



2012 V75 Inter Dominion

Economic Impact Study

Prepared for Harness Racing Australia

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Harness Racing Australia /

Economic Impact 2012 V75 Inter Dominion Championship

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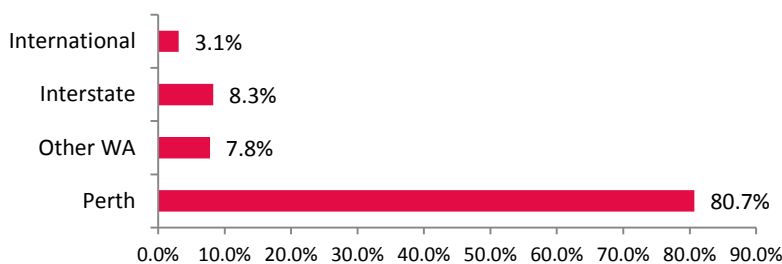
1. Summary of Key Findings /

The key findings from the research of the 2012 V75 Inter Dominion (ID12) include: -

Customer Demographics

The research revealed that across the four Inter Dominions (2009-2012), the gender proportions have remained relatively constant – in 2012 males constituted 54% and females 46%. ID12 attracted a slightly younger audience when compared to 2009 and 2010, with just over 38% being under the age of 40. The following chart illustrates the origins of attendees:-

ID10 Attendee origins



Direct Spending

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

- ID12 generated more than \$7.32 million in direct spending in Perth
- More than half a million was spent on food and beverage in Perth
- More than \$1.62 million was spent on retail/fashion in Perth

Tourism Impact

ID12 generated significant tourism impacts for the Perth region:-

- In total, 2,350 individuals travelled to Perth to attend ID12.
- It is estimated that these visitors generated more than 8,142 bed nights in commercial accommodation during their stay.
- This accommodation consumption delivered \$1.68 million in spending for the accommodation sector in Perth
- The average interstate visitor (who travelled primarily to attend ID12) stayed 10.1 nights, whilst international visitors stayed 13.6 nights. This is a significantly longer average length of stay than for any of the previous ID events and is likely to be a reflection that visitors took the chance to stay on and spend some time in WA as part of their visit.

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 \$7.32 million of which it is estimated that \$0.3 million is spend on direct imports.
- This expenditure is responsible for creating a total of \$3.08 million value added (or wages income plus gross operating surplus) directly, with wages and salaries being \$2.05 million, and there being approximately 48 jobs (in full time equivalent terms)
- However the flow on effects linked to this expenditure generally double the size of the contribution the sector makes. Including the flow on effects, the total contribution of the racing sector is estimated as \$7.07 million value added (or wages income plus gross operating surplus, with wages and salaries being \$4.21 million, and approximately 87 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.

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.

ID12 was held over two weeks at Gloucester Park in Perth, Western Australia. The heats were held during the evenings of Friday 17th February, Monday 20th February and Friday 24th February 2012. The final was held on Friday night 2nd March 2012. Im Themightyquinn (NZ) was the crowd favourite and winner of the Inter Dominion Championship.

As a result of recommendations made by the Inter Dominion Event Committee a 3 year tendering process was put in place. As a result of this, the Inter Dominions for the 2013, 2014 and 2015 years will be hosted by Harness Racing NSW at the new Tabcorp Park Menangle racing complex.

2.2 Objectives of the Study

The primary purpose of this report is to provide an independent assessment of the economic impacts generated by ID12 on the Perth economy. 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 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 Gloucester Park 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 ID12 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 ID12 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 ID12 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 ID12.
- **FTE employment impacts:** - the extent to which employment impacts can be allocated against ID12 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 four key events during the 2012 ID12 Series at Gloucester Park. For the purpose of this study, 'attendees' are identified as racegoers who attended the three heats and finals of the ID12.

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 four 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.

Field Collection Response Rate

In total, IER field staff collected 593 surveys from attendees across the four race events. When taking into consideration the number of individuals who attended the four nights of the ID12 (13,492), this represents a confidence interval of 3.94 at a confidence level of 95%.

Survey Development

The face-to-face surveys were developed in line with the methodology that was employed for the previous three Inter Dominions. All attendees were asked a generic set of questions (page 1 of the survey) and then depending on the visitor's residence (Perth, 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 ID12 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:-

- **Perth Residents** – Attendees who reside in the greater Perth region
- **Other WA Residents** – Attendees who reside within Western Australia, but not in Perth
- **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 ID12 on the Perth economy.

Field staff were sent to each of the four days of ID12 and distributed within the different areas of the racetrack. Events such as ID12 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 four 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 ID12. Attendees were interviewed immediately by way of a face-to-face survey. Through this approach, IER collected visitor data from more than 593 attendees at ID12.

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 Racing and Wagering Western Australia

The customer data was then supplemented by actual event data provided by Gloucester Park Harness Racing (GPHR) and Racing and Wagering Western Racing Australia (RWWA). 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 ID12 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.

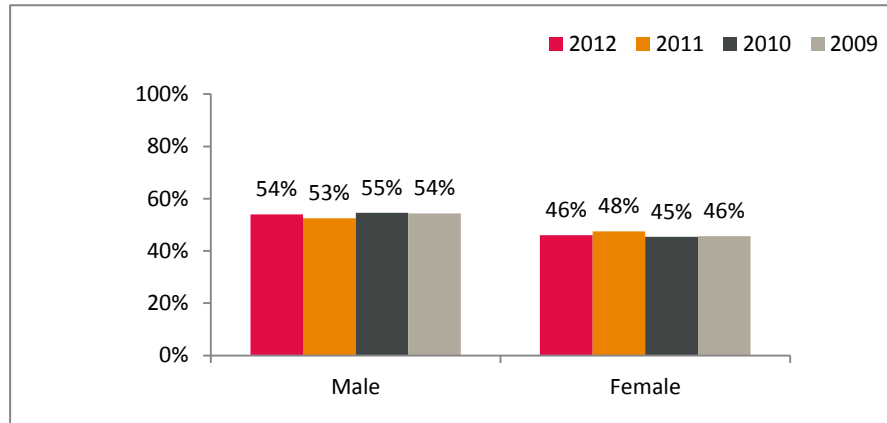
Type II multipliers represent the type I impact plus the flow-on effects of subsequent rounds of consumer spending that results from the increase in household income (the consumption induced effect). It is generally believed that Type II multipliers overstate the true impact of a change to the final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



3. Attendance Demographics /

3.1 Gender

Figure 1: Gender



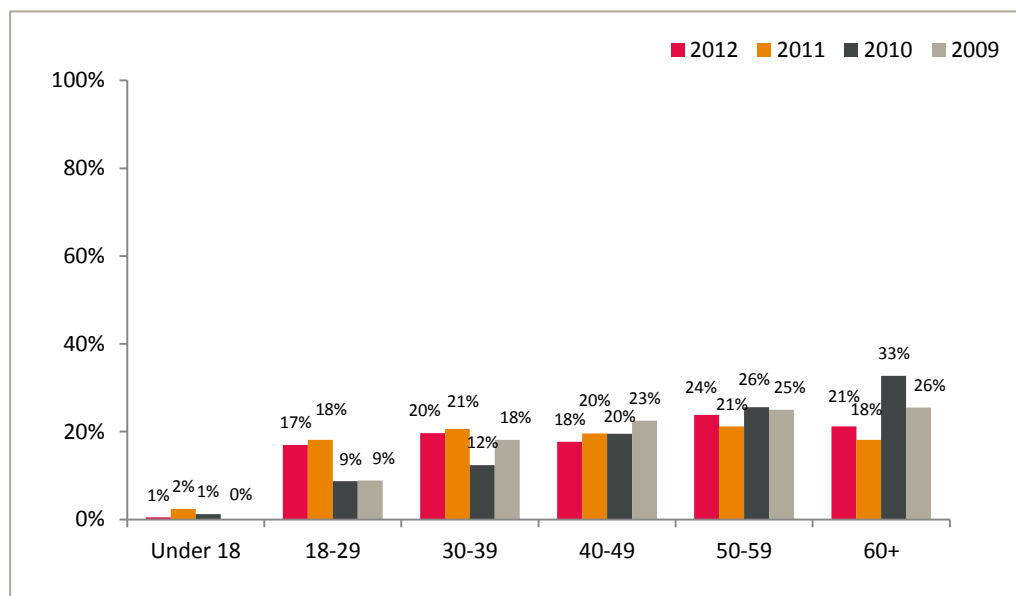
Base: All attendees (n=593)

Q: Are you...?

Figure 1 above illustrates the gender breakdown of the ID12 attendees. This chart demonstrates that there were slightly more males (54%) than females (46%) – a common trend across the past four Inter Dominions

3.2 Age

Figure 2: Age



Base: All attendees (n=593)

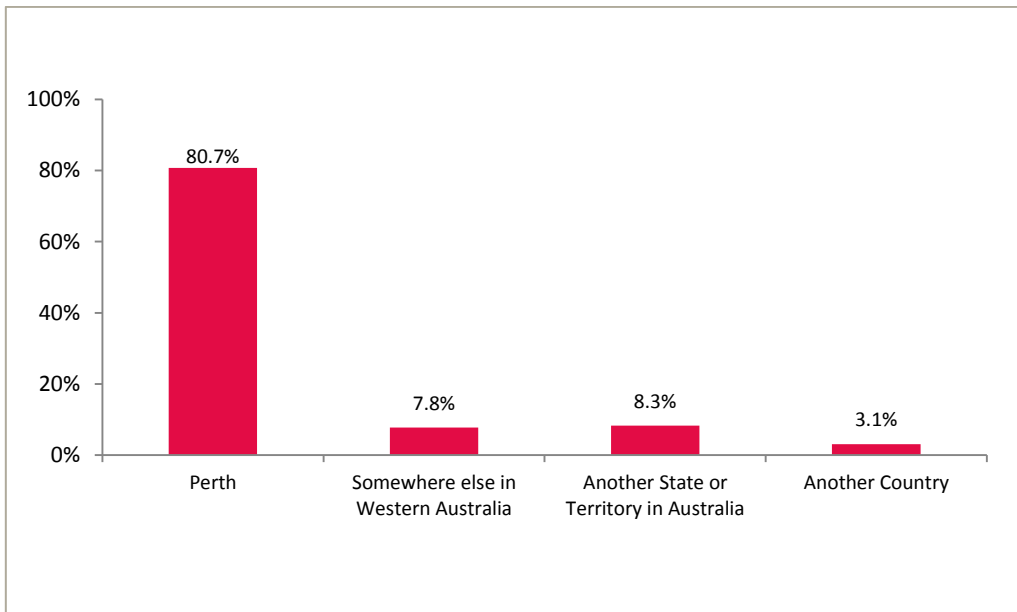
Q: In what year were you born...?

Similar to the ID11 in Auckland, the figure above illustrates that the age of attendees at the ID12 was quite evenly spread. The highest age category was 50-59 (23.8%) followed by 60+ (21.2%).

3.3 Visitor Origin

Assessing the visitor origin of attendees is important for both profiling the demographic characteristics of ID12 attendees and understanding the events tourism impact.

Figure 3: Visitor origin



Base: All attendees (n=593)

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

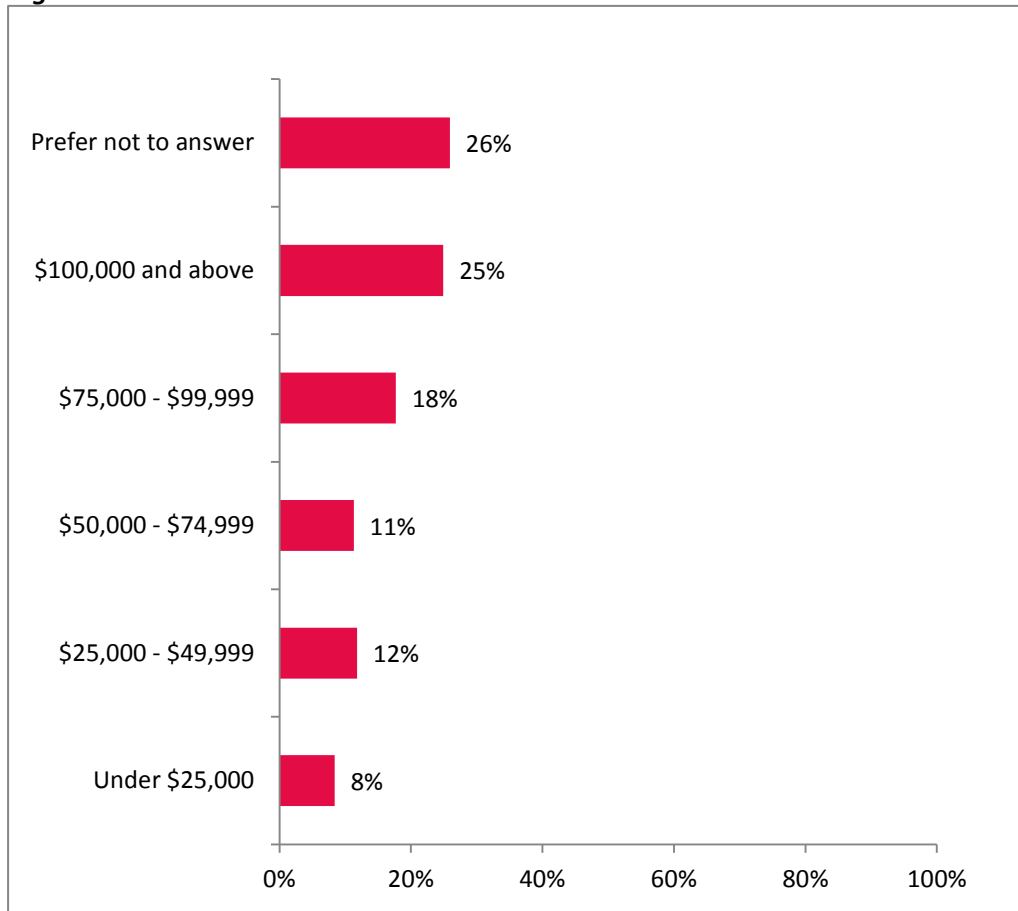
The graph above illustrates that the ID12 was primarily attended by residents of Perth, with approximately 80% of the audience residing in metropolitan Perth. Just over 11% were categorised as out-of-state visitors. Forty four percent of international tourists were from New Zealand, with a further 33% visiting from the United Kingdom.

3.4 Annual Household Income

The household income of attendees is displayed in the graph on the following page. This figure illustrates that the highest proportion of the audience had a household income in excess of \$100,000 – approximately twenty five per cent.



Figure 4: Household income



Base: All attendees (n=586)

Q: Which range represents your annual personal income (before tax)?

The 2012 V72 Inter Dominion attracted an attendance of more than 26,068¹ over the four nights of the event. Nearly twenty percent of these attendances originated from outside of the host city.

Figure 5: Precinct Type

Attendance at ID12	% of Audience	Number of Attendances	Average Attendance	Number of Individuals
Host City	80.8%	21,058	1.9	11,142
Other WA	7.8%	2,039	2.2	944
Interstate	8.3%	2,172	2.2	970
International	3.1%	798	1.8	436
Total	100.0%	26,068	1.93	13,492

Base: All attendees (n=593)

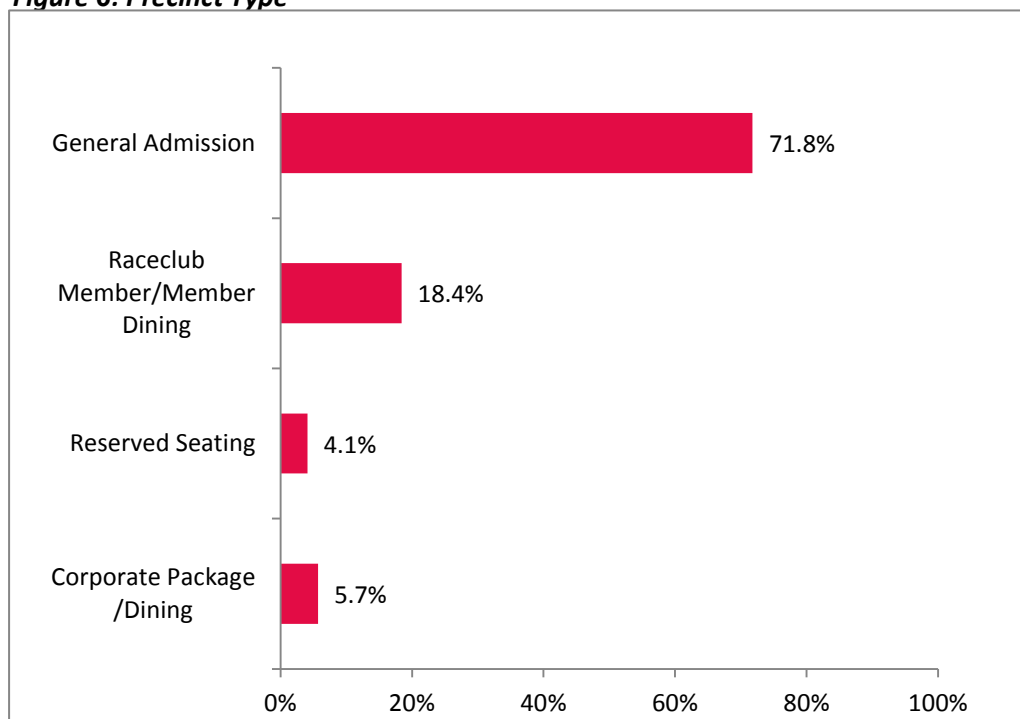
Q: Where is your normal place of residence...?

¹ This does not include staff who worked at ID12, but includes participants

This is significant, as these visitors represent the considerable attraction of inbound tourists generated by ID12 for the Host City. Survey data, collected during the four days of ID12, revealed that the average person attended 1.93 harness meetings. Average attendance was higher amongst intrastate and interstate visitors. The recorded attendance of 26,068 therefore reflects the actual attendance at ID12 by more than 13,492 individuals.

From an economic impact perspective, attracting greater numbers of tourists equates to an increase in benefits for the local economy. Nearly 11.5% of the attendances were attracted from outside of Western Australia – quite a strong result. From a host city economy perspective, the 19% of attendances attracted from outside the local area represent a considerable economic impact on the economy (in total, 2350 individual visitors).

Figure 6: Precinct Type



Base: All attendees (n=593)

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

The chart above illustrates that just over 70% of attendees enjoyed their experience at the ID12 in general public areas. This is consistent with past Inter Dominions – ID11 (63.4%), ID10 (74.6%) and ID09 (72.8%).

4. Tourism Impacts /

4.1 Attendance by Intrastate Visitors

The survey revealed that ID12 attracted 7.8% of its audience from other parts of Western Australia, outside the host city. This equates to just over 2,039 attendances or 944 individuals. The survey revealed the following information regarding intrastate visitors:-

- 70.8% stayed overnight in Perth during their visit to ID12
- They stayed an average of just over one night (1.26) in Perth
- In total, intrastate visitors generated 515 commercial bed nights in Perth as a result of attending ID12 (600 bed nights in total)

Just over two-thirds (68.8%) of intrastate visitors surveyed revealed that their visit to Perth was inspired by a desire to attend ID12.

4.2 Attendance by Interstate Visitors

The survey revealed that ID12 attracted 8.3% of its audience from Interstate. This equates to just over 2,170 attendances or 970 individuals. The survey revealed the following information regarding Interstate visitors:-

- 96% stayed overnight in Western Australia during their visit to ID12
- They stayed an average of just over 10.13 nights in Western Australia
- In total, Interstate visitors generated 6,176 commercial bed nights in Western Australia as a result of attending ID12 (7,840 bed nights in total)

Close to 85% of Interstate visitors revealed that their visit to Western Australia was inspired by a desire to attend ID12.

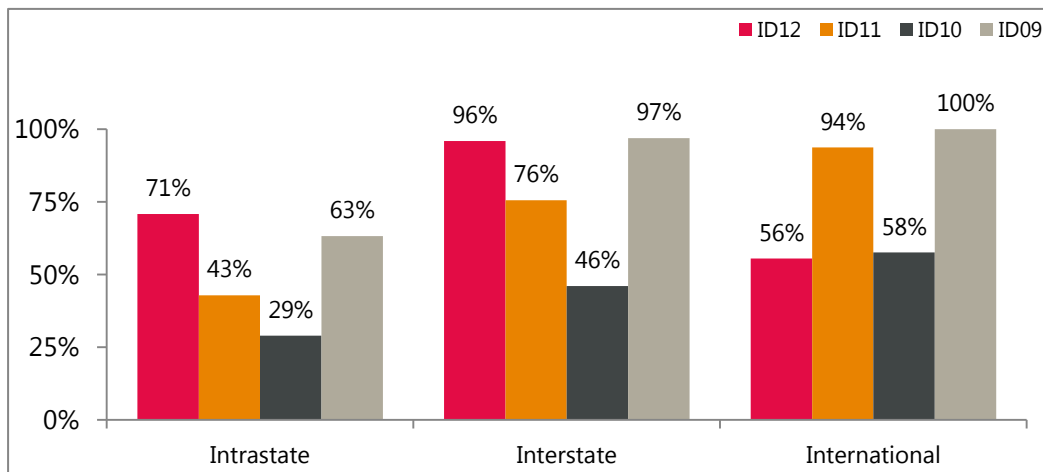
4.3 Attendance by International Visitors

The survey revealed that ID12 attracted 3.1% of its audience from Overseas. This equates to nearly 798 attendances or 436 individuals. The survey revealed the following information regarding International visitors:-

- Nearly 55.6% of international visitors stayed overnight in Western Australia during their visit to ID12
- They stayed an average of just over 13.6 nights in Western Australia
- In total, International visitors generated 1,452 commercial bed nights in Western Australia as a result of attending ID12 (1,731 bed nights in total)

One half international visitors revealed that their visit to the ID12 host city was inspired by a desire to attend ID12.

Figure 7: Proportion of the Audience who stayed overnight in the host cities



Base: All attendees (n=593)

The survey of attendees at ID12 revealed that nearly 20% of the audience travelled from outside the host city, with interstate and international visitors staying on average 10.1 and 13.6 nights in Western Australia respectively. This makes ID12 a considerable generator of economic and tourism stimulus for Western Australia. The chart above reveals the proportion of the audience that stayed overnight on the host city as a result of their attendance at ID12. The average nights spent in the host city were significantly higher than in previous year – likely to be a reflection of the distance Perth is from other states and countries (inc. New Zealand).

The table below illustrates the average length of stay in paid accommodation in Perth by Intrastate visitors and Western Australia by out-of-state visitors for primary purpose attendees.

Figure 6: Length of stay in Perth

Length of Stay in Perth	Number of Nights Per Person
International	11.30 nights
Interstate	7.98 nights
Other WA	1.09 nights

International visitors to ID12 stayed the longest (13.6 nights) with interstate visitors staying 10.1 nights. The calculation of bed nights generated by ID12 is developed within the following framework:-

- An assessment of the entire length of stay in the host city by those visitors who indicated that ID12 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 Perth for reasons other than ID12, 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 ID12 economic impact assessment where they subsequently change their plans to stay longer. This was a very small segment within the ID12 audience.



- Inclusion of only those bed nights that deliver economic impacts to commercial accommodation providers. Non-commercial bed nights have been calculated separately.

4.4 Accommodation Impacts

The following table illustrates the total impact generated for the accommodation sector in Perth, as a result of ID12:-

Bed Nights Generated in Perth/Western Australia	Intrastate Visitors	Interstate Visitors	International Visitors	Total
Total Bed Nights (Commercial)	515	6,176	1,452	8,142
Total Accommodation Spend	\$64,118	\$1,244,110	\$349,713	\$1,657,941
Accommodation Spend Per Night	\$124.50	\$201.44	\$240.89	\$203.91

The chart above illustrates the considerable impact that ID12 had on the accommodation and travel industry in Perth. Analysis of customer data reveals that ID12 was responsible for generating nearly 8,150 commercial bed nights. In addition to the commercial bed nights generated, visitors spent more than 2,029 bed nights in non-commercial accommodation.

5. Economic Impacts of ID12/

5.1 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 ID12.

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 ID12:-

Total Spending at ID12 - Spending at the racetrack					
Spending Categories	Host City	Other WA	Interstate	International	Total
Food & Beverages (dining)	\$115,051	\$11,142	\$11,868	\$4,360	\$142,421
Merchandise	\$5,783	\$560	\$597	\$219	\$7,159
Admission	\$195,744	\$18,956	\$20,193	\$7,418	\$242,311
Corp Packages	\$35,430	\$4,598	\$11,657	\$7,089	\$58,773
Direct Expenditure	\$352,008	\$35,256	\$44,314	\$19,085	\$450,664
ID12 Series Sponsorship	\$190,012	\$95,006		\$665,041	\$950,059

Figures provided by Gloucester Park Harness Racing reveal that more than \$450,000 was spent by customers at ID12 (excluding wagering). In addition to this, the event attracted more than \$950,000 in sponsorship, 70% of which originated from outside WA.

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. However, it is clear that this sponsorship was from outside the Perth economy. Please note: this table does not include expenditure incurred by participants in the preparation of their horses.

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 ID12 was not held in the host cities at that time, then it is likely that visitors, who identified ID12 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 ID12 as the primary reason for their visit:-

Total Spending Generated by ID12 - Spending by visitors					
Spending Categories	Host City	Other WA	Interstate	International	Total
Transport	\$105,948	\$30,866	\$185,021	\$47,732	\$369,568
Food & Beverages	\$167,274	\$23,876	\$264,130	\$75,738	\$531,018
Shopping & Retail	\$0	\$4,330	\$165,882	\$109,096	\$279,308
Entertainment	\$4,908	\$19,919	\$108,038	\$57,125	\$189,990
Accommodation	\$24,434	\$64,118	\$1,244,110	\$349,713	\$1,682,375
Total Visitor Spending	\$302,565	\$143,109	\$1,967,182	\$639,404	\$3,052,259

Data collected through the customer survey revealed that visitors to the region spent more than \$3.05 million as a result of attending ID12. Interstate visitors contributed 64.4% 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 ID12. Some local guests take the opportunity to 'make an experience' out of the event by booking a hotel night as well.

Accommodation (55.1%) and Food & Beverages (17.4%) and made up the largest elements of tourist spending in Perth.

Nearly \$5.47 million was bet in WA 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 region. It is estimated that just over \$972,000 worth of Net Wagering Revenue will flow through to the state body – primarily through the distributions that are returned to racing clubs and some will flow to Government taxation revenues.

5.2 Direct Spending Impacts

The following table illustrates the total direct customer spending impacts generated by ID12:-

Total Direct Spending Generated by ID12					
Spending Categories	Host Cities	Other WA	Interstate	International	Total
Food & Beverages	\$282,325	\$35,017	\$275,999	\$80,098	\$673,439
Transport	\$105,948	\$30,866	\$185,021	\$47,732	\$369,568
Retail/Shopping/Merchandise	\$5,783	\$4,890	\$166,479	\$109,315	\$286,467
Raceday Admission	\$195,744	\$18,956	\$20,193	\$7,418	\$242,311
Raceday Packages	\$35,430	\$4,598	\$11,657	\$7,089	\$58,773
Entertainment	\$4,908	\$19,919	\$108,038	\$57,125	\$189,990
Accommodation	\$24,434	\$64,118	\$1,244,110	\$349,713	\$1,682,375
Clothing/Fashion Accessories/Grooming	\$1,248,729	\$123,576	\$189,835	\$63,940	\$1,626,079
Net Wagering Revenue	\$473,887	\$213,102	\$209,139	\$76,706	\$972,835
Participant Expenditure	\$0	\$0	\$183,577	\$86,266	\$269,844
Total Expenditure Impact	\$2,377,189	\$515,043	\$2,594,047	\$885,402	\$6,371,681
ID12 Series Sponsorship	\$190,012	\$95,006		\$665,041	\$950,059

Including sponsorship, ID12 was responsible for the generation of more than \$7.32 million in total direct spending in the WA economy. In addition to this, it is estimated that additional tourism and travel to other parts of Western Australia delivered a further \$1.65 million to the broader Western Australian economy. This takes the total expenditure impact of ID12 to \$8.97 million.

5.3 Fashion Impacts

Premium racing events, such as ID12, 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 ID12 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 ID12 racing event.
- The survey was used to understand the average 'per person' spend on fashion items throughout the carnival.

Total Spending Generated by ID12 – Spending on Fashion & Grooming					
Spending Categories	Host Cities	Other WA	Interstate	International	Total
Clothing/Fashion Accessories	\$99.84	\$131.50	\$109.42	\$97.50	
Personal grooming/beauty products	\$20.67	\$10.00	\$87.45	\$50.00	
Clothing/Fashion Accessories Bought in WA	\$1,034,546	\$114,842	\$105,510	\$42,266	\$1,297,163
Personal grooming/beauty products	\$214,183	\$8,733	\$84,325	\$21,675	\$328,916
Total Expenditure	\$1,248,729	\$123,576	\$189,835	\$63,940	\$1,626,079

Attendees at ID12 revealed that they spent just over \$1.63 million on fashion and grooming in preparation for their attendance at ID12 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		Minimum Items Purchased
			Male Racegoers	Female Racegoers	
Skirt	22	0%	118	2%	140
Ties	73	1%	0	0%	73
Handbag	22	0%	118	2%	140
Sunglasses	44	1%	68	1%	112
Suit	73	1%	0	0%	73
Jewellery	22	0%	143	2%	165
Hat/Fascinators	73	1%	211	3%	284
Dress	22	0%	465	8%	487
Shirt/Blouse	444	6%	211	3%	655
Pants/trousers	117	2%	118	2%	234
Shoes	117	2%	279	5%	396
Socks	95	1%	0	0%	95
TOTAL	1,122		1,732		2,854

In 2012, shirts were the most purchased item by men (6%), while dresses were the most commonly purchased item by women (8%)

5.4 Participant impacts

When assessing the economic impact of harness racing events, it is important to measure the expenditure generated by participants. For the ID12, this incorporates visiting trainers and trainer/drivers who bring horses to WA 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 WA well before the preliminary heats and depart after the final – extending their stay beyond the actual race events.

Interstate and overseas participant expenditure includes nominations and acceptances (all monies are counted even if the horse does not compete), expenditure on training the animal and tourism related activities. The majority of expenditure generated by many participants 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 ID12, spent more than \$269,844 million during their visit to WA. This estimate includes the expenditure generated by the participant, their staff and travel colleagues (i.e. Owners and their guests).

5.5 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 Western Australian 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 Western Australia, 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 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 Interdominion in WA racing industry is undertaken by firstly identify the expenditures of the industry – that is the spend on activities, and then applying this expenditure to state input output tables. Table 1a gives the summary of estimates expenditure linked to the event – that is the estimated spend by people who attended the event associated with their attendance (in and out of the event, so including accommodation and entertainment etc). It provides this by origin of the attendee or participant. In total there was an estimated \$7.3 million of expenditure, with the largest amounts not directly at the event, but in accommodation and clothing expenditure.

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 (Perth and Other WA) it is assumed that on 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 Western Australia 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, WA 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 WA 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
\$3.08 million	\$4.00 million	\$7.08 million

In calculating the value added generated by ID12, local (Perth 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 \$7.0 million in value added for the Perth

economy. The \$3.08 million reflects the direct and indirect effects resulting from the increase in final demand generated by ID12. In other words, the direct and indirect impact of attracting non-local investment (tourists, sponsorship, participants) lead to the growth of the Perth economies to the value of \$3.08 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 ID12 totals nearly \$7.1 million.

It is estimated that the economic activity generated by ID12 resulted in the direct and indirect employment of 48 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 39 positions being employed, leading to a total of 87 full time equivalent positions being generated by ID12.

The wagering in WA on ID12 was responsible for the generation of just under \$973,000 in taxation revenue for the State Government. This includes approximately \$88,400 which is the GST component of wagering taxes. Whilst the activities of ID12 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.

5.6 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.

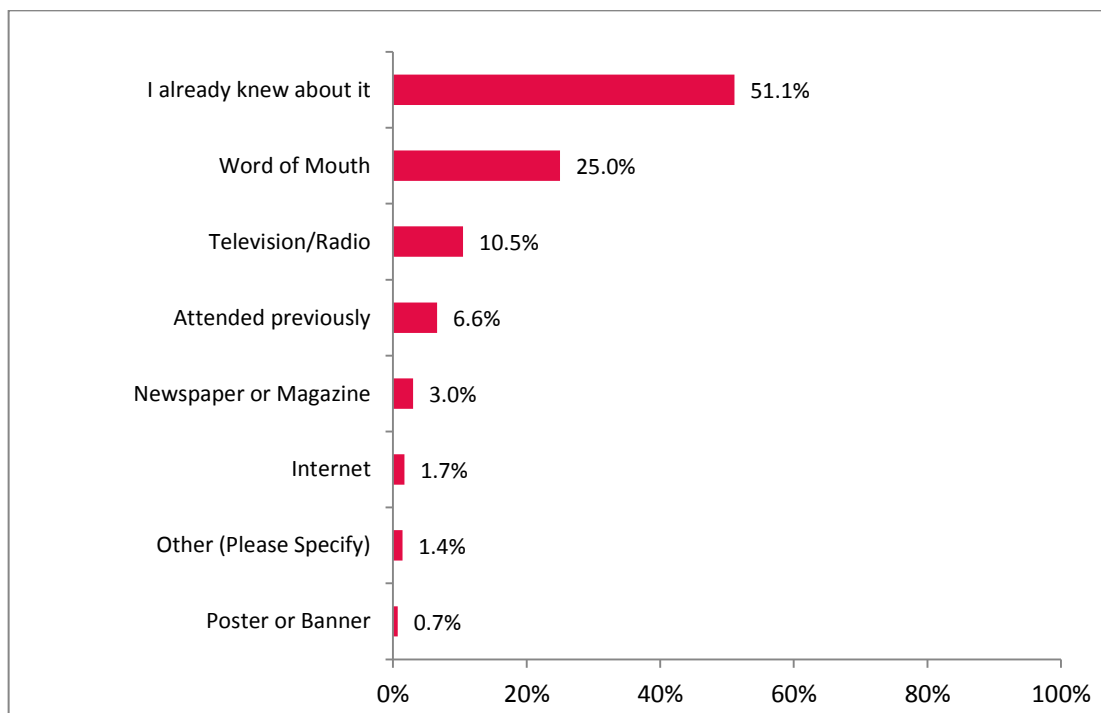
The value added impact measures the net increase in the economic activity resulting directly and indirectly from a change in demand. Similarly, the income effect measures the impact of the change in demand on the amount of additional wages, salaries and supplements paid to labour (a component of value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

6. Advertising Recall and Attendance Motivations /

6.1 Advertising Recall

The chart below illustrates how attendees at the ID12 first heard about the event. Just over half of attendees had already heard about the event (51.1%), with a further quarter of attendees indicating that they had heard the about the event through 'word of mouth'. Approximately 15% were influenced by advertising – 'Television/Radio' (10.5%), 'Newspaper or Magazine' (3%) and 'Poster and Banner' (0.7%).

Figure 8: Advertising Recall



Base: All attendees (n=591)

Q: Can you recall how you FIRST heard about the 2012 Inter Dominion in Perth?

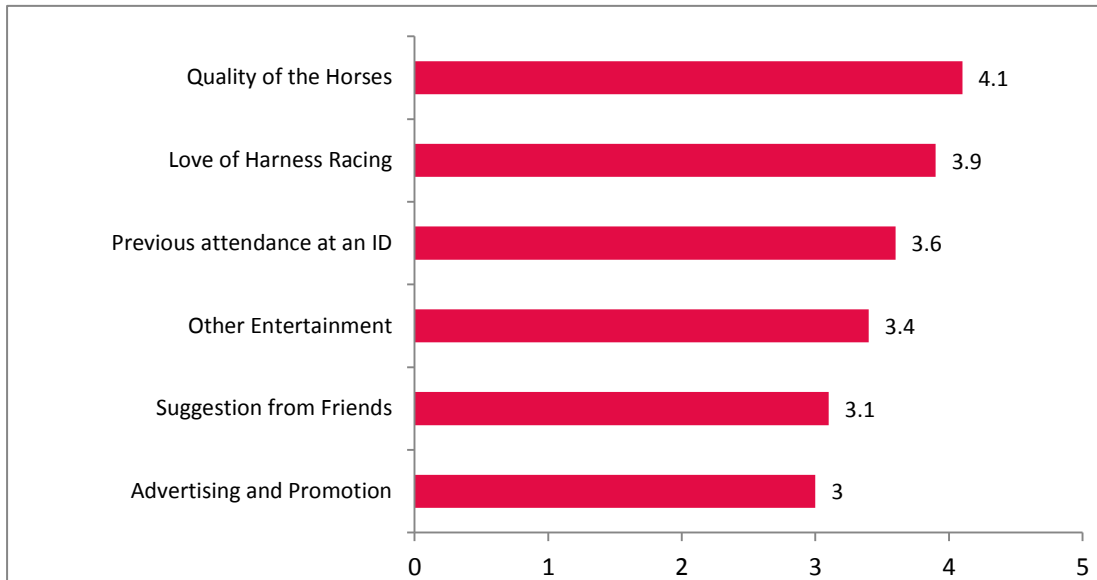
6.2 Attendance Motivations

A series of other motivations for attendance were examined to determine the degree of influence each motivation had on attendance.

The reason for examining a range of attendance motivations stems from the widely-accepted belief that event attendance cannot be attributed by the presence of a single motive. Rarely does a single force influence event consumption decisions. Rather, an attendee's relationship to a particular reference group or their membership in a particular social group forms and interprets their internal attitudes, perceptions and experiences, which ultimately drive event consumption.

The graph on the following page demonstrates that the top motivation for attendance overall was to see the 'Quality of the Horses'. This was rated very highly at 4.1 out of 5.0. This was closely followed by another sport motivation in 'Love of Harness Racing' (3.9).

Figure 9: Motivations to Attendance



Base: All attendees (n=593)

Q: Please rate the extent to which each of the following items motivated you to attend ID12? (1 - Low Motivation to 5 - High Motivation)

7. Customer Advocacy /

7.1 Net Promoter Score

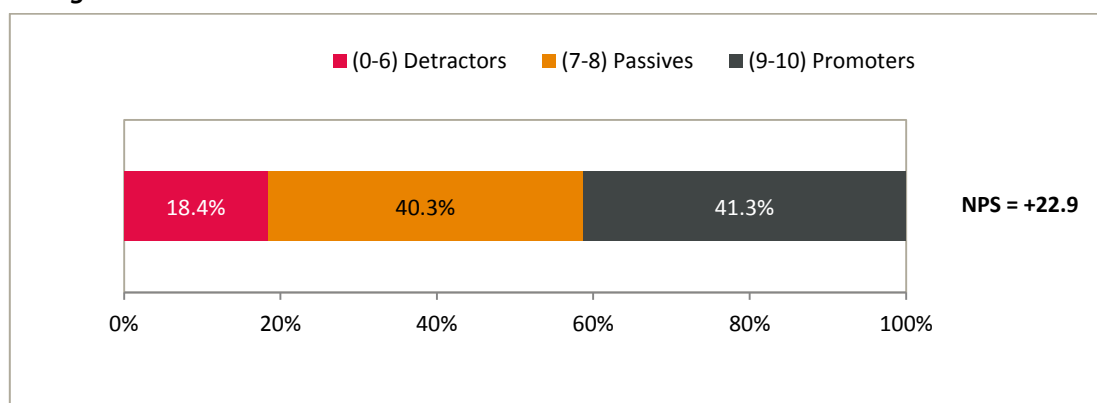
The Net Promoter Score (NPS) allows for the measurement of performance through the eyes of the attendees. It is based on the view that all attendees can be segmented into one of three categories: Promoters, Passives and Detractors. This classification was undertaken in this study by asking attendees one question – how likely is it that you will recommend attending the ID12 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 ID12 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 four racedays surveyed at Gloucester Park:

Figure 10: Net Promoter Score



Base: All attendees (n=580)

Q: How likely is it that you would recommend attending the ID12 to a friend, family member or colleague...?

The aggregate NPS score achieved for the four racedays was +22.9. This result demonstrates that there are more people spreading positive word of mouth about their experience than those spreading negative word of mouth. IER has conducted NPS research for more than 250 events over the last 12 months with the average NPS being +32. The ID12 NPS result therefore falls just below the average.