

Economic Impact Study

2010 Watpac Inter Dominion

Harold Park

Newcastle

Menangle

New South Wales, Australia

April 2010



2010



Executive Summary

PURPOSE OF THE STUDY

The purpose of this study was to provide an assessment of the economic impacts generated by 2010 Watpac InterDominion before (ID10). These economic impacts relate primarily to the host city regions.

METHODOLOGY

More than 530 racing customers provided detailed spending, attendance and demographic data for this study. Additionally, participants were canvassed in order to understand the impacts they generate when bringing interstate or international horses to compete in the InterDominion series.

DIRECT SPENDING

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

- ID10 generated more than \$9.3 million in direct spending in the host cities alone
- More than \$1.4 million was spent on Accommodation in the host city regions.
- More than \$610,000 was spent on retail in the host city regions
- A further \$2.19 million was spent in other parts of NSW by tourists.

The 2010 Watpac InterDominion was responsible for the generation of just under \$11.5 million in NSW - \$9.3 million of which was in the host city regions.

TOURISM IMPACT

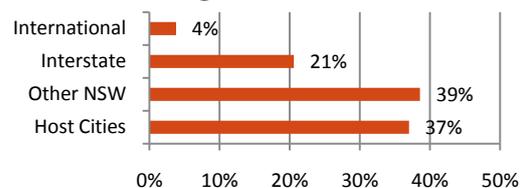
ID10 generated significant tourism impacts for the host city regions:-

- In total, just over 10,000 individuals travelled to the host cities to attend ID10.
- It is estimated that these visitors generated more than 5,800 bed nights in commercial accommodation during their stay.
- This accommodation consumption delivered \$1.42 million in spending for the accommodation sector in the host cities.
- The average interstate visitor (who travelled primarily to attend ID10) stayed 2.2 nights, whilst international visitors stayed 2.5 nights.

CUSTOMER DEMOGRAPHICS

The research revealed that there were slightly more males (54.6%) than females (45.4%) in the audience. ID10 attracted a slightly older audience, with just over 20% being under the age of 40 (compared to 26% in 2009). The following chart illustrates the origins of attendees:-

ID10 Attendee origins



ECONOMIC IMPACTS

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

- Non local visitors, who travelled to the host city regions to attend ID10, generated total value added of \$9.1 million. This is the amount that hits the bottom line of the host city economies.
- Not all of the direct spending generated by visitors' benefits the host city economies, as some monies leak out of the local area, into surrounding economies.
- This economic activity is responsible for the creation or sustenance of 129 full time equivalent positions in the host cities. Some of these positions are created, however the majority already exist and are maintained due to the anticipated increased demand that the event brings.
- The wagering in NSW on ID10 events was responsible for generating just under \$160,000 in wagering tax revenue. Whilst a little more than \$72,000 is distributed to the Federal Government as GST, the majority ultimately is returned to the State.

Essentially, the economic modeling reveals that for every \$1 mil in economic benefit generated by ID10, 14 full time equivalent positions were created or sustained.

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Overview

Contested since 1936, the **InterDominion** 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.

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.

ID10 was held over three weeks at three venues in New South Wales. The heats were held at Harold Park, Sydney and the Newcastle Harness Racing Club, Newcastle. The final was held at Tabcorp Park in Menangle on Sunday 7th March. Blacks a Fake made history winning his fourth InterDominion from five attempts.

Under the current rotational system, host venues have been confirmed for the next two InterDominion championships. They are;

- 2011 – Christchurch, New Zealand (Track – Addington)
- 2012 – Perth, Western Australia (Track – Gloucester Park)

Timeslots for the 2011 and 2012 championships have yet to be determined. Post 2012, it is anticipated that the Inter Dominion will be allocated to a more permanent venue in order to better build the profile of the event

Objectives of the Study

The primary purpose of this report is to provide an independent assessment of the economic impacts generated by ID10 on the host economies in New South Wales. Unlike the 2009 study, which assessed the economic impacts on the Gold Coast economy, this report investigates economic impacts at a more disaggregated level. This is a result of the InterDominion being hosted in three different regional economies. Broadly, the impacts can be aggregated to illustrate an economic impact result for the 'host regions' which would be roughly comparable to the assessment made on the Gold Coast economy in 2009. The economic impacts, where possible, will be identified in terms of the aggregated host regional economies and the New South Wales economy.

The main objectives of the 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
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 Harold Park, Newcastle and Menangle for the InterDominion 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 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 ID10 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 ID10 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 ID10 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 ID10.
- **FTE employment impacts:-** the extent to which employment impacts can be allocated against ID10 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.

Study Methodology

The assessment of the economic impacts associated with ID10 is underpinned by a detailed and considered study methodology, as outlined:-

SURVEY DEVELOPMENT

The surveys used for face to face interviews within this study were developed in line with the methodology that has been employed for many other racing events and carnivals. 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. General admission guests would spend on all of these items.
- The origin of the respondent plays a role in the types of questions asked. For instance: - It is important to establish for travelling attendees, whether ID10 was the primary purpose for their travel to the host city. This is not required for a local resident.

IER implemented a survey at each of the race meetings which captured data from attendees.

SAMPLING DESIGN

In attempting to determine the population demographics from the ID10 audience, IER developed a thorough sampling design. This sampling process allowed for the development of customer data samples from within each of the following customer groups:-

- **General Public** – Attendees who purchased a general admission ticket
- **Corporate Package Guests** – Attendees who were invited to a corporate package
- **Non Corporate Package Guests** – Attendees who purchased a ticket in a special or reserved area

It is important to segment the customer group as IER experience shows that they generally have very different profiles (i.e. often, there is a higher proportion of interstate visitors in corporate areas than in general public).

Field staff were sent to each of the three days of ID10 and distributed within the different areas of the racetrack. Events such as ID10 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 and to achieve the following:-

- Intercept the attendee
- Establish residence of the attendee
- Establish which area of the racetrack the attendee is spending the evening/day (not required where field staff were placed inside a precinct – i.e. Parade Ring Marquee)

At this stage, field staff asked the attendee if they would be happy to complete a survey about their attendance at ID10. Attendees were interviewed immediately by way of a face to face survey. Through this approach, IER collected visitor data from more than 530 attendees at ID10. Due to the nature of ID10 being held at three different venues, these samples have been segmented for analysis.

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 customer type and visitor origins. Care was taken to identify and assess package visitors within the sample.

DATA RECEIVED FROM HARNESS RACING NSW AND HARNESS RACING AUSTRALIA

The customer data was then supplemented by actual event data provided by Harness Racing NSW and Harness Racing Australia. This data included:-

- Wagering turnover
- Attendances (split by customer type)
- 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.

Economic Methodology

The assessment of economic impacts accruing from ID10 has been determined utilising a regional input output (IO) model. The results are based on three study areas, namely Newcastle, Sydney and Macarthur regions. 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.

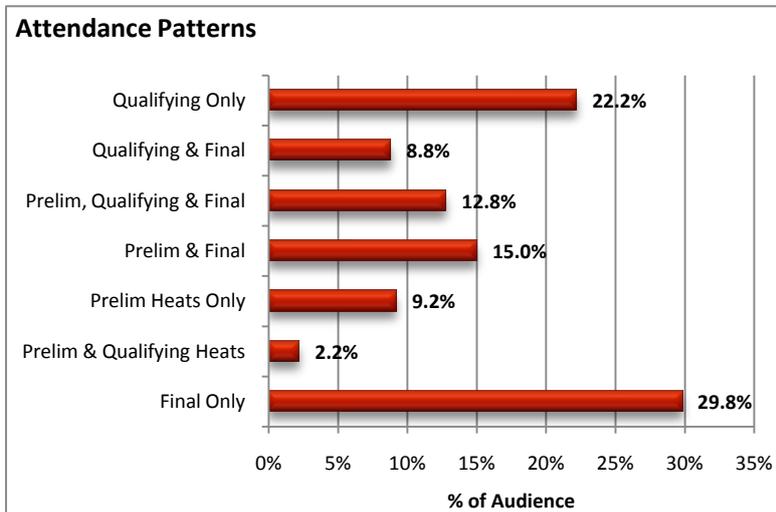
Attendance Demographics

The 2010 Watpac InterDominion attracted an attendance of more than 24,504¹ over the three days of the event. Nearly two-thirds of these attendances originated from outside of the host city region.

Attendance at ID10	% of Audience	Number of Attendances	Average Attendance	Number of Individuals
Host City	37.0%	9,066	1.27	7,163
Other NSW	38.6%	9,453	1.47	6,432
Interstate	20.6%	5,045	1.61	3,135
International	3.8%	940	2.01	467
Total	100.0%	24,504	1.43	17,169

This is significant, as these visitors represent the considerable attraction of inbound tourists generated by ID10 for the Host City regions. Survey data, collected during the three days of ID10,

revealed that the average person attended 1.43 race meetings. Average attendance was higher amongst interstate and international visitors. The recorded attendance of 24,504 therefore reflects the actual attendance at ID10 by more than 17,160 individuals.



The chart opposite reveals the attendance patterns across the three days of ID10. Nearly 30% of all individuals who responded to the customer survey, revealed that they attended the Final only. Just over 12% of the respondents indicated that they attended all three nights of ID10. This is significantly lower than the 21% who attended all three nights at the Gold Coast in 2009. However this is also likely

to be a reflection of the fact that ID10 was held at three different venues whereas ID09 was held at just one venue. Those who attended a single event only (i.e. Qualifying Heat – 22.2%, Prelim Heat – 9.2% and Final – 29.8%) may provide the organisers of future Interdominion Championships with the greatest opportunity for growth. More than 60% of respondents indicated that they only attended one event. Attracting even a small number of these respondents to a second event will have a marked impact on the growth of the event. Again, this is likely to be a reflection of the sharing of ID10 between three different venues.

The difference between a single venue and multiple venue event is illustrated in the average number of events attended. On average, then number of events attended fell from 1.7 to 1.5 in 2010. The following chart reveals the attendance patterns by age group:-

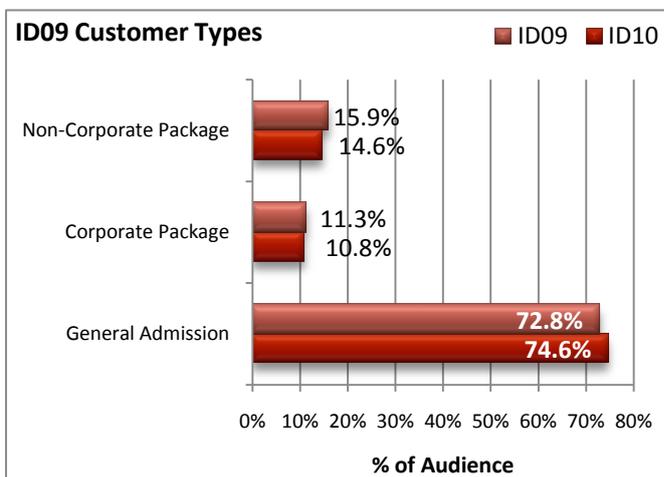
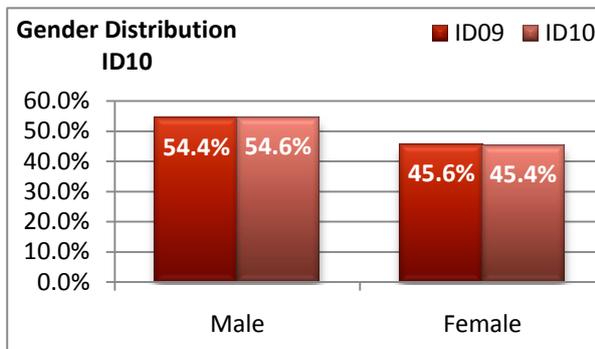
Age Group	Avg. Events Attended	
	2010	2009
18-29	1.2	2.3
30-39	1.3	1.7
40-49	1.5	1.9
50-59	1.5	1.7
60+	1.7	1.4
Total	1.5	1.7

¹ This does not include staff who worked at ID10, but includes participants

Age Group	% of audience	
	2010	2009
18-29	8.7%	8.9%
30-39	12.4%	18.1%
40-49	19.5%	22.5%
50-59	25.6%	25.0%
60+	32.7%	25.5%
Total	100.0%	100.0%

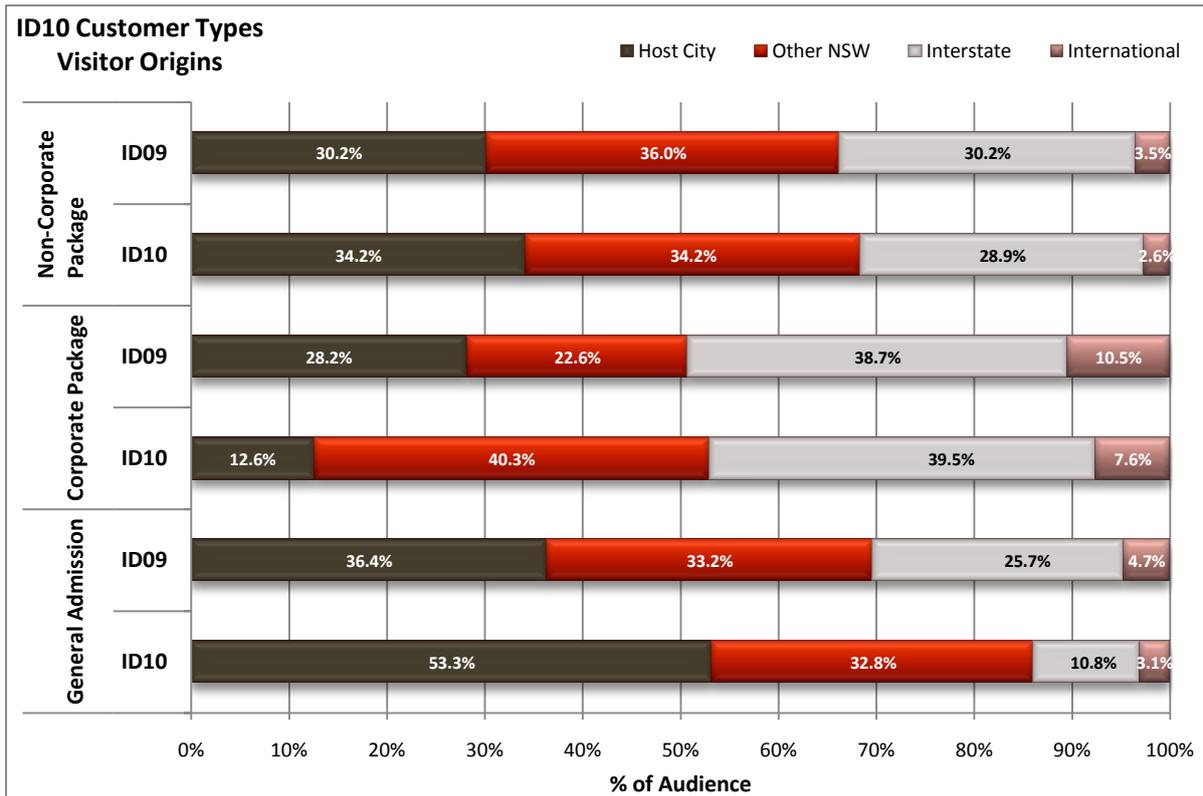
The research revealed that, as with ID09, more than half of the adult audience at ID10 was aged over 50 years. The research at this year’s event suggests that the age of attendees may be trending away from youth, although the 18-29 age group remained fairly stable.

The research revealed a relatively even gender distribution of the audience, with males slightly outnumbering females. Across the three events, males outnumbered females in the corporate package areas whereas females outnumbered males in the raceday dining areas.



Approximately 75% of those who attended ID10 were in general admission areas. Those who attended ID10 in general admission areas revealed that they attended an average of 1.43 race meetings across the three days. In contrast, corporate package guests attended an average of 1.66 race meetings, whilst non-corporate package guests attended nearly 1.55 race meetings each. These proportions did not change much from the attendances at ID09.

From an economic impact perspective, attracting greater numbers of tourists equates to an increase in benefits for the local economy. Nearly 25% of the attendances were attracted from outside of New South Wales – quite a significant result in the context of other events of this nature. From a host city economy perspective, the 63% of attendances attracted from outside the local area represent a considerable economic impact on the economy. However, further investigation of the customer segments reveals that higher yield packages tend to provide stronger impetus for the attraction of tourists.



The chart above reveals that interstate and international guests are significantly more likely to attend in a corporate package than in general admission. This is a finding that is consistent with many other similar events around Australia:-

- Previous research at similar events² has proven that interstate and international visitors have a greater propensity to purchase higher value tickets and packages. If they are making the effort in getting to the event (airfares, accommodation etc.), then they are likely to desire, and pay for, a higher experience package. Many visiting guests have a much higher spending threshold (the tourist effect)³ than local residents who are operating under their everyday budget
- The tourism industry, and by extension the broader economy, benefits from the events' ability to attract tourists, as visitors tend to stay for longer than the event period. This is especially the case for an event such as this which is run over three consecutive weekends, where a visitor who wants to attend more than one event, needs to remain in NSW for just over a week.

The chart illustrates the vital importance of developing and delivering on the corporate experience at the InterDominion.

² IER research undertaken for similar racing carnival such as the Victorian Spring Racing Carnival and the Sydney Autumn Racing Carnival

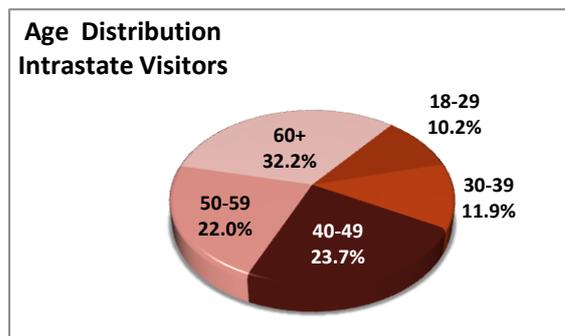
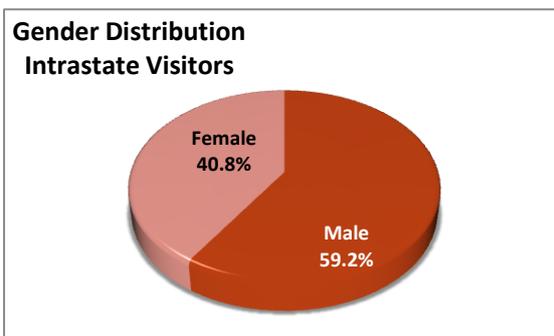
³ Tourists tend to perceive expenditure differently than when they are living their normal everyday life at home.

Tourism Impacts & Legacies

Attendance by Intrastate Visitors

The survey revealed that ID10 attracted 38.6% of its audience from other parts of New South Wales, outside the host city. This equates to just over 9,450 attendances or 6,430 individuals. The survey revealed the following information regarding intrastate visitors:-

- 29.6% stayed overnight in the host city during their visit to ID10
- They stayed an average of just over 1 night in the host city
- In total, intrastate visitors generated 1,835 commercial bed nights in the host cities as a result of attending ID10

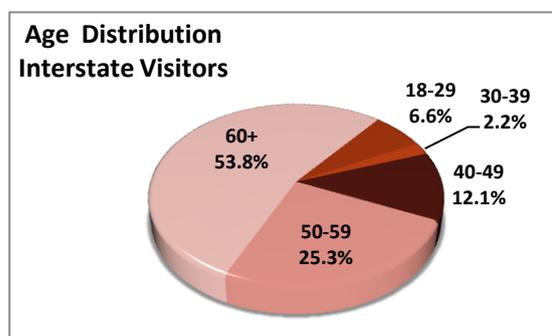
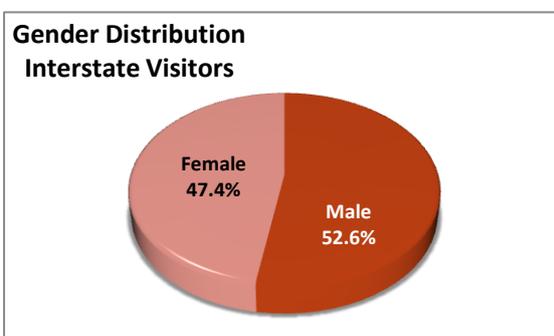


Just over 90% of intrastate visitors surveyed revealed that their visit to the ID10 host city was inspired by a desire to attend ID10.

Attendance by Interstate Visitors

The survey revealed that ID10 attracted 20.6% of its audience from Interstate. This equates to just over 5,000 attendances or 3,135 individuals. The survey revealed the following information regarding Interstate visitors:-

- 46.0% stayed overnight in the host city during their visit to ID10
- They stayed an average of just over 2.2 nights in the host city
- In total, Interstate visitors generated 3,192 bed nights in the host city as a result of attending ID10

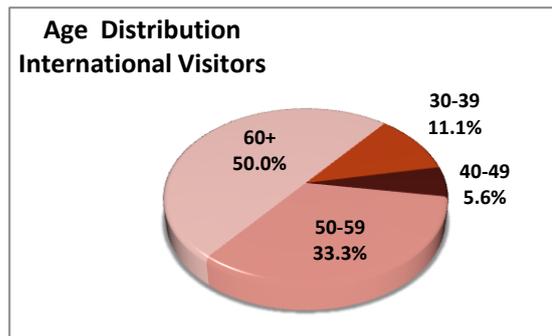
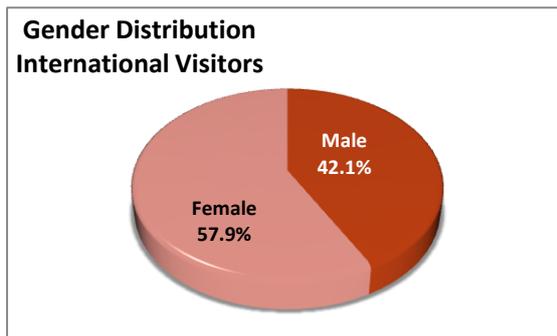


Just over 94% of Interstate visitors revealed that their visit to the ID10 host city was inspired by a desire to attend ID10. It is worth noting that the generation of bed nights in the host city was affected by the location in the Macarthur region (where Tabcorp Park Menangle is located).

Attendance by International Visitors

The survey revealed that ID10 attracted 3.8% of its audience from Overseas. This equates to nearly 940 attendances or 467 individuals. The survey revealed the following information regarding International visitors:-

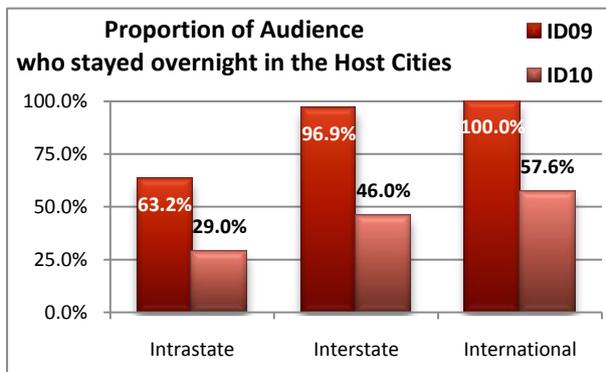
- Nearly 57% of international visitors stayed overnight in the host city during their visit to ID10
- They stayed an average of just over 2.4 nights in the host city
- In total, International visitors generated 607 bed nights in the host cities as a result of attending ID10



Just over 93% of International visitors revealed that their visit to the ID10 host city was inspired by a desire to attend ID10.

It is also important not to overlook the impact of those who travelled to NSW on an official Travelworld regional tour package. On average, they spent nearly 4 nights in the host cities and about the same in other parts of NSW.

The survey of attendees at ID10 revealed that nearly two-thirds of the audience travelled from outside the host city regions. This makes ID10 a considerable generator of economic and tourism stimulus for the host cities. The chart opposite reveals the proportion of the audience that stayed overnight on the host city as a result of their attendance at ID10. The average nights spent in the host city were considerably lower than in 2009 – likely to be a reflection of the more regional focus of the event. It is likely however, that the majority of the difference would be captured in additional nights spent in other parts of NSW. For instance, it is likely that many of the visitors, who attended the final at Menangle, would have stayed in Sydney.



The table below illustrates the average length of stay in paid accommodation in the host cities by those who attended ID10. International visitors to ID10 stayed the longest (2.4 nights) with interstate visitors staying 2.2 nights. The calculation of bed nights generated by ID10 is developed within the following framework:-

- An assessment of the entire length of stay in the host city by those visitors who indicated that ID10 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 the host city for reasons other than ID10, 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 ID10 economic impact assessment where they subsequently change their plans to stay longer. This was a very small segment within the ID10 audience.
- Inclusion of only those bed nights that deliver economic impacts to commercial accommodation providers. Non commercial bed nights have been calculated separately.
- Bed nights spent in other parts of New South Wales have not been assessed

Length of Stay in Host Cities	Number of Nights Per Person
Interstate	2.20 nights
International	2.44 nights
Other NSW	1.04 nights
Host Cities	1.00 nights

Accommodation Impacts

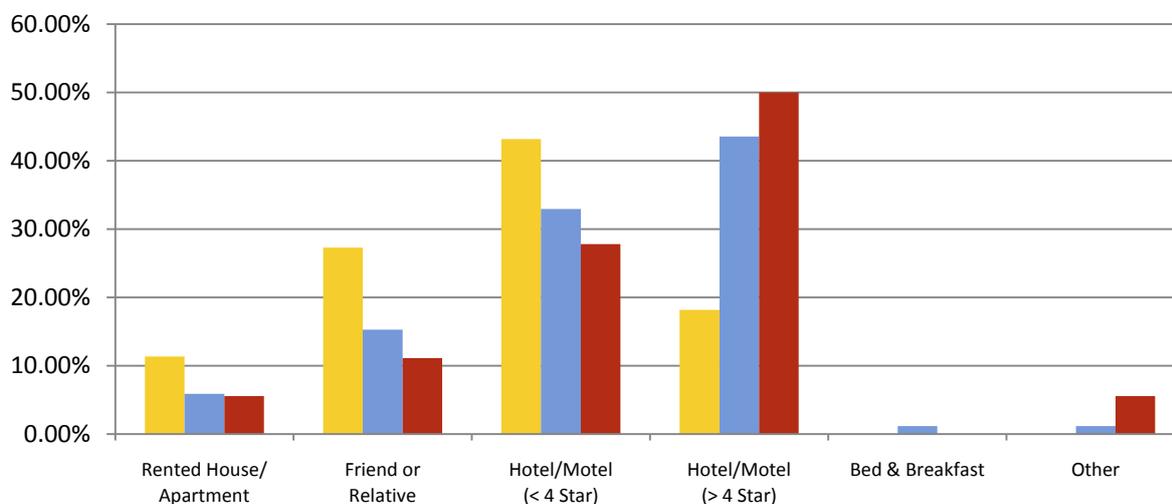
The following table illustrates the total impact generated for the accommodation sector in the host cities, as a result of ID10:-

Bed Nights Generated in the Host Cities	Intrastate Visitors	Interstate Visitors	International Visitors	Total
Total Bed Nights	1,835	3,192	834	5,860
Total Accommodation Spend	\$218,663	\$648,036	\$539,943	\$1,424,675
Accommodation Spend Per Night	\$119.16	\$203.04	\$647.71	\$236.85

The chart above illustrates the considerable impact that ID10 had on the accommodation and travel industry in the host cities. Analysis of customer data reveals that ID10 was responsible for generating nearly 5,900 commercial bed nights in the host cities. In addition to the commercial bed nights generated, visitors spent more than 1,000 bed nights in non commercial accommodation.

The survey was also used to establish the consumption of different types of accommodation:-

Accommodation Consumption by Type ■ Intrastate Visitor ■ Interstate Visitor ■ International Visitor



Economic Impact of ID10

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 a retained expenditure effect (i.e. a local resident who would otherwise have travelled outside the region if not for the event being held) or 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), these were found to be minimal in the case of ID10.

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 ID10:-

Total Spending at ID10 - Spending at the racetrack					
Spending Categories	Host City	Other NSW	Interstate	International	Total
Food & Beverages	\$72,216	\$75,300	\$40,189	\$7,484	\$195,189
Racebooks	\$5,424	\$5,655	\$3,018	\$562	\$14,659
Merchandise	\$1,177	\$1,228	\$655	\$122	\$3,182
Admission	\$89,146	\$92,954	\$49,611	\$9,239	\$240,949
Packages	\$144,630	\$150,808	\$80,489	\$14,989	\$390,915
Direct Expenditure	\$312,592	\$325,945	\$173,962	\$32,396	\$844,894
ID10 Series Sponsorship	\$310,750		\$254,250		\$565,000

Figures provided by Harness Racing New South Wales reveal that more than \$840,000 was spent by customers at ID10. Package revenue makes up more than 46% of this amount. In addition to this, the event attracted more than \$720,000 in sponsorship, 46% of which originated from outside NSW.

The inclusion of sponsorship revenues is conceptually difficult in a study of this type. The origin of spending is not easy to quantify, as it is not always clear whether sponsorship deals exist with head office, or satellite branches. As such, it has been left out of the calculation of value added in the interests of caution. **Please note:** this table does not include expenditure incurred by participants in the preparation of their horses. This has been assessed later in this report.

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 ID10 was not held in the host cities at that time, then it is likely that visitors, who identified ID10 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 by visitors who identified ID10 as the primary reason for their visit:-

Total Spending Generated by ID10 - Spending by tourists					
Spending Categories	Host City	Other NSW	Interstate	International	Total
Transport	\$5,592	\$155,346	\$380,105	\$100,685	\$641,729
Food & Beverages	\$20,581	\$312,491	\$616,641	\$203,141	\$1,152,854
Shopping & Retail	\$12,832	\$114,905	\$401,781	\$84,161	\$613,678
Entertainment	\$17,641	\$137,903	\$318,463	\$74,401	\$548,408
Tourist Attractions	\$0	\$10,265	\$126,425	\$57,101	\$193,791
Accommodation	\$18,033	\$218,663	\$648,036	\$539,943	\$1,424,675
Total Visitor Spending	\$74,679	\$949,573	\$2,491,450	\$1,059,432	\$4,575,134

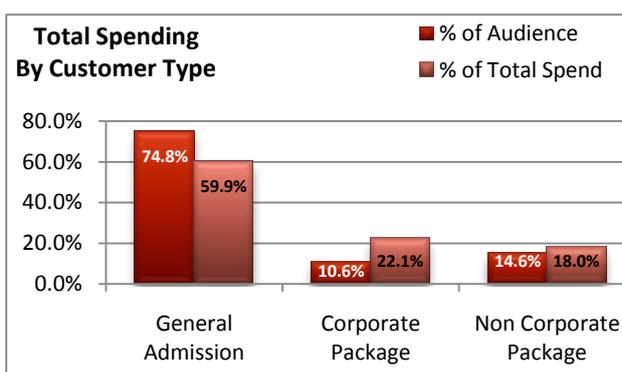
Data collected through the customer survey revealed that visitors to the region spent more than \$4.5 million as a result of attending ID10. Interstate visitors contributed 55.6% of this amount. The chart includes a small amount of spending by local residents of the host city. In pure economic terms, 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 ID10. Some local guests take the opportunity to 'make an experience' out of the event by booking a hotel night as well.

Food & Beverages (25.1%) and accommodation (31.1%) made up the largest elements of tourist spending in the Host Cities.

It is estimated that a further \$2.19 million was spent by tourists in other parts of NSW during their visit. These tourists are likely to have taken day trips or short stays in other parts of the state surrounding their visit to ID10. Given the spread out nature of the event, a number of visitors chose to stay in towns away from the host cities.

It is worth noting the different yields that exist across the customer categories. The chart opposite illustrates the higher yield provided by corporate customers – despite the fact that they often do not pay for their package ticket. They do, however, appear to spend more on fashion items, wagering and entertainment around their race/day night experience.

Nearly \$5.7 million was bet in NSW through on-course and off-course 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. Wagering revenue from turnover in other States is not relevant to the calculation of economic impacts for the host city region. It is estimated that just over \$440,000 worth of Net Wagering Revenue will flow through to the state body – primarily through the distributions that are returned to racing clubs and some taxation revenues.



Total Expenditure Impacts

The following table illustrates the total direct customer spending impacts generated by ID10:-

Total Direct Spending Generated by ID10					
Spending Categories	Host Cities	Other NSW	Interstate	International	Total
Food & Beverages	\$92,796	\$387,792	\$656,830	\$210,625	\$1,348,043
Transport	\$5,592	\$155,346	\$380,105	\$100,685	\$641,729
Retail/Shopping/Merchandise	\$14,009	\$116,132	\$402,436	\$84,283	\$616,860
Raceday Admission	\$89,146	\$92,954	\$49,611	\$9,239	\$240,949
Raceday Packages	\$144,630	\$150,808	\$80,489	\$14,989	\$390,915
Racebooks	\$5,424	\$5,655	\$3,018	\$562	\$14,659
Entertainment	\$17,641	\$137,903	\$318,463	\$74,401	\$548,408
Tourist Attractions	\$0	\$10,265	\$126,425	\$57,101	\$193,791
Accommodation	\$18,033	\$218,663	\$648,036	\$539,943	\$1,424,675
Clothing/Fashion Accessories/Grooming	\$804,342	\$608,762	\$257,732	\$22,256	\$1,693,092
Net Wagering Revenue	\$163,229	\$170,201	\$90,839	\$16,916	\$441,186
Non Racing Social Events	\$35,977	\$37,513	\$20,022	\$3,728	\$97,240
Participant Expenditure	\$0	\$0	\$803,684	\$334,491	\$1,138,175
Total Expenditure Impact	\$1,390,818	\$2,091,995	\$3,837,689	\$1,469,220	\$8,789,722
ID10 Series Sponsorship	\$310,750		\$254,250		\$565,000

Including sponsorship, ID10 was responsible for the generation of more than \$9.35 million in total direct spending in the host city economies. In addition to this, it is estimated that additional tourism and travel to other parts of New South Wales delivered a further \$2.19 million to the broader New South Wales economy. This takes the total expenditure impact of ID10 to \$11.52 million.

Fashion Impacts

Premium racing events, such as ID10, have been proven to generate considerable fashion industry impacts through the generation of the concept of dressing up to attend the races. The analysis of fashion purchases made during ID10 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 ID10 racing event.
- The survey was used to understand the average 'per person' spend on fashion items throughout the carnival.

Total Spending Generated by ID10 – Spending on Fashion & Grooming					
Spending Categories	Host Cities	Other NSW	Interstate	International	Total
Clothing/Fashion Accessories	\$76.80	\$104.26	\$140.65	\$130.00	
% Purchased Fashion in host cities	88.4%	52.1%	30.0%	19.6%	
Personal grooming/beauty products	\$57.35	\$48.00	\$40.50	\$22.49	
Clothing/Fashion Accessories Bought in GC	\$436,020	\$323,180	\$131,508	\$11,822	\$902,530
Personal grooming/beauty products	\$368,321	\$285,582	\$126,225	\$10,434	\$790,562
Total Expenditure	\$804,342	\$608,762	\$257,732	\$22,256	\$1,693,092

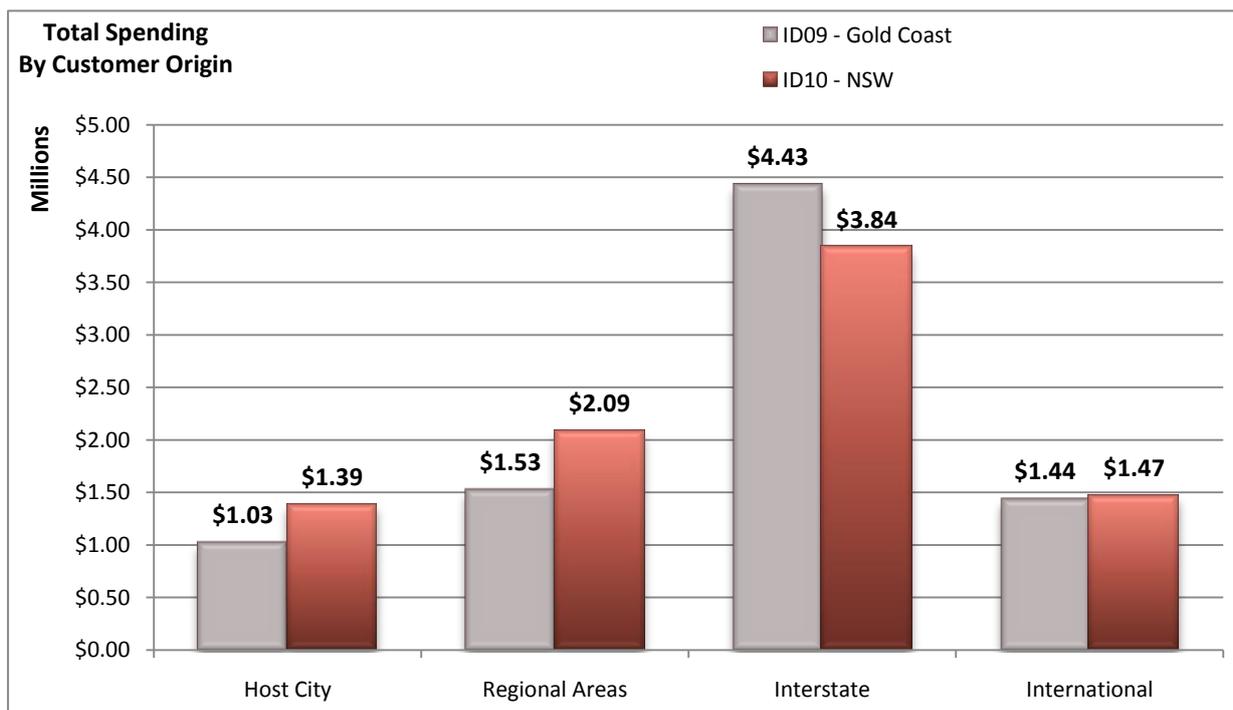
Attendees at ID10 revealed that they spent just over \$2.41 million on fashion and grooming in preparation for their attendance at ID10. Of this amount, just over \$1.69 million was spent in the host city region. It is likely that the majority of the remainder was spent in metropolitan Sydney.

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	226	2.4%	453	5.8%	679
Dress	97	1.0%	550	7.1%	647
Suit	97	1.0%	65	0.8%	162
Ties	129	1.4%	129	1.7%	259
Jacket	97	1.0%	162	2.1%	259
Underwear	97	1.0%	129	1.7%	226
Pants/Trouser	226	2.4%	194	2.5%	420
Handbag	32	0.3%	291	3.7%	323
Skirt	32	0.3%	129	1.7%	162
Socks/Pantihose	65	0.7%	129	1.7%	194
Shirts/Blouse	453	4.8%	356	4.6%	808
Jewellery	97	1.0%	259	3.3%	356
Scarves	32	0.3%	65	0.8%	97
Hat/Fascinator	420	4.5%	485	6.2%	905
TOTAL	2,102		3,395		5,497

Attendees at ID10 purchased significantly more fashion items than those who attended ID09. Hats/Fascinators were the most purchased item (by 4% of men and 6% of women) followed by shirt/blouse and Shoes.

Significantly, for every \$1 of expenditure generated by ID10 on-track, a further \$5.42 was generated in the community on items such as fashion, retail, accommodation and transport.



Participant Impacts

When assessing the economic impact of harness racing events, it is important to measure the expenditure generated by participants. For the ID10, this incorporates visiting trainers and trainer/drivers who bring horses to NSW to compete in the Carnival as well as interstate/international drivers.

The key lead-up races and finals are conducted over fifteen days, however many of the horses and participants arrive in NSW well before the preliminary heats and depart after the final – extending their stay beyond the actual race events. ID10 attracted some of Australasia’s best standardbreds, trainers and drivers who competed for lucrative stake money and the honour of winning one of the world’s best harness racing series.

ID10 attracted the following interstate and international participants: -

(Please note: ID09 participant number are in brackets)

Interstate Trainers – 23 (8)	International Trainers – 4 (2)
Interstate Trainer/Drivers – 11 (5)	International Trainer/Drivers – 1 (2)
Interstate Drivers – 21 (8)	International Drivers – 7 (2)

In total, 52 interstate horses raced during the ID10 Carnival, competing on 92 occasions. A significant rise on the ID09, where 16 horses competed in total 44 times. In addition to this, 7 international horses competed from New Zealand, starting a total of 21 times, a reduction of 1 horse and 3 starts when compared to last year.

Expenditure by trainers, included (but was not limited to) expenditure on training the animal and tourism related activities. The majority of expenditure generated by drivers was related to tourism impacts, including accommodation, food and beverages (non-raceday) and entertainment.

It is estimated that the Interstate and International participants, whose horses competed in the ID10, spent more than \$1.1 million during their visit to NSW. This estimate includes the expenditure generated by the participant, their staff and travel colleagues. A number of trainers travelled with just under additional persons, whilst drivers travelled with no more than one extra colleague.

Expenditure	Interstate	International	Total	Percentage
Drivers	\$153,971	\$99,651	\$253,622	22%
Trainers	\$345,414	\$119,388	\$464,802	41%
Trainer/Drivers	\$133,799	\$27,452	\$161,250	14%
Owners (nominations/acceptances)	\$170,500	\$88,000	\$258,500	23%
Total Expenditure	\$803,684	\$334,491	\$1,138,175	

Value Added Contribution to Gross Regional Product

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.

ID10, held across three venues in NSW, was responsible for the generation of just over \$11.5 million in total direct spending. More than \$9.3 million of this expenditure was generated in the host cities.

Initial Value Added	Consumption Induced	Total Value Added
\$6.08 million	\$3.05 million	\$9.13 million

In calculating the value added generated by ID10, local (host city 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 the host cities generated just over \$9.1 million in value added for the host city economies. The \$6.08 million reflects the direct and indirect effects resulting from the increase in final demand generated by ID10. In other words, the direct and indirect impact of attracting non local investment (tourists, sponsorship, participants) lead to the growth of the host city economies to the value of \$6.08 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 ID10 totals more than \$9.1 million.

It is estimated that the economic activity generated by ID10 resulted in the direct and indirect employment of 88 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 41 positions being employed, leading to a total of 129 full time equivalent positions being generated by ID10.

The wagering in NSW on ID10 was responsible for the generation of just under \$162,000 in taxation revenue for the State Government. This includes approximately \$72,000 in GST revenue which is taxed via the Federal Government. Whilst the activities of ID10 also generate taxation receipts in line with employment (payroll, PAYE, PAYG etc.) and purchases (GST), these impacts cannot be calculated within the structure of this study. However, the generation of wagering taxation receipts is unique and therefore the most powerful measure of the contribution of the event to State Government Revenue.

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.