

ECONOMIC AND SOCIAL IMPACT OF THOROUGHBRED RACING IN THE ACT

PREPARED BY IER | DECEMBER 2023





Images courtesy of Bradley Photography

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KEY FINDINGS

In 2022/23, the Thoroughbred Racing in the ACT was responsible for generating more than \$79.2 million in value added contribution to the ACT economy

DIRECT SPENDING IMPACTS

	Total
Total Direct Expenditure ¹	\$80.7m

ECONOMIC IMPACTS

	Total
Total Value Added ²	\$79.2m
Total Household Income ³	\$51.0m
Total FTE Employment	496

Activities associated with Thoroughbred Racing in the ACT generated total direct expenditure of \$80.7 million in the 2022/23 racing season. This expenditure was responsible for creating a direct value added impact (in terms of wages, salaries and profits) of \$48.6 million. However, the flow-on effects linked to this expenditure increase the size of the local racing industry's value added contribution to over \$79.2 million.

In the case of the ACT, the value added contribution is less than the total direct expenditure generated. This is largely driven by the fact that the industry relies more heavily on imported goods and services than some of the larger states/territories. This is particularly the case with respect to the training sector and some aspects of the administration of the sport.

The economic output generated by the local racing industry was directly responsible for sustaining 333 full time equivalent (FTE) jobs throughout the region. When flow-on employment impacts are considered, the total FTE impact supported by this economic activity rises to 496 jobs. This total represents the employment sustained within the local racing industry, as well as the employment that is sustained in supply industries who meet the demand created by racing industry activity.

¹ Direct expenditure is defined as expenditure associated with preparing racing horses (training), racing customer expenditure and expenditure by the racing club on operating their business and wagering impacts. Direct expenditure is counted at the point at which it leaves the racing industry and reaches the local economy.

² Value added contribution is defined as the value of sales less the value of inputs used in production, i.e. it is equal to the income (wages, salaries and profits) generated in production

³ Household Income is defined as being wages and salaries (before tax) earned from employment generated by the racing industry



TOTAL ATTENDANCES

In 2022/23, there were 25 scheduled race days held at the Canberra Racing Club - with 3 cancelled due to inclement weather. These events attracted attendances of 30,582.

It is important also to note that the club also sees more than 41,700 patrons attend various non-raceday functions and events at the venue, for a variety of utilisations including:

- Hartley Hall Markets
- ACT Government Sustainability Expo
- ACT Emergency Services Events
- Special Kids Christmas Party
- Canberra Lego Users Group Brick Show
- Lifeline Bookfair
- Healthy Kids Association
- Aussie Night Market
- Digifest.

PROPORTION OF THE CROWD THAT ARE ACT RESIDENTS

Whilst formal records are not kept for every race meeting, it is estimated that when considering attendees and participants together, around 75% of the audience are local Canberrans.

The club believes that there would be a proportion of visitors who stay overnight in Canberra as a result of their involvement in race meetings. However it is believed that the larger race meetings, which attract interstate horses, would generate greater overnight stays in the region.

Likewise, we would expect that a portion of our non-raceday events would also produce overnight stays in the ACT.

NUMBER OF PEOPLE EMPLOYED FULL TIME AND CASUAL

The Canberra Racing Club directly employs 20 full-time and part-time staff and a further 134 casual employees across the year (many of which would be focused on raceday activities).

As an industry (including wagering, training, breeding etc.) it is estimated that thoroughbred racing activity in Canberra is directly responsible for supporting the employment of 333 full time equivalent jobs in the ACT.

VALUE OF GOODS PURCHASED FROM ACT BUSINESSES

It is estimated that the thoroughbred racing industry in the ACT is responsible for generating around \$80.7 million expenditure in the ACT. This includes the following:

- Spend by the racing club with suppliers of goods and services
- Spend by trainers and breeders with suppliers
- Spend by wagering operators on marketing

It is estimated that around 82% of this expenditure is made locally.

NUMBER OF HOURS WORKED AND WAGES PAID

It is estimated that the Canberra Racing Club alone employed 154 individuals - or around 3,440 work hours of labour. This does not include people whose employment related to thoroughbred training. This equated to around \$2.8 million in wages and salaries.

As an industry, it is estimated that 333 individuals have employment directly related to the racing industry - generating more than \$35.4 million in wages and salaries.

ANNUAL TURNOVER AND EXPENDITURE

In 2022/23, the Canberra Racing Club recorded total turnover (or revenue) of \$14.4 million - 38% of which was export revenue to the ACT. The net impact (inflow of money into the ACT economy) of this revenue is estimated at \$2.3 million for the ACT - based on 41% of the club's expenditure budget being spent locally (\$6.1 million), 38% of which can be said to be funded by the export revenue generated.

Overall, the Canberra Racing Club spends 41% of its expenditure budget (\$6.1 million) within the ACT economy. This number growing too, with a new strategy that has been implemented by the Club.

VALUE ADDED BY TRAINERS IN THE ACT

In 2022/23, it is estimated that there were 505 racehorses trained in the ACT. The majority of these horses are trained on-site at the Canberra Racing Club.

In 2022/23, owners of racehorses trained in Canberra spent more than \$22.6 million on the preparation of their horses for racing. The calculation of expenditure on the preparation of racehorses takes into account the various training and non-training related expenditures incurred by owners and trainers.

INTRODUCTION

PURPOSE OF THE STUDY

In August 2023, Thoroughbred Racing in the ACT commissioned a study into the economic and social impact generated as a result of racing club activities in the ACT

This report forms part of the data driven response to the ACT Government request for information under the Memorandum of Understanding (MoU). Under the MoU, Thoroughbred Racing in the ACT is required to fund an independent assessment of the economic impact that the industry has on the Territory.

The report focuses on the whole of region impacts and breaks down this contribution by horses in training, wagering, racing club expenditures and off-course customer spends. The key focus of the study is to investigate the following outcomes attributable to the local racing industry:

- + The full-time equivalent employment sustained by activities associated with Thoroughbred Racing in the ACT
- + The total direct expenditure contribution that the industry makes, in its current form, to the Territory economy
- + The value added contribution that the industry generates within the ACT
- + The social and community importance of thoroughbred racing activities associated with the Club

STUDY METHODOLOGY

In assessing the economic and social Impact of Thoroughbred Racing in the ACT, the study will take into account a number of the traditional measures adopted by the racing industry (such

as training activities, attendance and wagering) as well as calculating a number of economic measures.

For the purpose of this study, the outcomes relate to the on-course and off-course activities that are associated with thoroughbred racing in Canberra as well as the activity related to participants and wagering operators. The data that underpins this study has been gathered from a number of sources. These are outlined below:

- + Canberra Racing Club provided financials, wagering data and data related to raceday operations
- + IER has developed a national database over the last decade which tracks the cost of breeding and training racehorses across Australian jurisdictions
- + ABS and National Accounts data to develop the modelling framework
- + Responsible Wagering Australia provided some detail relating to corporate wagering activity
- + Racing Australia Fact Book
- + Racing Australia Size and Scope Study 2021

ECONOMIC METHODOLOGY

The development of an economic model for Thoroughbred Racing in the ACT 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.

The expenditure profile, from which the economic impacts are measured, are based on the following key inputs:

- + preparation (training related activities) of horses for racing the expenditure by owners and trainers on-training services as well as other non-training related expenses such as major veterinary, transport etc.
- + racing club expenditure - the expenditure generated by the racing club on running their operations, businesses and events
- + other wagering operator expenditure - the net wagering revenues that flow to the Government (through wagering taxes) as well as expenditure by wagering operators to fund their operations in the ACT
- + racing customer off-track expenditure - expenditure made by racegoers, off-track, as part of their attendance at the races

It should be noted that based on the research for other studies at the state level it is generally assumed that around 25% of the expenditure in the production and preparation of thoroughbreds are purchases from the agricultural sector (mainly feed). Given the close proximity of the ACT to surrounding agriculture over the border in NSW it is assumed that 1/3 of this spend goes to providers from outside the ACT.

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

1 Gathering Racing's 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 expenditure into ANZSIC classifications

The 'racing industry' does not exist within the Australian and New Zealand Standard Industry Classification (ANZSIC) structure. For modelling purposes, it is necessary to allocate direct expenditures to the appropriate industry sectors. The majority of expenditures are classified within their relevant ANZSIC codes. A number of horse racing activities are contained within ANZSIC classification R - Arts and Recreation Services, specifically within the following sectors:

- a. R9114 - Sport and Physical Recreation Administration,
- b. R9121 - Horse and Dog Racing Activities,
- c. R9129 - Training and Racing Activities,
- d. R9209 - Other Gambling (Racing).

3 Economic modelling IER has utilised an input output methodology for the calculation of economic impacts associated with activities associated with Thoroughbred Racing in the ACT. The input output model provides direct and indirect impacts in relation to value added, income and employment.

Value added and employment are units of measurement that are based on economic multipliers derived from the national accounts. It is based on the level of value added and employment that is created within specific industry sectors in order to meet final demand expenditure.

Please note: some tables in this report may not add up due to rounding.

ECONOMIC IMPACTS

Activities associated with the **thoroughbred racing industry in the ACT** are responsible for **generating more than \$80.7 million in expenditure** in the Territory.

Direct Spending generated by thoroughbred racing activities in the ACT

The calculation of economic impacts, as identified in this study, is predicated on determining the extent to which activities associated with the thoroughbred racing industry contribute to the local economy. This is achieved by identifying the value of direct (or final) expenditures within the region as well as the subsequent direct and indirect flow-on impacts on the local economy.

In 2022/23, thoroughbred racing activity in the ACT generated more than \$80.7 million 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 at a racing event 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, marketing and operations).



The racing industry represents a series of interconnected enterprises, all of which are reliant on each other for maximum efficiency of operations.

The first part of the industry assessed is the breeding sector. Canberra only has a small breeding industry and as such relies moreso on bringing ready-to-run horses into the Territory to underpin its racing fields.

Racehorse training is a key part of the thoroughbred racing industry in the ACT - contributing 28.0% of the total expenditure impact on the territory. Much of the training activity occurs at the Canberra Racing Club where stables provide the capacity to have up to 400 horses in training.

The expenditure relating to the Canberra Racing Club contributes around 12.1% of the total expenditure impact in the ACT. This includes raceday revenues (or customer expenditure), non-raceday revenues and ancillary spending by attendees relating to their attendance at race meetings.

It is also important to acknowledge that the ACT Government collects Point of Consumption Tax revenue from the industry in the ACT and across the country. In other jurisdictions this is one of the instruments used to fund the industry.

Whilst relatively small in the national market, there is also some investment by wagering operators, in the ACT, which is largely related to marketing (and to a lesser extent, operations).

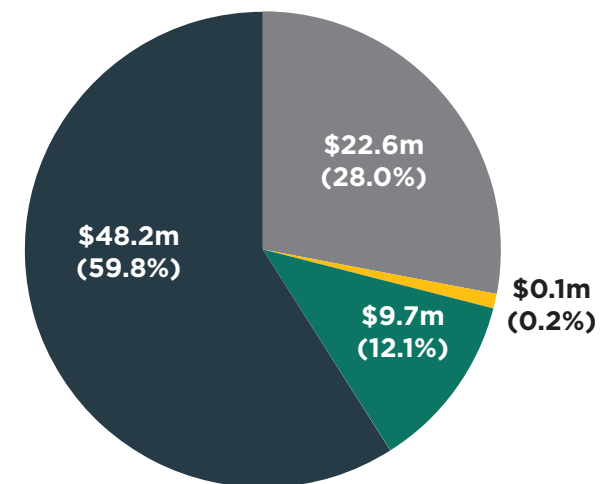
Finally, the impacts of wagering in the ACT amount to around 59.8% of the total economic footprint in the territory. Net race fields license revenues provide a source of income for the industry and export revenue for the ACT.

The breakdown of final expenditures are outlined below:

Sources of Final Expenditure	Funded by	Amount	% of Final Expenditure
Preparation of racing horses (Training)	+ Private investment + Prizemoney + Industry bonuses & incentives	\$22.6m	28.0%
Production of racing horses (Breeding)	+ Private investment + Service Fees Revenue + Industry bonuses & incentives	\$0.1m	0.2%
Racing Club & Customer Expenditure	+ Raceday revenues + Sponsor & member revenue + Non-raceday revenues + Racing customer spend related to attending the races	\$9.7m	12.1%
Industry and Wagering Operator Expenditure	+ Net Race Fields License Revenues + Non TAB wagering operator spend in the ACT + Wagering taxes generated for the ACT	\$48.2m	59.8%
Total		\$80.7m	

DIRECT SPENDING BY SOURCE OF EXPENDITURE (\$MIL)

- Preparation of racing horses
- Racing Club & Customer Expenditure
- Production of racing horses
- Industry and Wagering Operator Expenditure



Economic Contribution of the Industry

Thoroughbred racing in the ACT is responsible for generating a real gross value added contribution of \$79.2 million for the ACT 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, the ACT). 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 some regions have higher import penetrations than others often due to supply side constraints (i.e. the requirement to import

technical skills for betting to administration from another jurisdiction). As such, the model takes into consideration these leakages between regions. This is certainly the case in the ACT, where a sector such as thoroughbred training is likely to need to import goods and services from over the border into New South Wales to support the sector.

When considering the value added contribution of \$79.2 million generated by the thoroughbred racing industry in the ACT, it is important to note that it is made up of:

+ Direct value added (\$48.6 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 supplying 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 (\$30.6 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

ANZSIC Industry 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.

Employment Generated

The local racing industry, like racing industries all over Australia, relies on a large number of part-time and casual roles. These roles can range from full-time stablehands and float drivers through to casual raceday food and beverage staff.

In 2022/23, the economic stimulus generated by activities associated with Thoroughbred Racing in the ACT directly sustained 333 full-time equivalent positions in the Territory. In addition to the direct employment impact, this created demand also help to sustain a further 164 FTE jobs in support industries. Therefore, the total direct and indirect employment impact generated as a result of activities associated with Thoroughbred Racing in the ACT was 496 FTE jobs.

The thoroughbred racing industry supports a large industry network. A strong racing jurisdiction, relative to its peers, can build opportunities to bring more activity to the Territory.

Wagering is considered, in the context of this study, to be inextricably linked to the thoroughbred racing industry (to the extent that the industry is responsible for generating economic activity through betting on its product).

The FTE jobs that are sustained by the activities associated with thoroughbred racing in the ACT resulted in more than \$51.0 million in wages and salaries for the region. This includes those who are directly employed in the racing industry as well as those jobs that are sustained down-the-line. Some examples of the other industries that are stimulated by racing include; veterinary, feed, retail, tourism, accommodation, transport, manufacturing and construction.



The direct sector of the supplier network rely on a healthy racing industry for their own prosperity

The Supplier Network

The activities associated with the Canberra Racing Club are supported by a large supplier network in a mutually beneficial way. For many suppliers of goods and services, a strong regional 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 racing as well as those down-the-line businesses who provide the raw materials and manufacturing that drive the products on offer.



THE TRAINING INDUSTRY

In 2022/23, owners and trainers spent **in excess of \$22.6 million**, in the ACT, preparing horses for racing

Trainers play an integral role in the racing 'service' industry. Training services generally incorporate pre-and race training, trailing and raceday management of racing horses. In the majority of cases, owners of racehorses fund the training operations through the payment of a daily training fee. The majority (but not all) of the costs associated with the care and preparation of racehorses is covered by this daily fee.

During the 2022/23 racing season, there were 13 trainers providing services to owners utilising the club training facilities, with the majority of these trainers basing their operations on the racecourse.

Overall, during the 2022/23 racing season, there were around 505 racehorses in training in the ACT, the majority of which were trained at the Canberra Racing Club. Overall, the majority of costs incurred by racehorse trainers include feed, staff wages, stable rent and vet costs. In addition to this, many trainers manage the horse from when it is a yearling to when it turns two years-old. Activities include agistment, breaking-in, education and pre-training.

In 2022/23, owners of racehorses trained in Canberra spent more than \$22.6 million on the preparation of their horses for racing. The calculation of expenditure on the preparation of racehorses takes into account the various training and non-training related expenditures incurred by owners and trainers.

The development of expenditure profiles takes into consideration the differing training costs at various stages of the lifecycle of the animal. For instance, expenditure during the education stage of a racehorse is different to expenditure on an established 3-year-old and up racehorse. It is also important that this assessment takes into consideration racehorses trained in Canberra which are owned outside the region. Developing expenditure profiles on a 'per horse in training' basis, ensures that they are also included in the assessment



RACING CLUB, RACEDAY AND WAGERING RELATED EXPENDITURES

Impact of Racing Club and Customer Activity

Thoroughbred Racing in the ACT not only provides the opportunity for participants and spectators to participate in the sport of racing, it also provides an important social and entertainment offering for the population.

In 2022/23 it is estimated that the total expenditure impact generated by racing customers was in excess of \$16.3 million, (excluding wagering on the races - which is handled separately in the model). Racing's customers include attendees, sponsors, members, broadcast providers, community groups and participants. Racing customer expenditure can be broadly segmented into the following categories:

- + On-course raceday expenditure by customers (spending on on-course products, as well as yields from membership and sponsorship)
- + Off-course raceday expenditure by customers (spending incurred by customers as part of their attendance at the races, such as transport, retail, food etc.)

- + Non-raceday related expenditure (spending with the Club on non-racedays on items such as hiring arrangements for facility use, fundraising, etc.)

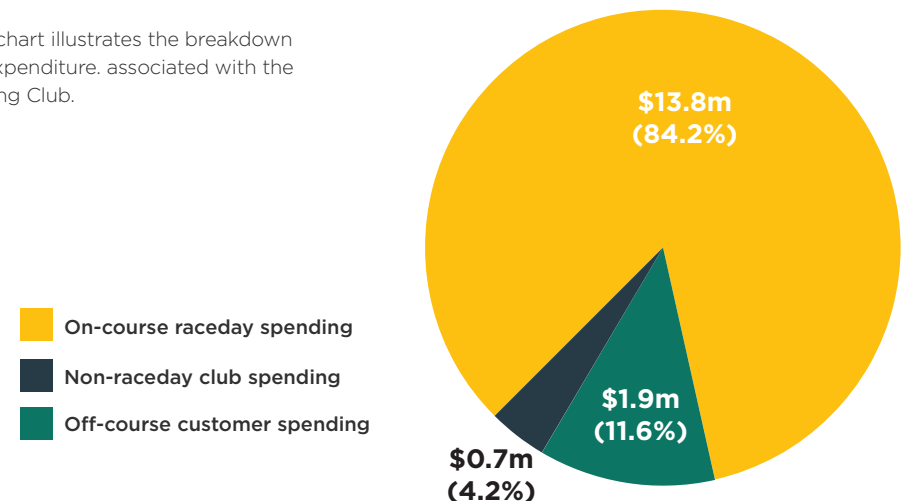
On-course customer expenditure funds the administration, operation and other costs which the club incurs. The Canberra Racing Club generated revenues of \$14.4 million in 2022/23, 38% of which was export revenue to the ACT. The net impact (inflow of money into the ACT economy) of this revenue is estimated at \$2.3 million for the ACT - derived from the fact that 41% of the club's expenditure budget is spent locally (\$6.1 million), 38% of which can be said to be funded by the export revenue generated.

Overall, the Canberra Racing Club spends 41% of its expenditure budget (\$6.1 million) within the ACT economy. New strategies have been put in place for growth in future years.

In 2022/23, **38% of the Canberra Racing Club** revenues originated from outside the ACT. The **net impact** (inflow of money into the ACT economy) of this revenue is estimated **at \$4.2 million for the ACT.**

Off-course expenditure is primarily related to feature race meetings where the racing product extends out into the community both prior to and after the racing event. Major racing events have long proven their ability to extend the generation of economic stimulus into a broader cross-section of the local economy. It is important to note that on-course expenditure within this section does not include on-course wagering.

The following chart illustrates the breakdown of customer expenditure, associated with the Canberra Racing Club.



Wagering Impacts

Wagering on thoroughbred racing represents one of the key sources of economic benefit for the ACT. Wagering activity is facilitated through two major sources – totalisator operators (TAB) and corporate bookmakers/betting exchanges. Net wagering revenues, from both sources of wagering, create benefits for the region in a number of ways. These are outlined below:

- + Totalisator wagering - The TAB operates both fixed odds and pari-mutuel pools on thoroughbred racing. Net wagering revenue (the customer loss) is shared, by agreement, between the racing industry, the Government and the wagering operator.
- + Corporate and Betting Exchange wagering - These betting companies operate fixed odds pools only. Net wagering revenues are retained by the wagering operator, out of which they pay relevant taxes (e.g. Point of Consumption Tax (POC)) and product fees to the racing industry.

Currently, the POC tax in the ACT is 25% - the highest of any racing jurisdiction in Australia. Other jurisdictions return anywhere from 20% - 80% of the POC tax collection back to the industry. It should be noted that unlike other jurisdictions, the benefits of POC Tax are not shared directly with the industry in the ACT.

A 2022 Equinox study, commissioned by the CRC, found the current funding model behind racing in the Australian Capital Territory places

racing in the ACT behind all the other states and territories in Australia.

1. Per capita, ACT racing receives less than half the government funding of the next lowest which is SA (which has since increased) and about a third of the other States.
2. Per capita, ACT racing prizemoney is about a third of NSW and Victoria and half the next lowest which is Tasmania.

There are a number of actual, and philosophical, flow on economic impacts to the ACT that are reliant on a healthy local racing industry. These are outlined below:

- + Race fields fees paid to Canberra Racing Club for operators betting on its product. Equating to around \$4.6 million in 2022/23, this is a direct benefit to the local economy as a result of selling the betting rights on ACT thoroughbred racing product to wagering providers.
- + TAB and Corporate Wagering Operator expenditure in the ACT. Marketing spend, by betting operators, largely follows the population profile of Australia. However, there is a level of over or under indexation that occurs in certain jurisdiction based on the quality of racing and the strength of the product. This is particularly true of corporate wagering operators who will chase the best returns and are not beholden to any state boundaries. There is, therefore a direct correlation between the strength of the local

industry (and from a betting perspective, field sizes and quality) and investment in the region by wagering operators.

It is important to note that the economic benefit to a region like the ACT, from wagering activity, is not solely derived from the racing industry's share (which helps fund prizemoney). It also comes from Governments spending their share of wagering taxes (often modelled on a population basis) and wagering operators who spend money in the economy on operating their business e.g. marketing and promotions, wages and salaries etc. When considering the impact of operating expenditures by wagering operators, the model assumes that office and labour related expenditure largely follow the physical location of offices, whereas marketing related expenditures

follow the population (with some over and under indexation in some markets).*

Furthermore, the wagering contribution takes into consideration both wagering on ACT thoroughbred racing product as well as the benefits received from out-of-region wagering which forms part of the jurisdictions share of revenues for the wagering operator, Government and racing industry.

Wagering related activities are responsible for more than 55% of the final expenditures created by the thoroughbred racing industry in the ACT. Of this impact, close to \$15.5 million represents Government taxes whilst just under \$33 million is retained by wagering operators and used to fund operations in the region.



* Based on discussions with a number of corporate bookmaker organisations

Community and Social Benefits

Activities associated with Thoroughbred Racing in the ACT play an important role in the development and preservation of social and community benefits throughout the community. The majority of these social impacts are initiated through club activities, both on racedays and non-racedays, as well as the partnerships that are formed with many community organisations. The contribution to community social benefit enhances both individual and community well-being throughout the region.

Racing and non-racing events attract community members, independent of socio-economic status, age or gender. This is highlighted within the ACT's local racing industry, where racing is a profession, sport, hobby and leisure activity.

The development of social initiatives also has a positive impact in terms of family socialisation and volunteerism. With this, racing also supports health, education, employment and environmental practices. However, maintaining and building the trust and respect of the

communities in which the racing club racing operates is also extremely valuable.

The implementation and communication of social and environmental initiatives play an important role in managing community perceptions and in doing so, protect and enhance racing's image and reputation. This in turn provides the ACT's local racing industry with a greater opportunity to foster the support of customers, corporate partners and Government, as well as building pride and increased satisfaction with internal stakeholders.

Canberra Racing Club understands that it has a role to play beyond the pure racing and training activities on-course. This is no more evidenced by the fact that 41,756 attended non-raceday utilisations of the racing club's facilities - 36% more than those who visited on a raceday. Given that race meetings occupy 25 days of the year, the club's facilities provide an important community asset for the ACT for the remaining parts of the year.



The Canberra Racing Club strives to contribute to its local community through the following framework:

- + **Community Building** Building inclusive and welcoming communities featuring powerful collaborative partnerships and relationships. The club **currently partners with 45 community and not-for-profit organisations**. An example of this is the local Men's Shed, who partnered with the club to provide planter boxes and arbours for the clubs events.
- + **Family** Providing opportunities for family participation in racing and assisting in the development of stronger family relationships. In recent years, the club has hosted a **Special Kids Christmas Party** on-site and regularly provides children's activities at racedays throughout the year.
- + **Equine Welfare** Ensuring that the racehorses who are central to the delivery of the racing product are cared for both during and post career. The club has recently concluded a review into Equine Welfare and has **committed to the implementation of six key recommendations** aimed at positioning the club as an industry leader in the management of Equine Welfare.
- + **Tourism** Attracting in-scope visitors to major racing events which benefits the broader regional economy. The Club has recently incorporated a new Owners and Trainers Room

which operates as a showcase of the best of the local regions' produce. This provides an opportunity to Owners and Trainers, many of whom will be from outside of the Canberra region **to experience the best local produce of the region.**

- + **Leisure** Providing enjoyable leisure opportunities for hobby owners, trainers and breeders, raceday customers and other racing club event attendees. On 25 days per year, this is achieved through the delivery of horse race meetings. On many other days, events such as markets and other non-raceday events benefit from the use of the racing club facility. **The Club has also hosted Summernats scrutineering in varying forms at Thoroughbred Park, due to the complicated logistics** surrounding the event.
- + **Employment** Creating a source of employment and a variety of career opportunities for local residents. **The club employs staff from broad and diverse cultural backgrounds across the business** - from first generation Australians and recently arrived immigrants to first nations people. The Club has also committed to having its first stage of its Reconciliation Action Plan in place in the coming year.
- + **Environment** Adoption of many environmentally friendly practices that support government and community expectations relating to the protection of the local environment. Examples of this include

the **club's waste recycling program and the installation of two 100kwh solar systems in the precinct** with the assistance of the ACT Government's Community Clubs Grant Program.

- + **Contributing to Society** Engaging with various societal groups, organisations and bodies to help deliver social benefit to Canberrans. The club has recently incorporated a Community Chest race which **supports 12 local charities with a share of prize money (\$50k)**. The first of these race days was held in November 2023. The Canberra Racing Club initiated the Canberra Community Chest charity event in 2023 with the event expected to grow further in subsequent financial years.
- + **Supporting the not-for-profit sector** Using the club's footprint and product to help support important charitable work in the community. The club has strong engagement with Pegasus - Riding for the Disabled Association in the ACT - having supported the organisation in a variety of ways over many years. **This has included direct donations, providing discounted venue hire, and hosting fundraising events.** The Club also sponsors a horse for the use of riders at the Pegasus facility.



Case study

CANBERRA RACING CLUB SPONSORSHIP OF EQUIMILLION ENTRANTS

In late 2023, the Canberra Racing Club announced that it would partner with Equimillion to sponsor three riders and horses in the inaugural Equimillion Equestrian event to be held from 30th September to Monday 2nd October 2023.

Equimillion, an event exclusively for retired Thoroughbred racehorses will see a minimum of \$1m prizemoney on offer across the disciplines of Eventing, Show jumping, Dressage and Show horse.

To be eligible to submit a nomination for Equimillion, a horse must meet the following criteria:

- + Horse must have been registered with Racing Australia with a microchip and been bred with the intent to race (evidence of race records, trials and/or barrier education and jump outs).
- + Brands present on the horse for visual identification and linked with microchip.
- + Horse must have been predominantly domiciled in NSW/ ACT up until the point of official retirement from racing.
- + Named Horses: Raced predominantly in NSW/ ACT.
- + Unnamed Horses: Bred with the intent to race in NSW/ ACT and retired in NSW/ACT. (Horse must have a registered microchip)
- + Horse must have officially retired from racing.

The Canberra Racing Club offered 3 x \$1500 sponsorship packages to eligible horses/competitors that fall into at least one of the following categories:

- + A horse that was previously trained at Thoroughbred Park
- + A horse that was bred in the ACT
- + A horse that has raced at Thoroughbred Park
- + A horse that has retired and is domiciled in the ACT

Along with the six recommendations from the review into Equine Welfare, this partnership signals Canberra Racing Club's commitment to the welfare of racehorses both during and post their careers



Case study

SUPPORTING CHARITABLE CAUSES THROUGH THE COMMUNITY CHEST RACE

In 2023, The Canberra Racing Club announced the launch of the Canberra Community Chest, an innovation race that saw 12 local charities and community groups racing with 12 equine heroes for their share of a \$50,000 charity chest.

Held on Saturday, 25 November, the Canberra Community Chest was run as a Quality Open Handicap over 1400m and was worth \$250,000, with \$200,000 prizemoney pool and \$50,000 to be shared between the 12 charity and community partners with a meaningful connection to the Canberra region.

The selection of charity and community partners was made by an independent committee with Canberra Business Chamber Chair Archie Tsirimokos, Region Media's Group Editor Genevieve Jacobs AM and Clubs ACT's Operations Manager Kate Palmer having been tasked with determining the most appropriate partners.

The panel selected 11 charity partners with all remaining eligible partners then going for a people's choice award to determine the final beneficiary.

Each of the charity partners were also invited to a Black-Tie event prior the Canberra Community Chest where a representative was asked to draw the equine hero racing for their charity.

The inaugural event saw the following charitable organisations selected to participate:

- + ACT Volunteer Brigades Association
- + Belconnen Magpies Football Club
- + Canberra Hospital Foundation
- + Good Omen Goodeze Inc
- + Lifeline Canberra
- + Riding for the Disabled of the ACT Incorporated (Pegasus)
- + Roundabout Canberra
- + The Daniela Dwyer Foundation
- + The Ricky Stuart Foundation
- + Western District Rugby Union Football Club
- + Win the Day

The 12th and final partner as decided by the community in the People's Choice Award was:

- + Rise Above - Capital Region Cancer Relief

Ultimately, Rise Above - Capital Region Cancer Relief were the winning partner, securing \$25,500 for their programs which support cancer patients and their families throughout the ACT and region, after their equine hero Super Helpful won the thrilling contest on Saturday, 25 November.

Originally a \$50,000 fund, winning Trainers Barbara Joseph, Paul & Matt Jones, generously donated 5% of Super Helpful's prizemoney to raise the chest to \$56,000.



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 (breeding) preparing racehorses (training), raceday and non-raceday activities on-course and revenues from wagering which benefit the local region. Direct expenditure is counted at the point at which it leaves the racing industry and hits the broader economy.

+ Direct Economic Impact (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 supplying 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.

+ Indirect Economic Impact (flow-on) - 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. It therefore represents the contribution to Gross State Product resulting from the events and activities generated by Thoroughbred Racing in the ACT.

+ 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 racing industry.

+ 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.

The analysis has been undertaken in a consistent format and with consistent assumptions to evaluations of other projects and studies of the horse 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.

Economic Methodology

The purpose of this study is to measure the economic contribution, from activities associated with Thoroughbred Racing in the ACT. In this way, it is a generalised measure of the Club's contribution to the regional economy.

BASIS OF EVALUATION

This study is based on a consistent methodology to that used by IER in the evaluation of the contribution of racing industry's in other states and regions. The modelling is based on assessing the way in which expenditures that underpin the racing industry impact in a 'whole of economy context' through the creation of jobs and incomes.

More specifically, the economic contribution of an industry to the region in which it operates represents the contribution that the industry makes in terms of the generation of gross or regional product, household income and the employment these incomes support. The racing industry does this in two ways

- + Through the employment and activity, it supports directly within racing (including the impact on the industries that depend on it as a customer); and
- + The flow on effects of that which filters through the economy as a result of this activity

The importance of the expenditures generated by a local 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, netting out leakages such as expenditure on imports etc.

In addition to the jobs created with direct suppliers of services to the racing industry, economic activity produces a multiplier effect within the community, extending the spend effect and the impact through various layers of the economy. This is known as the flow on impact.

The use of multipliers, derived from input output tables, is a prominent process for translating direct created expenditure (a final demand stimulus) of industries or projects into jobs and incomes, and for establishing the extent of the flow on impact. There is 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 method of ratcheting up the stated value. 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 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 1x.

Used correctly, multipliers provide a more appropriate measure of economic impact than expenditure. In short, use of these input output based multipliers allow for reporting with respect to the estimated outcomes of the industry in terms of:

- + The effect of expenditure or turnover on value added across a regional economy; and
- + In terms of job creation

These measures ensure that the analysis is consistent with national accounting frameworks.

It should be emphasised that this methodology includes the identification and inclusion of local (ACT) expenditure associated with racing. The economic impacts determined by this approach do not represent the value that would be lost to the region if the industry did not exist. Generally, when considering expenditure by locals it is often held that substitution is a significant factor in whether that spending would be lost to the economy. Taking the racing industry as an example, it is likely (under a scenario where it no longer existed) that much of the local resident spend would substitute to other activities. Depending on where this spending occurs the overall economic impact of that spending could be higher or lower than what it was when spent on racing.

Where this differs however is in the participant group. There is a legitimate cause for concern in relation to the loss of economic impacts accruing from horse training activities should competition be too onerous.

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 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.

