



2013 tab.com.au Inter Dominion

Economic Impact Study

Prepared for Harness Racing Australia

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Harness Racing Australia /

Economic Impact 2013 tab.com.au Inter Dominion Championship

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1. Summary of Key Findings /

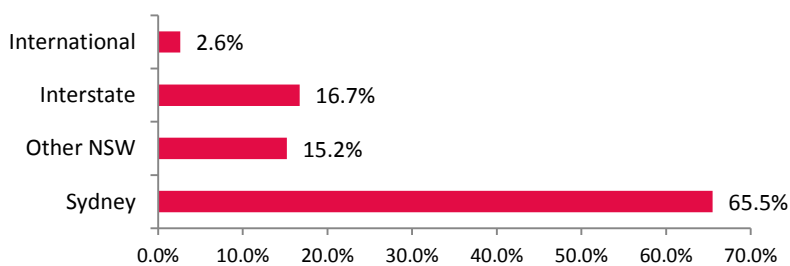
TOTAL GROSS ECONOMIC IMPACT - \$10.09 MILLION
TOTAL JOB CREATION – 91 FULL TIME EQUIVALENT JOBS
EVENT MOTIVATED VISITORS (OUT OF STATE) – 2,127
COMMERCIAL BED NIGHTS GENERATED – 10,811

The key findings from the research of the 2013 tab.com.au Inter Dominion (ID13) include: -

Customer Demographics

The research revealed that across the five Inter Dominions (2009-2013), the gender proportions have remained relatively constant – in 2013 males constituted 57% and females 43%. ID13 attracted a slightly older audience when compared to 2011 and 2012, with just over 57% being over the age of 50. The following chart illustrates the origins of attendees:-

ID13 Attendee origins



Direct Spending

Direct Spending is an important measure as it represents the extent to which the event generates stimulus to local business.

- ID13 generated more than \$7.40 million in direct spending in Sydney
- More than 25% (\$1.91 million) was spent on accommodation in Sydney
- More than 15% (\$1.14 million) was spent on food & beverages in Sydney

Tourism Impact

ID13 generated significant tourism impacts for the Sydney region:-

- In total, 2,907 individuals travelled to Sydney to attend ID13.
- It is estimated that these visitors generated 10,811 bed nights in commercial accommodation during their stay.
- This accommodation consumption delivered \$1.82 million in spending for the accommodation sector in Sydney
- The average interstate visitor (who travelled primarily to attend ID13) stayed 4.1 nights, whilst international visitors stayed 5.1 nights.



Economic Impacts

The economic impact measures the amount of spending that actually contributes to growth of the host city economy.

- The total gross expenditure linked to the Inter Dominion is estimated at \$7.41 million
- This expenditure is responsible for creating a total of \$3.64 million value added (or wages income plus gross operating surplus) directly, with wages and salaries being \$2.27 million, and there being approximately 47 jobs (in full time equivalent terms)
- However the flow on effects linked to this expenditure more than double the size of the contribution the sector makes. Including the flow on effects, the total contribution of the racing sector is estimated as \$10.09 million value added (or wages income plus gross operating surplus, with wages and salaries being \$5.50 million, and approximately 91 jobs (in full time equivalent terms).

2. Background Information /

2.1 Overview

Contested since 1936, the Inter Dominion is the pinnacle race on the Australasian harness racing calendar attracting horses from around Australia, New Zealand and the USA. Historically, the host of the series has been rotated between the 6 harness racing states of Australia and the North and South Islands of New Zealand. New South Wales has the rights to run the Inter Dominion for three years (2013 -2015).

Traditionally the series was held over a two week period with heats run over a sprint distance (1600m - 1900m), a middle distance (2100m - 2300m) and a staying distance (over 2400m). The scheduling of the distances is usually at the discretion of the host club. The final and consolation are usually held one week after the final round of heats over a distance in excess of 2400 meters.

ID13 was held over three weeks at Tabcorp Park, Menangle. In an entirely new concept Qualifying Heats were held throughout Australasia over a 90 minute period during the evening of 16 February, including 2 at Tabcorp Park Menangle. The carnival continued on February 23rd with the running of the Allied Express Pink bonnet and Rod Fitzpatrick Memorial finals. Im Themightyquinn (NZ) wowed the large crowd at the Grand Final by winning his third tab.com.au Inter Dominion in succession at Tabcorp Park Menangle on Sunday Afternoon, 3rd March.

2.2 Objectives of the Study

The primary purpose of this report is to provide an independent assessment of the economic impacts generated by ID13 on the Sydney and New South Wales economies. Unlike the 2011 study, which assessed the economic impacts at a regional and national level (Auckland and New Zealand); this study measures the economic impacts on a regional and state basis.

The main objectives of the HRA study are:

1. To provide an independent estimate of the economic impacts generated by the Inter Dominion including:-
 - a. Direct expenditure generated by Customers
 - b. Value added contribution to Gross Regional Product
 - c. FTE employment impacts generated by the Series
 - d. State and Federal Government revenue generated by the Series
 - e. Calculate the total economic contribution of the Inter Dominion to the host city economy, including spending by all attendees irrespective of origin.
2. To provide a basis for long term benchmarking and time-series analysis on key event and economic impact indicators.

3. To identify the number of interstate and overseas visitors who came to the state for the Inter Dominion and assess the flow on tourism benefits that are generated.
4. To report on visitor spending patterns at the racecourse and also in the community during their visit.
5. To provide valuable marketing information that positions Harness Racing Australia, its members and future host clubs for increased corporate, public and government support.

The methodology employed to undertake this assessment has been developed with consistency in mind, to ensure that past and future Inter Dominion assessments can be easily compared. The assessment of economic impacts is based upon key indicators which can be defined as follows:-

- **Direct expenditure:** - the calculation of direct expenditure effectively measures the total spending generated by all customers and participants involved in the ID13 series. This measure is not an attempt to quantify the ultimate growth impact on the economy (this is achieved through the calculation of value added impacts). Rather, this measure provides an indication of the economic stimulus that is generated by the event which provides direct impacts on businesses in the regional host economies.
- **Value added contribution:** - the calculation of value added contribution generated by ID13 is a measure that quantifies the extent to which hosting the event in the three host cities increases the value of Gross Regional and State Products. Essentially, the extent to which ID13 grows the local and Statewide economies is driven by the ability to attract visitors to the region and, to a lesser extent, the ability to retain local resident spending that would otherwise be lost to another market (i.e. if the Inter Dominion was held in another State or Country.)
- **Gross Regional Product:** - is defined, essentially, the same way as Gross State Product, albeit on a regional level (i.e. Host regional economy). It is a measure of the value of goods and services becoming available to the region as a result of economic activity generated by ID13.
- **FTE employment impacts:** - the extent to which employment impacts can be allocated against ID13 depends upon the determination of the level of economic activity generated by the event. Employment that is identified as being a result of the increased in demand and expenditure generated by the event, leads to an increase in the level of full-time and/or part-time employment in the region. Outputs are referred to in terms of full time equivalent (FTE) positions and takes into account both full time and part time employment.
- **State and Federal Government revenue:** - the extent to which wagering activity delivers taxation revenues to the State and Federal Governments. Whilst economic activity also delivers taxation revenues through direct taxes (PAYG, GST etc.), it is the wagering tax which is uniquely generated by harness racing activities.

2.3 Study Methodology

Population of Interest

The population of interest to this study was attendees at three key events during the 2013 ID13 Series at Tabcorp Park Menangle. For the purpose of this study, 'attendees' are identified as racegoers who attended the heats and finals of the ID13.

Instrumentation

The data for this study was collected using a face-to-face survey, with IER deploying its field research staff on each night of the event.

Data Collection

In order to generate an adequate sample size for each of the race nights, data was collected using field research staff. IER sent trained research staff to each of the three race nights for the purpose of data collection. IER field staff were instructed to approach attendees randomly at each of these events and request them to provide details pertaining to demographics, advocacy, advertising recall and tourism behaviour. IER instructed all field staff working at the events to collect data from attendees upon entry and at key locations throughout the raceway.

Survey Development

The face-to-face surveys were developed in line with the methodology that was employed for the previous four Inter Dominions. All attendees were asked a generic set of questions (page 1 of the survey) and then depending on the visitor's residence (Sydney, intrastate, interstate or overseas), they were asked a range of questions relating to their travel and expenditure.

Whilst many of the questions remained static, there were subtle differences to reflect the different profiles of attendees. The main differences were based on the customer type and visitor origin. The following examples illustrate the main purpose for developing different survey tools:-

- Different customer types require different analysis. For instance: - Corporate guests are invited to the races and generally do not pay for entry, racebook or food and beverages. Therefore it is important to capture their personal spending as well as company expenditure.
- The type of travel arrangements plays a role in the types of questions asked. For instance: - It is important to establish for travelling attendees, whether they booked a tour package or were making their own arrangements. Attendees who book tour packages were asked the total cost of the package and personal expenses, rather than itemising each expenditure item.

In addition to the economic and tourism questions, the survey also assessed attendee satisfaction, motivations to attend and communication recall.

2.3.1 Sample Design

In attempting to determine the population demographics from the ID13 audience, IER developed a thorough sampling design. This sampling process allowed for the development of attendee data samples from within each of the following customer groups:-

- **Sydney Residents** – Attendees who reside in the greater Sydney region
- **Other NSW Residents** – Attendees who reside within New South Wales, but not in Sydney
- **Interstate and Overseas Residents** – Attendees who reside out-of-state

It is important to segment the customer groups as this enables IER to determine expenditure by 'locals' and direct in-scope expenditure. Furthermore, it allows for a separate analysis of the economic impact of the ID13 on the Sydney economy.

Field staff were sent to each of the three days of ID13 and distributed within the different areas of the racetrack. Events such as ID13 are not able to quantify the exact population demographics of their audience. They must, therefore, rely upon the sampling process to deliver the information that is ultimately used to define the audience.

In order to deliver a sample that can represent the population, a random sampling process was undertaken on each of the three nights. Field staff were instructed to approach attendees randomly by making contact with every third person.

At this stage, field staff asked the attendee if they would be happy to complete a survey about their attendance at ID13. Attendees were interviewed immediately by way of a face-to-face survey. In total, IER field staff collected 606 surveys from attendees across the three race events. When taking into consideration the number of individuals who attended the three nights of the ID13 (11,824), this represents a confidence interval of 3.88 at a confidence level of 95%.

Analysing Attendee Data

Once the surveys were all collated and entered into the database, IER cleansed the data to ensure a high level of quality control of the information received. Analysis was then undertaken and data segmented into visitor origins. Care was taken to identify and assess package visitors within the sample.

Data Received from Harness Racing NSW

The customer data was then supplemented by actual event data provided by Harness Racing NSW (HRNSW). This data included:-

- Wagering turnover
- Attendances (split by the four race events)
- On-Course Revenues
- Details of non-racing social events held
- Interstate and International Participant Data

IER utilises a combination of attendee data and actual race club/industry data in the calculation of economic impacts within this study.

2.3 Economic Methodology

The assessment of economic impacts accruing from ID13 has been determined utilising a regional input output (IO) model. It was determined that the IO approach was best suited to an event of this size. This model is based on an IO table (often referred to as the transaction table) that shows, in value terms, the supply and usage of goods and services within an economy or a region over a particular period. A row of an IO table exhibits usage by dependent industries and final demand categories of the output of each industry. The transaction table gives details of primary and intermediate inputs used in each industry. The table is balanced, as total inputs into each industry must be equal to total outputs. The advantage of using an IO table is that it allows the calculation of a set of disaggregated multipliers to measure the economic impact of an economic stimulus, such as unit increase in final demand, on output, value added, income and employment. The increase in final demand is normally measured in value terms, such as an increase of one dollar in sales to final demand by an industry.

The IO tables generate two types of multipliers. Type I multipliers measure the direct and indirect effects (on income or output) resulting from a unit increase in final demand for a particular industry. Type I multipliers take no account of induced income effects. In general, Type I multipliers take into account the initial impact (direct impact) on final demand and the additional output required from other industries in the economy (or region) needed to supply the additional demand of the industry receiving the initial impact (this is also called industry support). The industry support multipliers account for the flow-on effects that occur as the initially impacted industry changes its demand for inputs required from other industries. Therefore, Type I multipliers capture the initial impact (direct impact) plus the flow-on effects due to the change in input demands by the supporting industries leading to additional activities.

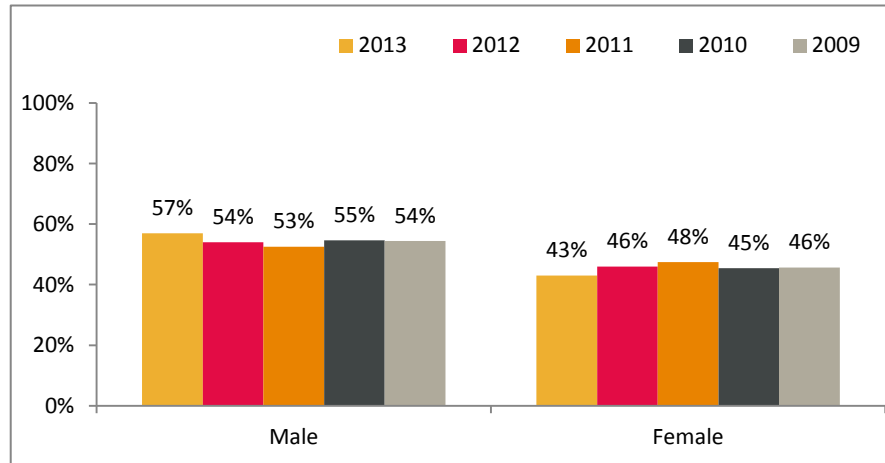
Type II multipliers represent the type I impact plus the flow-on effects of subsequent rounds of consumer spending that results from the increase in household income (the consumption induced effect). It is generally believed that Type II multipliers overstate the true impact of a change to the final demand.



3. Attendance Demographics /

3.1 Gender

Figure 1: Gender



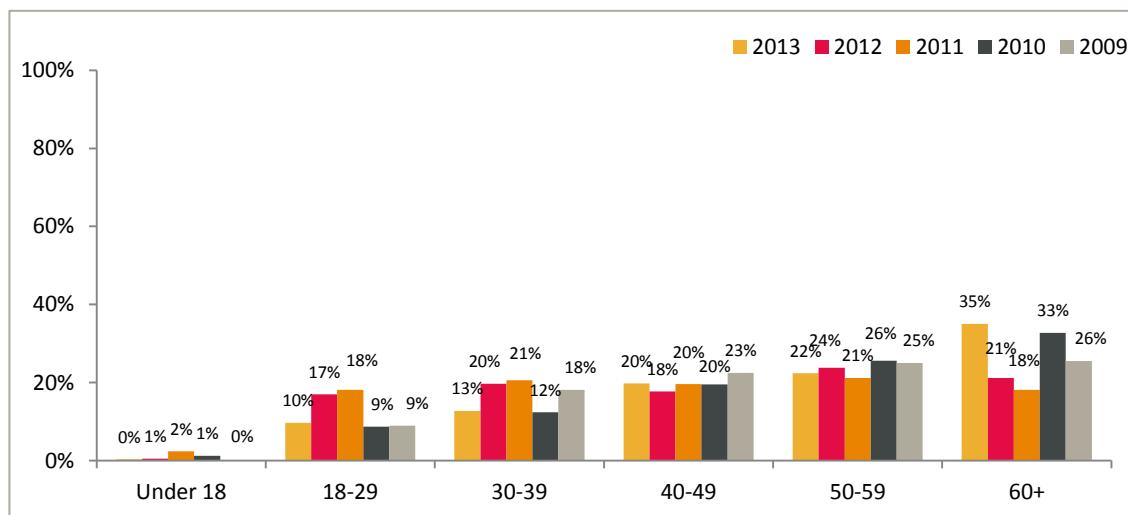
Base: All attendees (n=606)

Q: Are you...?

Figure 1 above illustrates the gender breakdown of the ID13 attendees. This chart demonstrates that there were more males (57%) than females (43%) – which continues a common trend across the past five Inter Dominions

3.2 Age

Figure 2: Age



Base: All attendees (n=606)

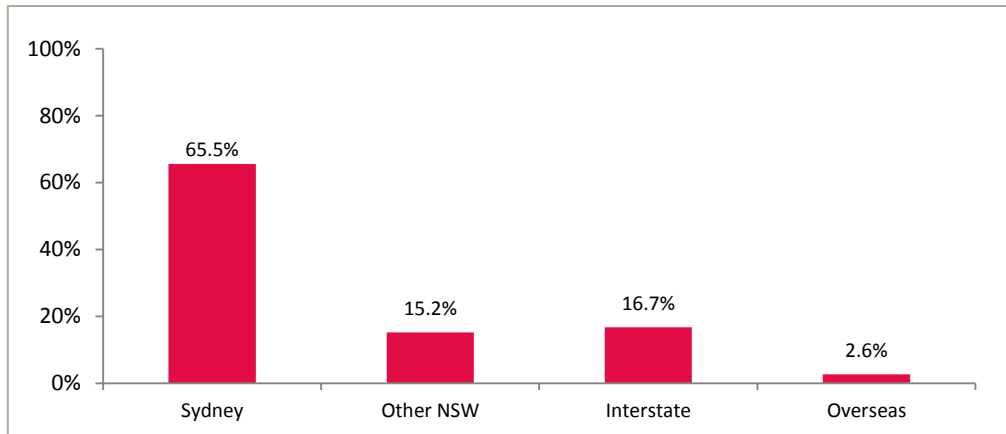
Q: In what year were you born...?

In 2013, the data clearly showed that as the age groupings increased so too did the number of attendees in each. The highest age category was 60+ (34.5%) followed by 50-59 (22.1%).

3.3 Visitor Origin

Assessing the visitor origin of attendees is important for both profiling the demographic characteristics of ID13 attendees and understanding the events' tourism impact.

Figure 3: Visitor origin



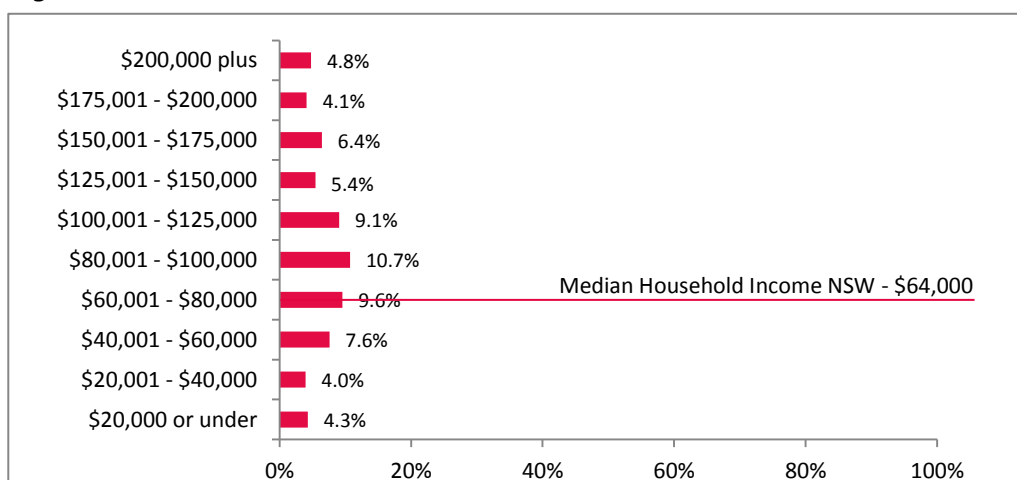
Base: All attendees (n=606)
 Q: Where is your normal place of residence...?

The graph above illustrates that the ID13 was primarily attended by Sydney residents, with approximately 65% of the audience residing in metropolitan Sydney. Just over 15% were categorised as intrastate visitors (residing in other parts of New South Wales) while 16% travelled from interstate. Of those who travelled from overseas, 94% indicated that they live in New Zealand.

3.4 Annual Household Income

The household income of attendees is displayed in the graph below. This figure illustrates that the highest proportion of the audience had a household income in excess of \$100,000 – approximately twenty nine per cent, which is consistent with the findings from the 2012 Inter Dominion.

Figure 4: Household income

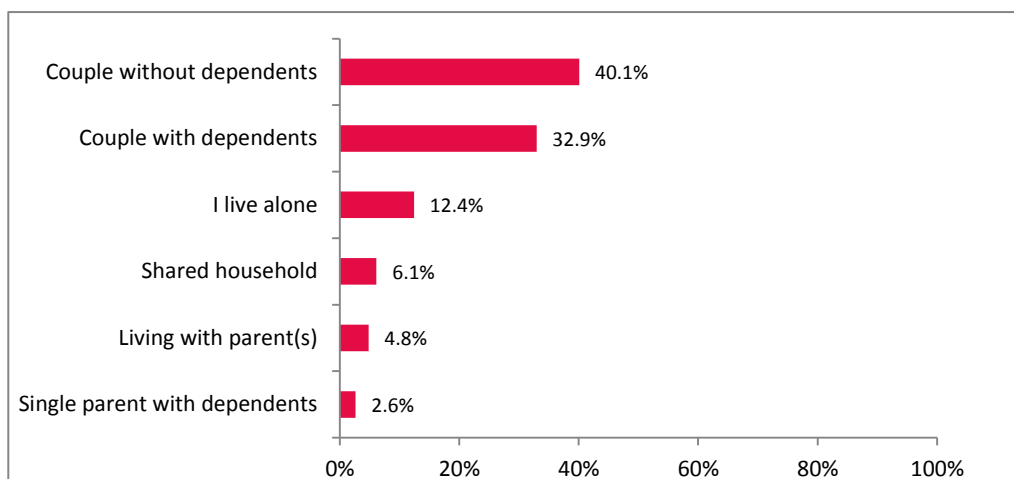


Base: All attendees (n=606)
 Q: Which range represents your annual personal income (before tax)?

3.5 Household Composition

The household composition of attendees is displayed in the graph below. This figure illustrates that the highest proportion of the audience live in a household which is comprised of a couple without dependents – approximately forty per cent. This is followed closely by couples living with dependents (32.9%). This also supports the findings that reveal the ID13 audience to be highly comprised of those in the 50+ age categories (57%).

Figure 5: Household Composition



Base: All attendees (n=604)

Q: Which of these best describes your household composition?

The 2013 tab.com.au Inter Dominion attracted an attendance of more than 17,517¹ over the three nights of the event. Nearly thirty five percent of these attendances originated from outside of the host city.

Figure 6: Visitor Origin

Attendance at ID13	% of Audience	Number of Attendances	Number of Individuals
Host City	65.5%	11,474	7,746
Other NSW	15.2%	2,663	1,795
Interstate	16.7%	2,925	1,971
International	2.6%	455	312
Total	100.0%	17,517	11,824

Base: All attendees (n=606)

Q: Where is your normal place of residence...?

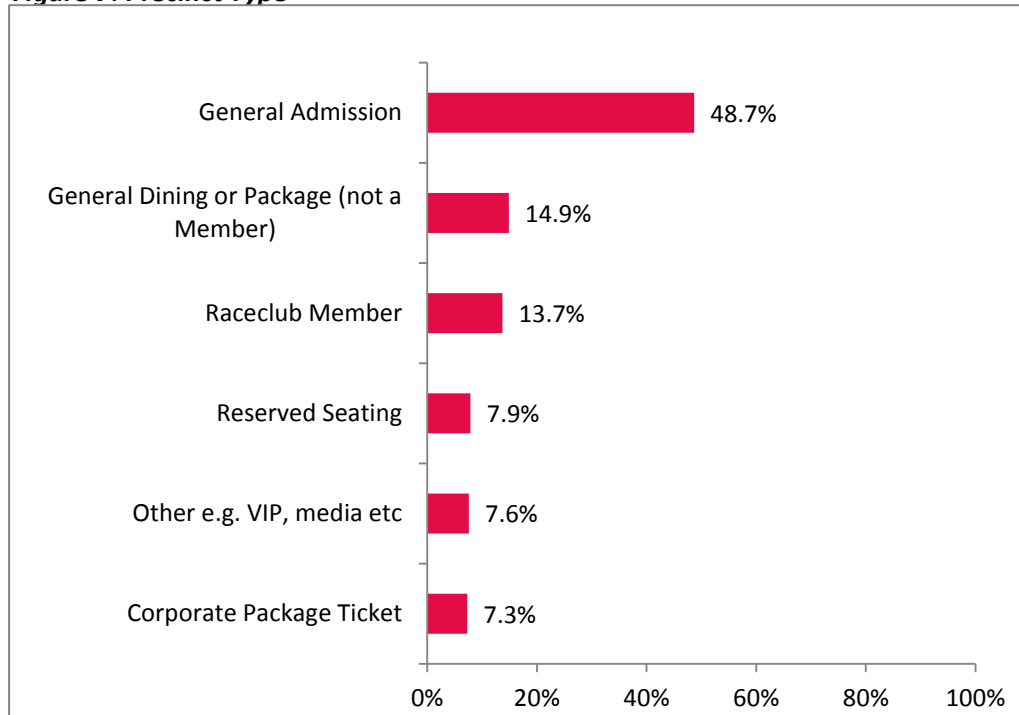
This is noteworthy, as these visitors represent the sizeable attraction of inbound tourists generated by ID13 for the Host City. Survey data, collected during the three days of ID13, revealed that the average person attended 1.48 harness meetings. Average attendance was slightly higher amongst intrastate (1.34) and interstate (1.35) visitors compared to overseas (1.18) visitors. The recorded attendance of 17,517 therefore reflects the actual attendance at ID13 by more than 11,824 individuals.

¹ This does not include staff who worked at ID13, but includes participants



From an economic impact perspective, attracting greater numbers of tourists equates to an increase in benefits for the local economy. Nearly 19.3% of the attendances were attracted from outside of New South Wales which is a significant result. From a host city economy perspective, the 34.5% of attendances attracted from outside the local area represent a considerable economic impact on the economy (in total, 4,078 individual visitors).

Figure 7: Precinct Type



Base: All attendees (n=606)

Q: With which of the following types of tickets are you attending this race meeting?

The chart above illustrates that close to half of attendees enjoyed their experience at the ID13 in general public areas. This was not consistent with past Inter Dominions which has seen between 63% - 75% of attendees in the general admission areas. This year, close to 15% spent their time in a general dining or package area, while a further 13% spent their evening in the Members areas.

4. Tourism Impacts /

4.1 Attendance by Intrastate Visitors

The survey revealed that ID13 attracted 15.2% of its audience from other parts of New South Wales, outside the host city. This equates to just over 2,659 attendances or 1,795 individuals. The survey revealed the following information regarding intrastate visitors:-

- Overall, 43% of intrastate attendees stayed overnight (761 individuals) as a result of their attendance at ID13.
- They stayed an average of over three nights (3.23) in the Greater Sydney region
- In total, intrastate visitors generated more than 2,260 commercial bed nights in Greater Sydney as a result of attending ID13 (with an additional 240 non-commercial bed nights)

More than 96% of intrastate visitors surveyed revealed that their visit to Sydney was inspired by a desire to attend ID13.

4.2 Attendance by Interstate Visitors

The survey revealed that ID13 attracted 16.7% of its audience from Interstate. This equates to just over 2,920 attendances or 1,971 individuals. The survey revealed the following information regarding Interstate visitors:-

- Overall, 95% of interstate attendees stayed overnight (1,815 individuals) as a result of their attendance at ID13.
- They stayed an average of over three nights (3.96) in the Greater Sydney region
- In total, interstate visitors generated more than 7,000 commercial bed nights in Greater Sydney as a result of attending ID13 (with an additional 288 non-commercial bed nights)

More than 94% of Interstate visitors revealed that their visit to New South Wales was inspired by a desire to attend ID13.

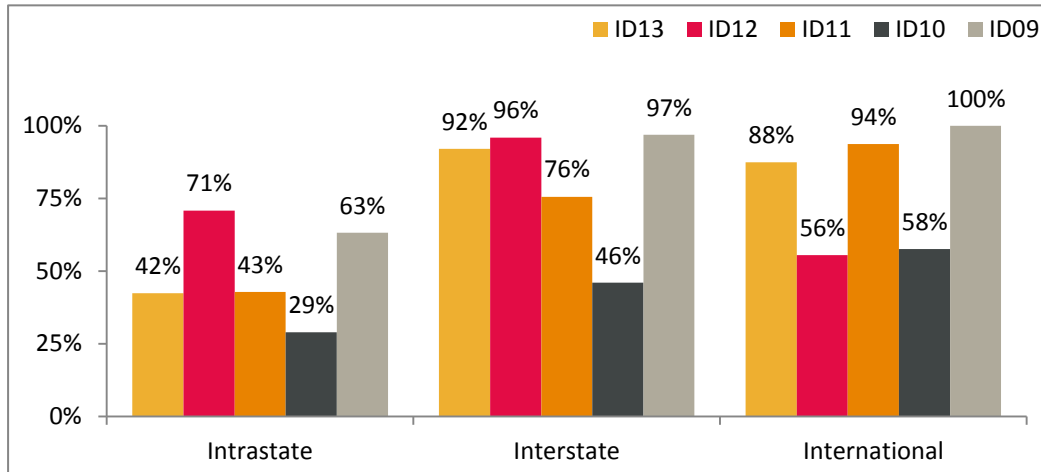
4.3 Attendance by International Visitors

The survey revealed that ID13 attracted 2.6% of its audience from Overseas. This equates to 462 attendances or 312 individuals. The survey revealed the following information regarding International visitors:-

- Overall, 87% of international attendees stayed overnight (273 individuals) as a result of their attendance at ID13.
- They stayed an average of over three nights (5.14) in the Greater Sydney region
- In total, international visitors generated more than 1,400 commercial bed nights in Greater Sydney as a result of attending ID13

More than 87% of overseas visitors revealed that their visit to New South Wales was inspired by a desire to attend ID13 – the same amount of people who actually stayed in the Host City during their trip.

Figure 8: Proportion of the Audience who stayed overnight in the host cities



Base: All attendees (n=606)

The survey of attendees at ID13 revealed that more than 34% of the audience travelled from outside the host city, with interstate and international visitors staying on average 4.9 and 5.1 nights in New South Wales respectively. This makes ID13 a considerable generator of economic and tourism stimulus for New South Wales. The chart above reveals the proportion of the audience that stayed overnight in the host city as a result of their attendance at ID13.

This year, travelling visitors were also asked how many nights they spent in other parts of New South Wales during their trip. Just over 13% of interstate visitors revealed that they spent at least one night in other parts of New South Wales (average of 6.3 nights) while 0.2% of intrastate visitors stayed an average of 1.5 nights. International visitors did not spend any extra nights in other parts of New South Wales during their trip.

The table below illustrates the average length of stay in Sydney by Intrastate visitors and New South Wales by out-of-state visitors for primary purpose attendees.

Figure 9: Length of stay in Sydney

Length of Stay in Sydney	Number of Nights Per Person
International	5.14 nights
Interstate	3.96 nights
Other NSW	3.23 nights

International visitors to ID13 stayed the longest (5.14 nights) with interstate visitors staying 3.96 nights. The calculation of bed nights generated by ID13 is developed within the following framework:-

- An assessment of the entire length of stay in the host city by those visitors who indicated that ID13 was the primary reason for their visit to the host city,
- An assessment of the extended length of stay generated by the event. Within the audience, there were visitors who revealed that they had travelled to NSW for reasons other than ID13, but made the decision to attend the event at some time during their stay. Their expenditure and travel impacts can only be included within the ID13 economic impact assessment where they subsequently change their plans to stay longer. This was a very small segment within the ID13 audience (and limited to interstate attendees).

4.4 Accommodation Impacts

The following table illustrates the total impact generated for the accommodation sector in Sydney, as a result of ID13:-

Bed Nights Generated in Sydney/NSW	Intrastate Visitors	Interstate Visitors	International Visitors	Total
Total Bed Nights (Commercial)	2,269	7,138	1,404	10,811
Total Accommodation Spend	\$409,743	\$1,196,833	\$217,687	\$1,824,263
Accommodation Spend Per Night	\$180.61	\$167.67	\$155.04	\$168.74

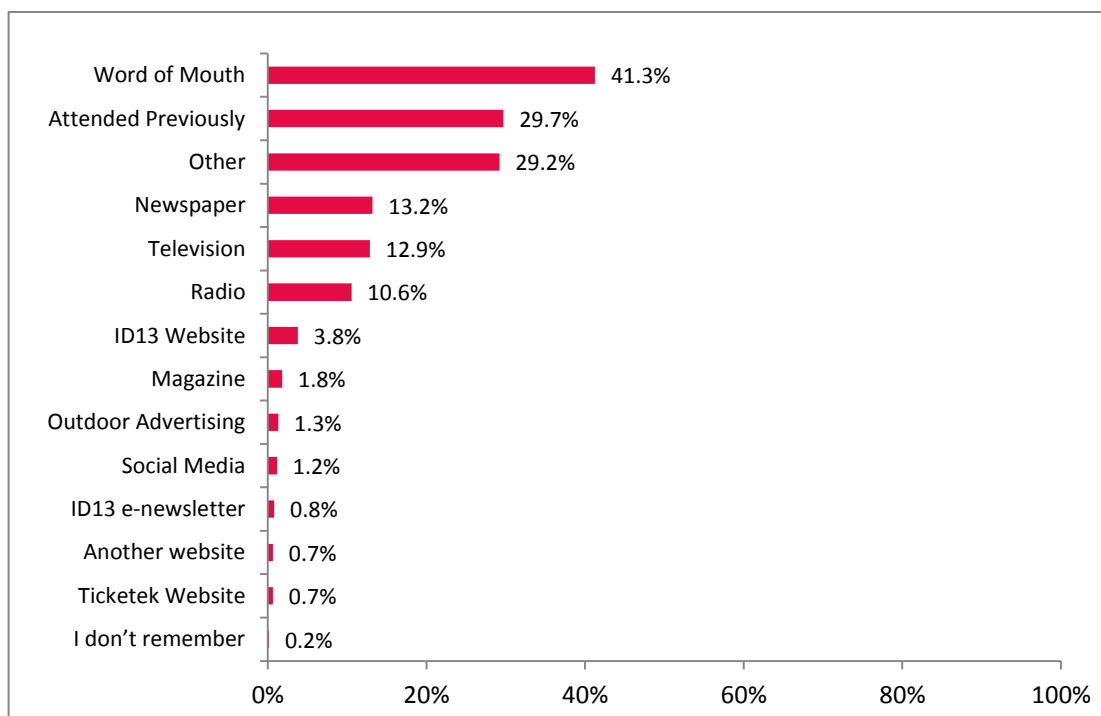
The chart above illustrates the considerable impact that ID13 had on the accommodation and travel industry in Sydney/NSW. Analysis of customer data reveals that ID13 was responsible for generating more than 10,800 commercial bed nights. In addition to the commercial bed nights generated, visitors spent more than 520 bed nights in non-commercial accommodation.

5. Advertising Recall and Attendance Motivations /

5.1 Advertising Recall

The chart below illustrates how attendees at the ID13 heard about the carnival. More than 40% of attendees indicated that they had heard about the event through 'word of mouth' while a further 29% had attended the event previously. Approximately 37% were recalled hearing about the event through – 'Newspaper' (13.2%), 'Television' (12.9%) and 'Radio' (10.6%). Around 30% indicated 'other' reasons for their knowledge about the Inter Dominion Carnival. Of these people, the majority (59%) said they knew because of their involvement in the Harness Industry while a further 15% simply stated that they are always aware that the Inter Dominion is occurring.

Figure 10: Advertising Recall



Base: All attendees (n=606)

Q: How did you find out about the Inter Dominion Carnival?

6. Customer Advocacy /

6.1 Net Promoter Score

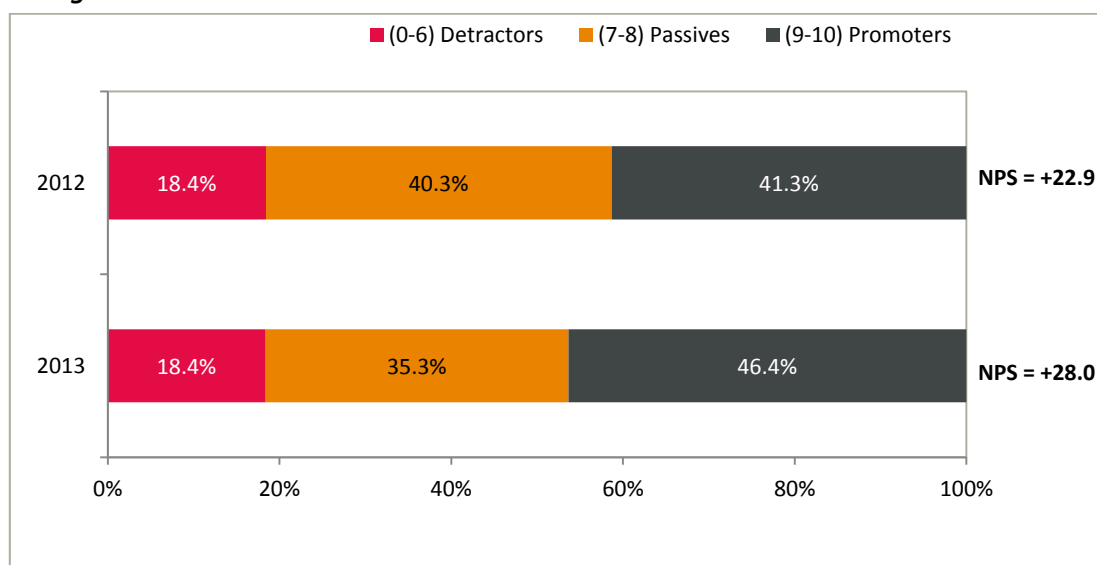
The Net Promoter Score (NPS) allows for the measurement of performance through the eyes of the attendees. It is based on the view that all attendees can be segmented into one of three categories: Promoters, Passives and Detractors. This classification was undertaken in this study by asking attendees one question – how likely is it that you will recommend attending the ID13 to a friend, family member or colleague? Attendees responded using a 0-10 point rating scale and attendees were categorised in the following manner:

- Promoters (rating score 9-10) are classified as loyal enthusiasts who will keep attending and refer others, fuelling growth.
- Passives (score 7-8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings.
- Detractors (score 0-6) are unhappy attendees who can damage the ID13 brand and hinder growth through negative word-of-mouth.

The NPS is calculated by subtracting the percentage of Detractors from the percentage of Promoters. The difference between the two percentages is the NPS. The ultimate aim over time is to increase the percentage of Promoters, whilst decreasing the percentage of Detractors, thus increasing the NPS and positive word of mouth about the event.

The graph below shows the overall NPS for three racedays surveyed at Tabcorp Park:

Figure 11: Net Promoter Score



Base: All attendees (n=604)

Q: Thinking about your experience at ID13, how likely is it that you would recommend attending the event to others...?



The aggregate NPS score achieved for the three racedays was +28.0. This result demonstrates that there are more people spreading positive word of mouth about their experience than those spreading negative word of mouth. Furthermore, it compares positively with the NPS achieved for the Perth Interdominion in 2012 (+22.9).

7. Economic Impacts of ID13/

7.1 Direct Spending Impacts

Events generate economic impacts primarily through two key areas:-

- Spending generated by/at the event
- Spending made by tourists who were attracted to visit the region in order to attend the event

Whilst some economic methodologies also determine that there can be an extended stay effect (i.e. a tourist who did not travel primarily to attend the event, but subsequently decided to stay longer than planned to attend the event), this was found to be minimal in the case of ID13.

It is important also to recognise the importance of approaches such as packaging. The study incorporated an analysis of travel package visitors whose length of stay and overall spending levels are generally higher than most other tourists.

The following table illustrates the total expenditure generated on-track by ID13:-

Total Spending at ID13 - Spending at the racetrack					
Spending Categories	Sydney	Other NSW	Interstate	International	Total
Food & Beverages	\$14,739	\$27,130	\$97,762	\$20,820	\$160,451
Retail/Shopping/Merchandise	\$1,807	\$3,327	\$17,115	\$2,789	\$25,038
Raceday Admission	\$107,713	\$24,961	\$27,403	\$2,100	\$162,177
Raceday Packages	\$224,207	\$51,957	\$57,040	\$234,109	\$567,312
Total Expenditure Impact	\$348,466	\$107,375	\$199,320	\$259,817	\$914,978
ID13 Series Sponsorship		\$200,000			\$1,114,978

Figures provided by Harness Racing NSW reveal that more than \$914,000 was spent by customers at ID13 (excluding wagering). In addition to this, the event attracted \$200,000 in sponsorship.

As outlined earlier, where a causal relationship can be identified, spending by tourists during their entire trip can be allocated as an economic impact delivered by the existence of the event. In other words, if ID13 was not held in Sydney at that time, then it is likely that visitors, who identified ID13 as the primary purpose for travelling to the host city, may not have travelled to the region.

The following table illustrates the total expenditure generated off-course by local attendees and visitors who identified ID13 as the primary reason for their visit:-

Total Spending Generated by ID13 - Spending by visitors					
Spending Categories	Sydney	Other NSW	Interstate	International	Total
Transport	\$37,833	\$69,636	\$358,240	\$58,370	\$524,079
Food & Beverages	\$90,053	\$165,753	\$597,290	\$127,204	\$980,299
Shopping & Retail	\$1,942	\$3,574	\$31,279	\$3,510	\$40,306
Entertainment	\$4,374	\$8,052	\$223,976	\$2,100	\$238,501
Accommodation	\$91,237	\$409,743	\$1,196,833	\$217,687	\$1,915,500
Total Visitor Spending	\$225,440	\$656,757	\$2,407,618	\$408,870	\$3,698,686

Data collected through the customer survey revealed that attendees at ID13 spent nearly \$3.7 million off-course as a result of attending ID13. Interstate visitors contributed 65.2% of this amount. The table includes a small amount of spending by local residents of the host city. In pure economic terms, this spending cannot be considered as creating growth in the local economy and as such, has not been included in the calculation of the value added contribution to Gross regional product. However, it can be included as an expenditure driven by ID13. Some local guests take the opportunity to 'make an experience' out of the event by booking a hotel night as well.

Accommodation (49.3%) and Food & Beverages (24.1%) and made up the largest elements of tourist spending in Sydney.

Nearly \$9.43 million was bet in NSW through on-course and off-course wagering providers. From an economic impact perspective, it is important to identify the amount of net wagering revenue that flows through to the economy. Essentially, this equates to the amount of wagering revenue left after successful bets are paid out. It is estimated that nearly \$1.68 million worth of Net Wagering Revenue will flow through to the state body – primarily through the distributions that are returned to racing clubs and some will flow to Government taxation revenues.

The following table illustrates the total direct customer spending impacts generated by ID13:-

Total Direct Spending Generated by ID13					
Spending Categories	Sydney	Other NSW	Interstate	International	Total
Food & Beverages	\$104,793	\$192,882	\$695,052	\$148,024	\$1,140,750
Transport	\$37,833	\$69,636	\$358,240	\$58,370	\$524,079
Retail/Shopping/Merchandise	\$3,749	\$6,901	\$48,394	\$6,299	\$65,344
Raceday Admission	\$107,713	\$24,961	\$27,403	\$2,100	\$162,177
Raceday Packages	\$224,207	\$51,957	\$57,040	\$234,109	\$567,312
Entertainment	\$4,374	\$8,052	\$223,976	\$2,100	\$238,501
Accommodation	\$91,237	\$409,743	\$1,196,833	\$217,687	\$1,915,500
Clothing/Fashion Accessories/Grooming	\$611,469	\$62,423	\$139,832	\$101,304	\$915,028
Net Wagering Revenue	\$513,616	\$502,522	\$488,589	\$175,147	\$1,679,874
Total Expenditure Impact	\$1,698,992	\$1,329,078	\$3,235,358	\$945,138	\$7,208,566
ID13 Series Sponsorship		\$200,000			\$200,000

Including sponsorship, ID13 was responsible for the generation of more than \$7.41 million in total direct spending in the NSW economy. In addition to this, it is estimated that additional tourism and travel to other parts of New South Wales delivered a further \$1.44 million to the broader New South Wales economy. This takes the total expenditure impact of ID13 to \$8.83 million.

7.2 Fashion Impacts

Premium racing events, such as ID13, have been proven to generate considerable fashion industry impacts through the generation of the concept of dressing up to attend a social night out. The analysis of fashion purchases made during ID13 was undertaken within the following framework:-

- Only fashion items purchased in the host city are counted within this economic impact assessment. To qualify for inclusion in this analysis, the fashion items need to have been purchased specifically to be worn to an ID13 racing event.
- The survey was used to understand the average 'per person' spend on fashion items throughout the carnival.

Total Spending Generated by ID13 – Spending on Fashion & Grooming					
Spending Categories	Sydney	Other NSW	Interstate	International	Total
Clothing/Fashion Accessories	\$150.81	\$91.30	\$150.02	\$1,000.00	
Personal grooming/beauty products	\$47.03	\$11.95	\$20.95	\$12.00	
Clothing/Fashion Accessories Bought in NSW	\$247,172	\$40,972	\$98,546	\$97,557	\$484,248
Personal grooming/beauty products	\$364,297	\$21,451	\$41,285	\$3,746	\$430,779
Total Expenditure	\$611,469	\$62,423	\$139,832	\$101,304	\$915,028

Attendees at ID13 revealed that they spent just over \$915,000 on fashion and grooming in preparation for their attendance at ID13 in the host city region.

The table below reveals the minimum number of fashion items purchased by racegoers. The table illustrates minimum purchase levels, as respondents were not asked to identify how many of each item they purchased.

Fashion Items Purchased by Racegoers					
Fashion Item	Minimum Number purchased	% of males that purchased	Minimum Number purchased	% of females that purchased	Minimum items purchased
	Male Racegoers		Female Racegoers		
Shoes	100	2%	411	6%	510
Hat/Fascinators	257	5%	462	7%	719
Dress	0	0%	616	9%	616
Suit	29	1%	0	0%	29
Ties	29	1%	0	0%	29
Jacket	57	1%	231	3%	288
Pants/Trouser	43	1%	180	3%	222
Handbag	29	1%	128	2%	157
Skirt	0	0%	26	0%	26
Socks/Pantihose	29	1%	0	0%	29
Shirt/Blouse	157	3%	565	8%	721
Jewellery	0	0%	282	4%	282
Scarves	14	0%	26	0%	40
Sunglasses	43	1%	0	0%	43
TOTAL	784		2926		3710

In 2013, hats were the most commonly purchased item by men (5.1%), while dresses were again the most commonly purchased item by women (9.1%).

7.3 Value Added Contribution to Gross Regional Product

Basis of Evaluation

The economic impact analysis of an event focuses on the effect of the event in terms of the creation of regional incomes and employment. This effect arises through the primary expenditure directly associated with the event, and from further rounds of indirect expenditure that this direct expenditure stimulates as it flows to supplying industries and into incomes and consumption.

The economic impact of a special event arises from a number of sources, which are tied in with the possibility of earning 'export' dollars for the region, or the replacement of 'imports'. The impacts can be summarised as arising from: -

- Dollars spent within a region by attendees and associated visitors. From a New South Wales perspective, visitors are attendees from interstate or overseas. This will include expenditure not only to support the event itself, but expenditure on items such as accommodation and other entertainment. The main parameters relevant in determining the amount involved will include average expenditure per day and length of stay. Length of stay data was not collected in this survey and would be useful to allow comparison with average expenditure relative other events. It is important to also recognise that if the visit is in place of an alternative visit (and has just been re-timed or coincided with the event) the expenditure cannot be truly fully claimed as resulting from the visit. This includes not just the expenditure in the region, but a proportion of travel expenditure associated with getting to and from the region.
- Expenditure of locals in the analysis of the economic impact of events is generally assumed to be transferred from other activities within the region. This assumption means that no benefits accrues from this type of expenditure, despite the fact that local expenditure represents an economic choice that is made which suggests that the benefits outweigh the opportunity cost involved. However in the case of the Adelaide Fringe it could reasonably be expected that in the absence of the event in New South Wales, a proportion of people would choose to attend the event outside of the State. This reduction in money flowing out of the state is equally a benefit. It is indicatively assumed that there attendances at non-ticketed events are not likely to lead to out of state travel, but that 5% of those who attended ticketed events would lead to this outcome (5% is an order of magnitude consistent with other events – indeed somewhat conservative).
- Dollars spent within a region based on sponsorship or contribution from parties external to the region may also be significant and this needs to be measured or modelled.

The categorisation of expenditure is consistent with the approach adopted for studies of many special events over recent times – and has been recognised as the appropriate methodology by the Commonwealth Government (Standing Committee on Sport and Recreation) and the Bureau of Tourism Research, and in event management and tourism economics literature internationally.

The importance of the expenditures identified above is that they will sustain turnover in local industry, and specifically this will support local jobs and incomes. While the total increase in expenditure is interpreted as the increase in economic spend in the region, 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 to the services (eg the event itself, hotels, restaurants) that the 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 an input output table or the multipliers derived from input output tables has become the predominant process for translating the direct expenditure into jobs and incomes, and for establishing the extent of multiplier impact.

Use of these input-output based multipliers would therefore allow a reporting to the estimated outcomes of the event in terms of the effect of expenditure or turnover on value added in a regional economy and in terms of job creation. Again, this methodology is generally recognised as the appropriate methodology for event analysis, although there is an acknowledgement that a Computable General Equilibrium model (an economy wide model based on underlying input output tables but with a more advanced framework of demand and supply curves surrounding the economic structure) can be superior in that it allows for supply constraints. It is suggested here that at the regional level, the results of a short term shock as in a major event would have little in the way of constraints of this nature and therefore the input output model results represent a sufficient order of magnitude estimate.

Further there is a school of thought that suggests the results of either input output or CGE based analysis does not allow for the fact that job creation comes at an offsetting cost of foregone leisure time, and therefore impacts should be reduced to reflect this. Given the under-employment opportunities in the arts and cultural industry and the sense of vitality in this area of employment, this argument would seem to be limited in this context, even if given credibility in the first instance.

This study of the impact of Inter Dominion in NSW is undertaken by firstly identifying the expenditures of the industry – that is the spend on activities, and then applying this expenditure to state input output tables.

However, as discussed above, some of this gross expenditure is likely to have occurred anyway – if the event was not held then most locals would choose some other form to spend their money, and some of the visitors would have made the visit anyway (to visit family, or for some other reason). As such the gross spend must be discounted. It is assumed that all of the participant expenditure and the sponsorship is fully linked to the event. However of the local attendees spend (Sydney and Other NSW) it is assumed that 20% is additional (that linked to people who would have travelled interstate to attend a similar event, or those who might spend more in aggregate). The 20% assumption is based on other event studies that find (through survey) that around 10% of attendees would have travelled interstate to attend an event if a given major event was held – and it is assumed that these people spent only ½ of what they would spend in travelling in the actual attendance itself. High profile events are also a strong drawcard for interstate and international tourism. It is assumed that 90% of the expenditure above would not have occurred in New South Wales without the event. These proportions are assumed to be relevant across all categories of attendee expenditure.

These amounts of expenditure need to be distributed to the industry sector in which they occur, and then shock the input-output model with the change in demand and trace it through the economy. The expenditure by participants and sponsorship are distributed based on the basis of the distributions of the expenditure of harness racing – as identified in the recent IER study on the racing industry. The attendee expenditure is distributed on the category of the spending. For example food and beverage spend is allocated 20% to agriculture, 40% to food processing, 15% to retail trade, 20% to food services and 5% to direct imports. The other expenditure where direct imports are seen as significant are clothing and general retail – both where 10% of the spend is assumed to be on direct imports.

These aggregated data are converted from purchasers' prices to basic prices, as the raw data include margins, taxes and subsidies. All monetary values in the national, NSW I-O models are expressed as basic values. The prime differences between purchaser prices and basic values are that:

- basic values exclude the cost of transport and 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 NSW model adopted in this study is for 2006 and was prepared by Econsearch. 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
- The purchaser price is adjusted for the average margin for wholesale, retail and transport sectors, as identified in the national input output tables

The total expenditures at the state level are then distributed to industry sectors and the resultant value added, household income and employment outcomes calculated. It is assumed that GST revenue is directed back to the State – and is used to fund government administration, health and education expenditures).

The direct impacts are the value added, household income and employment in the industries supplying the racing industry and the industry itself, calculated using the ratios of the various measures for the relevant ANZSIC code as identified in the input output table.

Real gross value added is the commonly accepted general measure of the quantity of goods and services that become available from economic activity. It is measured as the real value of output in the economy less the real cost of goods and services used as intermediate inputs. In terms of measuring the real contribution to the region's economy, this measure is more appropriate than the output method.

Initial Value Added	Consumption Induced	Total Value Added
\$3.64 million	\$6.45 million	\$10.09 million

In calculating the value added generated by ID13, local (Sydney resident) spending is excluded as it represents a redistribution of monies already existing in the host city economies. In economic terms, this spending by visitors to Sydney generated just over \$10.0 million in value added for the Sydney

economy. The \$3.64 million reflects the direct and indirect effects resulting from the increase in final demand generated by ID13. In other words, the direct and indirect impact of attracting non-local investment (tourists, sponsorship, participants) lead to the growth of the Sydney economies to the value of \$3.64 million. In general, this takes into account the initial impact (direct impact) on final demand and the additional output required from other industries in the economy (or region) needed to supply the additional demand of the industry receiving the initial impact (this is also called industry support). The industry support multipliers account for the flow-on effects that occur as the initially impacted industry changes its demand for inputs required from other industries.

The consumption induced expenditure represent the direct and indirect impact plus the flow-on effects of subsequent rounds of consumer spending that results from the increase in household income (the consumption induced effect). Essentially, this means that as a result of the increased spending in the host city economies, households generate higher incomes and therefore spend more. In some ways, this measure can overstate the true economic impact, as it includes spending of monies that already exist within the host city economies. However, when included in the calculation of the economic impacts, the total value added generated by ID13 totals nearly \$10.1 million.

It is estimated that the economic activity generated by ID13 resulted in the direct and indirect employment of 47 full time equivalent positions. That is – positions that otherwise may not have been generated or sustained without the stimulation to final demand. The consumption induced expenditure resulted in a further 44 positions being employed, leading to a total of 91 full time equivalent positions being generated by ID13.

7.4 Regional input output (IO) models

IO models play a vital role in the system of national accounts. These models are based on an IO table (often referred as the transaction table) that shows, in value terms, the supply and usage of goods and services within an economy or a region over a particular period. A row of an IO table exhibits usage by dependent industries and final demand categories of the output of each industry. The transaction table gives details of primary and intermediate inputs used in each industry. The table is balanced, as total inputs into each industry must be equal to total outputs. The advantage of using an IO table is that it allows the calculation of a set of disaggregated multipliers to measure the economic impact of an economic stimulus, such as unit increase in final demand, on output, value added, income and employment. The increase in final demand is normally measured in value terms, such as an increase of one dollar in sales to final demand by an industry.

The IO tables generate two types of multipliers. Type I multipliers measure the direct and indirect effects (on income or output) resulting from a unit increase in final demand for a particular industry. Type I multipliers take no account of induced income effects. In general, Type I multipliers take into account the initial impact (direct impact) on final demand and the additional output required from other industries in the economy (or region) needed to supply the additional demand of the industry receiving the initial impact (this is also called industry support). The industry support multipliers account for the flow-on effects that occur as the initially impacted industry changes its demand for inputs required from other industries. Therefore, Type I multipliers capture the initial impact (direct

impact) plus the flow-on effects due to the change in input demands by the supporting industries leading to additional activities.

Type II multipliers represent the type I impact plus the flow-on effects of subsequent rounds of consumer spending that results from the increase in household income (the consumption induced effect). Therefore, Type II multipliers take account of induced income effects. It is generally believed that Type II multipliers overstate the true impact of a change to the final demand. Therefore, the Type II multipliers may substantially overstate the true impact.

The value added impact measures the net increase in the economic activity resulting directly and indirectly from a change in demand. Similarly, the income effect measures the impact of the change in demand on the amount of additional wages, salaries and supplements paid to labour (a component of value added). The employment multipliers are defined as employment generated per million dollars from a change in final demand.