promote Pin & Win through social media and events to maximise sales and donations to the charity.

Further support is also gained through leveraging corporate and retail partnerships to sell pins through national retail outlets and corporate events.

The program has been a key pillar of the VRC's annual community contribution. In 2016/17 the VRC contributed, or helped raise, more than \$1 million to charitable causes through fundraising partnerships and donations. Through its ongoing donations program, the VRC supported more than 150 charities and community groups with ticketing, hospitality and donations.

Breeding Activity

Number of Broodmares/Females Covered

	Thoroughbred	Harness	Greyhound	Total
Ballarat	348	189	18	555
Bendigo	364	193	24	581
Geelong	455	42	27	524
Hume	1,798	642	16	2,457
Latrobe - Gippsland	213	12	59	284
North West	66	123	16	205
Shepparton	238	1,271	13	1,522
Warrnambool and South West	100	146	18	263
Outer Melbourne	1,082	484	115	1,681
Total Regional	4,664	3,102	306	8,072
Inner Melbourne	0	131	0	131
Total	4,664	3,233	306	8,203

Number of Registered Stallions & Sires

	Thoroughbred	Harness	Greyhound	Total
Ballarat	11	17	22	50
Bendigo	8	11	26	45
Geelong	8	1	24	33
Hume	49	21	15	85
Latrobe - Gippsland	6	0	56	62
North West	7	2	17	26
Shepparton	1	45	11	57
Warrnambool and South West	10	5	21	36
Outer Melbourne	30	8	112	150
Total Regional	130	110	304	544
Inner Melbourne	0	0	14	14
Total	130	110	318	558



Number of Litters by Region

	Thoroughbred	Harness	Greyhound	Total
Ballarat	0	0	26	26
Bendigo	0	0	40	40
Geelong	0	0	31	31
Hume	0	0	23	23
Latrobe - Gippsland	0	0	75	75
North West	0	0	17	17
Shepparton	0	0	20	20
Warrnambool and South West	0	0	27	27
Outer Melbourne	0	0	139	139
Total Regional	0	0	398	398
Inner Melbourne	0	0	9	9
Total	0	0	407	407

Number of Foals Born & Pups Whelped

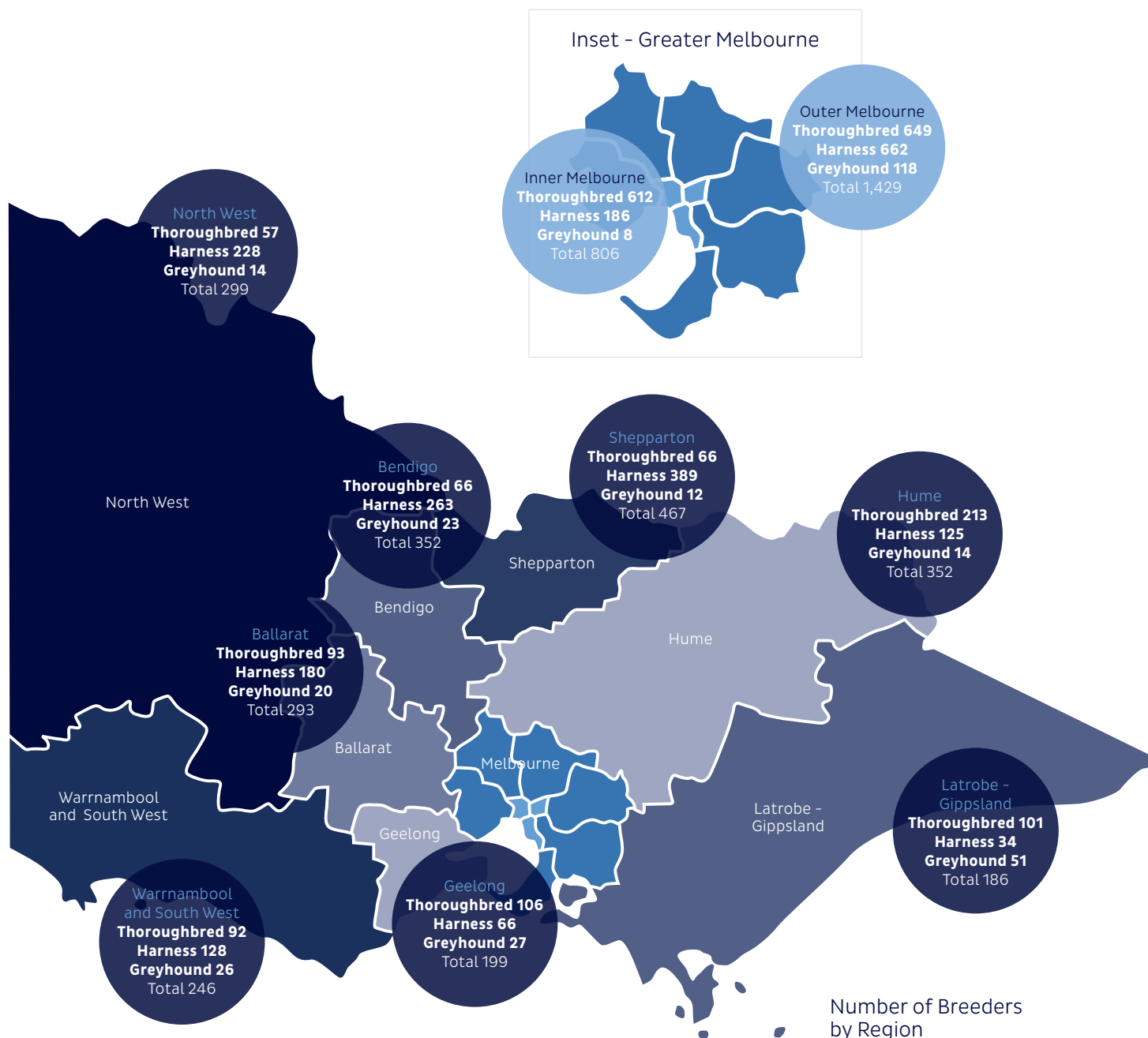
	Thoroughbred	Harness	Greyhound	Total
Ballarat	237	107	149	493
Bendigo	248	108	262	618
Geelong	310	24	196	530
Hume	1,225	361	135	1,721
Latrobe - Gippsland	145	7	521	673
North West	45	69	118	232
Shepparton	162	715	119	996
Warrnambool and South West	68	82	203	353
Outer Melbourne	731	272	891	1,894
Total Regional	3,171	1,744	2,594	7,509
Inner Melbourne	6	74	61	141
Total	3,177	1,818	2,655	7,650



The breeding sector provides and replenishes the racing animals for the Victorian racing industry. There are 4,628 registered breeders in Victoria across the three codes of racing.

At the top end of the breeding sector, large stud farms employ many staff and produce large numbers of foals each year. They operate as service providers for those with an ownership interest in a broodmare, female, stallion or stud dog and provide the facilities, experience and expertise to breed with these animals. At the other end of the scale, there are a large number of hobby breeders also producing foals and pups, both for sale and for racing.

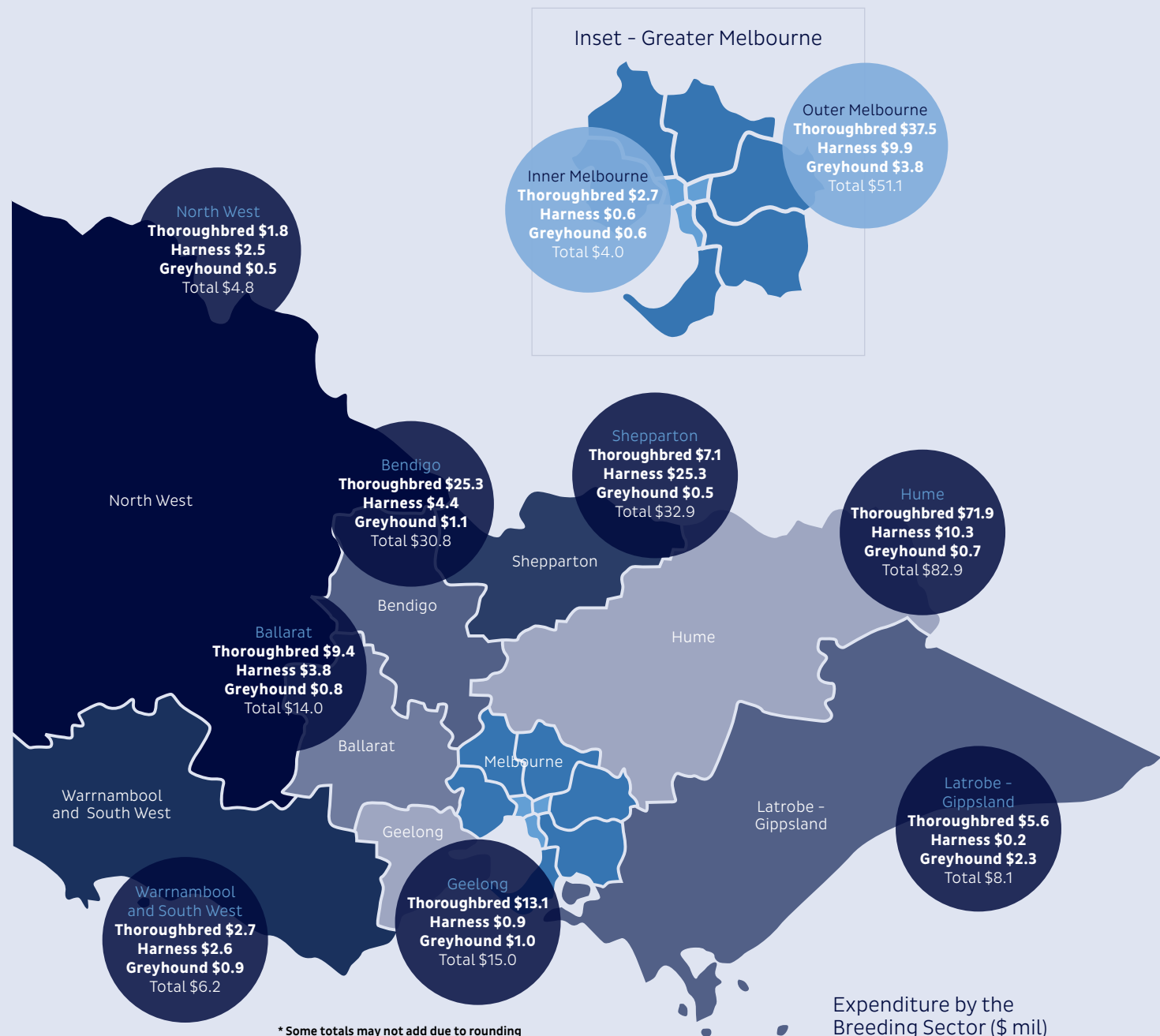
Breeders derive the majority of their income from the public and private sale of their stock. This particular sector of the industry has great potential to generate economic impacts for the State, as breeders often sell their stock to interstate and overseas buyers, at sales events. This process leads to significant opportunities for foreign investment to flow back to the State as a result of non-Victorian buyers buying Victorian breeding stock. The opposite is also true as owners invest money outside the State purchasing non-Victorian bred racehorses and greyhounds. The relative strength of the breeding sector in Victoria can dictate whether the State is generating a net surplus or deficit from the sale of racehorses and greyhounds. Additionally, the ability for a jurisdiction to entice a standing stallion to remain can have a significant impact for that jurisdiction with value being derived from the broodmare population (both local and those who travel across into Victoria to be served by these stallions).



In 2016/17, thoroughbred, harness and greyhound breeders spent more than \$249 million, in Victoria, on the maintenance and production of racing stock. In calculating the expenditure incurred by breeders, a number of factors must be considered. Essentially, breeders incur costs on the maintenance of mares, sires, pups and foals in the following areas:

- + Feed
- + Veterinarian
- + Breeding costs (i.e. artificial insemination)
- + Travel and transport
- + Infrastructure and maintenance
- + Foaling, weaning, rearing
- + Landcare
- + Salaries and wages

In some instances, breeders incur all of these expenses themselves, whilst in other situations, breeders may send their horses or greyhounds to professional service providers (such as those who provide specialised breeding services). The expenditure figures outlined in this section have been derived from a combination of industry level consultation, and primary research amongst racehorse and greyhound breeders in Victoria. From an industry perspective, it is important to acknowledge that breeders may not breed their animals every year. Despite this, there is still the ongoing care and maintenance of these animals that requires ongoing investment.



“
In total,
breeders in
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Racing
Industry spent
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\$249.7 million
on producing
horses and
greyhounds
for racing”

Thoroughbred breeders

The thoroughbred breeding sector is responsible for generating more than \$177.1 million in the production and care of racing stock. The Hume region is responsible for more than 40% of this amount, followed by the outer Melbourne (21.2%) and Bendigo (14.3%) regions. In 2016/17, 4,664 mares were covered in Victoria, producing 3,177 foals.

Harness breeders

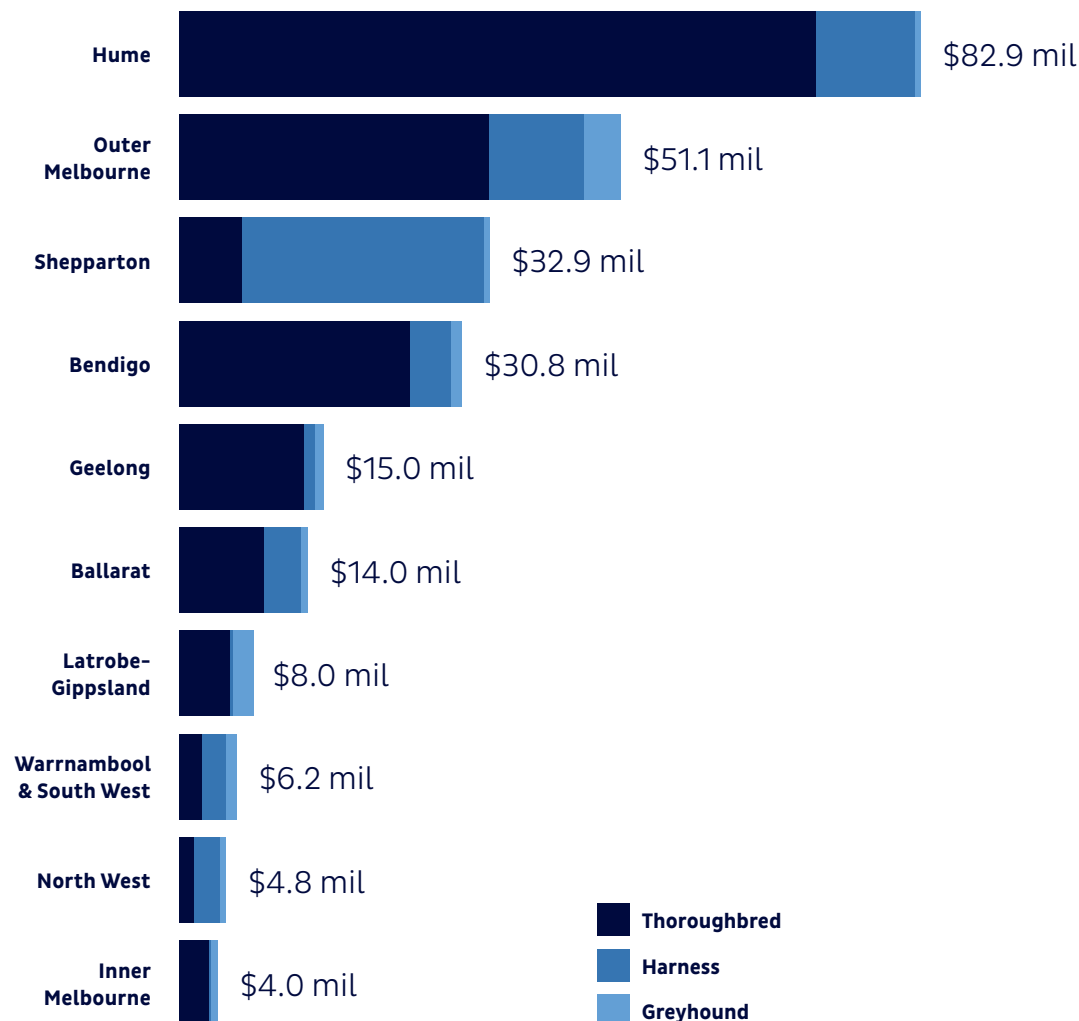
The harness breeding sector is responsible for generating more than \$60.4 million in the production and care of racing stock. The Shepparton region is responsible for more than 41% of this expenditure impact, with the Hume (17.0%) and outer Melbourne (16.3%) regions making up the majority of the remainder. In 2016/17, 3,233 mares were covered in Victoria, producing 1,818 foals.

Greyhound breeders

The greyhound breeding sector is responsible for generating more than \$12.2 million in the production and care of greyhound racing stock. The Outer Melbourne region is responsible for more than 30% of this expenditure, followed by the Latrobe-Gippsland (18.6%) and Bendigo regions (9.2%). In 2016/17, 306 females were covered in Victoria, producing 2,655 pups.

The chart (opposite) illustrates the total expenditure, by region, on thoroughbred, harness and greyhound breeding activities generated in Victoria.

Proportion of Breeding Expenditure by Region



Case Study:

Rehoming Greyhounds – a National Adoption Success Story

The Greyhound Adoption Program (GAP) is now a national success story that commenced in Victoria in the mid-1990s. The GAP has been highly successful in rehoming greyhounds – who have finished their racing lives – into loving homes, as pets. The dogs are assessed and prepared for adoption by staff, veterinarians and a number of foster carers. These dedicated people work together to help greyhounds adjust from racing to life as pets.

The GAP currently operates from three facilities with the main kennel facility located at Seymour (housing 120 greyhounds). There is also a GAP facility at Mount Mercer (60 greyhounds) and GAP leases kennel space at a boarding establishment on the Mornington Peninsula. Currently there are approximately 30 staff across all three sites, which includes permanent and casual employees.

A wonderful team of dedicated volunteers has supported GAP in Victoria since its inception. Volunteers help spread the word about greyhounds as making great pets and help

prepare retired greyhounds for life as full-time pets. There are several different volunteer roles within the program, including Foster Care, Greyhound Enrichment and Community Engagement. Currently around 300 volunteers assist GAP in Victoria. Selected prisoners at two of Victoria's minimum-security prisons – Dhurringile and Tarrengower – are actively involved in preparing greyhounds for rehoming through a GAP prison program. These prisoners take on the responsibility of being caretakers

of the greyhounds for three weeks during the program. This involves teaching the greyhounds basic manners and social skills.

In 2016–17 an astounding 1,314 individual greyhounds were adopted (GRV Annual Report), which is a record for the program in Victoria as well as being an Australian record. Since the program commenced in 1996, a total of more than 7,000 greyhounds have been adopted by GAP Victoria.



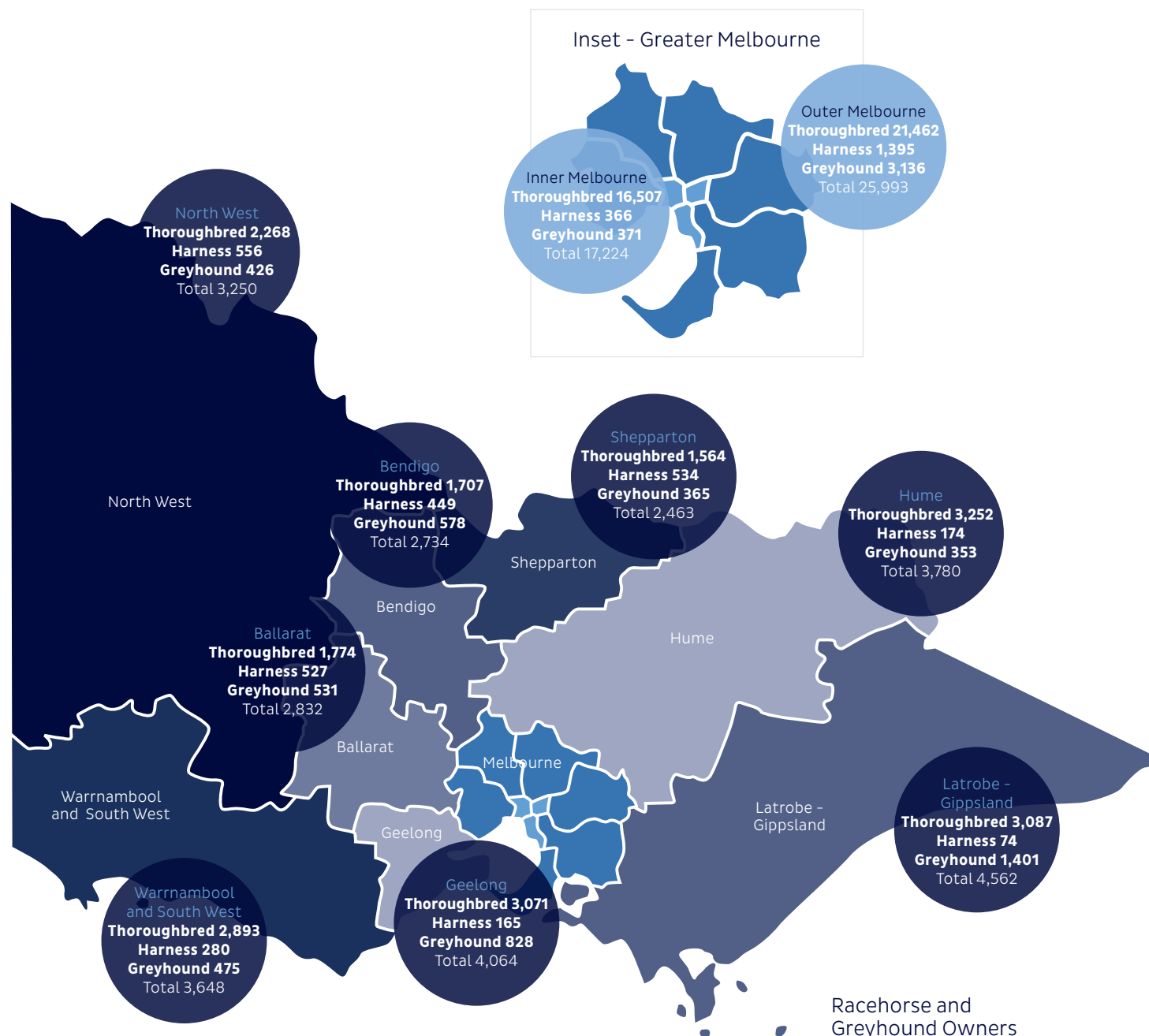
Ownership and Training Activity

Owners play a significant role in the funding model of the racing industry. They provide much of the capital outlay and day-to-day funding for the preparation of racehorses and greyhounds. In 2016/17 there were more than 70,000 individuals in Victoria with an ownership interest in thoroughbred, harness and/or greyhound racing. Additionally there were also 10,884 non-Victorian thoroughbred owners who raced their horses in Victoria.

Across the three codes, more than 65% of the owners in the racing industry reside in regional parts of the State. Thoroughbred racing has more than 40% of its ownership base residing in metropolitan Victoria.

During the 2016/17 racing season, the Victorian racing industry provided racehorse and greyhound owners with the opportunity to share in more than \$262.0 million of available prizemoney and bonuses. Whilst the majority of prizemoney is shared by owners, it is important to note that trainers, jockeys, breeders and drivers also receive financial benefits for various elements of their involvement in racing horses and greyhounds.

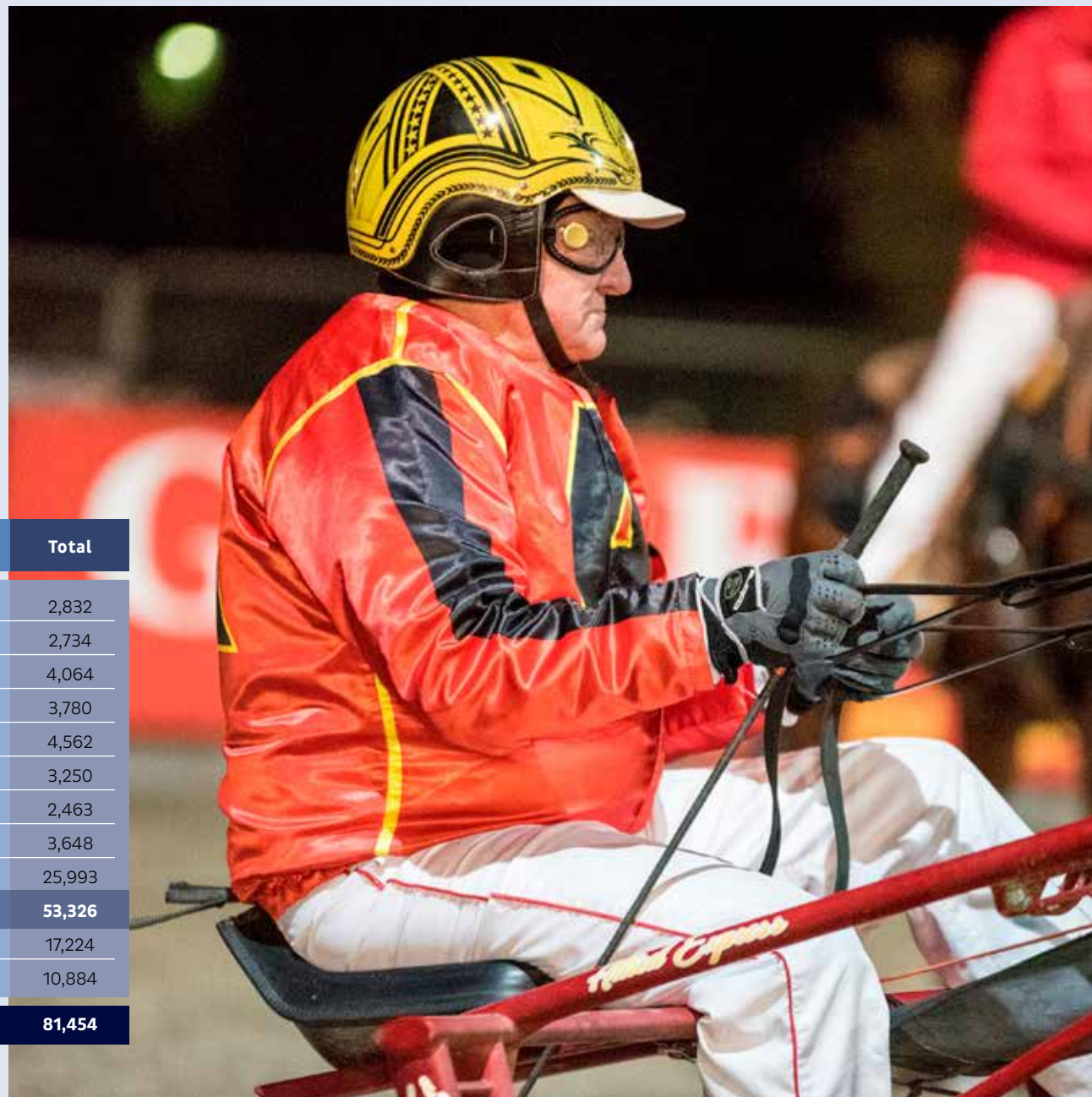
In total, thoroughbred owners raced for more than \$180.8 million in prizemoney and bonuses, whilst harness racing owners race for \$38.9 million and greyhounds for \$42.8 million.



Number of Owners

	Thoroughbred	Harness	Greyhound	Total
Ballarat	1,774	527	531	2,832
Bendigo	1,707	449	578	2,734
Geelong	3,071	165	828	4,064
Hume	3,253	174	353	3,780
Latrobe - Gippsland	3,087	74	1,401	4,562
North West	2,268	556	426	3,250
Shepparton	1,564	534	365	2,463
Warrnambool and South West	2,893	280	475	3,648
Outer Melbourne	21,462	1,395	3,136	25,993
Total Regional	41,079	4,154	8,093	53,326
Inner Melbourne	16,507	366	371	17,224
Interstate	10,884	0	0	10,884
Total	68,470	4,520	8,464	81,454

Thoroughbred owners include all individual Gold Card holders, including: Every syndicate member; An owner with a horse nominated for a Victorian race since 1/1/2015 OR whose horse is trained in Victoria (and is less than 6 years of age); Non-Victorian owners who have had a horse race in Victoria since 1/1/2015





Number of Horses & Greyhounds in Training by Region

	Thoroughbred	Harness	Greyhound	Total
Ballarat	1,005	642	458	2,105
Bendigo	591	605	531	1,727
Geelong	404	90	967	1,461
Hume	942	387	362	1,691
Latrobe - Gippsland	332	80	1,329	1,741
North West	378	636	296	1,310
Shepparton	172	728	501	1,401
Warrnambool and South West	675	347	456	1,478
Outer Melbourne	3,129	1,371	1,967	6,467
Total Regional	7,628	4,886	6,867	19,381
Inner Melbourne	2,931	5	41	2,977
Total	10,559	4,891	6,908	22,358

Number of Registered Jockeys & Drivers

	Thoroughbred	Harness	Greyhound	Total
Ballarat	11	73	0	84
Bendigo	13	101	0	114
Geelong	6	14	0	20
Hume	24	54	0	78
Latrobe - Gippsland	11	15	0	26
North West	7	81	0	88
Shepparton	5	114	0	119
Warrnambool and South West	8	42	0	50
Outer Melbourne	106	170	0	276
Total Regional	191	664	0	855
Inner Melbourne	52	6	0	58
Total	243	670	0	913

In 2016/17, owners of racehorses and greyhounds trained in Victoria spent more than \$524 million on the preparation of their animals for racing.

The calculation of expenditure on the preparation of racehorses and greyhounds takes into account the various training and non-training related expenditures incurred by owners. The development of expenditure profiles within each region is based upon the number of racehorses and greyhounds in

training. It also takes into consideration the differing training costs at various stages of the lifecycle of the animal. For instance, expenditure on a young horse is different to expenditure on an established 3 year-old and up racehorse. It is also important that this assessment takes into consideration non-Victorian owned horses and greyhounds which are trained in the State. Developing expenditure profiles on a 'per horse/ greyhound in training' basis, ensures that they are also included in the assessment.

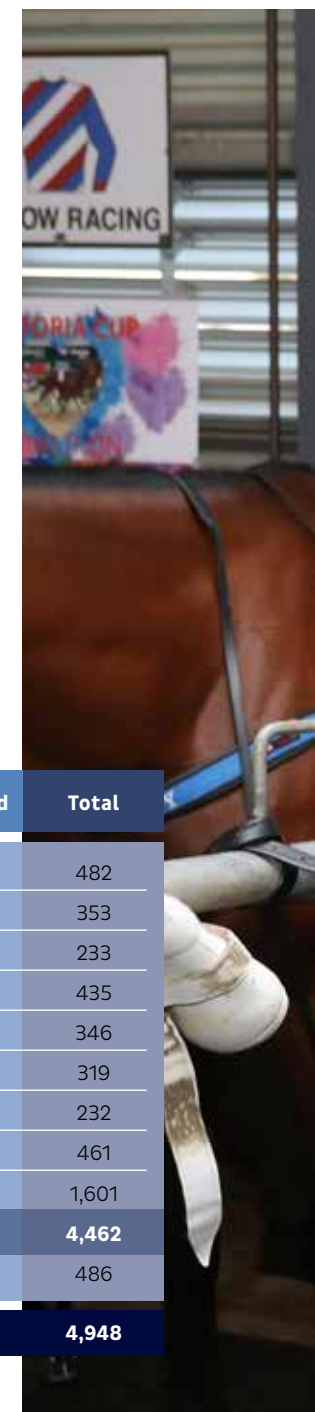
The expenditure figures outlined in this section have been derived through a combination of industry level consultation and surveying of a sample of owners and trainers in Victoria. The analysis of the expenditure on the preparation of racehorses and greyhounds includes items such as training fees, agistment, insurance, vitamins and supplements, veterinarian fees, gear hire/purchase and racing/trialling fees, amongst others.

Number of Registered Trainers

	Thoroughbred	Harness	Greyhound	Total
Ballarat	52	123	117	292
Bendigo	80	162	110	352
Geelong	54	22	127	203
Hume	117	78	75	270
Latrobe - Gippsland	88	18	312	418
North West	54	164	70	288
Shepparton	39	168	80	287
Warrnambool and South West	94	70	115	279
Outer Melbourne	314	304	551	1,169
Total Regional	892	1,109	1,557	3,558
Inner Melbourne	50	12	18	80
Total	942	1,121	1,575	3,638

Number of Stable/Kennel Employees

	Thoroughbred	Harness	Greyhound	Total
Ballarat	300	145	37	482
Bendigo	179	139	35	353
Geelong	162	30	41	233
Hume	348	63	24	435
Latrobe - Gippsland	216	30	100	346
North West	114	183	22	319
Shepparton	68	138	26	232
Warrnambool and South West	321	103	37	461
Outer Melbourne	1,114	311	176	1,601
Total Regional	2,822	1,142	498	4,462
Inner Melbourne	456	24	6	486
Total	3,278	1,166	504	4,948





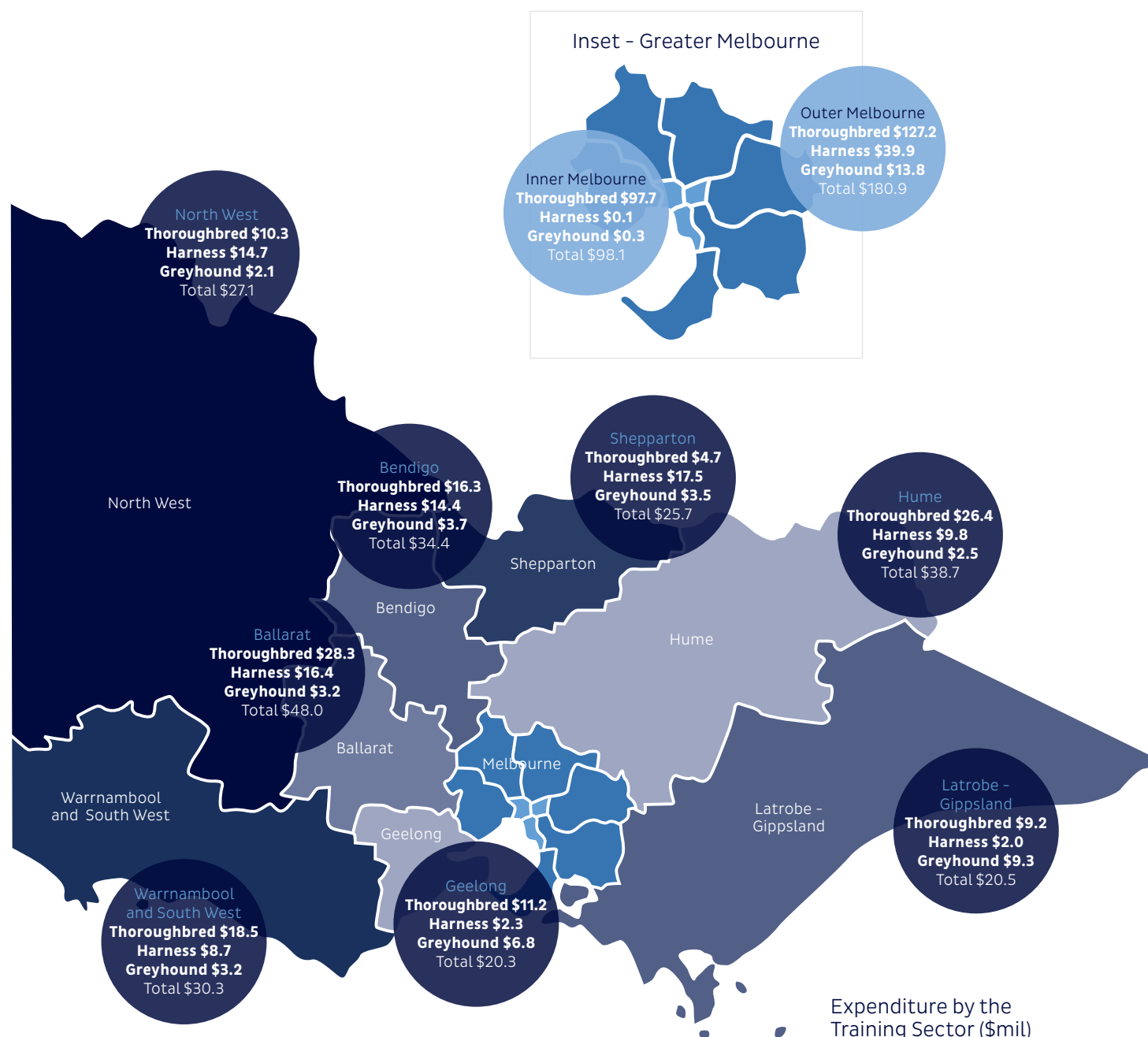


Training fees often cover a proportion of the expenditure incurred by the owner in the preparation of their animal, however there are a number of expenses that are either billed separately, or borne separately by owners (particularly in thoroughbred and harness racing). As such, only using the training fees as a measure of the cost of racing, would understate the true impact.

The arrangements between greyhound owners and trainers are different to their thoroughbred and harness counterparts. Greyhound owners and trainers employ a number of different payment structures, the most popular being where the trainer retains 50% of stakemoney and forgoes any training fee. In this case, it is important that all greyhound trainer expenditure is captured to determine direct expenditure.

Generally, ownership in the industry delivers economic impacts through expenditure on the following items:

- + Training/trialling fees
- + Farriers
- + Feed & supplements
- + Veterinary bills
- + Transport costs
- + Agistment
- + Transport
- + Accommodation



Thoroughbred training

The thoroughbred training sector is responsible for generating more than \$524 million in the preparation of racehorses for racing. More than 64% of the training activity occurs in the greater Melbourne region, with the Ballarat (8.1%) and Hume (7.5%) regions making up the largest regional areas.

Harness training

The harness training sector is responsible for generating more than \$126.1 million in the preparation of racehorses for racing. The outer Melbourne region is responsible for close to one third (31.7%) of this expenditure impact, with the Shepparton (13.9%) and Ballarat (13.0%) regions making up the most active regional areas.

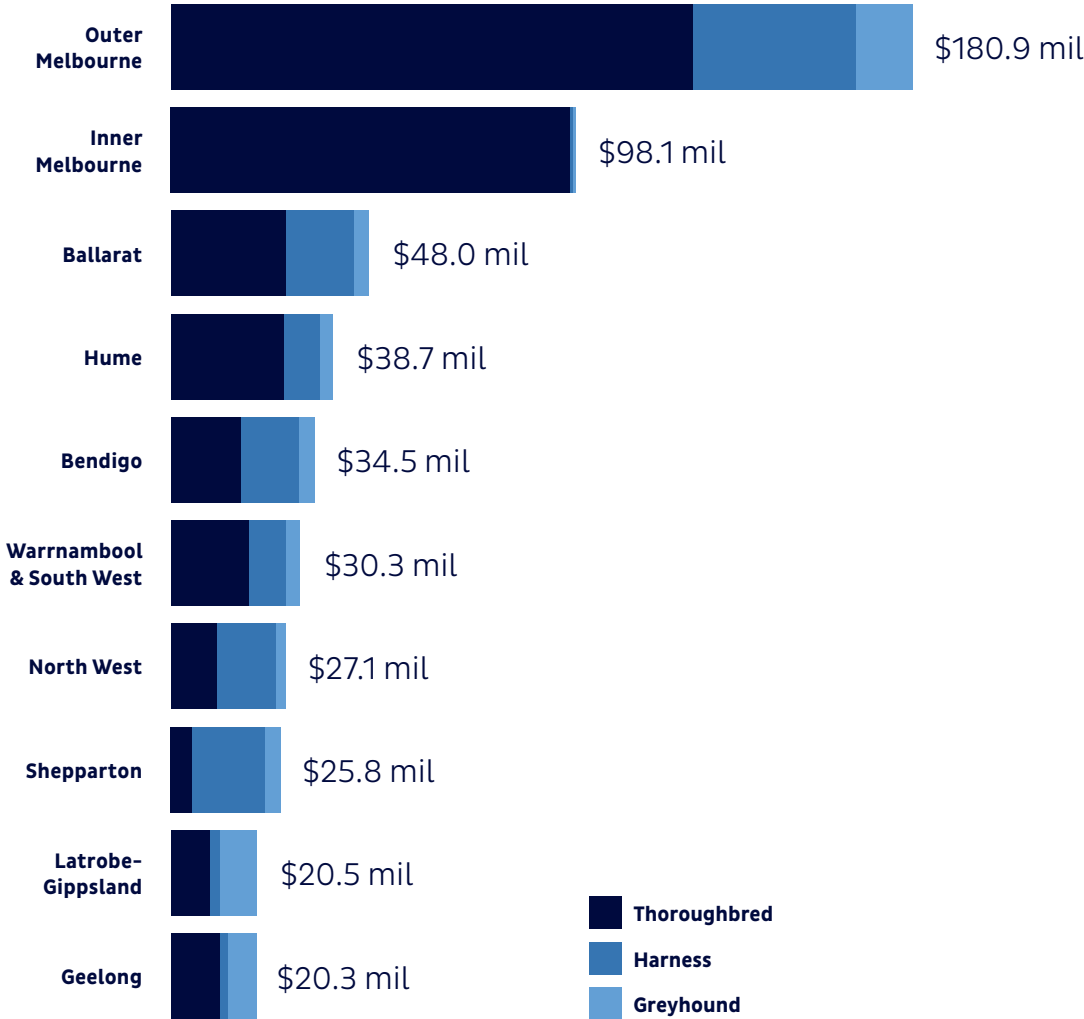
Greyhound training

The greyhound training sector is responsible for generating more than \$48.4 million in the preparation of greyhounds for racing. The Outer Melbourne region is responsible for more than 28.5% of this expenditure, followed by the Latrobe-Gippsland (19.2%) and Geelong regions (14.0%).

The chart (opposite) illustrates the total expenditure, by region, on thoroughbred, harness and greyhound training activities generated in Victoria.

“In total, owners and trainers spent more than \$524 million on preparing horses and greyhounds for racing”

Proportion of Training Expenditure by Region





Case Study:

Heroic Achievements in Harness Education and Rehoming

The Harness Education and Rehoming (HERO) initiative was launched in mid-2015 through a partnership between Harness Racing Victoria (HRV) and the State Government, via the Victorian Racing Industry Fund. A growing community focus on animal welfare in racing and concern about horses bred for harness racing prompted HRV to consolidate and expand Standardbred re-education and rehoming activities. One main purpose of HERO

is to work directly with breeders, owners, trainers and drivers of the harness racing industry. Its primary focus is to facilitate the transition of Standardbreds from the racing environment into long-term homes, where they can be re-educated for riding or pleasure driving.

The following numbers for 2016–2018 show a strong level of rehoming of horses to date:

30 June, 2016

- + 132 horses rehomed, or placed with a HERO Registered Retrainer in preparation for rehoming
- + 12 horses on the HERO books awaiting placement with a HERO Registered Retrainer

30 June, 2017

- + 146 rehomed, or placed with a HERO Registered Retrainer in preparation for rehoming
- + 32 horses on the HERO books awaiting placement with a HERO Registered Retrainer

1 May, 2018

- + 122 rehomed, or placed with a HERO Registered Retrainer in preparation for rehoming
- + 36 horses on the HERO books awaiting placement with a HERO Registered Retrainer

While HERO has certainly had its challenges – such as a lack of registered retrainers to keep up with demand – the achievements have been outstanding, and include:

- + Industry Support, with widespread backing from all sectors of harness racing
- + Brand Development, with the HERO name being widely recognised both within Victorian and national racing and equestrian jurisdictions
- + HERO website as designed and developed from scratch in partnership with Racing Information Services Enterprise (RISE)
- + A monthly editorial in Horse Deals Magazine, Australia's No.1 Equestrian Magazine with a 100K plus readership

Racing Club Activity



Number of Racing Clubs

	Thoroughbred	Harness	Greyhound	Total
Ballarat	3	3	1	7
Bendigo	2	8	1	11
Geelong	3	1	1	5
Hume	12	4	0	16
Latrobe - Gippsland	10	1	3	14
North West	16	12	1	29
Shepparton	3	6	1	10
Warrnambool and South West	11	4	1	16
Outer Melbourne	6	5	4	15
Total Regional	66	44	13	123
Inner Melbourne	3	0	0	3
Total	69	44	13	126

Number of Racetracks

	Thoroughbred	Harness	Greyhound	Total
Ballarat	3	2	1	6
Bendigo	3	3	1	7
Geelong	1	1	1	3
Hume	11	2	0	13
Latrobe - Gippsland	10	1	3	14
North West	15	9	1	25
Shepparton	3	5	1	9
Warrnambool and South West	10	2	1	13
Outer Melbourne	8	3	4	15
Total Regional	64	28	13	105
Inner Melbourne	3	0	0	3
Total	67	28	13	108

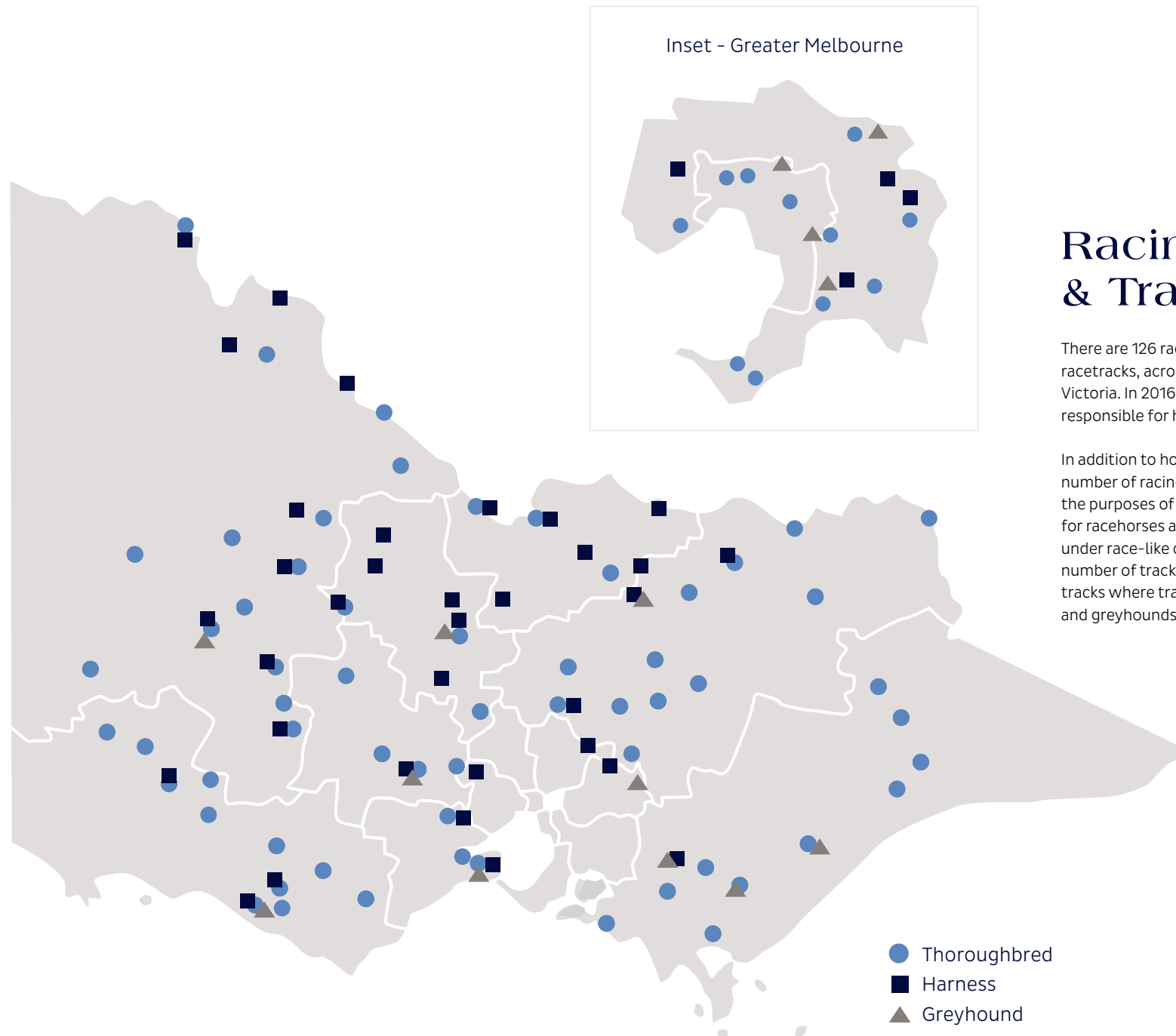
“
The Victorian Racing
Industry conducts
over 2,100 race
meetings annually”

Total Race Meetings by Region

	Thoroughbred	Harness	Greyhound	Total
Ballarat	25	65	121	211
Bendigo	32	38	120	190
Geelong	38	17	103	158
Hume	61	32	0	93
Latrobe – Gippsland	56	9	274	339
North West	54	90	16	160
Shepparton	18	60	110	188
Warrnambool and South West	45	23	69	137
Outer Melbourne	152	117	357	626
Total Regional	481	451	1,170	2,102
Inner Melbourne	70	0	0	70
Total	551	451	1,170	2,172

Total Races

	Thoroughbred	Harness	Greyhound	Total
Ballarat	204	534	1,447	2,185
Bendigo	262	320	1,433	2,015
Geelong	318	128	1,227	1,673
Hume	468	269	0	737
Latrobe – Gippsland	431	67	3,274	3,772
North West	435	708	191	1,334
Shepparton	153	528	1,317	1,998
Warrnambool and South West	357	171	824	1,352
Outer Melbourne	1,198	1,026	4,248	6,472
Total Regional	3,826	3,751	13,961	21,538
Inner Melbourne	605	0	0	605
Total	4,431	3,751	13,961	22,143



Racing Clubs & Tracks

There are 126 racing clubs, racing at 106 racetracks, across the three codes in Victoria. In 2016/17, these racing clubs were responsible for hosting 2,172 race meetings.

In addition to hosting race meetings, a number of racing clubs also hold trials for the purposes of providing opportunities for racehorses and greyhounds to prepare under race-like conditions. Additionally, a number of tracks also operate as training tracks where trainers can take their horses and greyhounds to prepare for racing.







Case Study:

Canine and caffeine fix at new GAP cafe

Greyhound Racing Victoria's adoption program (GAP) has opened a new dog-friendly cafe in Melbourne, with the primary purpose of promoting greyhounds as great pets. People interested in adopting can meet a greyhound at the GAP Cafe and search the online "dogalogue" directory to find their future canine friend. They can then complete most of the adoption process in the comfort of the cafe before the final exciting step of taking their new dog home.

Greyhound Racing Victoria (GRV) has emphasised the importance of GAP having a presence and visibility in the city. Greyhounds need to adjust from life as racing animals, often based in rural and regional Victoria, to life as pets, often in an urban environment.

Since 2015, Victorian greyhounds have been adopted out at record levels, with 2,693 finding permanent homes in 2016–17. GAP cafe owner Alex Hooke hopes the cafe will further boost re-homing rates.

The GAP Cafe can showcase to metropolitan Melbournites the beautiful greyhound and their appeal as pets. It will become a great meeting place for the growing community of those who own ex-racing greyhounds. In fact, anyone with or without a dog of any kind can drop in for some good coffee and doggy socialising.

The number of greyhound adoptions has soared in recent years, and an aim of GRV is to have every dog adopted into a new home at the end of their racing life.



Number of Racing Club Members

	Thoroughbred	Harness	Greyhound	Total
Ballarat	750	328	87	1,165
Bendigo	799	685	89	1,573
Geelong	753	68	74	895
Hume	2,313	274	0	2,587
Latrobe - Gippsland	1,978	30	235	2,243
North West	2,328	396	155	2,879
Shepparton	649	377	0	1,026
Warrnambool and South West	2,816	70	73	2,959
Outer Melbourne	3,599	10,191	578	14,368
Total Regional	15,985	12,419	1,291	29,695
Inner Melbourne	50,682	0	0	50,682
Total	66,667	12,419	1,291	80,377

Total Attendances

	Thoroughbred	Harness	Greyhound	Total
Ballarat	38,473	17,925	11,658	68,056
Bendigo	40,916	10,716	11,548	63,180
Geelong	38,116	5,050	8,537	51,703
Hume	67,976	12,617	0	80,593
Latrobe - Gippsland	56,912	5,020	52,761	114,693
North West	51,918	27,984	1,365	81,267
Shepparton	14,852	18,031	16,970	49,853
Warrnambool and South West	78,840	8,843	9,272	96,955
Outer Melbourne	197,252	102,686	81,907	381,845
Total Regional	585,255	208,872	194,018	988,145
Inner Melbourne	753,985	0	0	753,985
Total	1,339,240	208,872	194,018	1,742,130



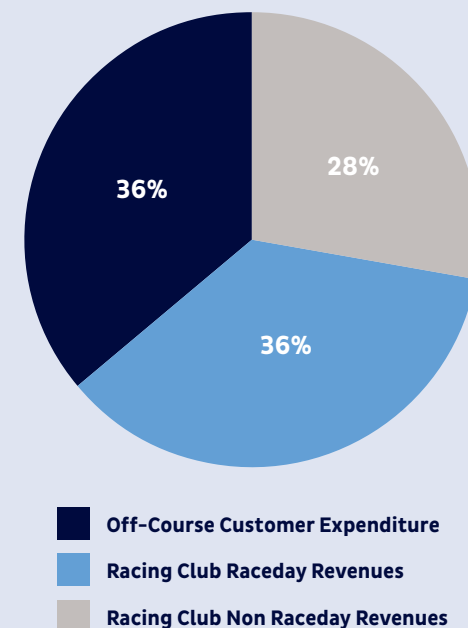
Racing Customer Expenditure

Race meetings not only provide the opportunity for participants to race their horses, they also provide an important social destination for racing enthusiasts and in many regions, are an important part of the social fabric of the community. It is estimated that thoroughbred race meetings in 2016/17 attracted more than 1.7 million attendances. In 2016/17, racing customers, including sponsors, members, raceday attendees and non-raceday customers, were responsible for the generation of more than \$648 million in expenditure. This expenditure is made up of the following elements:

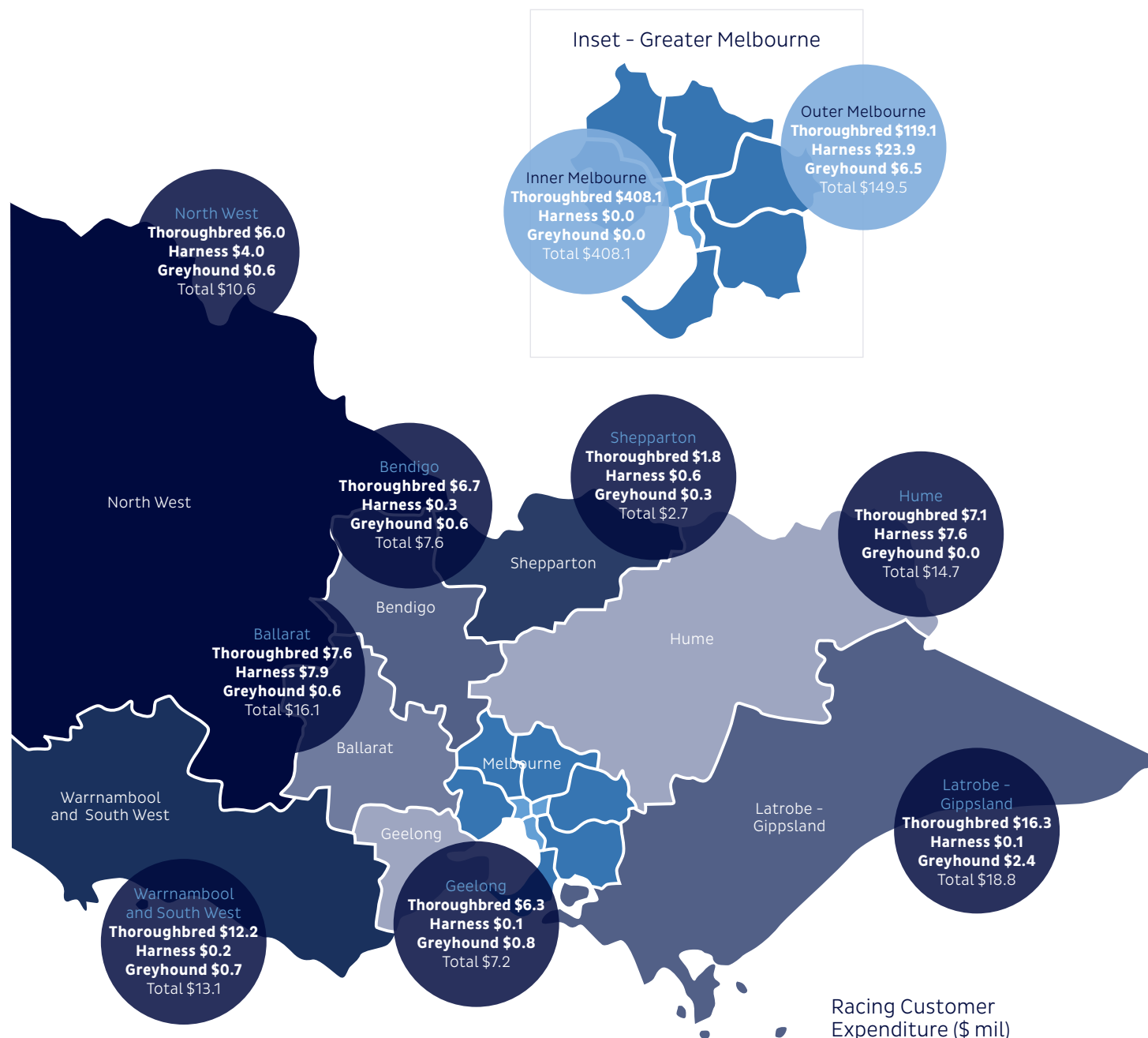
- + Racing customer spending on raceday and non-raceday racing club products
- + Racing customer spending off-track related to their attendance at the races
- + Other non-wagering related revenues generated by racing clubs

Across the three codes, racing customers spend more than \$233 million (36%) on off-course products and services related to their attendance at the races. This is most significantly driven by spending associated with attendance at the thoroughbred Spring Racing Carnival along with other major event days. In addition to this, \$231 million (36%) is spent on racing related goods and services with racing clubs whilst \$183 million (28%) of revenue is generated by racing clubs on non-raceday business activities. This spending occurs with this racing clubs who have gaming facilities, café's, pubs and other diversified businesses.

Breakdown of Racing Customer Spending







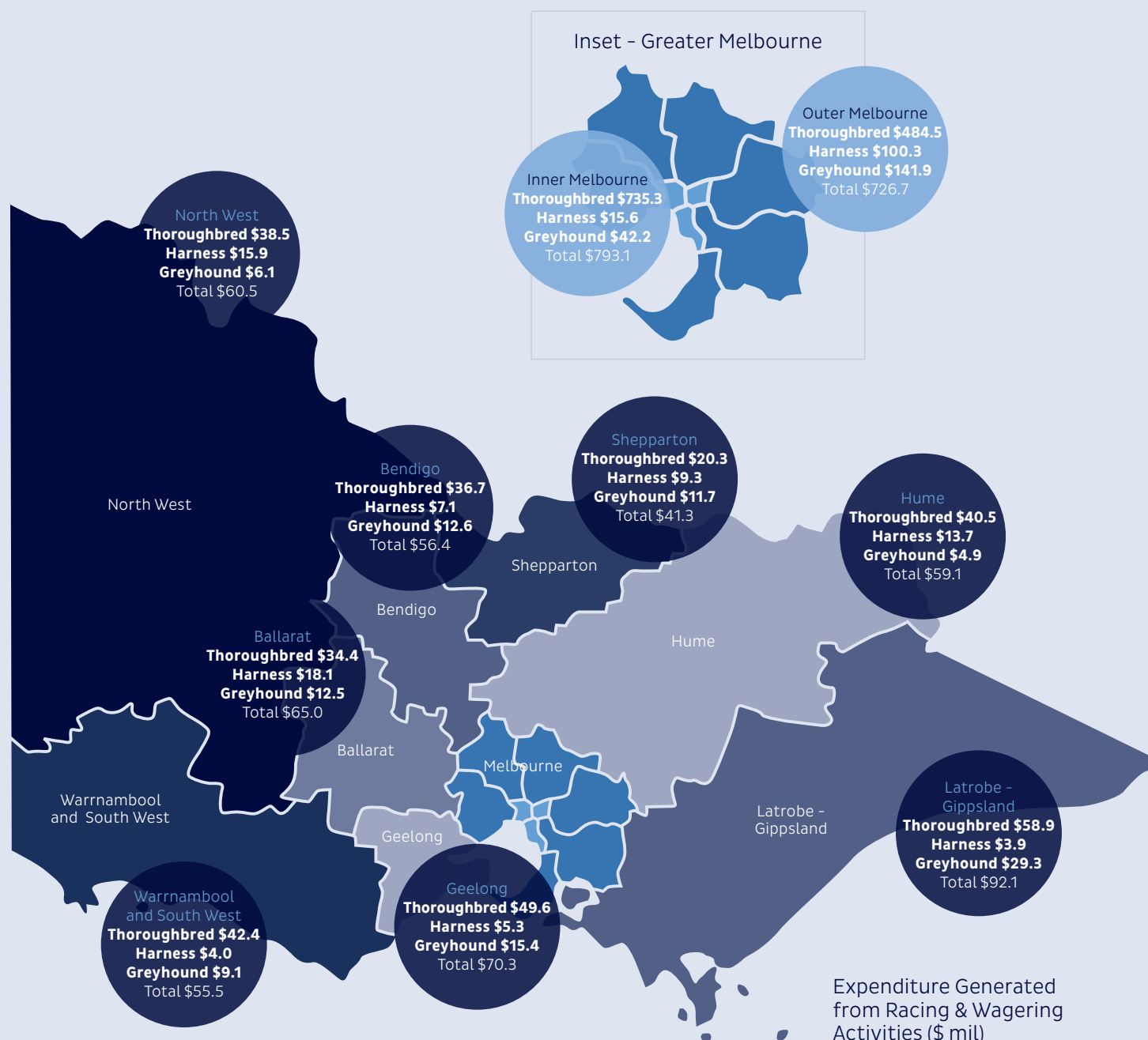
“Racing customers are responsible for generating more than \$648 million in expenditure. Raceday related spending (on-course and off-course) contributed 64% of this amount whilst non-raceday spending contributed the remainder (36%)”

Racing & Wagering

In 2016/17, racing and wagering activities were responsible for the generation of more than \$2,020 million in expenditure. This expenditure is made up of the following elements:

- + Racing customer spending on raceday and non-raceday racing club products
- + Product fee payments made by wagering service providers to principal racing authorities
- + Wagering taxes paid by wagering service providers
- + Operational expenditure incurred in Victoria by wagering service providers
- + Racing customer spending off-track related to their attendance at the races
- + Other non-wagering related revenues generated by principal racing authorities and racing clubs

Note: the inclusion of wagering service provider expenditure impacts is based on the operational expenditure that is funded out of wagering activity, on Victorian racing product, in Victoria and is based on data provided by Pari-mutuel Agency Boards (TAB'S) and select corporate bookmaker organisations in Australia. Additionally, where a wagering service provider has an office in Victoria, their operational expenditure has also been included in this analysis.



Sources of Racing & Wagering Industry Expenditure

The activities of the peak racing bodies, racing clubs and wagering service operators in Victoria, is responsible for generating more than \$2,020 million in direct expenditure. This expenditure impact is delivered through the following sources:

Source	Amount	Description
Wagering revenues to racing	\$457.3 million	The Victorian racing industry receives funding through the joint venture agreement with Tabcorp and through product fees from non-TAB wagering service providers who bet on Victorian racing product
Wagering operator expenditures	\$773.2 million	Wagering operators contribute to the industry expenditure profile through the taxes that they pay in Victoria as well as the operating expenditure that they incur in the State. Over the last five years, there has been significant growth in the business activity in Victoria by wagering service providers
Other racing industry revenues	\$141.2 million	Peak racing bodies, in Victoria, also generate revenue through other sources such as media and broadcast, racing products, rent and other business interests
Racing club raceday revenues	\$231.7 million	Racing clubs generate on-course revenues (related to raceday activity) through a variety of sources including; dining & hospitality products, admissions, sponsorships, food & beverages and race book sales
Racing club non-raceday revenues	\$183.7 million	Racing clubs generate non-raceday revenues from a variety of sources. Over a long period, many racing clubs have generated revenue from non-raceday utilisation of facilities for hire to other community and business organisations. Regionally, a number of clubs have also generated revenue through farming and agricultural activities. Additionally, over the last five years, there has been significant growth in the diversification of racing business interests. Hotels, bakeries, media businesses, property development and catering operations have provided an expansion of the racing industry footprint and expenditure impact
Racing customer off-course raceday expenditure	\$233.1 million	Major racedays in Victoria have long been shown to generate significant economic stimulus in local communities as retailers, businesses and customers come together to leverage the 'celebration' of these occasions. The Spring Racing Carnival is the most significant generator of these impacts, with more than \$200 million of off-course spending generated during this period. This spending occurs on items such as accommodation, retail, food & beverages and transport and is maximized when events are responsible for bringing out-of-state visitors to Victoria
Total	\$2,020.2 million	



FANCY HANK'S

ROAD HOUSE

	Bowl	\$15
	Stack	\$22
	Mushrooms	\$22
NEW! COME TO ANY GARDEN FOR		
FRANK'S	14-16	11.95
FRANK'S W/	16-18	16.5
FRANK'S	18-20	22.5

Case Study:

Racing - an integral part of local communities

Victorian racing clubs play a pro-active role in community building within their local communities. The extent of their positive impacts is particularly visible in terms of supporting charitable organisations, providing facilities for use by community and private use and by building community partnerships.

A survey of Victorian racing clubs highlighted the following positive outcomes generated in Victorian communities:

- + Across the racing industry, 65% of racing clubs hire out on-course facilities for private or corporate use. In some communities, racing club facilities provide an important part of the local infrastructure capacity building where otherwise there may be a lack of facilities available. The private and corporate hire of these racing club facilities served events that recorded attendances of more than 670,000 people in 2016/17
- + More than 1,450 charitable organisations supported through direct fundraising, charity racedays or agreements to share in racing club revenues. The charities supported by the Victorian racing industry received nearly \$3.5 million in funds, in addition to the in-kind support provided by many racing clubs
- + Just under 40% of Victorian racing clubs have partnerships in place with education institutions. Racing club support varies from donations of funds, goods or services, traineeship programs, excursion opportunities and opportunities for racing industry specific employment

In addition to this, there are more than 1,200 non-raceday events held at racing clubs around Victoria. Christmas parties, exhibition and expo events, university exams, weddings, conferences, birthdays, festivals, sporting club functions and school functions are just some examples of the types of events held

Racing Clubs were also asked to outline the extent to which they are focused on delivering tourism and social outcomes for their local communities.

“

The Victorian Racing Industry is responsible for delivering more than \$3.5 million in support to its charity partners”

Community Engagement with Victorian Racing

Bring together family and friends for a social experience

4.6

Support businesses in the local economy

4.4

Strengthen your town/ city's profile as a tourism destination

4.2

Helps to reinforce the values of the community

4.0

Bring together people from different social backgrounds

3.8

1 – Not at all, 5 – To a great extent

Case Study:

Derby Day in the Country – an unsung success story

Every spring the Mt. Wycheproof and District Racing Club – established in 1881 – holds its annual Elders Mt. Wycheproof Cup Day. Buloke Shire's feature event, 'Derby Day in the Country' is renowned for uniting people of the Shire, north west Victoria. Anyone ever connected with the Wycheproof community makes the pilgrimage home to catch up with family and friends, celebrate Cup Day and enjoy country racing action at its finest. The town swells in population from 750 to a bumper crowd of around 4,000 patrons, at the picturesque Club precinct – located at the 'silo end' of town.

On Cup Day the Wycheproof Hospital Ladies Auxiliary provides the most scrumptious lunches and afternoon tea in the district – all funds supporting the local health service. Numerous sporting clubs hold major fundraising initiatives, generating economic benefits for the community. Others working together to ensure ongoing success of the event include the Wycheproof Community Resource Centre (WCRC), small businesses, church parishes and council. Metropolitan sponsors all have

a local connection and have been long-term supporters, easing the burden off local businesses, who receive numerous sponsorship requests.

Farmers will take a brief break from harvest and come in for Cup celebrations. Local school children will practice reciting the National Anthem, to perform pre-Cup in front of the winning post. Other district schools prepare their entries for the Racing Art & Craft Exhibition held in the town hall during Cup Week (a zero-budget marketing initiative grown over 10+ years).

Country Racing Victoria supports the Racing Club in setting clear goals, and the Club contributes to plan documents and working group forums to promote the town. Growth of the Club has also led to recruitment of youth and female committee members – both are hugely beneficial for patron engagement initiatives, innovative ideas for profitability and a manageable, shared workload of event deliverables. The volunteer

committee understands the significance of Cup Day to the town and continually works to create a genuine community event during Victoria's Spring Racing Carnival period.

The volunteer committee has recently partnered with the WCRC to create a shared-service model to present Cup Day. This model is proving to be a great success and has enabled the Club to foster an increased year-long presence. The WCRC is evolving into an information hub, receiving various training opportunities from CRV and assisting with hiring of the precinct, which has become increasingly popular.

Derby Day in the Country is a pivotal example of a community supporting each other and achieving great outcomes. For some groups it's the only opportunity all year to raise much needed funds for continued sustainability in tough rural times. In essence, the event's success is due to the enormous contribution from the Wycheproof and surrounding communities.

Prominent young jockey Harry Coffey saluting the Mt. Wycheproof & District Racing Club winning post, against a backdrop of a huge crowd, mini-marquees and the iconic million bushel silos. Many would say Harry is paying homage to the wheat-growing farmers of the district and his salute also symbolises how ingrained the Mt. Wycheproof Cup is within the small, yet incredibly proud and passionate Wycheproof, Buloke Shire-and-beyond communities.

(Racing Photos photographer Brendan McCarthy)





Wagering Service Providers

Wagering on the races is not only an important part of the racing customers' experience, it is also an important source of funding for the industry.

In Victoria, the three codes of racing are party to a joint venture agreement with Tabcorp to receive a share of net wagering revenues generated. Additionally, the Victorian racing industry benefits from product fees paid by interstate pari-mutuels and other wagering service providers for the rights to field bets on Victorian racing product.

The following table illustrates the total wagering Turnover generated on Victorian thoroughbred, harness and greyhound racing product:

Wagering turnover on Victorian Racing Product

(\$ mil)	Thoroughbred	Harness	Greyhound	Total
TAB On-Course	\$77.6	\$4.9	\$11.7	\$94.2
Retail	\$580.1	\$79.8	\$182.6	\$842.5
Phone	\$76.8	\$9.4	\$8.7	\$94.9
Internet	\$483.0	\$73.9	\$166.8	\$723.7
Total TAB	\$1,217.5	\$168.0	\$369.8	\$1,755.3
Interstate TAB	\$1,982.5	\$282.5	\$800.0	\$3,065.0
Corporates (incl. Exchanges)	\$2,958.9	\$324.7	\$876.2	\$4,159.8
VIC On-Course Bookmakers	\$90.9	\$1.0	\$0.0	\$91.9
Interstate On-Course Bookmakers	\$28.0	\$0.0	\$0.0	\$28.0
Total On-Course Bookmakers	\$118.9	\$1.0	\$0.0	\$119.9
Total Turnover in Victorian Racing Product	\$6,277.8	\$776.2	\$2,046.0	\$9,100.0





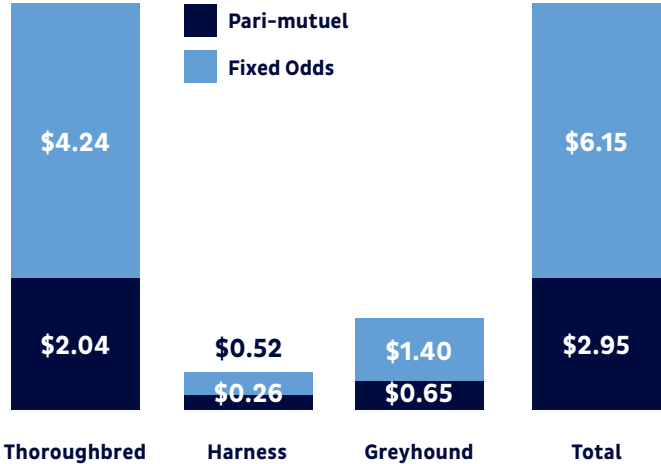
In 2016/17, more than \$9.1 billion was wagered on Victorian thoroughbred, harness and greyhound racing product. Thoroughbred turnover comprised 69.0% of this total, with greyhound racing (22.5%) and harness racing (8.5%) making up the remainder.

The following charts illustrates the split of wagering turnover, on Victorian product, by pari-mutuel and non pari-mutuel sources:

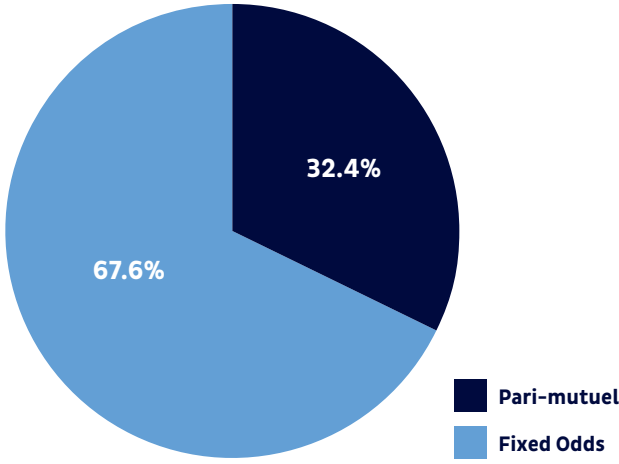
The Victorian racing industry received wagering revenue from the Tabcorp joint venture and race fields product fees amounting to more than \$288 million. This revenue is distributed to the three codes and is used to fund the following industry activities:

- + Prizemoney payments to winning owners, trainers, jockeys and drivers
- + Other returns to owners including breeding incentive scheme bonuses
- + General grants to clubs for various uses including capital improvements to racing, training and customer facilities
- + Industry operational costs including integrity assurance, race day services and administrative expenditures

Total Turnover Across All Approved Wagering Service Providers on Victorian Racing Product (\$bil) by Code



Share of total industry turnover on pari-mutuel vs fixed odds







Case Study:

Christmas Spirit at Warragul Trots – Lending a Hand

The first 'Lend a Hand' lunch featured at Warragul Harness Racing Club's race meeting on Christmas eve 2017, and has been declared a success. More than 150 people attended the lunch and were treated to a sumptuous three-course meal of a platter entree, roast main and delicious desserts of chocolate pudding or pavlova. Feedback after the event was such that two courses would have been ample! Entertainment in the form of live music and carriage rides featured at the lunch and Santa made an appearance, for the youngest attendees.

Invitations to attend the lunch came after the Club sought nominations from local charities recommending those in the community who have been doing it tough and otherwise may not have been able to join in the Christmas spirit. The local charities involved were: the Baw Baw Combined Churches Food Relief; the Chaplain at two local schools – Warragul Primary and Nilma Primary School – and Olivia's Place, a non-profit organisation offering support during pregnancy and early parenting.

Support for the lunch came from numerous volunteers and local charity groups, along with funding from the State Government's Victorian Racing Industry Fund. The Warragul Harness Racing Club committee, sponsors and volunteers worked hard behind the scenes to make the lunch a success. It is the first initiative among others that the WHRC committee is implementing in an effort to increase awareness of the trotting sport across the community.

About IER

IER is a leading strategic consulting business specialising in the tourism, events and entertainment industries. For over twenty years, IER has provided economic impact evaluations for both private and Government clients.

In particular, IER has specialised in consulting on a variety of projects related to the racing industries in Australia and New Zealand over this time.

This study constitutes an economic and social impact evaluation of the three codes of racing in Victoria.

It has been developed utilising the following source data:

- + Current year registration data relating to participants and animals
- + Breeding and Training expenditure data captured during in-depth with racing participants
- + Expenditure and taxation data provided by wagering operators throughout Australia
- + Data provided by the three codes of racing and racing clubs

An understanding of the intricate and sometimes complex flow of money in the racing industry underpins this assessment. IER has recently prepared similar studies for:

- + Australian Thoroughbred Racing Industry
- + New Zealand Racing Industry (3 Codes)
- + Western Australian Racing Industry (3 Codes)
- + NSW Racing Industry (3 Codes)
- + Queensland Racing Industry (3 Codes)
- + Northern Territory Thoroughbred Racing Industry
- + Tasmanian Racing Industry (3 Codes)
- + South Australian Racing Industry (3 Codes)

The economic modelling for this study was undertaken by Associate Professor Barry Burgan (B Ec (Hons), FINSIA (Fellow). Barry is a director of Economic Research Consultants Pty Ltd and has extensive experience in the area of economic and financial assessment and policy advice. He has a background in the public and private sectors, academia and has worked on various projects in the area of economic policy, including in the area of economic modelling.

In particular, Barry has extensive experience in the use of both computable general equilibrium and input-output models, regional economic development and cost/benefit analysis. He has undertaken a number of these studies and projects with the Sustainable Tourism Cooperative Research Centre.

Barry has undertaken a significant range of studies on special events, with some specific examples being:

- + Size and Scope of the South Australian Racing Industry (2012)
- + Economic and Social Impact Study of Harness Racing in Australia (2012)
- + Analysis of economic impact (CGE modelling exercise) of 2006 Commonwealth Games on the Victorian economy (with KPMG, 2005)
- + Pre-event evaluation of impacts of the Sydney Olympic Games on NSW – with KPMG
- + Size and Scope study of the Victorian Racing Industry (2012)
- + Annual assessment of the Adelaide Fringe, WomAdelaide and Clipsal 500 (over the last 5-10 years)
- + Size and Scope Study of Racing Industry in NSW
- + Size and Scope of the New Zealand Racing Industry (2014)

Barry provides the economic modelling and advisory services to IER.

This report (Report) has been produced independently by IER as requested by the Victorian Racing Industry (VRI) using a mixture of primary and secondary research data.

The report has been prepared to meet the requirements set out by the VRI within the terms of reference. The information, statements, statistics and commentary (together the 'Information') contained in this Report have been prepared by IER from a combination of data sourced within the three codes of racing and from Government and private sector businesses aligned to the racing industry.

IER has prepared this Report on the information that was received or obtained, on the basis that such information is accurate and, where it is represented to IER as such, complete. Some of the Information contained in this Report has not been subject to an audit.

Economic Methodology

The purpose of this study is to measure the contribution made by the racing industry towards the Victorian economy. In this way, it is a generalised measure of the industry's contribution to the State's economy.

Economic Contribution

The economic contribution of an industry refers to the contribution that the industry makes in terms of:

- + Gross State or regional product,
- + Household income, and
- + The employment that these income measures support

Industries do this in two ways – by the employment and activity it supports directly (and in the industries that depend on it as a customer); and the flow on effects which filters through the economy.

The importance of the expenditures generated by an industry in the production process is that they will sustain turnover in local industry, and specifically this will support local jobs and incomes. It is the jobs and incomes that are taken to be the measure of economic impact or benefit (after netting out leaked expenditure on items such as imports). It is also generally acknowledged that, in addition to the jobs in direct suppliers of services to the production

processes of the industry, the production expenditure also has a multiplier effect within the community

In this way, the direct expenditure impact of the racing industry generates a 'flow on impact' on other sectors through the expenditure of wages and purchases of the direct suppliers to the industry.

The use of multipliers, derived from input-output tables, has been a prominent process for translating directly created expenditure (a final demand stimulus) of industries or projects into jobs and incomes. The multipliers allow for the measurement of the extent of the flow-on impact generated in the economy, as a result of the racing industry expenditure. There has been some level of academic argument about appropriate models for converting increases in external expenditure (final demand) into regional economic impacts. The critics of using input-output tables often argue that multipliers are used to overstate the value of an industry – with the term multiplier taken as ratcheting up the value (or overstating the impact).

This criticism used to be valid when analysts applied turnover multipliers but is not the case with the more appropriate use of value added multipliers – which translate the expenditure

estimates to a national accounting framework measure with a whole of economy context.

Indeed, value added multipliers (the value added impact (direct and induced) relative to a dollar of created expenditure) are often less than one. Used correctly multipliers provide a more appropriate measure.

In short, the use of these input-output based multipliers allow for reporting of the estimated outcomes of that industry in terms of:

- + The effect of expenditure or turnover on value added across a regional economy, and
- + Its impact on the labour market in terms of job creation

These measures are consistent with national accounting frameworks.

It should be emphasised that this methodology – of identifying the local expenditure associated with production by the industry and tracing the expenditure through the rest of the economy – cannot be interpreted as saying that Gross State/territory Product or employment would fall by this amount if the industry somehow did not exist. In the first instance local people would spend their money on other activities and the contribution of those other sectors would rise and replace most or all of that which was previously generated by the racing industry.

What this study calculates is the level of direct and induced employment and income that is linked to people choosing to spend their entertainment dollar on racing (after allowing for imports which are used in the production process). This could be considered as being the gross economic impact of the sector and is therefore a measure of its significance generally. If a similar gross impact was calculated for every other sector of the economy, then the sum of the impacts would be considerably greater than the size of the economy in total.

An alternative methodology would be to measure the net economic impact – which is the extent to which this industry expenditure is supported by revenues that can be considered new to the State. This would include the supply of services by the local industry to racing activities interstate (i.e. serving a visiting Mare from another State).

It would also focus only on spending by tourists or visitors to the State/territory who attend the races rather than the stimulus created by spending by all attendees where it is associated with engagement with the racing industry. Under this scenario, it would reasonably be expected that some race attendees would attend events interstate if they were not available within Victoria, and that some operators would base their operations interstate if this was the case. Whilst a valid approach, this particular approach (net economic impact) does not fit the purpose of this study.

The methodology used in this report is consistent with that used in recent studies undertaken in various jurisdictions over the last five years.

It is noted that there has recently been a study of the Greyhound racing industry. This study uses consistent methodologies and gets consistent results with the estimates in this report.

Acknowledgements

IER would like to acknowledge the contribution of the following organisations and individuals:

- + Australian Bureau of Statistics
- + Country Racing Victoria
- + Department of Foreign Affairs and Trade
- + Greyhound Racing Victoria
- + Harness Racing Australia
- + Harness Racing Victoria
- + Racing Australia
- + Racing Victoria
- + Various Australian based wagering providers
- + Victorian Breeders, Trainers & Owners who agreed to provide financial data
- + Victorian Office of Liquor, Gaming and Racing
- + Victorian Thoroughbred, Harness & Greyhound Racing clubs

The analysis has been undertaken in a consistent format and with consistent assumptions to evaluations of other projects and studies of the racing industry (for consistency and comparative purposes). An input-output model, as used herein is an economy wide model which shows the inter-linkages between industry sectors in the economy. Therefore, the change in economic circumstances (specifically a change in final demand) for one sector of the economy (e.g. through a major project) can be traced through to its effect on other sectors, allowing a more comprehensive look at the effects of the project. It is based on assumptions that all changes in final demand can be met by the economy without constraint.

A computable general equilibrium (CGE) model is also an economy wide model and has a similar outcome but differs from input-output models in that it includes supply side and macro-economic constraints, thereby limiting the extent that the change in final demand will be fully captured in other sectors (because of market limitations). The labour market is in effect the most significant constraining factor. At the national level, such constraints will be critical, and as such national impacts are best assessed in this framework.

However, at a State level, where supply constraints in the labour market are demonstrably small (responded to by immigration) and there are also limited capital market constraints – the estimates of jobs and GSP outcomes are of a similar order of magnitude at the State level. Both models would generally show a project in one region causing a positive effect in that region. A CGE model would show that project causing negative impacts in other regions to heavily offset the gains. In this analysis, we are clearly concerned with the impacts on the State economy.

Definitions

The following terms have been used throughout the study and are defined as follows:

+ Direct expenditure – is defined as expenditure associated with producing racehorses and greyhounds (breeding), preparing racehorses and greyhounds (training) and expenditure made by racing's customers in the following areas:

- net wagering revenues (from punters)
- on-course raceday spending
- spending related to non-raceday functions/ facility utilisation
- visitor spending in the broader economy where linked to racing event attendance
- spending made by sponsors, members and partners

+ Direct Value Added – represents the amount of income included in the direct in-scope expenditure, and therefore is the amount of wages and salaries plus gross operating surplus directly created in supply these services and product, which is also equal to the direct in-scope expenditure less the purchases the provider of the goods and services makes in providing the goods and services

+ Flow-on Impact – represents the value added activity generated to support the purchases made in providing the inputs to the providers of the direct services, along with the value added impact in providing households with goods and services as they spend their wages, and the trickle on effect of this

+ Total Value Added – is the sum of the Direct Value Added plus the Flow-on Impact – which represents the total wage and salary

income plus gross operating surplus generated directly in providing the goods and services involved in the direct in-scope expenditure and the wages and salaries generated as an extension. It therefore represents the contribution to Gross State Product resulting from the events and activities of the three codes of racing in Victoria

+ Full Time Equivalent employment – is a unit that indicates the workload of an employed person in a way that makes workloads or class loads comparable across various contexts. An FTE of 1.0 is equivalent to a full-time worker (i.e. 38 hours), while an FTE of 0.5 signals half of a full work load (i.e. 19 hours).

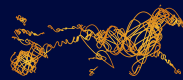
+ Household income – is defined as being wages and salaries (before tax) earned from employment generated by the thoroughbred, harness and greyhound industries

+ Participants in racing – is defined as being the number of employees (full time, part time and casual), participants and volunteers directly involved in the Victorian racing industry. Does not include down-the-line suppliers of goods and services

+ Input-output modelling – is the economic modelling used to determine the economic outputs within this study. It is an economy wide model, which shows the inter-linkages between industry sectors in the economy. Therefore, the change in economic circumstances (specifically a change in final demand), for one sector of the economy can be traced through to its effect on other sectors.



**Racing
Victoria**



HARNESS RACING VICTORIA



GREYHOUND RACING VICTORIA



FOCUSED THINKING