SIZE AND SCOPE OF THE

Tasmanian Racing Industry

tasracing

Tasmanian Government

ier

Focused Thinking

02

Executive Summary

THE RACING INDUSTRY IS DIRECTLY RESPONSIBLE FOR SUSTAINING **JUST UNDER 1,000 FULL TIME EQUIVALENT (FTE) JOBS** IN THE TASMANIAN ECONOMY

ECONOMIC IMPACT

	Thoroughbred	Harness	Greyhound	Total
Economic value of racing[#]	$53.4 mil	$34.2 mil	$15.6 mil	$103.1 mil
Total FTE employment[##]	514	331	153	998
Total household income[###]	$26.7 mil	$16.9 mil	$7.9 mil	$51.5 mil

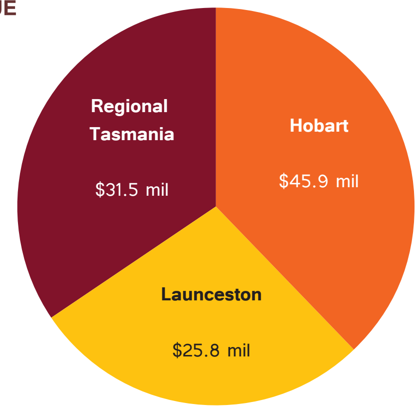
[*] Some totals may not add due to rounding

[#] Calculated using value added multipliers. Value added is equal to the wages, salaries and profits generated by the industry. The calculation of 'economic value of racing' includes the direct & flow-on impacts generated by the racing industry's expenditure.

[##] The calculation of 'total full time equivalent (FTE) employment includes the direct & flow-on employment impacts sustained by the economic activity generated by the racing industry.

[###] 'Total household income' relates to the value of wages & salaries paid to those whose employment is directly or indirectly sustained by the racing industry's activities.

ECONOMIC VALUE BY REGION



THE TASMANIAN RACING INDUSTRY CONTRIBUTES **MORE THAN $103.1 MILLION IN REAL GROSS VALUE ADDED** TO THE TASMANIAN ECONOMY

03

5,571 INDIVIDUALS ARE EMPLOYED OR ARE DIRECT PARTICIPANTS IN THE RACING INDUSTRY. THIS EQUATES TO NEARLY **ONE IN EVERY SEVENTY-THREE ADULT RESIDENTS IN TASMANIA BEING INVOLVED IN RACING** AS AN OWNER, PARTICIPANT, VOLUNTEER, DIRECT EMPLOYEE OR HORSE/GREYHOUND SERVICE PROVIDER.

JOBS & PARTICIPANTS *

	Thoroughbred	Harness	Greyhound	Total
Employed directly by racing				
Employed by racing clubs #	693	117	76	886
Employed by participants ##	598	370	59	1,027
Non-code specific employment ###				229
Total employed directly by racing	1,291	487	135	2,142
Participants in Racing				
Racing club volunteers	31	125	52	208
Owners and syndicate members	1,210	887	244	2,341
Breeders	202	173	101	476
Trainers	96	212	96	404
Total participants in racing	1,539	1,397	493	3,429
Total employment & participation in racing	2,830	1,884	628	5,571

* Many participants hold more than one license in Tasmania. For the purpose of this study, participants have been counted once, based on their primary role.
# Includes full-time, part-time, casual and contractor staff
Analysis only includes 'paid employees (full-time, part-time, casual)'. Does not include roles held by individuals for themselves (i.e. not a paid employment).
Includes Tasracing, RST, totalisator staff and bookmakers

BREEDERS & TRAINERS **EMPLOY MORE THAN 940 INDIVIDUALS TO ASSIST IN VARIOUS ROLES** INCLUDING ADMINISTRATION, TRACK RIDING, STABLE AND KENNEL DUTIES

04

RACE MEETINGS IN TASMANIA ATTRACT **ATTENDANCES OF MORE THAN 119,000 PEOPLE**. OVER 42% OF THESE ATTENDANCES ARE AT RACE MEETINGS IN LAUNCESTON

TOTAL ATTENDANCES

	Thoroughbred	Harness	Greyhound	Total
Hobart	15,400	14,200	11,100	40,700
Launceston	31,000	10,000	8,800	49,800
Regional Tasmania	10,400	11,500	6,800	28,700
Total Attendances	56,800	35,700	26,700	119,200

TOTAL RACE MEETINGS

	Thoroughbred	Harness	Greyhound	Total
Hobart	24	34	56	114
Launceston	26	29	54	109
Regional Tasmania	27	28	48	103
Total Race Meetings	77	91	158	326

RACING PATRONS AND CUSTOMERS SPEND MORE THAN $10.5 MILLION ON RACING. **35% OF THE RACEDAY RELATED SPENDING BY RACING PATRONS OCCURS OFF-COURSE.** RETAIL, FASHION & ACCOMMODATION ARE PARTICULAR BENEFICIARIES OF THIS SPENDING

ONE IN TEN TASMANIAN RESIDENTS

HAVE ATTENDED **AT LEAST ONE THOROUGHBRED, HARNESS OR GREYHOUND RACE MEETING IN THE LAST YEAR** (ABS SPORTING ATTENDANCE SURVEY)

05

THERE ARE **MORE THAN 2,620 RACING ANIMALS** IN TRAINING IN TASMANIA. MORE THAN 57% ARE IN REGIONAL TASMANIA

OWNERS INVEST **MORE THAN $40 MILLION IN THE PREPARATION OF RACEHORSES AND GREYHOUNDS** FOR RACING. MORE THAN 55% OF THIS INVESTMENT IS MADE IN REGIONAL AREAS OF THE STATE

HORSES & GREYHOUNDS IN TRAINING

	Thoroughbred	Harness	Greyhound	Total
Hobart	314	263	366	943
Launceston	10	56	117	183
Regional Tasmania	712	474	316	1,502
Total animals in training	1,036	793	799	2,628

BREEDERS INVEST **MORE THAN $13 MILLION IN THE PRODUCTION OF RACEHORSES AND GREYHOUNDS** FOR RACING. MORE THAN 60% OF THIS INVESTMENT IS MADE IN REGIONAL AREAS OF THE STATE

THERE ARE MORE THAN 400 TRAINERS# WHO PREPARE **MORE THAN 1,000 THOROUGHBREDS, 790 STANDARDBREDS AND 800 GREYHOUNDS FOR RACING**. JUST OVER 57% OF THIS ACTIVITY IS IN REGIONAL TASMANIA

NUMBER OF LIVE FOALS & PUPS

	Thoroughbred	Harness	Greyhound	Total
Hobart	33	47	173	253
Launceston	93	26	28	147
Regional Tasmania	158	158	305	621
Total live foals & pups	284	231	506	1,021

Many participants hold more than one license in Tasmania. For example, in harness, registered trainers may also be licensed as drivers. For the purpose of this study, participants have been counted as trainers based on this being their primary role.

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Background & Methodology

Tasracing is the peak industry body governing the three codes of racing (thoroughbred, harness and greyhound) in Tasmania. It is the corporate entity which governs the racing industry in Tasmania, providing the strategic direction and funding required to produce quality racing product. Tasracing is responsible for the following roles:-

- provision of stakes
- development of racing and breeding
- the funding of clubs
- media rights
- management of the racing and training venues
- thoroughbred handicapping
- allocation of race dates and race programming
- industry training
- making rules and policies for governing the racing industry
- national representation on peak controlling bodies

Racing Services Tasmania (RST) is a division of the Department of Infrastructure Energy and Resources (DIER) and is the peak racing integrity body for the three codes of racing (thoroughbred, harness and greyhound) in Tasmania. RST is responsible for the following roles:-

- provision of integrity services
- participant licensing and animal registration
- harness handicapping and greyhound grading
- registrations of racing clubs and bookmakers.

Tasracing and DIER have jointly commissioned a study into the size and scope of the racing industry in Tasmania. This study aims to provide a robust and definitive estimate of the economic contribution that racing generates for the State.

Purpose of the Study

The specific purpose of this study is to determine the following outcomes:

- The number of jobs and level of full-time equivalent employment generated by racing industry activities in Tasmania
- The number of participants in racing industry related pursuits, both professional and non-professional
- The economic value of the racing industry in Tasmania, including an assessment of the impacts within the Hobart, Launceston & regional Tasmania
- The level of investment and activity generated by the breeding and training sectors in each code
- The impact of the racing industry in the context of the Australian and New Zealand Standard Industry Classifications (ANZSIC) framework

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Study Methodology

In assessing the size and scope of the industry, the study will take into account a number of the traditional measures adopted by the racing industry such as foal and pup production, attendances, horse and greyhound training activities and wagering activities. For the purpose of this study, thoroughbred, harness and greyhound racing in Tasmania is defined as covering the full spectrum of activities associated with the conduct of the racing industry within these codes. This study does not include other 'horse/greyhound related industries' outside of the racing industry such as equestrian horses and hobby horses.
The data that underpins this study has been gathered from a number of sources. Peak racing bodies provided data related to registered participants and wagering. Racing clubs provided data relating to their club and raceday operations. Existing research was synthesised with club financial data in order to estimate racing patron expenditure impacts whilst a sample of breeders, trainers and owners were interviewed in order to build a profile of the cost of production and preparation of racehorses and greyhounds.

Throughout the report, data has been presented at the State and regional level. The regional level analysis is based on three key areas of the State.

The Greater Hobart and Launceston Areas are based on the ABS Classification of Significant Urban Areas (ABS catalogue 127.0.55.004). The rest of the State has been aggregated under the title 'regional Tasmania'.

The following table illustrates the postcodes that comprise the Hobart and Launceston SUA's. The remainder comprise the 'regional Tasmania' classification.

Hobart SUA	Launceston SUA
7000,7001	7248-7250
7004,7005	7258
7007-7012	7277
7015-7019	7290-7291
7021	
7025	
7030	
7050	
7052-7055	
7140	
7170-7172	

In particular, the delineation of boundaries within this study results in the inclusion of Longford and Carrick in 'regional Tasmania' whilst Brighton is included as part of 'Hobart'. This is a result of the postcode concordance within the SUA framework.

ECONOMIC METHODOLOGY

The development of an economic model of the racing industry requires a strong understanding of the internal and external flows of money. In developing the model, duplicate expenditures have been identified within the 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 of the racing industry is based on the following segments:

+ **Production (breeding activities) of racehorses and greyhounds** – the expenditure generated by the breeding sector in maintaining breeding animals and producing foals and pups.

+ **Preparation of racehorses and greyhounds for racing (training activities)** – the expenditure by owners on training services (training fee) as well as other non-training related expenses such as major veterinary, transport and agistment etc.

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- **Peak racing body expenditure** – funded largely out of the Government Funding Deed and race fields income, this covers expenditure by Tasracing in running its business, the provision of funds to racing clubs for administrative, operational and prizemoney requirements. Furthermore, RST is funded by the Government and covers expenditure relating to the three codes of racing (thoroughbred, harness and greyhound), for the provision of; integrity services, participant licensing and animal registration, harness handicapping, greyhound grading and registrations of racing clubs and bookmakers.
- **On-course raceday patron expenditure** – the expenditure generated on-course by attendees at race meetings.
- **Off-course raceday patron expenditure** – the expenditure generated in the community by racing patrons as part of their raceday attendance
- **On-course non-raceday customer expenditure** – the expenditure made at racing clubs for non-raceday related activities such as facility hire and lease arrangements.

It is important to note that this study is based on the 2011/12 racing season. During that time, the sale of the previously Government owned totalisator was completed, with Tattersalls becoming the new owner in March 2012. As such, this study is based on the premise that there is no organic nexus between the racing and wagering businesses in Tasmania (except for the funding that the industry receives from the Government). As such, this study does not include net wagering revenues from racing that are retained by the totalisator operator.

The effect of this is that this study is very different from pervious studies conducted for the racing industries both in Tasmania and in other parts of the nation, where wagering revenues have been included in their totality. Furthermore, this study will be fundamentally different to any previous studies of the Tasmanian racing industry where State owned or run wagering operations were in existence.

This includes a recent study, also undertaken by IER, for the harness racing industry nationally (including Tasmania). As it was based on the 2010-11 racing season, net wagering revenues were included in their totality. As such, the comparison of the harness racing outcomes in that study will be very different than the outcomes contained within this study.

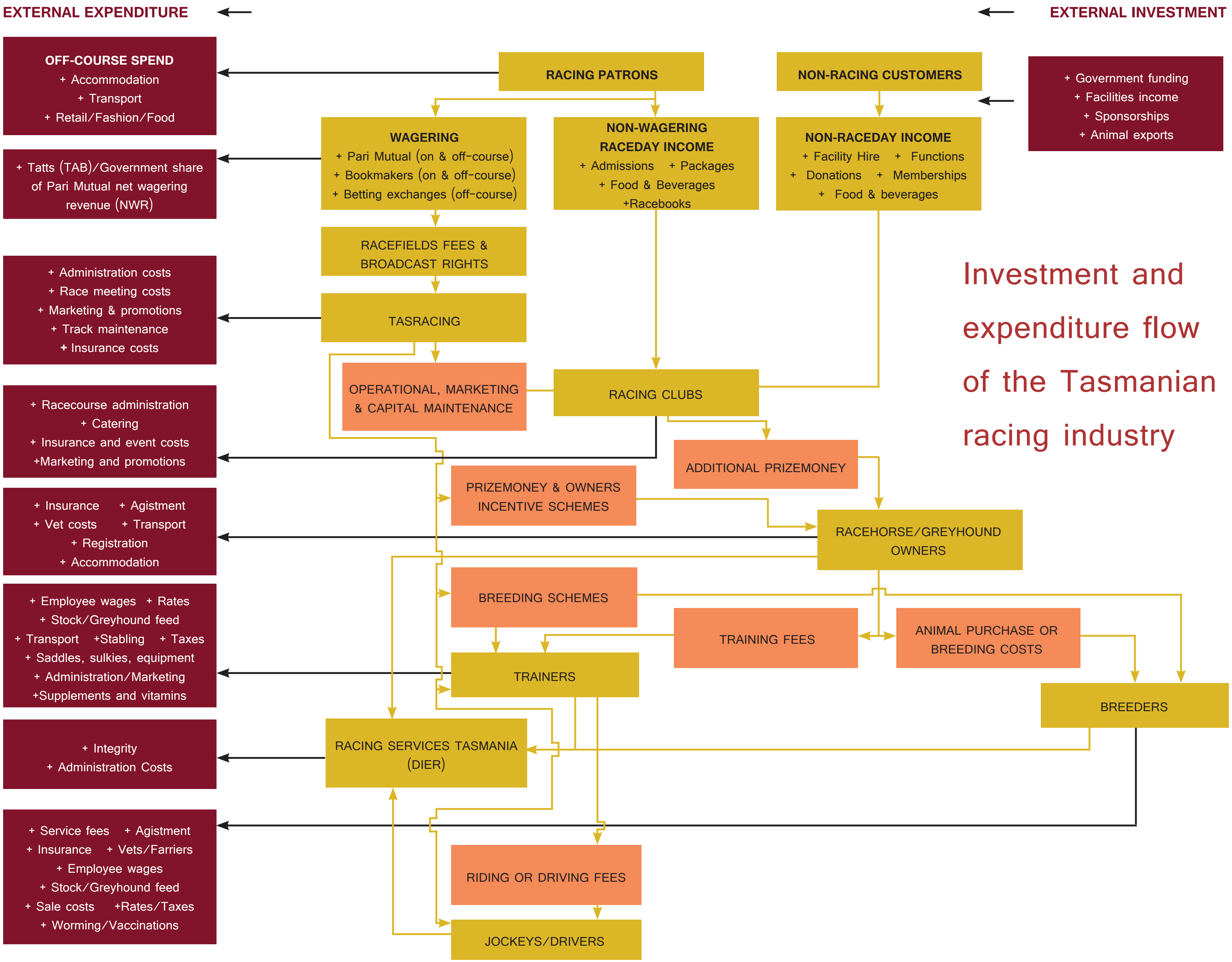
The economic model used within this study follows three key steps:

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 expenditure into ANZSIC classifications – The 'racing industry' does not exist within the ANZSIC structure in its own right. For modelling purposes, it is necessary to allocate direct expenditures to the appropriate industry groups. The majority of expenditures are classified within their relevant ANZSIC codes. A number of horse and greyhound racing activities are contained within ANZSIC classification segment 91 – Sports and Recreation Services.

3 Economic modelling – IER has utilised an input-output methodology for the calculation of economic impacts associated with the racing industry in Tasmania. The input-output provides direct and indirect impacts in relation to value-added, income and employment.

Investment and expenditure flow of the Tasmanian racing industry

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Key Findings

TOTAL DIRECT SPENDING

($ mil)	Thoroughbred	Harness	Greyhound	Total
Production of Racing Animals	$7.5	$3.9	$1.9	$13.3
Preparation of Racing Animals	$19.3	$16.7	$4.5	$40.5
Peak Racing Body Expenditure[#]	$19.7	$11.3	$8.1	$39.1
Racing Customer Expenditure	$7.3	$2.1	$1.2	$10.5
Total Direct Spending	$53.8	$33.9	$15.7	$103.4

* Some totals may not add due to rounding
Peak racing body expenditure includes prizemoney and RST expenditure

The racing industry in Tasmania generates recurrent expenditure of more than $103.4 million annually. Owners, trainers and breeders are responsible for more than 52% of this expenditure through their breeding and training activities. This final expenditure leads to a direct value-added impact on the Tasmanian economy of $50.3 million. When indirect (or flow-on) impacts are considered, the total economic contribution of the Tasmanian racing industry rises to just over $103.1 million.

The racing industry in Tasmania contributes most significantly to the following sectors:

+ Arts & Recreational Services - 8.83% of sector GSP
+ Accommodation & Food Services - 0.47%
+ Information, Media & Communication - 0.42%

The economic output generated by the racing industry in Tasmania is responsible for sustaining just under 1,000 full time equivalent jobs in the State.

ECONOMIC IMPACTS

	Thoroughbred	Harness	Greyhound	Total
Economic value of racing[#]	$53.4 mil	$34.2 mil	$15.6 mil	$103.1 mil
% Industry economic value	51.8%	33.2%	15.1%	
Total FTE employment[##]	514	331	153	998
Total household Income[###]	$26.7 mil	$16.9 mil	$7.9 mil	$51.5 mil

* Some totals may not add due to rounding
# Calculated using value added multipliers. Value added is equal to the wages, salaries and profits generated by the industry. The calculation of 'economic value of racing' includes the direct & flow-on impacts generated by the racing industry's expenditure.
The calculation of 'total full time equivalent (FTE) employment includes the direct & flow-on employment impacts sustained by the economic activity generated by the racing industry.
'Total household income' relates to the value of wages & salaries paid to those whose employment is directly or indirectly sustained by the racing industry's activities.

THE TASMANIAN RACING INDUSTRY IS RESPONSIBLE FOR GENERATING **MORE THAN $103 MILLION IN VALUE-ADDED** CONTRIBUTION TO THE TASMANIAN ECONOMY. REGIONAL PARTS OF THE STATE ARE RESPONSIBLE FOR MORE THAN 30.5% OF THIS IMPACT

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At a glance

476 Breeders

THOROUGHBRED- 202
HARNESS - 173
GREYHOUND - 101

1,021 Foals and pups produced

THOROUGHBRED - 284
HARNESS - 231
GREYHOUND - 506

2,341 Owners and syndicate members

THOROUGHBRED - 1,210
HARNESS - 887
GREYHOUND - 244

404 Trainers

THOROUGHBRED - 96
HARNESS - 212
GREYHOUND - 96

2,628 Horses and greyhounds in training

THOROUGHBRED - 1,036
HARNESS - 793
GREYHOUND - 799

* Figures above relate to 'individuals' based on their 'primary role' within the industry. It is not a reflection of the number of licenses held in the industry. Note:- Owner/Trainer and Owner/Attendant classified as 'Owner' in the table above

Participants are the lifeblood of the racing industry. They provide the investment, time, skills and passion that underpins the racing product.

In total, there are 5,530 individuals who are employed or are direct participants in the Tasmanian racing industry. This means that approximately one in every seventy-three adult residents in Tasmania is involved in the racing industry as an owner, participant, volunteer, direct employee or horse/greyhound service provider.

More than 27% of these participants fulfil roles in the industry relating to the production and/or preparation of racehorses and greyhounds. Many of these people find gainful employment of their specific skillset where they may find limited opportunities otherwise - particularly in the hands-on horse and greyhound related disciplines. It is also common for participants to hold multiple roles and/or licenses within the industry. The assessment of 'participants in racing' identifies individuals rather than licenses based on the primary role held by the individual.

Owners are a key participant group in the racing industry, as they provide much of the investment from which the chain of activity follows.

There are 2,300 people who have an ownership interest in Tasmania in a racehorse or greyhound. Many of these owners are involved in the industry as part of a group ownership initiative such as syndication or partnership.

The racing industry directly sustains the employment of 2,142 individuals in full-time, part-time, casual and contractor roles. A large number of short-term contractor roles support major cup carnivals.

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At a glance

15 Racing clubs

THOROUGHBRED- 4
HARNESS – 8
GREYHOUND – 3

326 Race meetings

THOROUGHBRED – 77
HARNESS – 91
GREYHOUND – 158

3,046 Races

THOROUGHBRED – 626
HARNESS – 778
GREYHOUND – 1,642

2,100 Racing club members

THOROUGHBRED – 977
HARNESS – 575
GREYHOUND – 548

119,200 Attendances

THOROUGHBRED – 56,800
HARNESS – 35,700
GREYHOUND – 26,700

Racing patrons are responsible for generating more than $10.6 million in spending – more than 35% of which occurs outside the racecourse. Retail, fashion, food & accommodation are particular beneficiaries of this expenditure – particularly around major racing carnivals.

$10.6 mil Racing patron expenditure

THOROUGHBRED- $7.3 mil
HARNESS – $2.1 mil
GREYHOUND – $1.2 mil

$13.3 mil Spent on producing racehorses and greyhounds

THOROUGHBRED – $7.5 mil
HARNESS – $3.9 mil
GREYHOUND – $1.9 mil

$40.4 mil Spent on preparing racehorses and greyhounds

THOROUGHBRED – $19.3 mil
HARNESS – $16.6 mil
GREYHOUND – $4.5 mil

Racing clubs host the race meetings at which racehorses and greyhounds compete. Through the addition of other event elements, racing is also positioned as an entertainment pursuit for the public.

In 2011/12, thoroughbred, harness and greyhound race meetings in Tasmania attracted more than 119,200 attendances. Race meetings in Launceston account for just under 42% of these attendances with Hobart (34%) and Regional Tasmania (24%) making up the remainder.

The table (below) illustrates the total attendances at race meetings, for each code within each region.

TOTAL ATTENDANCES

	Thoroughbred	Harness	Greyhound	Total
Hobart	15,400	14,200	11,100	40,700
Launceston	31,000	10,000	8,800	49,800
Regional Tasmania	10,400	11,500	6,800	28,700
Total Attendances	56,800	35,700	26,700	119,200

35% OF THE RACEDAY RELATED SPENDING BY RACING PATRONS OCCURS OFF-COURSE. RETAIL, FASHION & ACCOMMODATION ARE PARTICULAR BENEFICIARIES OF THIS SPENDING


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Economic Impacts

This study aims to determine the extent to which the Tasmanian racing industry contributes to the State economy by calculating the expenditures and subsequent direct and indirect impacts on the State economy.

In order to calculate the economic impact, it is first necessary to determine the expenditure (final demand) that is generated by the racing industry. In assessing this, it is important to consider the flow of funds within and external to the industry. In this way, duplicate expenditures (or money that flows through multiple transactions within the industry) are identified and excluded from the final demand calculations.

DIRECT SPENDING IMPACTS

In 2011/12, the racing industry in Tasmania generated $103.5 million in direct expenditure. The preparation of racehorses and greyhounds, by trainers (funded by owners) comprises the largest component of expenditure in the industry. Proportionally, it makes up nearly half of all expenditure generated by the harness racing industry and more than 35% of the thoroughbred industry expenditure. In the greyhound racing industry, more than 50% of its expenditure impact is driven by operational expenditures of the peak racing body.

Each of the key areas of racing industry expenditure assessed within this study is defined as follows:

- **Production (breeding activities) of racehorses and greyhounds** – the expenditure generated by the breeding sector in maintaining breeding animals and producing foals and pups.
- **Preparation of racehorses and greyhounds for racing (training activities)** – the expenditure by owners on training services as well as other non-training related expenses such as major veterinary, transport, agistment etc.
- **Peak racing body expenditure** – funded largely out of the Government Funding Deed and race fields income, this covers expenditure by Tasracing in running its business, the provision of funds to racing clubs for administrative, operational and prizemoney requirements. Furthermore, RST is funded by the Government and covers expenditure relating to the three codes of racing (thoroughbred, harness and greyhound), for the provision of; integrity services, participant licensing and animal registration, harness handicapping, greyhound grading and registrations of racing clubs and bookmakers.
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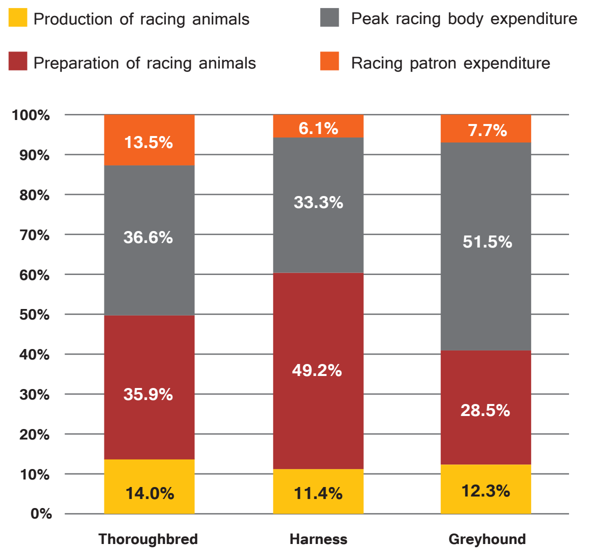
- **On-course non-raceday customer expenditure** – the expenditure made at racing clubs for non-raceday related activities such as facility hire and lease arrangements.

The chart below illustrates the proportional breakdown of direct expenditure within Tasmania.

Total direct spending (proportion) by code



As outlined, the Tasmanian racing industry is responsible for generating $103.5 million in recurrent expenditure. The thoroughbred racing industry is responsible for more than $53.8 million (52.0%) of this expenditure. Peak racing body expenditure (36.6%), the majority of which is funded from the Government Funding Deed, makes up the largest proportion of expenditure, ahead of the preparation of racehorses (35.9%).

The harness racing industry is responsible for more than $33.9 million (32.8%) of this recurrent expenditure. The preparation of racehorses is the largest component of expenditure (49.2%) ahead of peak racing body expenditure (33.3%). Breeders incur significant expenditure in caring for their horses, many of which maintain broodmares which are bred with more infrequently than their thoroughbred counterparts.

The greyhound racing industry is responsible for more than $15.7 million (15.2%) of this recurrent expenditure. More than half of the industry's expenditure impact is generated from peak racing body expenditure. This is largely a reflection of the greyhound racing industry's lower cost of participation - particularly in the areas of breeding and ownership relative to the other two codes.

ADJUSTMENT OF EXPENDITURES

The aggregated data is converted from purchasers' prices to basic prices, as the raw data include margins, taxes and subsidies. All monetary values in the national, and developed Tasmanian input-output models are expressed as basic values. The prime differences between purchaser prices and basic values are that:

- basic values exclude the cost of transport, wholesale and retail trade embedded in the purchase price (and allocate these to the transport and trade sectors).
- GST will be allocated to Gross Operating Surplus

The Tasmanian model adopted in this study has been developed for this study using a location quotient approach based on the national 2011/12 table (ABS) and employment data from the 2011 census. It is assumed there have been limited labour productivity gains since that time. The researcher has not been able to find an input-output table publicly available from recent years, and therefore this simple mathematical technique has been used to prepare an indicative table.

The core assumptions to make the adjustments from purchaser price distributions to basic values are:

- The average value-added in each of the industry sectors is extracted and then the GST component (at 10% - which is only paid on the value-added) is deducted and separately identified. It is assumed that the value-added coefficient for the arts and recreation sector understates the spend for the racing industry, as the cultural industry will be dominated by public sector institutions and not for profits - whereas the recreation sector is more commercial.
- The purchaser price is adjusted for the average margin for wholesale, retail and transport sectors, as identified in the national input-output tables.

DISTRIBUTION TO REGIONS

In developing the model, the racing industry direct expenditure has first been allocated to regions across Tasmania. The level of economic activity will not proportionally follow the expenditure, as regional areas generally have higher import penetrations than metropolitan areas - i.e. a significant proportion of the expenditure is on product imported from the metropolitan area. This study employs a tops-down distribution model that recognises that where regional input-output tables exist, direct industry ratios of value-added, employment etc. are generally similar between the State and sub-regional table, but regional induced impacts are on average of the order of 50%-70% of the State induced impacts (dependent on the region and the sector). This will vary from industry to industry sector, and from region to region, but this observation has been used as a basis for distributing the State level impacts to regions. That is, the direct impacts have been distributed proportionally, while the induced impacts have been distributed with a 60% discount, and the balance is distributed to the metropolitan area.

In summary, the impact at the regional level is almost 40% of the State impact in terms of the expenditure, and a little less than that in terms of initial or direct impact. However, after allowing for the leakages from the regional areas, in terms of induced impacts, Regional Tasmania has about 32% of the total level of activity.

GROSS VALUE-ADDED

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 Tasmania).

In any period of time, the value-added of an industry is essentially, 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 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). Furthermore, the calculation makes no allowance for capital used in production (depreciation).

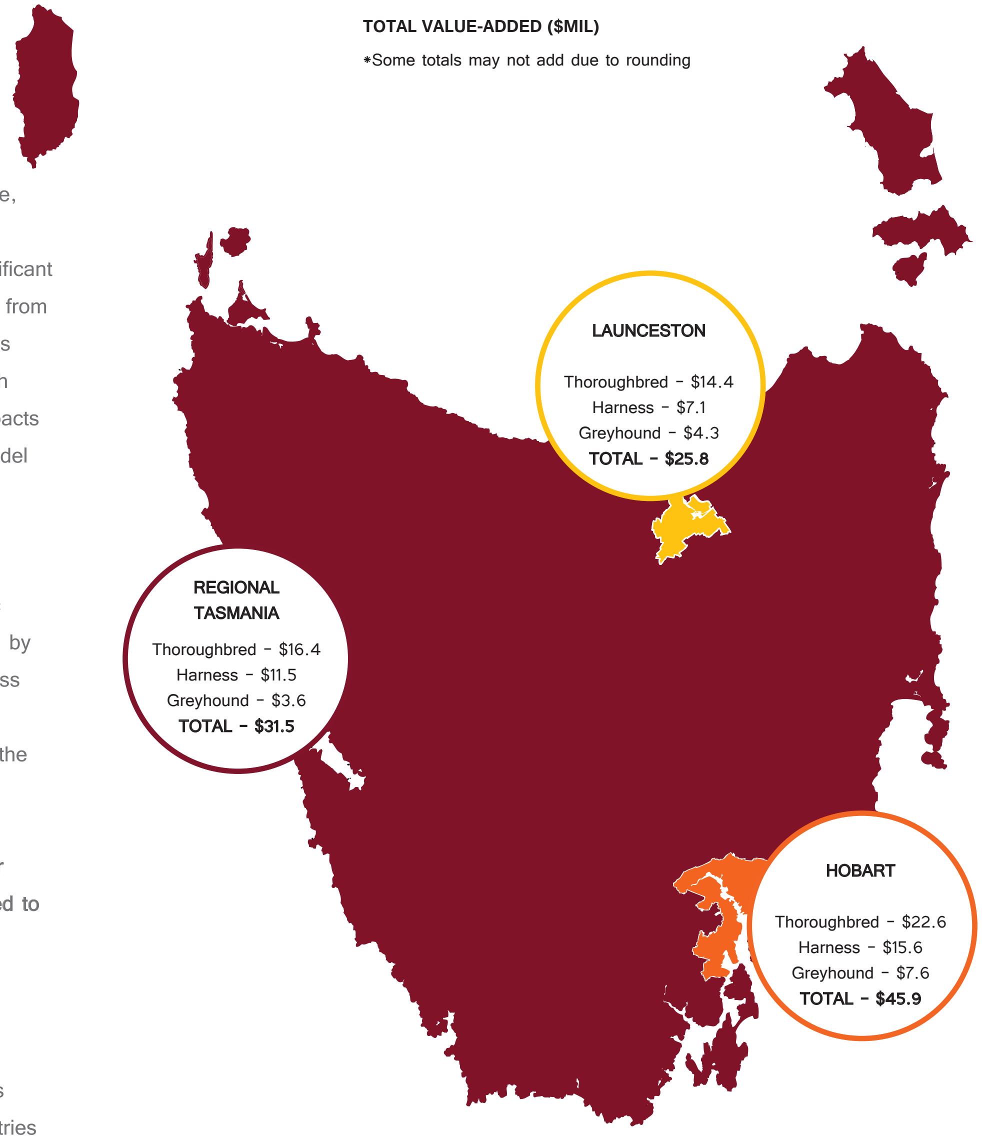
In determining the value-added impact, it must be noted that the level of economic activity will not always proportionally follow the source expenditure, as regional areas generally have higher import penetrations than metropolitan areas - i.e. a significant amount of the expenditure is on product imported from the metropolitan area. Further to this, some States are more reliant on others on imports and as such may experience a more significant leakage of impacts outside of the State economy. The economic model takes into consideration these leakages between regions and States.

Real gross value-added is one of three economic measures tied to the direct expenditure generated by the Tasmanian racing industry. In addition to gross value-added, the model also outlines the level of household income and employment sustained by the activity generated by the racing industry.

The racing industry in Tasmania is responsible for generating $103.1 million in real gross value-added to the Tasmanian economy.

The gross value-added generated by the racing industry comprises the following:

+ $50.3 million in direct value-added. This represents the direct impact on the industries supporting the racing industry and within the industry itself



Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

- $52.8 million in induced (indirect) value-added. This represents the flow-on effect that the industry activity has throughout other sectors of the economy.

Overall, the direct and indirect economic multipliers yield lower impacts in Tasmania than in many other States. This is largely driven by higher leakages outside the State due to higher levels of imports than in other States of Australia.

The table below illustrates the direct value-added impact that the Tasmanian racing industry generates within each of the economic industries contained within the Australian and New Zealand Standard Industry Classification (ANZSIC) framework.

It illustrates that the three largest sectors in which the racing industry generates a value-added impact in the Tasmanian economy are:-

- Arts & recreation - 31.4% of total racing industry output
- Agriculture, forestry & fishing - 13.0% of total racing industry output
- Finance & Insurance Services - 9.4% of total racing industry output

With a direct value-added impact of just over $50.0 million, the racing industry is approximately one-quarter the size of the entire arts & recreation sector, one-eleventh the size of the information, media & telecommunication sector and one-twelfth the size of the accommodation & food services sector.

The percentage contribution of racing to these three industry sectors are outline below:-

- Arts & recreation - racing contributes more than 8.83% of the total output of this sector
- Accommodation & food services - racing contributes more than 0.47% of the total output of this sector
- Information, media & telecommunication - racing contributes more than 0.42% of the total output of this sector

RACING INDUSTRY CONTRIBUTION TO INDUSTRY SECTORS

ANZSIC Industry Sectors	Direct value added - Tasmanian racing industry ($ mil)	% of Tasmanian racing industry value-added	% Contribution to total sector gross state product
Agriculture, Forestry & Fishing	$6.56	13.0%	0.4%
Manufacturing	$0.63	1.3%	<0.1%
Electricity, Gas & Water	$1.04	2.1%	0.1%
Construction	$0.40	0.8%	<0.1%
Wholesale Trade	$1.32	2.6%	0.2%
Retail Trade	$2.03	4.0%	0.1%
Accommodation & Food Services	$3.13	6.2%	0.5%
Transport, Postal & Warehousing	$3.19	6.3%	0.2%
Information, Media & Communication	$2.45	4.9%	0.4%
Finance & Insurance Services	$4.72	9.4%	0.2%
Property & Business Services	$3.67	7.3%	0.2%
Public Administration & Safety	$0.50	1.0%	<0.1%
Education & Training	$1.50	3.0%	0.1%
Health Care & Social Assistance	$3.13	6.2%	0.1%
Arts & Recreation Services	$15.81	31.4%	8.8%
Other Services	$0.20	0.4%	<0.1%

Employment and Participation

NUMBER OF PARTICIPANTS IN THE TASMANIAN RACING INDUSTRY

	Thoroughbred	Harness	Greyhound	Total
Breeders	202	173	101	476
Breeders staff	233	180	59	472
Owners & Syndicate members	1,210	887	244	2,341
Trackwork Riders	10	-	-	10
Trainers/Pre-trainers	96	212	96	404
Farriers/Rider agents	13	-	-	13
Stable/Kennel employees	317	147	-	464
Participants in producing racing animals	**2,081**	**1,599**	**500**	**4,180**
Full time club staff	8	3	2	13
Part time club staff	4	4	1	9
Casual/Contractor club staff	681	110	53	844
Racing club volunteers	31	125	52	208
Jockeys, Drivers & Apprentices	25	43	-	68
Catchers	-	-	20	20
* On-course bookmakers & staff	-	-	-	16
* On-course TAB wagering staff	-	-	-	65
* Stewards	-	-	-	28
Participants in producing the racing product	**749**	**285**	**128**	**1,271**
* Operations and maintenance	-	-	-	120
Total participants in racing	**2,830**	**1,884**	**628**	**5,571***

Many participants hold more than one license in Tasmania. For the purpose of this study, participants have been counted once, based on their primary role.

* Participants operate across codes and therefore cannot be singularly allocated to any one code.

† This table outlines the number of individuals participating in the industry. It is not a measure of the number of full time equivalent (FTE) jobs

PARTICIPANTS IN RACING

Participants are the lifeblood of the racing industry. They provide the investment, time, skills and passion that underpins the racing product. In total, there are 5,571 individuals who are employed or are direct participants in the Tasmanian racing industry. This means that approximately one in every seventy-three adult residents in Tasmania is involved in the racing industry as an owner, participant, volunteer, direct employee or horse/greyhound service provider.

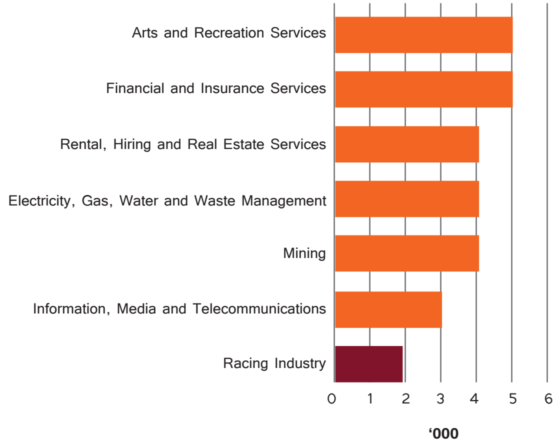
More than 27% of these participants fulfil roles in the industry relating to the production and/or preparation of racehorses and greyhounds. Many of these people find gainful employment of their specific skillset where they may find limited opportunities otherwise - particularly in the hands-on horse and greyhound related disciplines.

Owners are a key participant group in the racing industry, as they provide much of the investment from which the chain of activity follows. There are 2,341 people who have an ownership interest in Tasmania in a racehorse or greyhound. Many of these owners are involved in the industry as part of a group ownership initiative such as syndication or partnership.

Amongst this participant group, the racing industry directly sustains the employment of 2,142 individuals in full-time, part-time, casual and contractor roles.

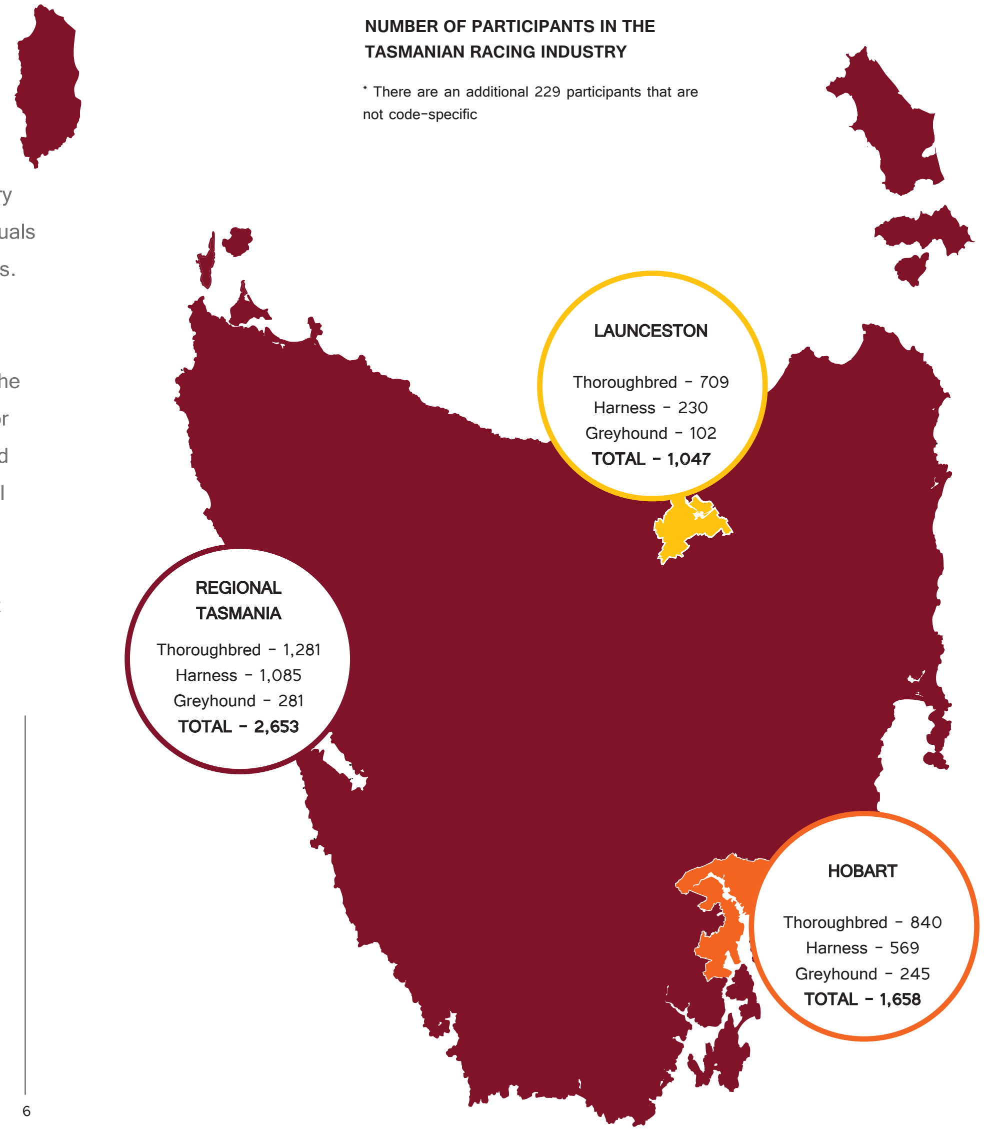
Nominally, this means that the racing industry employment is just under two-thirds the size of the information, media and telecommunications sector and half the size of the electricity, gas, water and waste services, mining and rental, hiring and real estate services sectors.

The chart below outlines the relative employment in selected sectors, compared with the nominal inclusion of the racing industry:-



NUMBER OF PARTICIPANTS IN THE TASMANIAN RACING INDUSTRY

* There are an additional 229 participants that are not code-specific



Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

FULL TIME EQUIVALENT EMPLOYMENT (FTE)

There are 5,571 participants directly involved in the Tasmanian 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).

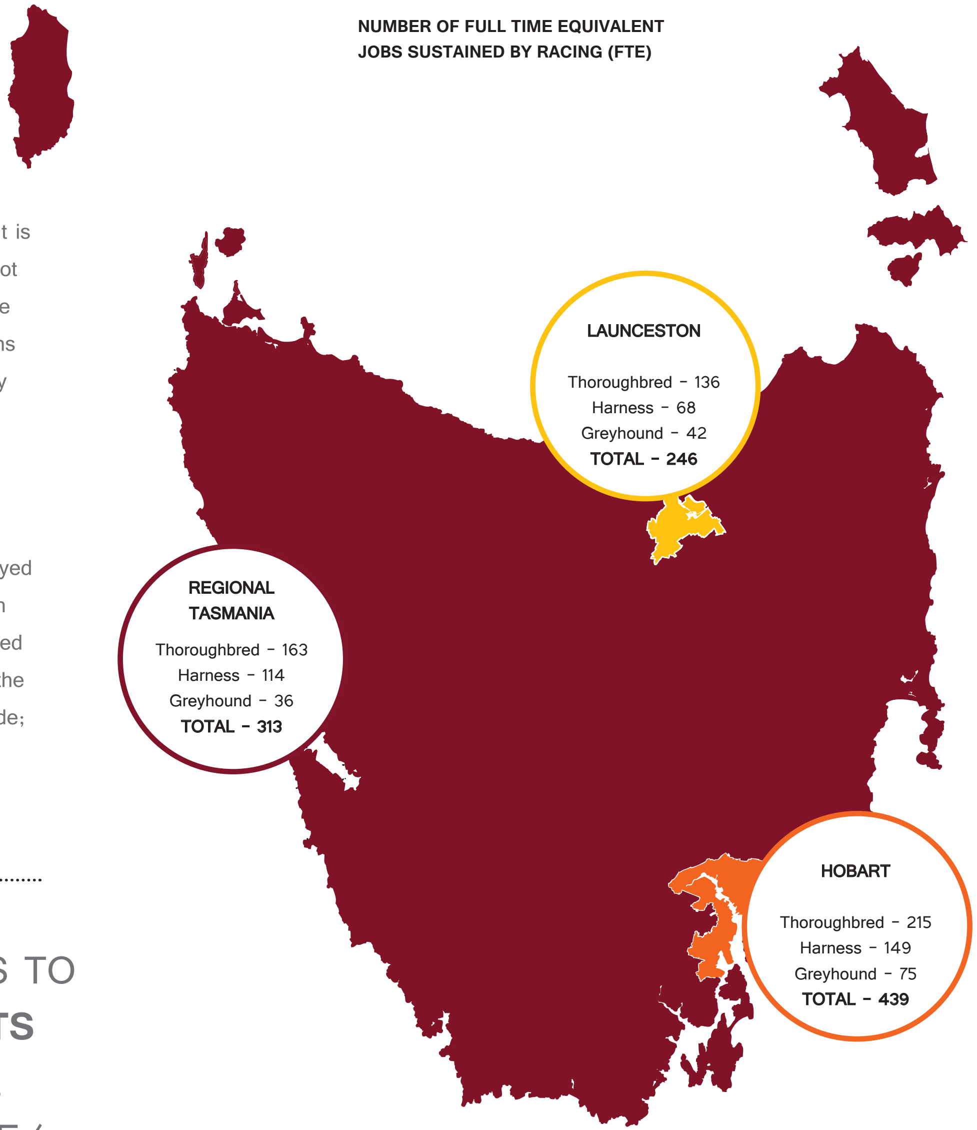
When considering the employment impact from a full-time equivalent perspective (FTE), the direct impact on employment, generated specifically by the activities of the racing industry, sustains 555 FTE jobs each year. When indirect impacts, generated by the flow-on of economic benefits to other industries are taken into account, the total employment impact rises to just under 1,000 FTE positions.

The Tasmanian 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 Tasmanian 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 Tasmanian racing industry result in nearly $51.5 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.

5,571 INDIVIDUALS ARE EMPLOYED OR ARE DIRECT PARTICIPANTS IN THE RACING INDUSTRY. THIS EQUATES TO NEARLY **ONE IN EVERY SEVENTY-THREE ADULT RESIDENTS IN TASMANIA** BEING INVOLVED IN RACING AS AN OWNER, PARTICIPANT, VOLUNTEER, DIRECT EMPLOYEE OR HORSE/ GREYHOUND SERVICE PROVIDER.

NUMBER OF FULL TIME EQUIVALENT JOBS SUSTAINED BY RACING (FTE)



Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

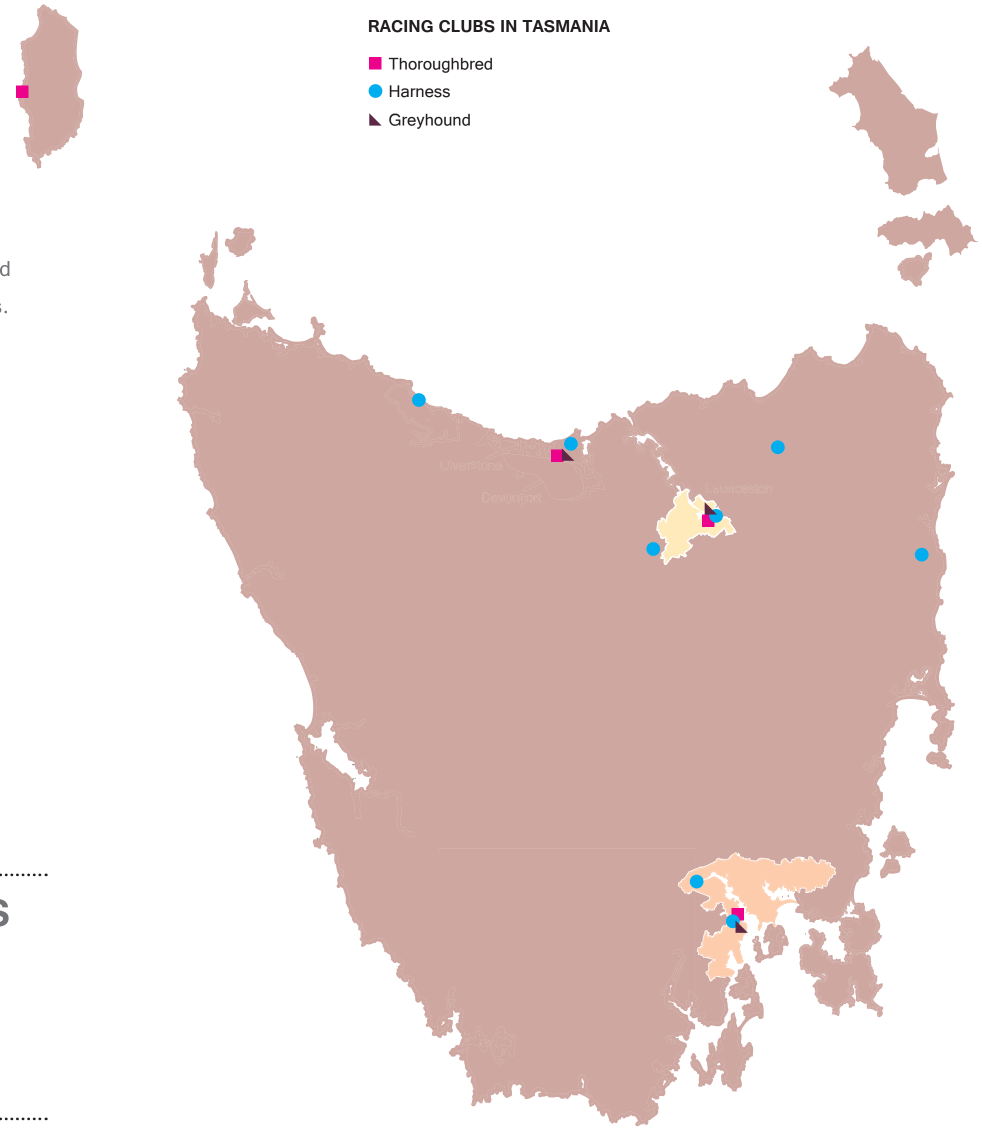
Racing

From a leisure perspective, racing clubs combine facilities, racing and additional entertainment to create an 'event experience' for attendees - particularly during major racing carnivals. Socially, most racing clubs have existed for over a century and are significantly important (both historically and current day), to the fabric of their communities.

There are 15 racing clubs across the three codes of racing in Tasmania. These clubs stretch from Hobart in the south, to St Marys in the east and King Island in the north. In 2011/12, these racing clubs were responsible for hosting 326 race meetings and 3,046 races.

In addition to hosting official race meetings, a number of racing clubs also hold trials for the purposes of providing opportunities for horses and greyhounds to prepare under race-like conditions. Racing clubs also provide an important social community for their members. More than 2,100 individuals have a racing club membership in Tasmania.

IN 2011/12, **THERE WERE 326 THOROUGHBRED, HARNESS AND GREYHOUND RACE MEETINGS** HELD IN TASMANIA. THESE RACE MEETINGS WERE SPLIT EVENLY AMONGST HOBART, LAUNCESTON AND REGIONAL TASMANIA.



Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

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Across the fifteen racing clubs in Tasmania, there are more than 800 full-time, part-time, casual and contractor employees involved in the operation of racing at a club level. Given that most racing clubs are only in use for a small number of days per year (for racing purposes), the largest category of employment is in the 'contractor' roles.

In addition to employees, there are approximately 208 people who volunteer their time to racing clubs throughout the State. These people often perform roles on raceday, which assist the club in running their race meetings.

RACING CLUBS IN TASMANIA

	Thoroughbred	Harness	Greyhound	Total
Hobart	1	2	1	4
Launceston	1	1	1	3
Regional Tasmania	2	5	1	8
Total racing clubs	4	8	3	15

NUMBER OF RACE MEETINGS

	Thoroughbred	Harness	Greyhound	Total
Hobart	24	34	56	114
Launceston	26	29	54	109
Regional Tasmania	27	28	48	103
Total race meetings	77	91	158	326

NUMBER OF RACES

	Thoroughbred	Harness	Greyhound	Total
Hobart	200	304	587	1,091
Launceston	221	277	557	1,055
Regional Tasmania	205	197	498	900
Total races	626	778	1,642	3,046

NUMBER OF INDIVIDUAL STARTERS

	Thoroughbred	Harness	Greyhound	Total
Total starters	1,068	635	1,040	2,743

THOROUGHBRED CLUBS

+ Tasmanian Racing Club
+ Tasmanian Turf Club
+ Devonport Racing Club
+ King Island Racing Club

HARNESS CLUBS

+ Tasmanian Pacing Club
+ Launceston Pacing Club
+ Devonport Harness Racing Club
+ Burnie Harness Racing Club
+ Carrick Park Pacing Club
+ St. Marys Pacing Club
+ North East Pacing Club
+ New Norfolk Pacing Club

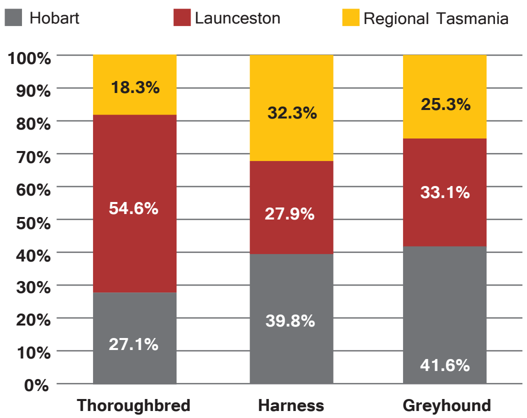
GREYHOUND CLUBS

+ Hobart Greyhound Racing Club
+ Launceston Greyhound Racing Club
+ North West Greyhound Racing Club

RACING PATRONS

During the 2011/12 racing season, thoroughbred, harness and greyhound race meetings across Tasmania attracted attendances of just over 119,200. The following chart illustrates the proportion of total attendances, for each code, within the three regions:

Total Attendances (Proportion) by Region

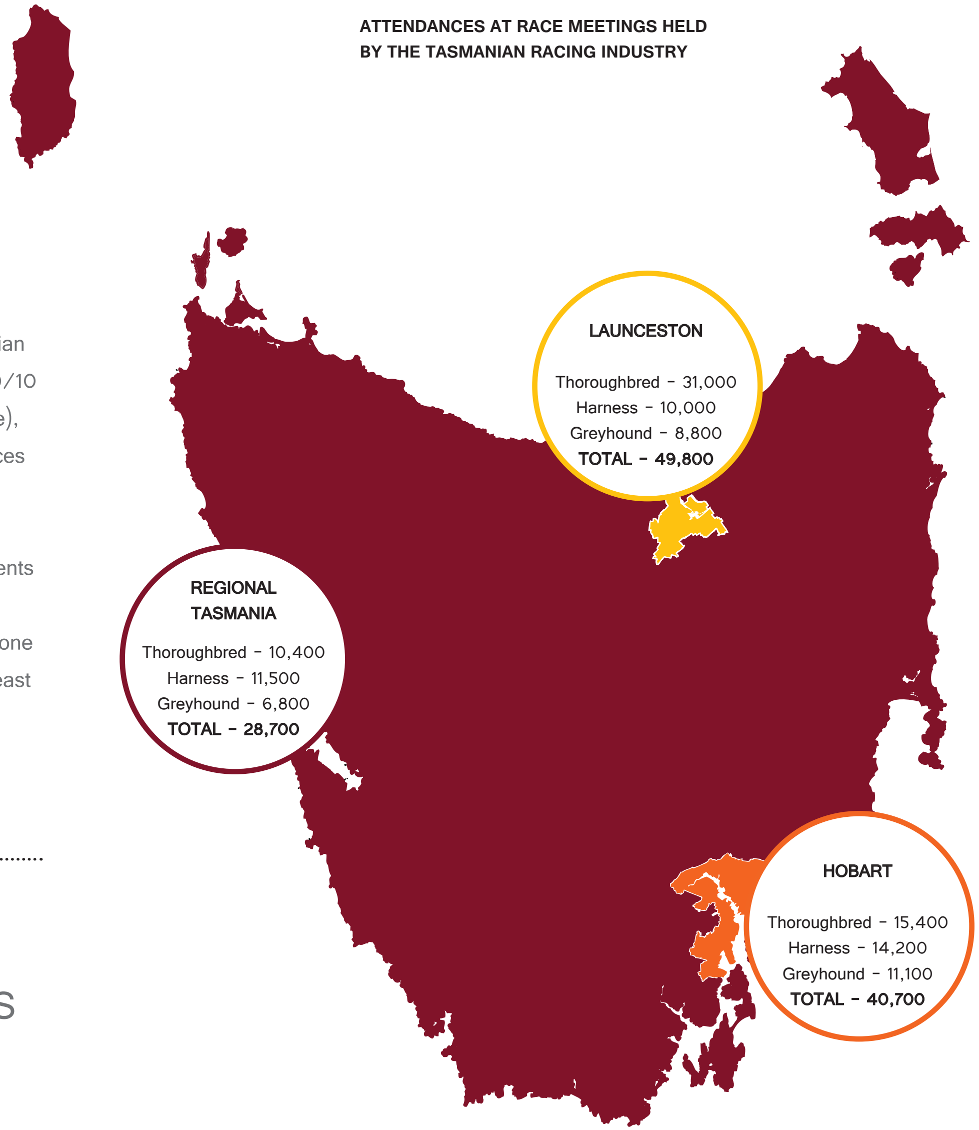


The total attendance of 119,200 includes multiple attendances throughout the course of the racing season by individuals. Whilst there is no primary data from which to estimate the number of individuals who attend race meetings, the Australian Bureau of Statistics (ABS) estimates that in 2009/10 (the last year in which this assessment was made), the Tasmanian racing industry attracted attendances from more than 49,300 individuals.

ABS data suggests that 7.3% of Tasmanian residents attended at least one thoroughbred race meeting in 2009/10. Additionally, 2.8% attended at least one harness racing meeting whilst 2.2% attended at least one greyhound race meeting.

MORE THAN **119,000 ATTENDANCES WERE MADE AT RACE MEETINGS IN TASMANIA** IN 2011/12. JUST UNDER 42% OF THESE ATTENDANCES WERE AT RACE MEETINGS IN LAUNCESTON, WITH HOBART (34%) AND REGIONAL TASMANIA (24%) MAKING UP THE REMAINDER.

ATTENDANCES AT RACE MEETINGS HELD BY THE TASMANIAN RACING INDUSTRY



Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

RACING AND NON-RACING CUSTOMER EXPENDITURE

The racing industry has long been regarded as having the power to generate significant expenditure impacts both within and outside the racetrack. This is a driven by a number of key factors:

+ Racing, unlike most other events, has a strong intrinsic link to fashion - particularly during major racing carnivals.
+ Racing attracts both participant and attendee visitors from outside the State. Participants in particular, represent a high yield market.
+ The corporate entertainment element of the racing product has been a fast growing segment.

Whilst racing clubs rely heavily on their share of industry funding distributions, they are also encouraged to develop their own organic revenues through the creation of raceday experiences on-course and non-raceday utilisation of their facilities. Customer expenditure can be broadly segmented into the following categories:

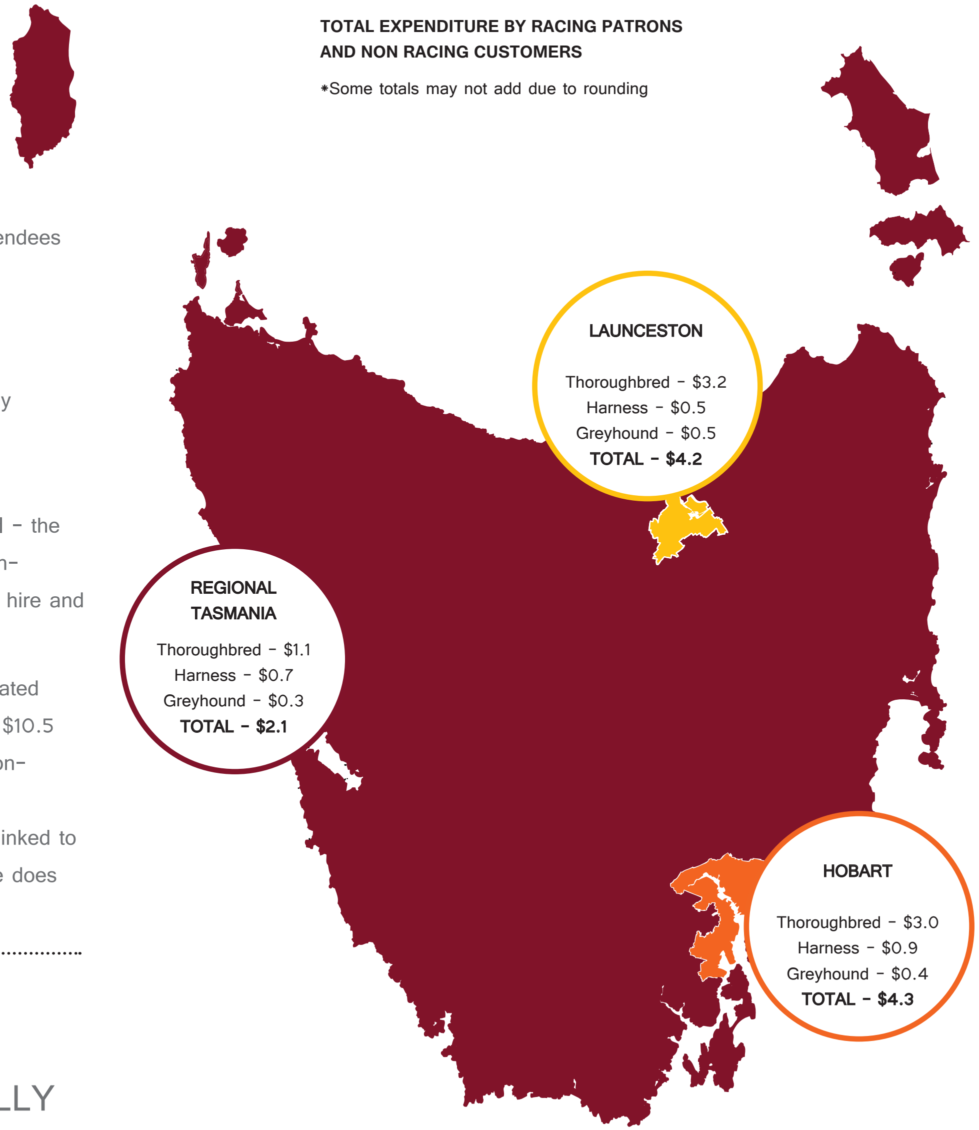
+ **On-course raceday patron spend** - the expenditure generated on-course by attendees at race meetings.
+ **Off-course raceday patron spend** - the expenditure generated in the community by racing patrons as part of their raceday attendance - mainly during major racing carnivals
+ **On-course non-raceday customer spend** - the expenditure made at racing clubs for non-raceday related activities such as facility hire and lease arrangements.

It is estimated that the annual expenditure generated by racing customers and patrons is in excess of $10.5 million, This includes expenditure generated by on-course attendees at race meetings, non-raceday revenues and spending made in the community linked to attendance at a race meeting. This expenditure does not include wagering spend.

ACROSS ALL CODES, IT IS ESTIMATED THAT FOR EVERY $1 SPENT ON-COURSE BY RACEGOERS, A FURTHER $0.66 CENTS IS SPENT ELSEWHERE IN THE COMMUNITY. TYPICALLY THIS SPENDING IS MADE IN THE RETAIL, TRANSPORT & ACCOMMODATION SECTORS

TOTAL EXPENDITURE BY RACING PATRONS AND NON RACING CUSTOMERS

*Some totals may not add due to rounding



Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

Returns to Owners

During the 2011/12 racing season, the Tasmanian racing industry provided racehorse and greyhound participants with the opportunity to share in more than $19.7 million of available prizemoney and bonuses. Whilst the majority of prizemoney is shared by owners, it is important to note that trainers, breeders, jockeys and drivers also receive financial benefits for various elements of their involvement in racing horses and greyhounds.

In total, thoroughbred participants raced for more than $10.3 million in prizemoney and bonuses, whilst harness racing participants raced for nearly $5.5 million and greyhounds participants for more than $3.9 million.

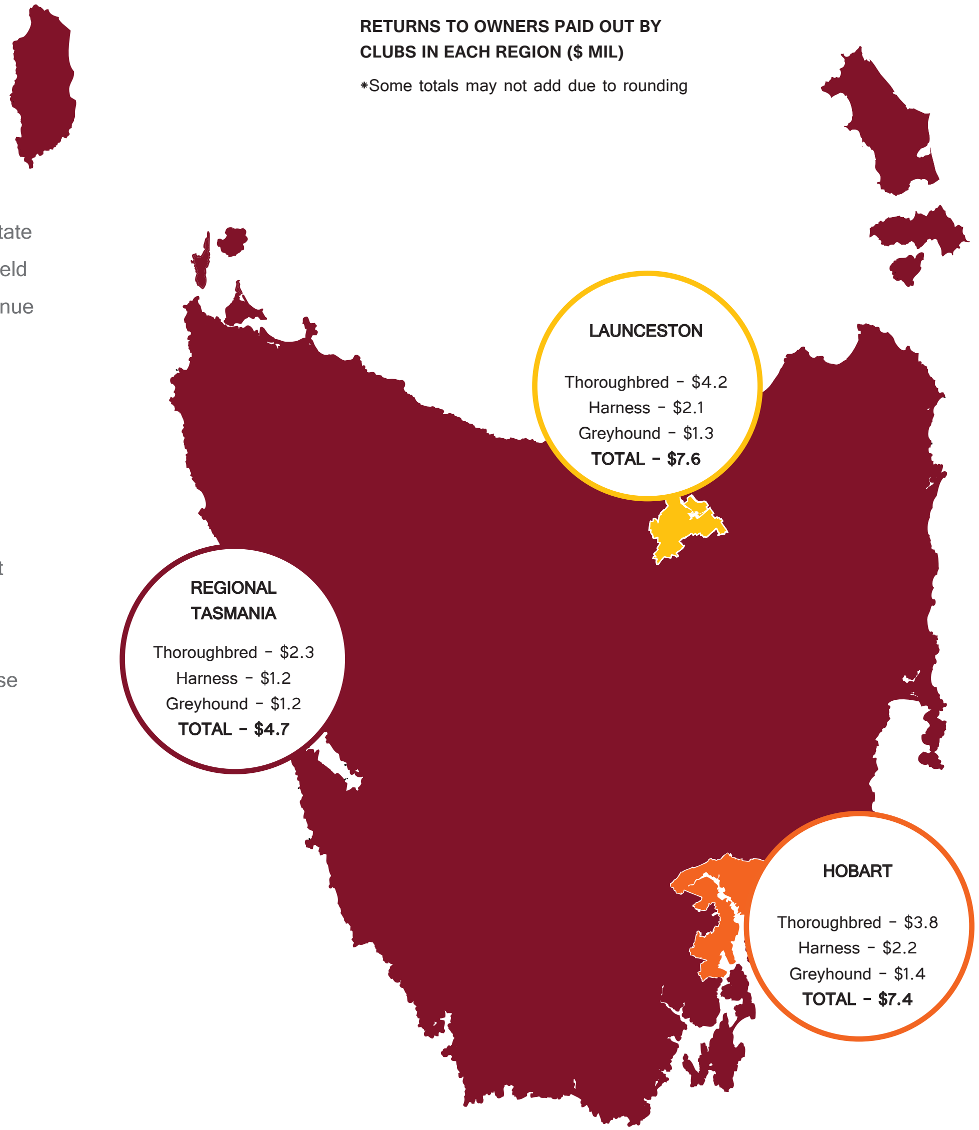
For the most part, prizemoney is funded through industry revenues sourced from the Tasmanian State Government funding deed. The addition of racefield fees in recent years has also added another revenue stream to the industry.

Returns to owners plays an essential part in the vitality of the racing industry. Whilst previous research, in a number of jurisdictions, has shown that owners of racehorses and greyhounds do not necessarily expect to achieve a return on their investment, the opportunity to re-coup some of their expenditure is important. For many, racehorse or greyhound ownership is a leisure pursuit that provides an opportunity to deliver some level of return on their investment.

PARTICIPANTS RACE FOR THEIR SHARE OF THE $19.7 MILLION IN PRIZEMONEY AND BONUSES ON OFFER.

RETURNS TO OWNERS PAID OUT BY CLUBS IN EACH REGION ($ MIL)

*Some totals may not add due to rounding



Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8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Ownership

Owners play a major role in the funding model of both the breeding and racing industry. They provide much of the capital outlay as well as the day-to-day funding for the preparation of racehorses and greyhounds. In 2011/12 there were about 2,340 individuals in Tasmania with an ownership interest in thoroughbred, harness and/or greyhound racing.

Regional Tasmania consists of the highest number of owners in the racing industry (51%), followed by Hobart (37%) and Launceston (12%). When assessed on a per capita basis, regional Tasmania has the highest representation of owners within the population, with an estimated 1 in 144 adult residents indicating that they have an ownership interest in racing.

Research over a number of years has shown that ownership cannot be considered to be solely a business or investment decision. Owners are motivated by a combination of factors such as fun and excitement, the social experience, the thrill of winning and a passion for the horse or greyhound. Many of these owners do not consider their involvement to be a financial investment from which they expect a net positive return. However, it is important to note that financial returns are important, as these funds help to finance and determine their level of involvement in the racing industry.

Cost of preparing racehorses and greyhounds for racing

In 2011/12, owners of racehorses and greyhounds trained in Tasmania spent more than $40.5 million on the preparation of racing animals.

The calculation of expenditure on the preparation of racehorses and greyhounds takes into account the various training and non-training related expenditure items incurred. 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 at the breaking-in stage is different to expenditure on an established 3 year-old racehorse.

The study also takes into consideration non-Tasmanian owned horses and greyhounds which are trained in the state, as this constitutes expenditure within the Tasmanian economy. The study includes an assessment of expenditure profiles on a 'horse/greyhound in training' basis, at various lifecycle stages.

The expenditure figures outlined in this section have been derived through a combination of industry level consultation and surveying of a sample of owners (thoroughbred & harness) and trainers (greyhound) in Tasmania.

The analysis of the expenditure on the preparation of racehorses and greyhounds, includes items such as training fees, insurance, vitamins and supplements, veterinarian fees, gear hire/purchase and racing/trialling fees, amongst others.

TOTAL OWNERS & SYNDICATE MEMBERS

	Thoroughbred	Harness	Greyhound	Total
Hobart	437	321	105	863
Launceston	151	99	36	286
Regional Tasmania	622	467	103	1,192
Total Owners & Syndicate Members	**1,210**	**887**	**244**	**2,341**

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 preparation, 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, the involvement of owners in the industry delivers economic impacts through expenditure on the following items:

Contained in the trainers fee and/or included on the trainers bill (whilst animal is in training)

EXPENDITURE ITEM:
+ Training Fee
+ Farriers
+ Feed & Supplements
+ General Veterinary Bills
+ Transport Costs

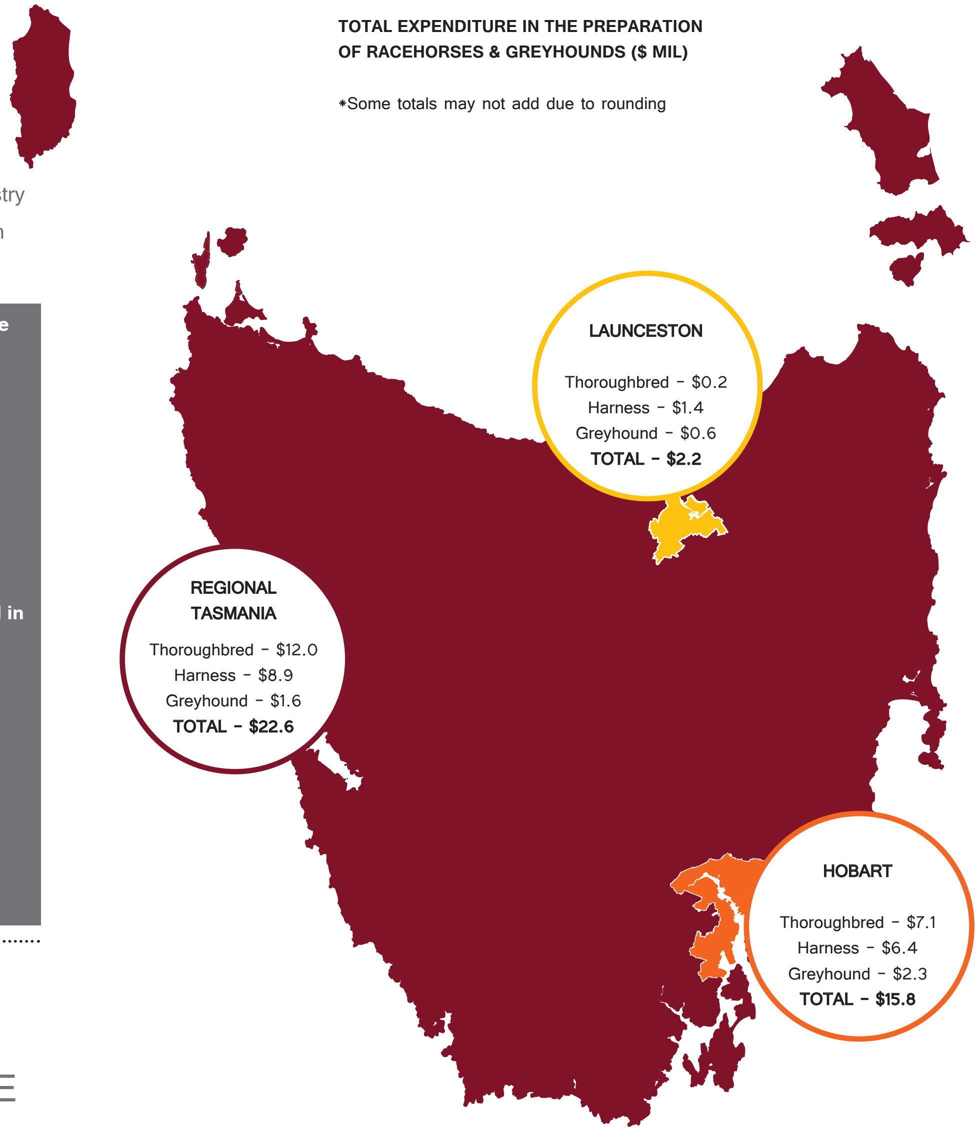
Covered by owners directly (not generally included in trainer accounts)

EXPENDITURE ITEM:
+ Insurance
+ Agistment/Spelling
+ Registration Fees
+ Large Veterinary Bills
+ Accommodation
+ Trophies & Prints
+ Breaking-in/Pre-training

OWNERS INVEST **MORE THAN $40 MILLION IN THE PREPARATION OF RACEHORSES AND GREYHOUNDS** FOR RACING. MORE THAN 55% OF THIS INVESTMENT IS MADE IN REGIONAL AREAS OF THE STATE.

TOTAL EXPENDITURE IN THE PREPARATION OF RACEHORSES & GREYHOUNDS ($ MIL)

*Some totals may not add due to rounding



Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

Training

NUMBER OF TRAINERS

	Thoroughbred	Harness	Greyhound	Total
Hobart	30	58	44	132
Launceston	3	17	14	34
Regional Tasmania	63	137	38	238
Total trainers	**96**	**212**	**96**	**404**

* Many participants hold more than one license in Tasmania. For the purpose of this study, participants have been counted as trainers based on this being their primary role.

NUMBER OF JOCKEYS & DRIVERS

	Thoroughbred	Harness	Greyhound	Total
Hobart	16	19	–	35
Launceston	–	1	–	1
Regional Tasmania	9	23	–	32
Total jockeys & drivers	**25**	**43**	**–**	**68**

NUMBER OF STABLE EMPLOYEES

	Thoroughbred	Harness	Greyhound	Total
Hobart	90	38	–	128
Launceston	21	22	–	43
Regional Tasmania	206	87	–	293
Total stable employees	**317**	**147**	**–**	**464**

NUMBER OF HORSES & GREYHOUNDS IN TRAINING

	Thoroughbred	Harness	Greyhound	Total
Hobart	314	263	366	943
Launceston	10	56	117	183
Regional Tasmania	712	474	316	1,502
Total animals in training	**1,036**	**793**	**799**	**2,628**

Trainers of racehorses and greyhounds

Trainers play an important role in the racing 'service' industry. They employ the assistance of a variety of both skilled and unskilled labour, in delivering their services. In particular, stable staff, trackriders, drivers, farriers and vets are employed by trainers as part of the process of preparing racehorses and greyhounds.

Training services generally incorporate pre-training and race training, trialling and raceday management of a racehorse or greyhound. Trainers' income is mostly generated through trainer's fees charged to owners and a percentage of prizemoney won.

During the 2011/12 racing season, there were more than 400 horse and greyhound trainers# providing services to owners in the Tasmanian racing industry. The majority of trainers are domiciled in regional Tasmania (58.9%), with Hobart (32.7%) and Launceston (8.4%) making up the remainder.

Thoroughbred and harness trainers also employ stablehands/trackriders to assist with the preparation of horses for racing. For many of these people, the employment opportunities offered by trainers utilise both skilled and unskilled labour. Close to two-thirds of these jobs are sustained within regional areas of Tasmania.

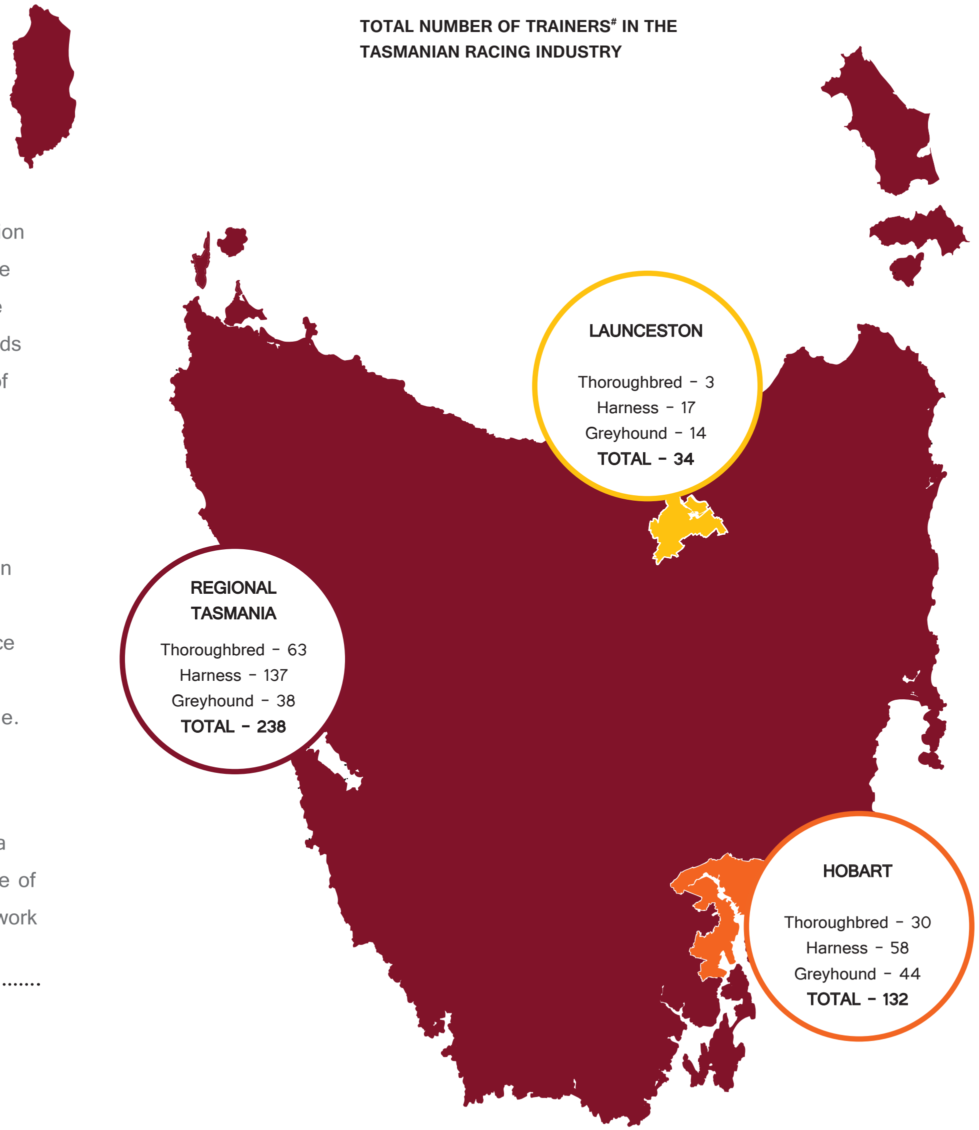
Jockeys, apprentice jockeys and drivers are professional sports people who are nominated by horse trainers to ride/drive their horses in races. In the case of harness racing, some drivers are also trainers - called trainer-drivers. Jockeys, apprentice jockeys and drivers earn riding fees and receive a percentage of prize money to generate their income.

Most jockeys/drivers participate, to some level, in riding and driving horses during their training preparations. Apprentice jockeys are aligned with a particular trainer and will undertake a diverse range of roles including stable duties, race riding and trackwork as well as their education and training.

THERE ARE MORE THAN 400 TRAINERS# WHO PREPARE **MORE THAN 1,000 THOROUGHBREDS, 790 STANDARDBREDS AND 800 GREYHOUNDS FOR RACING.**

* Many participants hold more than one license in Tasmania. For the purpose of this study, participants have been counted as trainers based on this being their primary role.

TOTAL NUMBER OF TRAINERS# IN THE TASMANIAN RACING INDUSTRY



Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

Number of racehorses and greyhounds in training

In 2011/12, there were more than 2,600 thoroughbreds, standardbreds and greyhounds in training in Tasmania. Close to 57% of these horses and greyhounds were in training throughout regional Tasmania.

The training of thoroughbreds occurs on a number of racetracks and private properties in Tasmania. The majority of thoroughbred training occurs in regional Tasmania (69%) and in Hobart (30%).

Close to three in every five standardbreds are trained in regional Tasmania, with a further one-third trained in Hobart.

More than 60% of greyhound training occurs within the Hobart (46%) and Launceston (14.6%) regions. Greyhound training predominantly takes place on private properties.

NUMBER OF RACEHORSES & GREYHOUNDS IN TRAINING IN TASMANIA

Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

Breeding

NUMBER OF STALLIONS & SIRES

	Thoroughbred	Harness #	Greyhound #	Total
Hobart	4	1	5	10
Launceston	5	–	1	6
Regional Tasmania	13	8	3	24
Total stallions & sires	**22**	**9**	**9**	**40**

A significant proportion of the breeding is by artificial insemination (AI)

TOTAL BREEDERS

	Thoroughbred	Harness	Greyhound #	Total
Hobart	24	45	31	100
Launceston	66	18	10	94
Regional Tasmania	112	110	60	282
Total breeders	**202**	**173**	**101**	**476**

The estimation of breeders was based on the average number of people who registered a litter over a two year period

NUMBER OF STAFF EMPLOYED BY BREEDERS*

	Thoroughbred	Harness	Greyhound	Total
Hobart	28	38	18	84
Launceston	76	14	5	95
Regional Tasmania	129	128	36	293
Total staff employed	**233**	**180**	**59**	**472**

* Analysis only includes 'paid employees (full-time, part-time, casual)'. Does not include roles held by individuals for themselves (i.e. not a paid employment). Not a measure of FTE employment.

NUMBER OF BROODMARES & BROODBITCHES SERVED

	Thoroughbred	Harness	Greyhound	Total
Hobart	40	71	34	145
Launceston	114	39	5	158
Regional Tasmania	193	237	53	483
Total mares & bitches	**347**	**347**	**92**	**786**

NUMBER OF LIVE FOALS & PUPS

	Thoroughbred	Harness	Greyhound	Total
Hobart	33	47	173	253
Launceston	93	26	28	147
Regional Tasmania	158	158	305	621
Total foals & pups	**284**	**231**	**506**	**1,021**

The breeding sector is an important part of the supply chain as it provides and replenishes the racing animals for the Tasmanian Racing Industry. There are more than 476 registered breeders in Tasmania. The majority of breeders (61%) reside in regional Tasmania with the remainder, evenly split between Hobart and Launceston. Although some breeders are registered in metropolitan centres, their breeding operations are mostly identified as occurring in regional Tasmania in which the horse and greyhound populations are based.

At the top end of the breeding sector, large stud farms employ many staff and produce large numbers of foals and pups each year. At the other end of the scale, there are a large number of amateur and hobby breeders also producing foals and pups.

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-Tasmanian buyers purchasing Tasmanian breeding stock.

The opposite is also true when owners invest money outside the state purchasing non-Tasmanian bred racehorses and greyhounds - or the purchase of artificial insemination straws for breeding standardbreds and greyhounds.

Cost of producing foals and pups

In 2011/12, breeders in the Tasmanian racing industry spent more than $13.3 million on the 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 broodmares, broodbitches and sires as well as in the breeding and care of foals and pups. In addition to this, breeders also incur costs for:

+ The maintenance of stallions through service fees
+ Artificial insemination costs
+ Sales commission on yearlings sold at auction
+ Bloodstock insurance
+ Registration fees
+ Business related expenditure
+ Sales and marketing related expenditure

The expenditure figures outlined in this section have been derived through a combination of industry level consultation, and primary research amongst breeders in each code across Tasmania.

More than 60% of all expenditure in the breeding sector occurs in the regional Tasmania. The Launceston region contains a high level of breeding activity for thoroughbreds when compared to Hobart. This has resulted in a higher economic contribution in Launceston ($3.0 mil) for the breeding sector when compared to Hobart ($2.3 mil).

BREEDERS SPEND **MORE THAN $13.3 MILLION ON THE PRODUCTION OF RACING STOCK**. MORE THAN 60% OF THE BREEDING ACTIVITY OCCURS IN REGIONAL TASMANIA

Thoroughbred breeding

In 2011/12, 347 mares were covered in Tasmania, producing 284 foals. From an industry perspective, it is important to acknowledge that there are different costs associated with mares depending on their breeding activity in a given year. Empty mares for instance, still incur expenditure despite not producing a foal, and as such need to be included in the assessment.

The thoroughbred breeding sector accounts for 56% of all breeding industry related expenditure in Tasmania. The majority of this expenditure is distributed in regional Tasmania ($4.2 mil) and the Launceston region ($2.5 mil).

Greyhound breeding

In 2011/12, 92 bitches were covered in Tasmania, producing 505 live pups. The greyhound breeding sector accounts for 14.5% of all breeding industry related expenditure in Tasmania. More than 60% of this breeding activity occurs in regional Tasmania.

The following map illustrates the total expenditure by region on thoroughbred, harness and greyhound breeding activities generated in Tasmania.

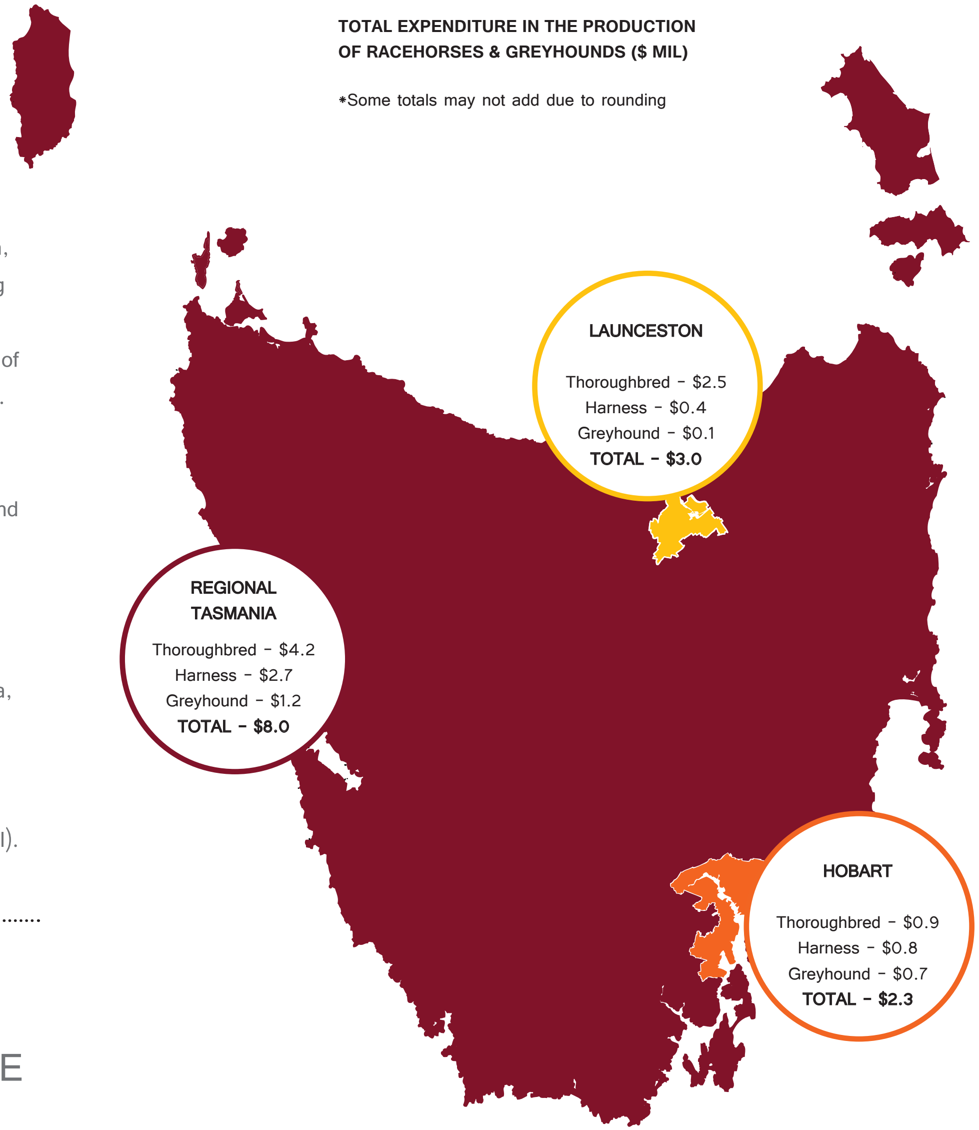
Harness breeding

In 2011/12, 347 mares were covered in Tasmania, producing 231 foals. The harness breeding sector accounts for 29% of all breeding industry related expenditure in Tasmania. The majority of this expenditure occurs in regional Tasmania ($2.7 mil).

BREEDERS INVEST **MORE THAN $13 MILLION IN THE PRODUCTION OF RACEHORSES AND GREYHOUNDS** FOR RACING. MORE THAN 60% OF THIS INVESTMENT IS MADE IN REGIONAL AREAS OF THE STATE.

TOTAL EXPENDITURE IN THE PRODUCTION OF RACEHORSES & GREYHOUNDS ($ MIL)

*Some totals may not add due to rounding



Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

Hobart

- The Hobart 'Significant Urban Area' (SUA) is home to nearly 200,500 residents or nearly 40.5% of the total State population.
- There are a total of four racing clubs operating in the region, two in harness racing, with one each in thoroughbred and harness racing.
- The racing industry in the Hobart SUA is responsible for generating more than $45.9 million in value-added contribution to Gross State Product. This equates to 44.5% of the total impact generated by the Tasmanian racing industry.
- The economic impact generated by the racing industry in this region is responsible for sustaining a total of 439 full-time equivalent (FTE) jobs within the region.
- With 1,654 individuals participating in the racing industry as an employee, volunteer or participant, it is estimated that nearly 1 in every 98 adults has a direct employment or participant involvement with the racing industry in the region.

RACING CLUBS IN THE REGION

THOROUGHBRED

- Tasmanian Racing Club

HARNESS

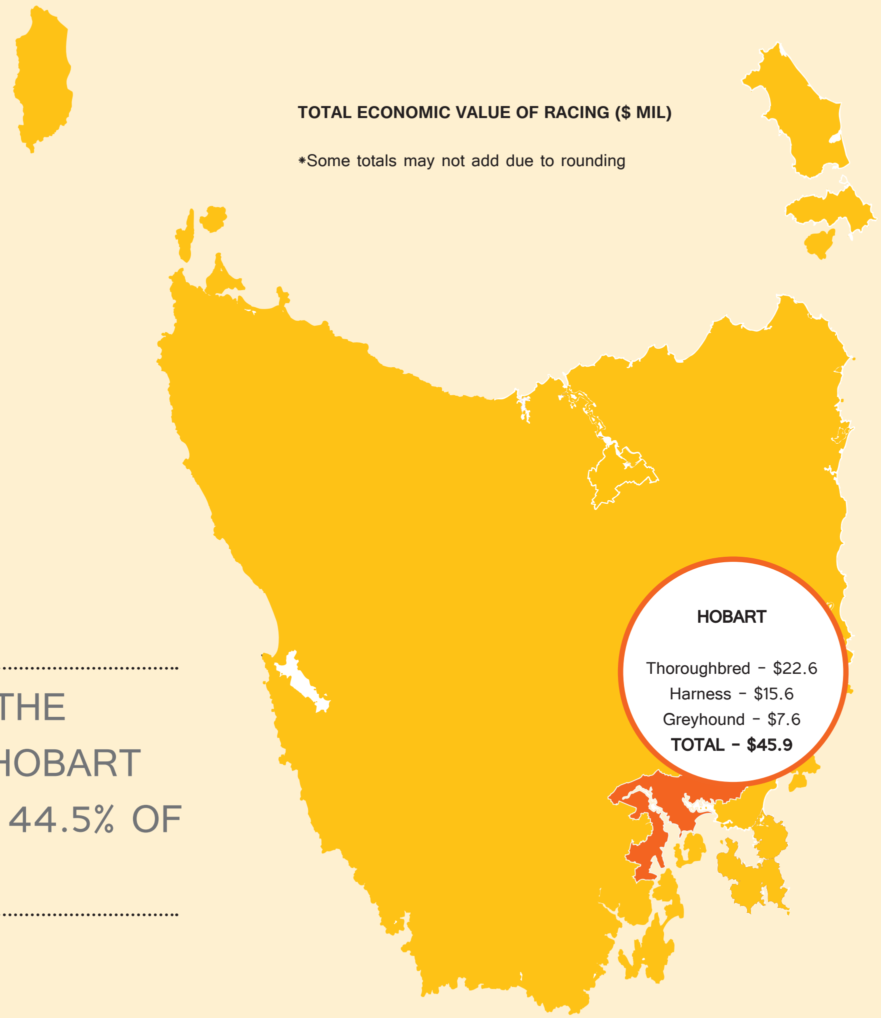
- Tasmanian Pacing Club
- New Norfolk Pacing Club

GREYHOUND

- Hobart Greyhound Racing Club

TOTAL ECONOMIC VALUE OF RACING ($ MIL)

*Some totals may not add due to rounding



THE ECONOMIC VALUE OF THE RACING INDUSTRY IN THE HOBART REGION IS $45.9 MILLION - 44.5% OF THE TASMANIAN TOTAL

Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

ECONOMIC IMPACTS

	Thoroughbred	Harness	Greyhound	Total
Spent on producing foals & pups	$0.9 mil	$0.8 mil	$0.7 mil	$2.3 mil
Spent on preparing racehorses & greyhounds	$7.1 mil	$6.4 mil	$2.3 mil	$15.8 mil
Total direct spending	$20.3 mil	$13.3 mil	$7.1 mil	$40.7 mil
Value-added	$22.6 mil	$15.6 mil	$7.6 mil	$45.9 mil
Full-time equivalent (FTE) employment	215	149	75	439

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At a glance

4 Racing clubs

THOROUGHBRED- 1
HARNESS - 2
GREYHOUND - 1

114 Race meetings

THOROUGHBRED - 24
HARNESS - 34
GREYHOUND - 56

1,091 Races

THOROUGHBRED - 200
HARNESS - 304
GREYHOUND - 587

698 Racing club members

THOROUGHBRED - 383
HARNESS - 120
GREYHOUND - 195

40,700 Attendances

THOROUGHBRED - 15,400
HARNESS - 14,200
GREYHOUND - 11,100

NUMBER OF PARTICIPANTS IN THE TASMANIAN RACING INDUSTRY

	Thoroughbred	Harness	Greyhound	Total
Breeders	24	45	31	100
Breeders staff	28	38	18	84
Owners & Syndicate members	437	321	105	863
Trackwork riders	3	-	-	3
Trainers/Pre-trainers	30	58	44	132
Farriers/Rider agents	6	-	-	6
Stable/Kennel employees	90	38	-	128
Participants in producing racing animals	**618**	**500**	**198**	**1,316**
Full time club staff	5	2	1	8
Part time club staff	2	-	-	2
Casual/Contractor club staff	190	28	25	243
Racing club volunteers	9	20	12	41
Jockeys, drivers & apprentices	16	19	-	35
Catchers	-	-	9	9
Participants in producing the racing product	**222**	**69**	**47**	**338**
Total participants in racing	**840**	**569**	**245**	**1,654**

* Many participants hold more than one license in Tasmania. For the purpose of this study, participants have been counted once, based on their primary role.

THERE ARE **1,654 PEOPLE WHO PARTICIPATE IN THE RACING INDUSTRY IN THE HOBART REGION -** APPROXIMATELY 1 IN EVERY 98 ADULTS LIVING IN THE REGION

Launceston

- The Launceston 'Significant Urban Area' (SUA) is home to more than 82,200 residents or nearly 16.6% of the total State population.
- There are a total of three racing clubs operating in the region, one in each code of racing.
- The racing industry in the Launceston SUA is responsible for generating more than $25.8 million in value-added contribution to Gross State Product. This equates to 25.0% of the total impact generated by the Tasmanian racing industry.
- The economic impact generated by the racing industry in this region is responsible for sustaining a total of 246 full-time equivalent (FTE) jobs within the region.
- With 1,041 individuals participating in the racing industry as an employee, volunteer or participant, it is estimated that nearly 1 in every 64 adults has a direct employment or participant involvement with the racing industry in the region.

RACING CLUBS IN THE REGION

THOROUGHBRED

- Tasmanian Turf Club

HARNESS

- Launceston Pacing Club

GREYHOUND

- Launceston Greyhound Racing Club

TOTAL ECONOMIC VALUE OF RACING ($ MIL)

*Some totals may not add due to rounding

THE ECONOMIC VALUE OF THE RACING INDUSTRY IN THE LAUNCESTON REGION IS $25.8 MILLION - 25.0% OF THE TASMANIAN TOTAL

Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

ECONOMIC IMPACTS

	Thoroughbred	Harness	Greyhound	Total
Spent on producing foals & pups	$2.5 mil	$0.4 mil	$0.1 mil	$3.0 mil
Spent on preparing racehorses & greyhounds	$0.2 mil	$1.4 mil	$0.6 mil	$2.2 mil
Total direct spending	$12.8 mil	$6.1 mil	$4.0 mil	$22.9 mil
Value-added	$14.4 mil	$7.1 mil	$4.3 mil	$25.8 mil
Full-time equivalent employment	136	68	42	246

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At a glance

3 Racing clubs

THOROUGHBRED– 1
HARNESS – 1
GREYHOUND – 1

109 Race meetings

THOROUGHBRED – 26
HARNESS – 29
GREYHOUND – 54

1,055 Races

THOROUGHBRED – 221
HARNESS – 277
GREYHOUND – 557

708 Racing club members

THOROUGHBRED – 438
HARNESS – 95
GREYHOUND – 175

49,800 Attendances

THOROUGHBRED – 31,000
HARNESS – 10,000
GREYHOUND – 8,800

LAUNCESTON

NUMBER OF PARTICIPANTS IN THE TASMANIAN RACING INDUSTRY

	Thoroughbred	Harness	Greyhound	Total
Breeders	66	18	10	94
Breeders staff	76	14	5	95
Owners & Syndicate members	151	99	36	286
Trainers/Pre-trainers	3	17	14	34
Farriers/Rider agents	1	-	-	1
Stable/Kennel employees	21	22	-	43
Participants in producing racing animals	**318**	**170**	**65**	**553**
Full time club staff	1	1	-	2
Part time club staff	2	-	1	3
Casual/Contractor club staff	378	50	16	444
Racing club volunteers	10	8	17	35
Jockeys, drivers & apprentices	-	1	-	1
Catchers	-	-	3	3
Participants in producing the racing product	**391**	**60**	**37**	**488**
Total participants in racing	**709**	**230**	**102**	**1,041**

* Many participants hold more than one license in Tasmania. For the purpose of this study, participants have been counted once, based on their primary role.

THERE ARE **1,041 PEOPLE WHO PARTICIPATE IN THE RACING INDUSTRY IN THE LAUNCESTON REGION -** APPROXIMATELY 1 IN EVERY 64 ADULTS LIVING IN THE REGION

Regional Tasmania

- Regional Tasmania is home to a more than 212,600 residents or nearly 43.0% of the total State population.
- There are a total of eight racing clubs operating in the region, two thoroughbred, five harness and one greyhound racing club.
- The racing industry in regional Tasmania is responsible for generating more than $31.5 million in value-added contribution to Gross State Product. This equates to 30.5% of the total impact generated by the Tasmanian racing industry.
- The economic impact generated by the racing industry in this region is responsible for sustaining a total of 313 full-time equivalent (FTE) jobs within the region.
- With 2,647 individuals participating in the racing industry as an employee, volunteer or participant, it is estimated that nearly 1 in every 65 adults has a direct employment or participant involvement with the racing industry in the region.

RACING CLUBS IN THE REGION

THOROUGHBRED

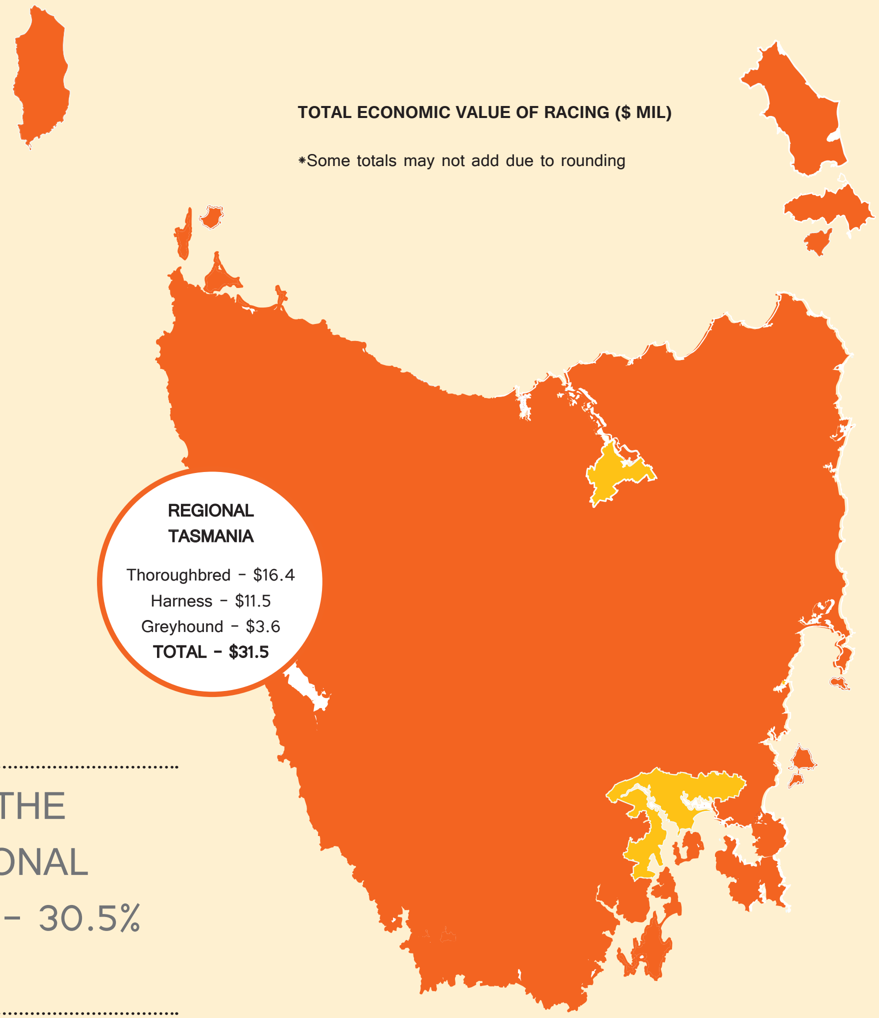
- Devonport Racing Club
- King Island Racing Club

HARNESS

- Devonport Harness Racing Club
- Burnie Harness Racing Club
- Carrick Park Pacing Club
- St. Marys Pacing Club
- North East Pacing Club

GREYHOUND

- North West Greyhound Racing Club



THE ECONOMIC VALUE OF THE RACING INDUSTRY IN REGIONAL TASMANIA IS $31.5 MILLION - 30.5% OF THE TASMANIAN TOTAL

Regions determined within the SUA framework (ABS) as per postcode delineation as outlined on page 8

ECONOMIC IMPACTS

	Thoroughbred	Harness	Greyhound	Total
Spent on producing foals & pups	$4.2 mil	$2.7 mil	$1.2 mil	$8.0 mil
Spent on preparing racehorses & greyhounds	$12.0 mil	$8.9 mil	$1.6 mil	$22.6 mil
Total direct spending	$20.8 mil	$14.5 mil	$4.6 mil	$39.9 mil
Value-added	$16.4 mil	$11.5 mil	$3.6 mil	$31.5 mil
Full-time equivalent employment	163	114	36	313

At a glance

8 Racing clubs

THOROUGHBRED– 2
HARNESS – 5
GREYHOUND – 1

103 Race meetings

THOROUGHBRED – 27
HARNESS – 28
GREYHOUND – 48

900 Races

THOROUGHBRED – 205
HARNESS – 197
GREYHOUND – 498

694 Racing club members

THOROUGHBRED – 156
HARNESS – 360
GREYHOUND – 178

28,700 Attendances

THOROUGHBRED – 10,400
HARNESS – 11,500
GREYHOUND – 6,800

NUMBER OF PARTICIPANTS IN THE TASMANIAN RACING INDUSTRY

	Thoroughbred	Harness	Greyhound	Total
Breeders	112	110	60	282
Breeders staff	129	128	36	293
Owners & Syndicate members	622	467	103	1,192
Trackwork riders	7	–	–	7
Trainers/Pre-trainers	63	137	38	238
Farriers/Rider agents	6	–	–	6
Stable/Kennel employees	206	87	–	293
Participants in producing racing animals	**1,145**	**929**	**237**	**2,311**
Full time club staff	2	–	1	3
Part time club staff	–	4	–	4
Casual/Contractor club staff	113	32	12	157
Racing club volunteers	12	97	23	132
Jockeys, drivers & apprentices	9	23	–	32
Catchers	–	–	8	8
Participants in producing the racing product	**136**	**156**	**44**	**336**
Total participants in racing	**1,281**	**1,085**	**281**	**2,647**

* Many participants hold more than one license in Tasmania. For the purpose of this study, participants have been counted once, based on their primary role.

THERE ARE **2,647 PEOPLE WHO PARTICIPATE IN THE RACING INDUSTRY IN REGIONAL TASMANIA -** APPROXIMATELY 1 IN EVERY 65 ADULTS LIVING IN THE REGION

Appendix

About IER

IER is a leading strategic consulting business specialising in the tourism, events and entertainment industries. For over twenty years, IER has undertaken a considerable number of economic impact studies for both private and Government level clients. In particular, IER has specialised in the horse and greyhound racing industries in Australia and New Zealand over this time.

This study constitutes an economic impact evaluation of the entire Thoroughbred, Harness and Greyhound racing Industry in Tasmania. 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:

+ South Australian Racing Industry (3 codes)
+ Queensland Racing Industry (3 codes)
+ Thoroughbred Racing Industry in Country Victoria
+ Northern Territory Thoroughbred Racing Industry
+ Standardbred and Thoroughbred Racing in British Columbia (2 codes)
+ Australian Harness Racing Industry
+ New Zealand Racing Industry (3 codes)
+ Western Australian Racing Industry (3 codes)
+ Victorian Racing Industry (3 codes)

Associate Professor Barry Burgan

Barry Burgan (B Ec Hons), FINSIA (Fellow) 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 CGE 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 including:

+ Size and Scope of the South Australian Racing Industry
+ Economic and Social Impact Study of Harness Racing in Australia
+ 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
+ Adelaide Festival (1992, 1996 and 2004) for the SA Government
+ Annual assessment of the Adelaide Fringe, WomAdelaide and Clipsal 500 (over the last 5-10 years)
+ Size and Scope Study of Thoroughbred Racing Industry in NT
+ Size and Scope of the Western Australian Racing Industry

Barry provides the economic modelling and advisory services to IER.

Economic Methodology

The economic contribution of an industry is the contribution the industry makes in terms of the generation of gross state or regional product of household income and the employment 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 of that 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, netting out expenditure on imports etc.

It is also generally acknowledged that, in addition to the jobs in direct suppliers of services to the production processes of the industry that the production expenditure has a multiplier effect within the community, extending the spend effect and the impact through the expenditure of wages and purchases of the direct suppliers.

The use of multipliers derived from input-output tables has been 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 ratcheting up the 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 one. Used correctly, multipliers provide a more appropriate measure.

In short, use of these input-output based multipliers allow reporting 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 – which is consistent with national accounting frameworks.

It should also be acknowledged that this study 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 though 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.

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 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 go up and replace that of 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 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 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 and overseas. It would also include the spend by tourists or visitors to the state who come to the races (and for example would include their spend on items outside the racing industry - such as on accommodation or other entertainment and on travel - this non-industry spend is not included in this study). It would also include industry revenues that locals spend where they would not spend it in the state but for their involvement in the activities of racing. It would be reasonably expected that some race attendees would attend events interstate if they were not available in Tasmania, and that some operators would base their operations interstate if this was the case. The information required for this assessment is not available, and as such is out of the scope of this analysis.