

TAB.COM.AU INTER DOMINION 2015



Focused Event Thinking



Harness Racing Australia /

Economic Impact 2015 tab.com.au Inter Dominion Championship

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1. Summary of Key Findings /

TOTAL GROSS ECONOMIC IMPACT - \$12.69 MILLION

TOTAL JOB CREATION – 111 FULL TIME EQUIVALENT JOBS

EVENT MOTIVATED VISITORS (OUT OF STATE) – 1,794

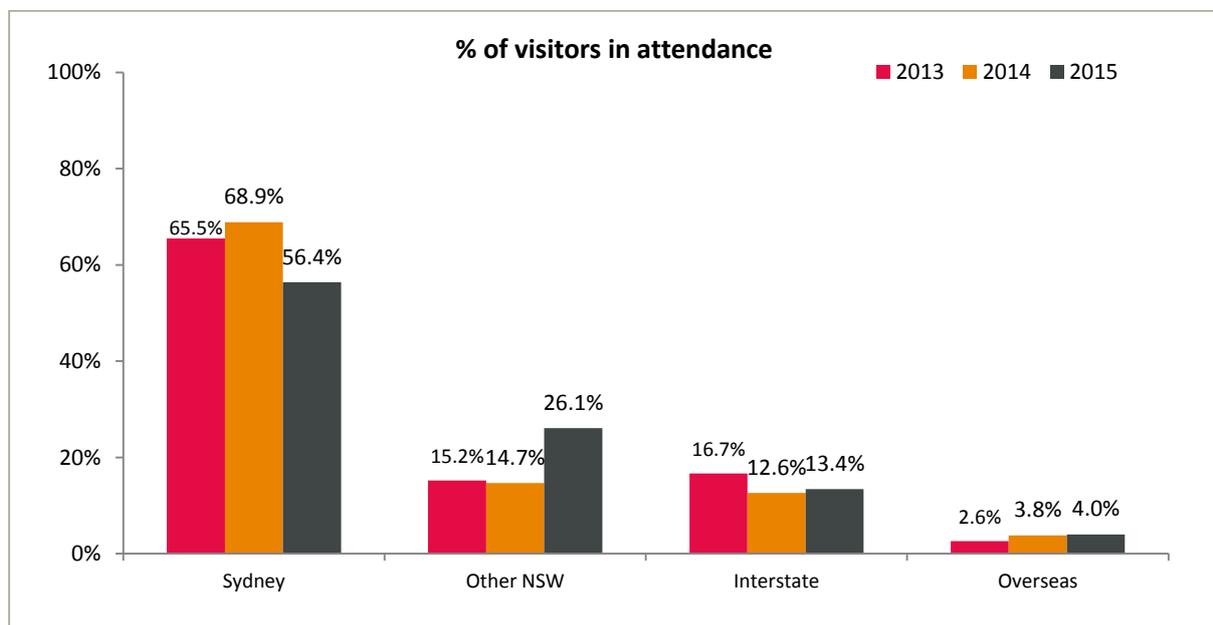
COMMERCIAL BED NIGHTS GENERATED – 9,721

The key findings from the research of the 2015 tab.com.au Inter Dominion (ID15) include: -

Customer Demographics

In 2015, there were a higher proportion of female attendees at the Inter Dominion when compared to previous years. Females comprised 51% of the audience in 2015, compared to an average of 43% over the last two years. In 2015, the proportion of attendees in the 30-39 and 40-49 age groups continued to decline whilst attendees in the over 50 age category grew from 60% in 2014 to 61% in 2015.

In 2015, there was a significant decline in attendances from Sydney residents – although this was somewhat offset by an increase of attendees from other parts of NSW. The following chart illustrates the origins of attendees:-



Overall, the 2015 Inter Dominion recorded a 0.2% increase in total attendances when compared to the previous year. In real terms, interstate attendances rose by 6.9% whilst overseas attendances rose by 7.9% (albeit on a small base). The research suggests that the average person attended 1.47 race meetings across the 3-day carnival. As such, it is estimated that 11,114 individuals attended ID15. Of these individuals, it is estimated that ID15 was directly responsible for bringing 4,842 individuals to the Inter Dominion from outside the host city. This compares to just over 3,100 individuals in 2014.

Direct Spending

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

- ID15 generated more than \$8.5 million in direct spending in Sydney
- More than 26% (\$1.84 million) was spent on accommodation in Sydney
- More than 11% (\$0.8 million) was spent on fashion & grooming in Sydney

It is also important to acknowledge the impact that wagering has on the State economy. Whilst all of the benefit does not directly flow back to the host city, it does benefit the State economy's bottom line. It is estimated that the net wagering revenues generated by ID15 totalled \$2.9 million in 2015. This was a significant increase from the \$2.2 million reported in 2014 and \$1.9 million reported in 2013.

Tourism Impact

ID15 generated significant tourism impacts for the Sydney region:-

- In total, 2,715 individuals travelled from outside the host city and stayed overnight as part of their attendance at ID15.
- It is estimated that these visitors generated more than 9,700 bed nights in commercial accommodation during their stay.
- This accommodation consumption delivered \$1.80 million in spending for the accommodation sector in Sydney
- The average interstate visitor (who travelled primarily to attend ID15) stayed 5.4 nights, whilst international visitors stayed 5.9 nights.

Economic Impacts

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

- The total gross expenditure linked to the Inter Dominion is estimated at \$8.8 million
- This expenditure is responsible for creating a total of \$4.13 million value added (or wages income plus gross operating surplus) directly, with wages and salaries comprising \$2.59 million of this amount, and there being approximately 51 jobs (in full time equivalent terms)
- However the flow on effects linked to this expenditure more than double the size of the contribution the sector makes. Including the flow on effects, the total contribution of the racing sector is estimated as \$12.69 million value added (or wages income plus gross operating surplus, with wages and salaries being \$6.94 million, and approximately 111 jobs (in full time equivalent terms).

2. Background Information /

2.1 Overview

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

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

ID15 was held over three weeks at Tabcorp Park, Menangle. Qualifying Heats were held throughout Australasia over a 90 minute period during the evening of 14th February, including 2 at Tabcorp Park Menangle. The carnival continued on February 21st with the running of the Allied Express Pink bonnet and Rod Fitzpatrick Memorial finals and culminating in the Grand Final on Sunday 1st March 2015.

2.2 Objectives of the Study

The primary purpose of this report is to provide an independent assessment of the economic impacts generated by ID15 on the Sydney and New South Wales economies. This study measures the economic impacts on a regional and state basis.

The main objectives of this 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. Calculate the total economic contribution of the Inter Dominion to the host city economy, including spending by all attendees irrespective of origin.
2. To provide a basis for long term benchmarking and time-series analysis on key event and economic impact indicators.
3. To identify the number of interstate and overseas visitors who came to the state for the Inter Dominion and assess the flow on tourism benefits that are generated.

4. To report on visitor spending patterns at the racecourse and also in the community during their visit.
5. To provide valuable marketing information that positions Harness Racing Australia, its members and future host clubs for increased corporate, public and government support.

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

- **Direct expenditure:** - the calculation of direct expenditure effectively measures the total spending generated by all customers and participants involved in the ID15 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 ID15 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 ID15 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 ID15.
- **FTE employment impacts:** - the extent to which employment impacts can be allocated against ID15 depends upon the determination of the level of economic activity generated by the event. Employment that is identified as being a result of the increased in demand and expenditure generated by the event, leads to an increase in the level of full-time and/or part-time employment in the region. Outputs are referred to in terms of full time equivalent (FTE) positions and takes into account both full time and part time employment.
- **State and Federal Government revenue:** - the extent to which wagering activity delivers taxation revenues to the State and Federal Governments. Whilst economic activity also delivers taxation revenues through direct taxes (PAYG, GST etc.), it is the wagering tax which is uniquely generated by harness racing activities.

2.3 Study Methodology

Population of Interest

The population of interest to this study was attendees at three key events during the 2015 Inter Dominion Series at Tabcorp Park Menangle. For the purpose of this study, 'attendees' are identified as racegoers who attended the heats and finals of the ID15.

Instrumentation

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

Data Collection

In order to generate an adequate sample size for each of the three events, data was collected using field research staff. IER sent trained research staff to each of the two race nights and one day (final) 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 racetrack.

Survey Development

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

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

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

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

2.4 Sample Design

In attempting to determine the population demographics from the ID15 audience, IER developed a thorough sampling design. This sampling process allowed for the development of attendee data samples from within each of the following customer groups:-

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

It is important to segment the customer groups as this enables IER to determine expenditure by 'locals' and direct in-scope expenditure.

Field staff were sent to each of the three days of ID15 and distributed within the different areas of the racetrack. Events such as ID15 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 events. Field staff were instructed to approach attendees randomly by making contact with every third person.

Field research staff asked the attendee if they would be happy to complete a survey about their attendance at ID15. Attendees were interviewed immediately by way of a face-to-face survey. In total, IER field staff collected 535 surveys from attendees across the three race events. When taking into consideration the number of individuals who attended the two nights and one day of the ID15 (11,114), this represents a confidence interval of +/-4.15 at a confidence level of 95%.

Analysing Attendee Data

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

Data Received from Harness Racing NSW

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

- Wagering turnover
- Attendances (split by the three 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.

2.5 Economic Methodology

The assessment of economic impacts accruing from ID15 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.

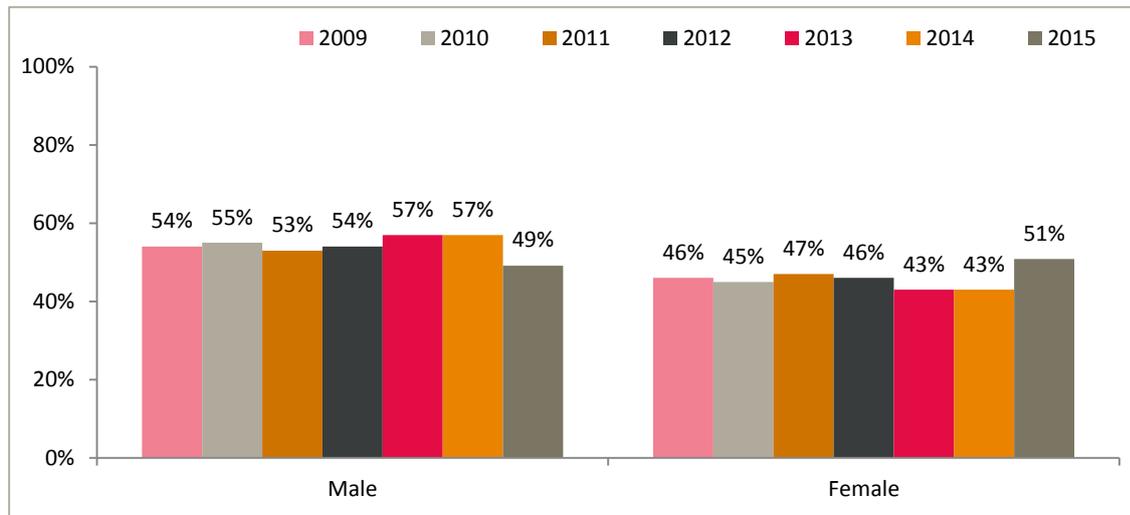
Type II multipliers represent the type I impact plus the flow-on effects of subsequent rounds of consumer spending that results from the increase in household income (the consumption induced effect). It is generally believed that Type II multipliers overstate the true impact of a change to the final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

3. Attendance Demographics /

3.1 Gender



Figure 1: Gender

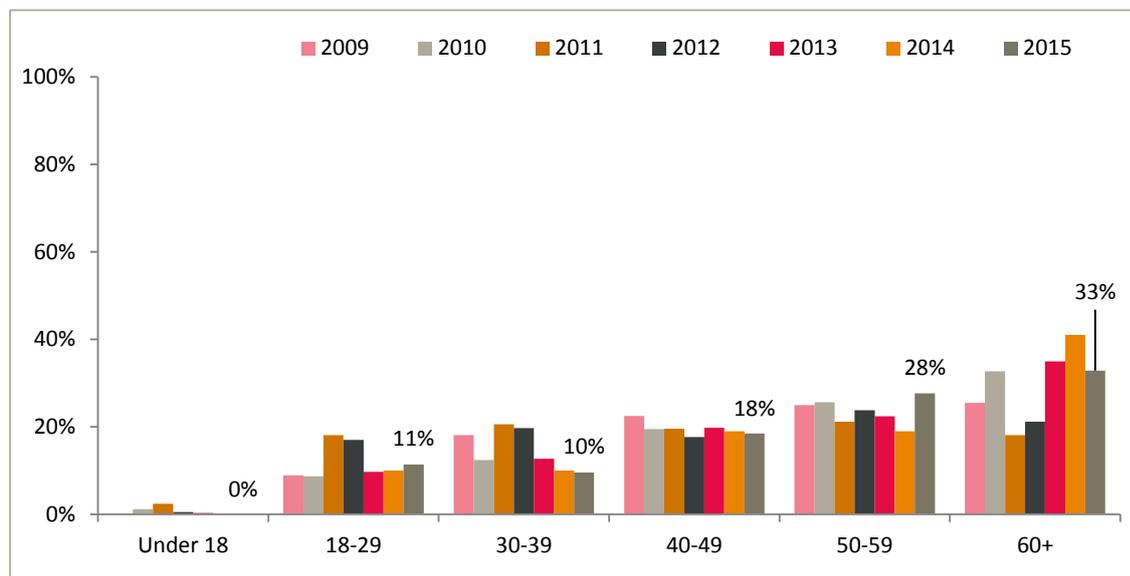


Base: All attendees (n=535)
 Q: Are you...?

Figure 1 above illustrates the gender breakdown of Inter Dominion attendees. In 2015, the sample revealed an increase in female respondents, rising above 51%. This represents the first time, in the last seven years, that females have a higher representation in the sample than males.

3.2 Age

Figure 2: Age



Base: All attendees (n=535)
 Q: In what year were you born...?

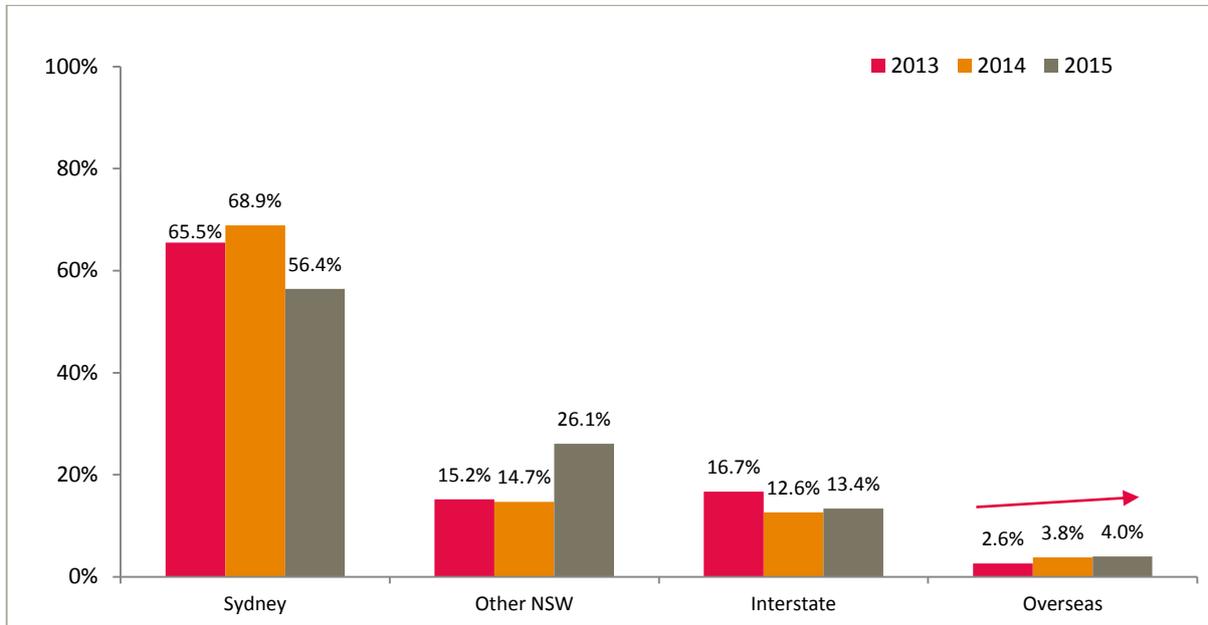
In 2015, the proportion of attendees in the 30-39 and 40-49 age groups continued to decline whilst attendees in the over 50 age category grew from 60% in 2014 to 61% in 2015. There was also some growth in the 18-29 category.



3.3 Visitor Origin

Assessing the visitor origin of attendees is important for both profiling the demographic characteristics of ID15 attendees and understanding the events tourism impact.

Figure 3: Visitor origin



Base: All attendees (n=535)

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

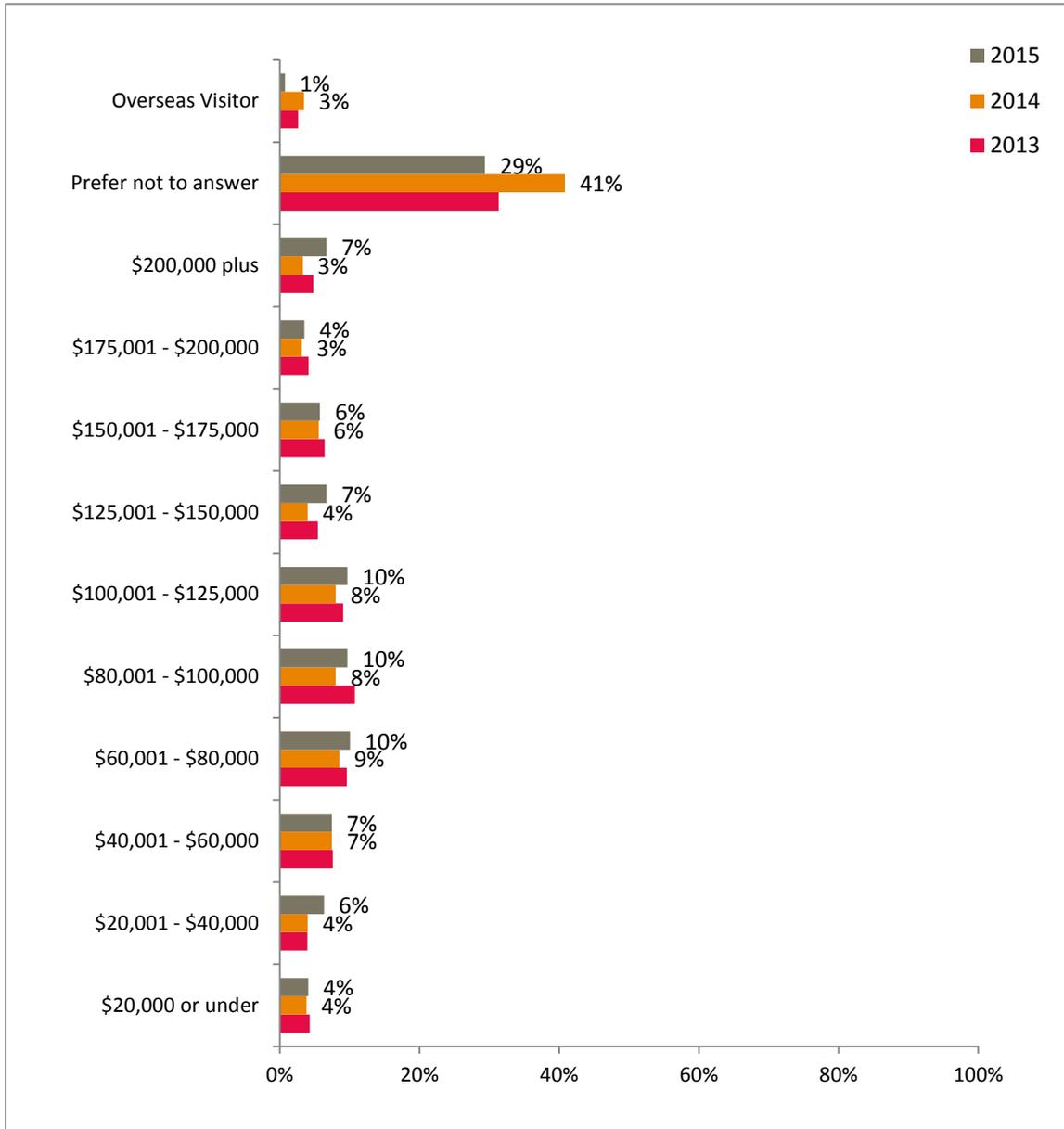
The graph above illustrates the origins of attendees at ID15. In 2015, there was a significant jump in the proportion of attendees from regional parts of the State. Mostly, this was at the expense of visitors from Sydney. Interstate attendances were slightly higher (albeit lower than the 16.7% recorded in 2013) whilst overseas attendances increased for the second consecutive year.



3.4 Annual Household Income

The household income of attendees is displayed in the graph below. The chart illustrates that middle income earners made up the largest proportion of attendees at ID15.

Figure 4: Household income



Base: All attendees (n=535)

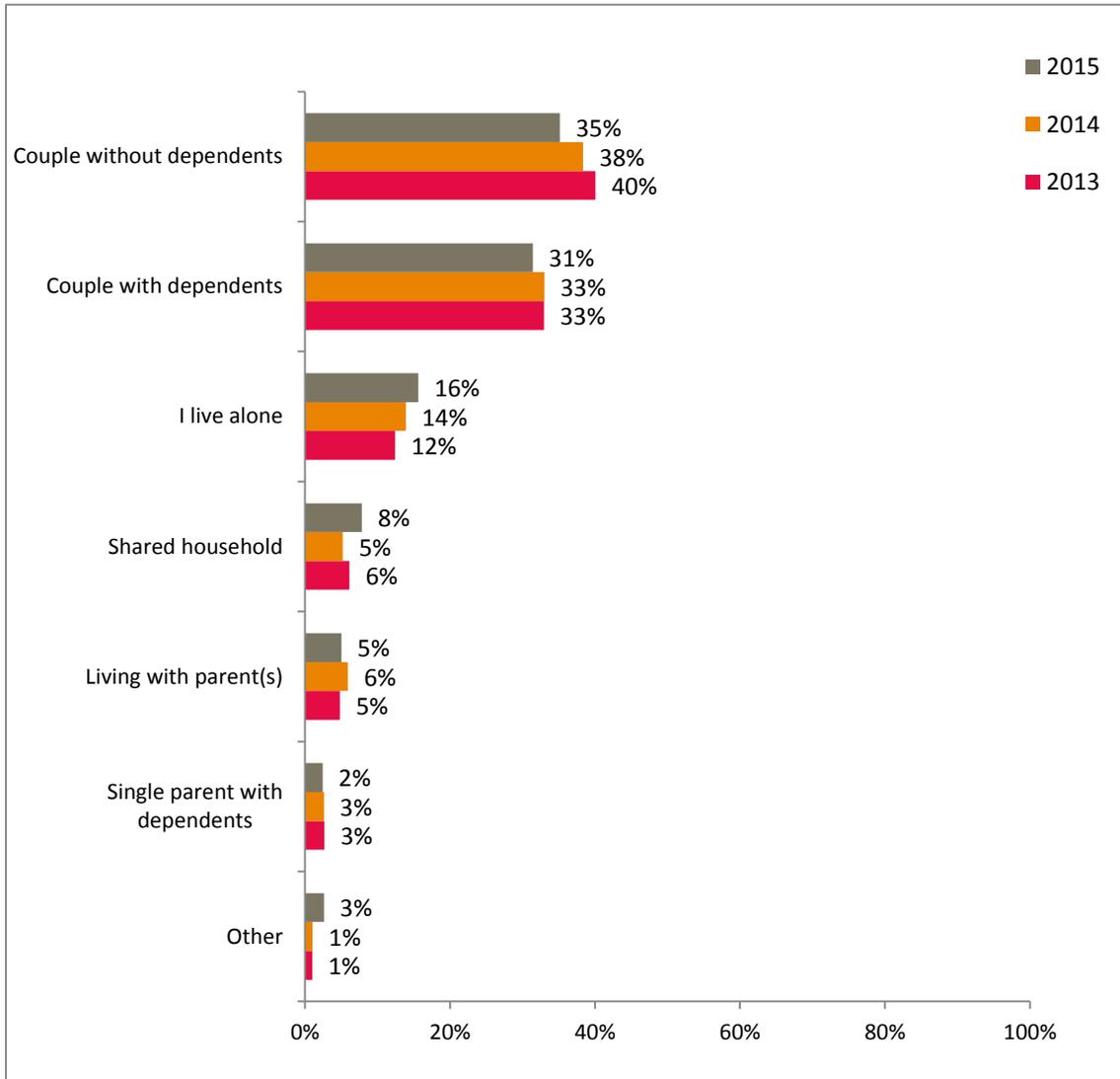
Q: Which range represents your annual personal income (before tax)?



3.5 Household Composition

The household composition of attendees is displayed in the graph below. This chart illustrates that the highest proportion of the audience live in a household which is comprised of a couple without dependents – approximately one in every three attendees. This is followed closely by couples living with dependents (31%). Over the last three years, there has been growth in attendees who live alone and in a shared household.

Figure 5: Household Composition



Base: All attendees (n=535)

Q: Which of these best describes your household composition?



The 2015 tab.com.au Inter Dominion attracted an attendance of 16,363¹ over the two nights and one day of the event. More than 55% came from Sydney whilst a further 26% of these attendances originated from regional NSW. Survey data, collected during the three days of ID15, revealed that the average person attended 1.47 meetings across the Inter Dominion. Therefore, the recorded attendance of 16,363 reflects attendance at ID15 by more than 11,114 individuals.

Figure 6: Visitor Origin

Attendance at ID15	% of Audience	Number of Attendances	Number of Individuals
Sydney	56.4%	9,235	6,273
Other NSW	26.1%	4,267	2,898
Interstate	13.4%	2,200	1,494
International	4.0%	662	450
Total	100.0%	16,363	11,114

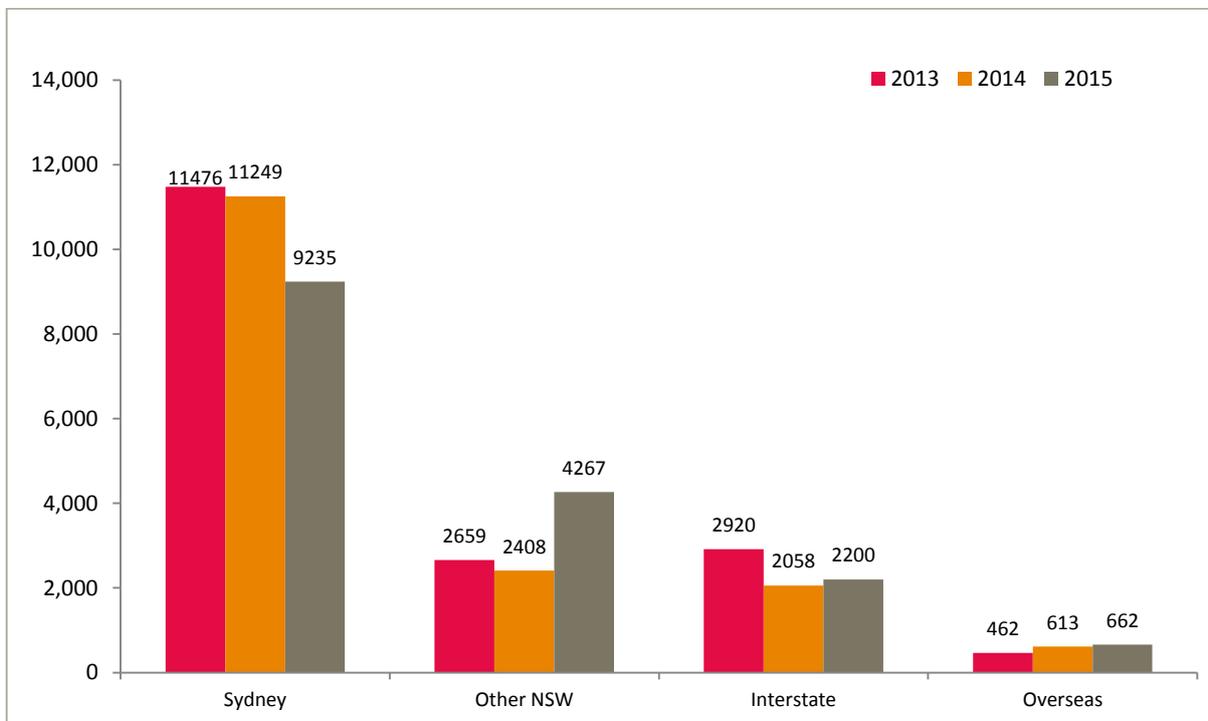
Base: All attendees (n=535)

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

From an economic impact perspective, attracting greater numbers of tourists equates to an increase in benefits for the local economy. Nearly 17.5% of the attendances were attracted from outside of New South Wales - which is a significant result.

The following chart illustrates the attendances, by visitor origin, over the last three years:-

Figure 7: Attendances by visitor origin over the last 3 years



Base: All attendees (n=535)

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

¹ This does not include staff who worked at ID15, but includes participants

4. Tourism Impacts /

4.1 Attendance by Intrastate Visitors

The survey revealed that ID15 attracted 26.1% of its audience from other parts of New South Wales, outside the host city. This equates to just over 4,260 attendances or 2,898 individuals and represented a significant increase on the proportion of the audience made up by this segment last year. The survey revealed the following information regarding intrastate visitors:-

- Overall, 36% of intrastate attendees stayed overnight (1,029 individuals) in the host city as a result of their attendance at ID15.
- They stayed an average of over 2.1 in the Greater Sydney region
- In total, intrastate visitors generated more than 1,980 commercial bed nights in Greater Sydney as a result of attending ID15 (with an additional 500 non-commercial bed nights)

More than 82% of intrastate visitors surveyed revealed that their visit to Sydney was inspired by a desire to attend ID15.

4.2 Attendance by Interstate Visitors

The survey revealed that ID15 attracted 13.4% of its audience from Interstate. This equates to just over 2,200 attendances or 1,494 individuals. The survey revealed the following information regarding Interstate visitors:-

- Overall, 86% of interstate attendees stayed overnight (1,278 individuals) in the host city as a result of their attendance at ID15.
- They stayed an average of 4.6 nights in the Greater Sydney region
- In total, interstate visitors generated more than 6,200 commercial bed nights in Greater Sydney as a result of attending ID15 (with an additional 139 non-commercial bed nights)

More than 84% of Interstate visitors revealed that their visit to New South Wales was inspired by a desire to attend ID15.

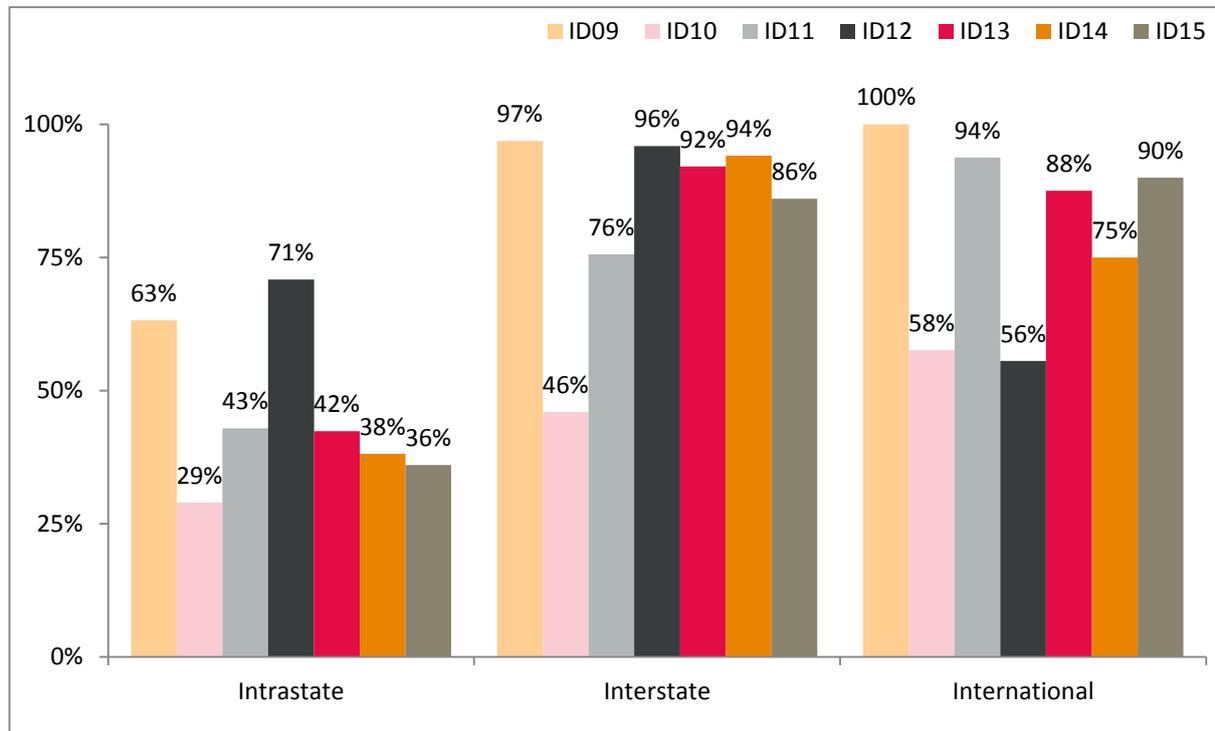
4.3 Attendance by International Visitors

The survey revealed that ID15 attracted 4.0% of its audience from Overseas. This equates to 662 attendances or 450 individuals. The survey revealed the following information regarding International visitors:-

- Overall, 90% of international attendees stayed overnight (408 individuals) in the host city as a result of their attendance at ID15.
- They stayed an average of 5.6 nights in the Greater Sydney region
- In total, international visitors generated more than 1,964 commercial bed nights in Greater Sydney as a result of attending ID15 (with an additional 110 non-commercial bed nights)

More than 85% of overseas visitors revealed that their visit to New South Wales was inspired by a desire to attend ID15.

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



Base: All attendees (n=535)

The survey of attendees at ID15 revealed that more than 43% of the audience travelled from outside the host city, with interstate and international visitors staying on average 4.6 and 5.6 nights in the host city respectively. This makes ID15 a considerable generator of economic and tourism stimulus for New South Wales. The chart above reveals the proportion of the audience that stayed overnight in the host city as a result of their attendance at ID15.

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

Figure 9: Length of stay in Sydney & NSW

Length of Stay in Sydney	Number of Nights Per Person
International	5.9
Interstate	5.4
Other NSW	2.2

International visitors to ID15 stayed the longest (5.9 nights) with interstate visitors staying 5.4 nights. These visitor groups recorded a higher length of stay than in recent years. The calculation of bed nights generated by ID15 is developed within the following framework:-

- An assessment of the entire length of stay in the host city by those visitors who indicated that ID15 was the primary reason for their visit to the host city,

- An assessment of the extended length of stay generated by the event. Within the audience, there were visitors who revealed that they had travelled to NSW for reasons other than ID15, 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 ID15 economic impact assessment where they subsequently change their plans to stay longer. This was a very small segment within the ID15 audience (and limited to interstate attendees).

4.4 Accommodation Impacts

The following table illustrates the total impact generated for the accommodation sector in Sydney/NSW, as a result of ID15:-

Bed Nights Generated in Sydney/NSW	Intrastate Visitors	Interstate Visitors	International Visitors	Total
Total Bed Nights (Commercial)	1,482	6,276	1,964	9,721
Total Accommodation Spend	\$443,550	\$1,066,198	\$425,582	\$1,800,921
Accommodation Spend Per Night	\$208.66	\$169.89	\$216.68	\$185.25

The chart above illustrates the considerable impact that ID15 had on the accommodation and travel industry in Sydney/NSW. Analysis of customer data reveals that ID15 was responsible for generating more than 9,700 commercial bed nights. In addition to the commercial bed nights generated, visitors spent more than 740 bed nights in non-commercial accommodation.

Overall, this increased accommodation demand resulted in more than \$1.8 million being spent with commercial providers in NSW.

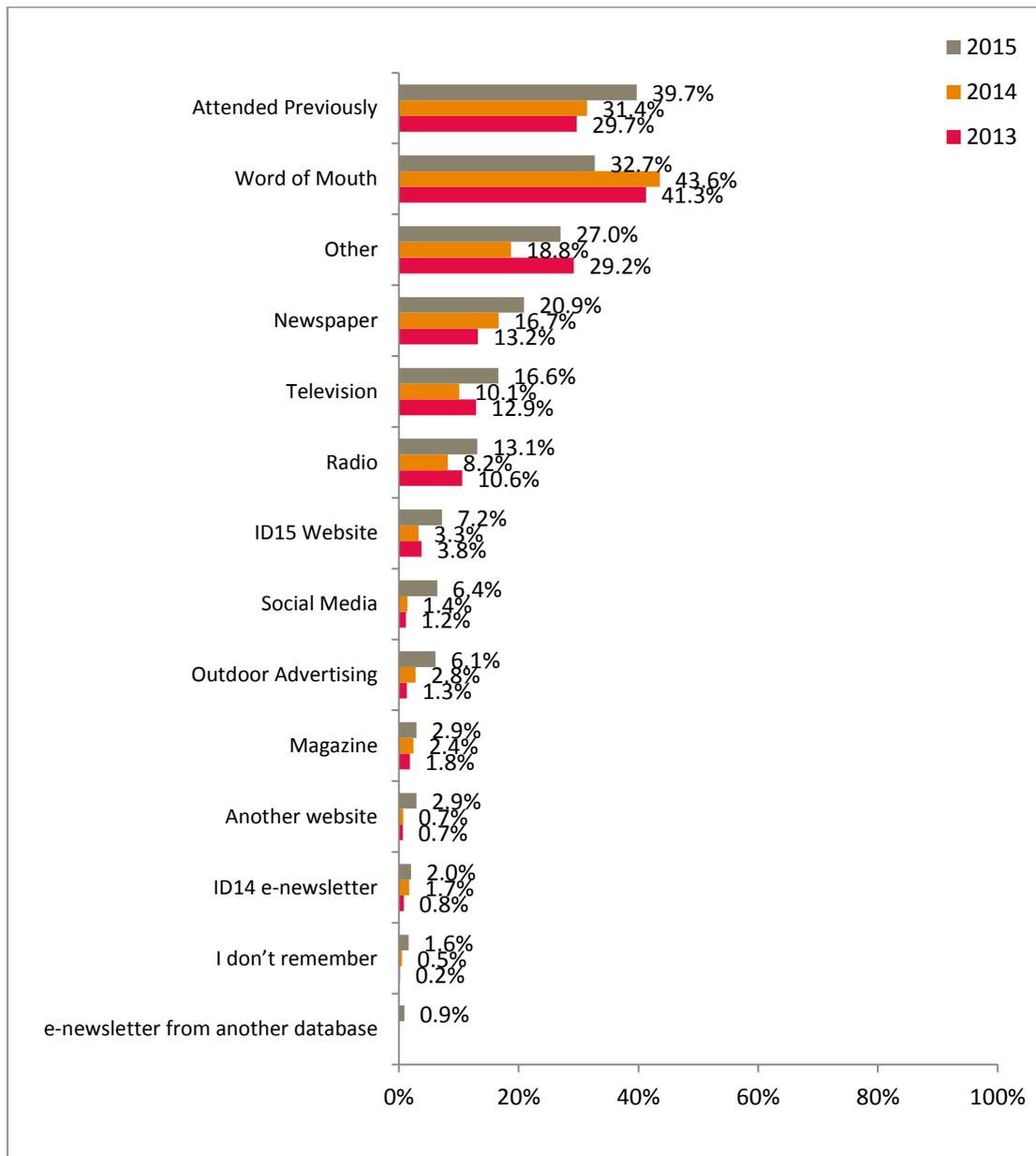


5. Advertising Recall and Attendance Motivations /

5.1 Advertising Recall

The chart below illustrates how attendees at the ID15 heard about the carnival. Nearly 40% of attendees indicated that their awareness of the event came through previous attendance. Furthermore, of those who selected 'other', the majority (19.5%) revealed an association with the sport as their driver of awareness (i.e. owner, trainer etc.) Whilst 'word of mouth' remains the second highest response (32.7%) it has dropped when compared to previous years. Traditional media sources increased this year, with one-in-five becoming aware through newspapers. Approximately 6% (contained within the 'other' category) indicated that they 'simply knew' when the event was on every year.

Figure 10: Advertising Recall



Base: All attendees (n=535)

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



6. Customer Advocacy /

6.1 Net Promoter Score

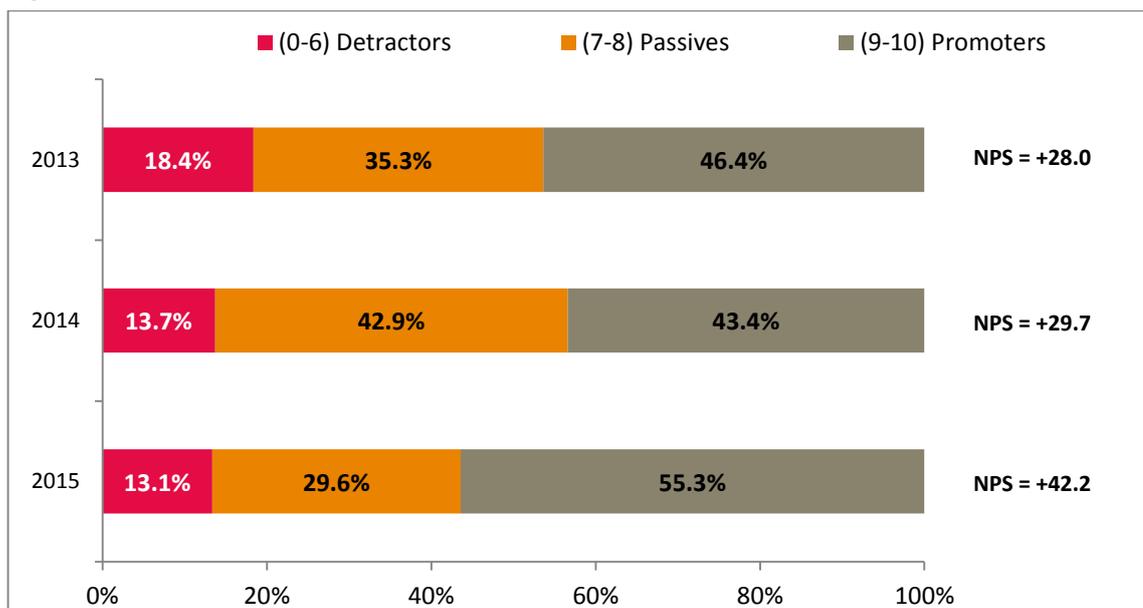
The Net Promoter Score (NPS) allows for the measurement of performance through the eyes of the attendees. It is based on the view that all attendees can be segmented into one of three categories: Promoters, Passives and Detractors. This classification was undertaken in this study by asking attendees one question – how likely is it that you will recommend attending the ID15 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 ID15 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 2015 compared to the previous two Inter Dominions.

Figure 11: Net Promoter Score

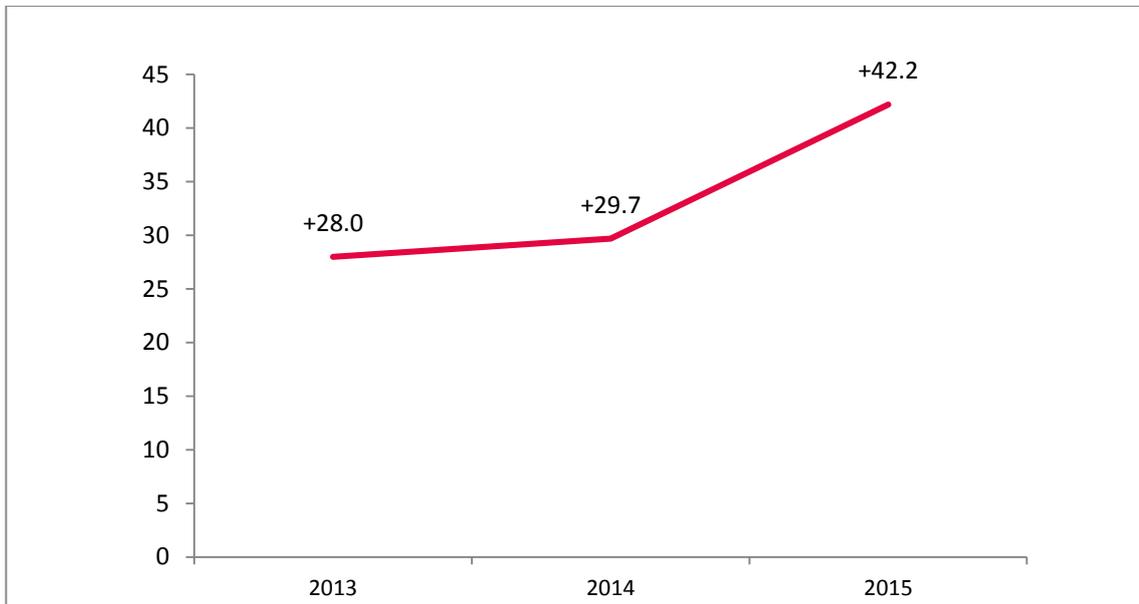


Base: All attendees (n=535)

Q: Thinking about your experience at ID15, how likely is it that you would recommend attending the event to others...?

The aggregate NPS score achieved for the three racedays was +42.2. This result demonstrates that there are more people spreading positive word of mouth about their experience than those spreading negative word of mouth. Over the last four years, during which the Inter Dominion was held in New South Wales, the NPS has increased each year – culminating in a large increase in 2015. The following chart illustrates the three year trend:-

Figure 12: Net Promoter Score over the last three years



7. Economic Impacts of ID15/

7.1 Direct Spending Impacts

Events generate economic impacts primarily through two key areas:-

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

Whilst some economic methodologies also determine that there can be an extended stay effect (i.e. a tourist who did not travel primarily to attend the event, but subsequently decided to stay longer than planned to attend the event), this was found to be minimal in the case of ID15.

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 ID15:-

Total Spending at ID15 - Spending at the racetrack					
Spending Categories	Sydney	Other NSW	Interstate	International	Total
Food & Beverages	\$95,803	\$44,264	\$22,819	\$6,867	\$169,752
Merchandise	\$14,167	\$6,546	\$3,374	\$1,015	\$25,103
Other Spending	\$52,527	\$24,269	\$12,511	\$3,765	\$93,072
Raceday Admission	\$76,304	\$35,255	\$18,174	\$5,469	\$135,203
Raceday Packages	\$190,573	\$88,052	\$45,391	\$13,659	\$337,675
Total Expenditure Impact	\$429,374	\$198,386	\$102,270	\$30,775	\$760,805
ID15 Series Sponsorship	\$200,000				\$960,805

Figures provided by Harness Racing NSW reveal that more than \$760,800 was spent by customers at ID15 (excluding wagering). This was slightly higher than the level of expenditure recorded for ID14 (\$740,950). In addition to this, the event attracted \$200,000 in sponsorship.

As outlined earlier, where a causal relationship can be identified, spending by tourists during their entire trip can be allocated as an economic impact delivered by the existence of the event. In other words, if ID15 was not held in Sydney at that time, then it is likely that visitors, who identified ID15 as the primary purpose for travelling to the host city, may not have travelled to the region.

The following table illustrates the total expenditure generated off-course by local attendees and visitors who identified ID15 as the primary reason for their visit:-

Total Spending Generated by ID15 - Spending by visitors					
Spending Categories	Sydney	Other NSW	Interstate	International	Total
Food & Beverages	\$64,300	\$162,815	\$527,936	\$232,299	\$987,350
Transport	\$61,923	\$103,702	\$126,887	\$98,516	\$391,028
Retail/Shopping	\$11,821	\$9,359	\$48,939	\$95,770	\$165,889
Entertainment	\$33,047	\$9,401	\$61,512	\$43,457	\$147,417
Accommodation	\$39,785	\$309,141	\$1,066,198	\$425,582	\$1,840,706
Clothing/Fashion/Grooming	\$501,378	\$98,536	\$136,024	\$37,905	\$773,842
Total Expenditure Impact	\$712,255	\$692,954	\$1,967,496	\$933,529	\$4,306,233

Data collected through the customer survey revealed that attendees at ID15 spent nearly \$4.3 million off-course as a result of attending ID15. This was a significant increase on the \$3.7 million reported in 2014. Interstate visitors contributed 12.6% of this amount. The table includes 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 ID15. Some local guests take the opportunity to 'make an experience' out of the event by booking a hotel night as well. Accommodation (50.1%) and Food & Beverages (25.7%) and made up the largest elements of tourist spending in Sydney.

Another core element of economic impact originates from wagering activity. More than \$20.4 million was bet in NSW through on-course, off-course and corporate wagering providers. From an economic impact perspective, it is important to identify the amount of net wagering revenue that flows through to the economy. Essentially, this equates to the amount of wagering revenue left after successful bets are paid out. It is estimated that nearly \$2.88 million worth of Net Wagering Revenue will flow through to the NSW economy – accruing to the harness racing industry, the wagering operator and Government taxation revenue.

The following table illustrates the total direct customer spending impacts generated by ID15:-

Total Direct Spending Generated by ID15					
Spending Categories	Sydney	Other NSW	Interstate	International	Total
Food & Beverages	\$160,102	\$207,079	\$550,755	\$239,166	\$1,157,102
Transport	\$61,923	\$103,702	\$126,887	\$98,516	\$391,028
Retail/Shopping/Merchandise	\$25,989	\$15,905	\$52,313	\$96,786	\$190,992
Other Spending	\$52,527	\$24,269	\$12,511	\$3,765	\$93,072
Raceday Admission	\$76,304	\$35,255	\$18,174	\$5,469	\$135,203
Raceday Packages	\$190,573	\$88,052	\$45,391	\$13,659	\$337,675
Entertainment	\$33,047	\$9,401	\$61,512	\$43,457	\$147,417
Accommodation	\$39,785	\$309,141	\$1,066,198	\$425,582	\$1,840,706
Clothing/Fashion/Grooming	\$501,378	\$98,536	\$136,024	\$37,905	\$773,842
Net Wagering Revenue	\$1,568,399	\$1,060,291	\$247,368	\$2,527	\$2,878,584
Other Events (incl. WDC & WTC)	\$760	\$0	\$72,705	\$526,622	\$600,087
Total Expenditure Impact	\$2,710,787	\$1,951,631	\$2,389,839	\$1,493,452	\$8,545,709
ID15 Series Sponsorship		\$200,000			\$200,000

Including sponsorship, ID15 was responsible for the generation of more than \$8.75 million in total direct spending in the NSW economy. In addition to this, it is estimated that additional tourism and travel to other parts of New South Wales delivered a further \$0.74 million to the broader New South Wales economy. This takes the total expenditure impact of ID15 to \$9.48 million.

7.2 Fashion Impacts

Premium racing events, such as ID15, have been proven to generate considerable fashion industry impacts through the generation of the concept of dressing up to attend a social day or night out. The analysis of fashion purchases made during ID15 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 ID15 racing event.
- The survey was used to understand the average 'per person' spend on fashion items throughout the carnival.

Total Spending Generated by ID15 – Spending on Fashion & Grooming					
	Sydney	Other NSW	Interstate	International	Total
Clothing/Fashion Accessories (avg \$)	\$179.12	\$111.40	\$390.00	\$231.50	
Personal grooming/beauty products (avg \$)	\$73.25	\$46.50	\$86.40	\$30.00	
Clothing/Fashion Accessories purchased	\$396,618	\$90,723	\$126,669	\$34,693	\$648,704
Personal grooming/beauty products	\$104,760	\$7,813	\$9,354	\$3,211	\$125,138
Total Expenditure	\$501,378	\$98,536	\$136,024	\$37,905	\$773,842

Attendees at ID15 revealed that they spent just over \$773,000 on fashion and grooming in preparation for their attendance at ID15 in the host city region. This was slightly lower than the \$918,000 spent in 2014.

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		
Skirt	55	1%	92	2%	147
Jacket	37	1%	92	2%	129
Ties	184	3%	55	1%	239
Handbag	0	0%	129	2%	129
Sunglasses	37	1%	37	1%	74
Suit	55	1%	74	1%	129
Jewellery	37	1%	166	3%	202
Hat/Fascinator	129	2%	276	5%	405
Dress	18	0%	589	11%	607
Shirt/Blouse	202	4%	276	5%	478
Pants/trousers	37	1%	92	2%	129
Shoes	74	1%	239	4%	313
Socks	18	0%	18	0%	37
TOTAL	883		2,171		3,054

In 2015, shirts were the most commonly purchased item by men (4.0%), while dresses were again the most commonly purchased item by women (11.1%).

7.3 Other Events

In 2015, as part of the Inter Dominion Championships, NSW also hosted the World Drivers Championships and the World Trotting Championships. These events brought key participants and administrators from around the world to NSW. The table below illustrates the types of events and the impacts that they generated within Sydney and NSW

Event	Description	Visitor Impacts	Impacts
World Drivers Championships	Ten of the best reinsmen and reinswomen in the World gathered in Sydney to do battle for the country in 20 over seven days at six different metropolitan and regional tracks	<ul style="list-style-type: none"> • 2 drivers from interstate spent a total of 4 nights in Sydney and 10 nights in regional NSW • 8 drivers from overseas spent a total of 16 nights in Sydney and 40 nights in regional NSW 	<ul style="list-style-type: none"> • Total bed-nights in Sydney – 20 • Total bed-nights in regional NSW – 50 • Total direct spending in Sydney - \$7,600 • Total direct spending in regional NSW - \$19,000
World Drivers Championships Tours	More than 90 visitors from interstate and overseas purchased tour packages which took in the WDC and the Inter Dominion	<ul style="list-style-type: none"> • 13 people from interstate spent a total of 88 nights in Sydney and 31 nights in regional NSW • 80 people from overseas spent a total of 508 nights in Sydney and 174 nights in regional NSW 	<ul style="list-style-type: none"> • Total bed-nights in Sydney – 576 • Total bed-nights in regional NSW – 205 • Total direct spending in Sydney - \$231,300 • Total direct spending in regional NSW - \$79,100
World Trotting Conference	The 2015 World Trotting Conference brought delegates from around the World, to NSW, for seven days of business and racing.	<ul style="list-style-type: none"> • 8 people from interstate spent a total of 56 nights in Sydney • 70 people from overseas spent a total of 490 nights in Sydney 	<ul style="list-style-type: none"> • Total bed-nights in Sydney – 566 • Total direct spending in Sydney - \$360,360

7.3 Value Added Contribution to Gross Regional Product

Basis of Evaluation

An 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 NSW perspective, visitors are attendees from interstate or overseas. This will include expenditure not only to attend the event itself, but expenditure on items such as accommodation, transport and other entertainment. The main parameters relevant in determining the amount involved will include average expenditure per day and length of stay. Accepted modelling frameworks in the literature 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.
- Expenditure of locals in the analysis of the economic impact of events is generally in studies of this type 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 a profile event such as the Inter Dominion it could reasonably be expected that in the absence of the event in NSW, a proportion of people would choose to attend a similar event outside of the State. Therefore this reduction in money flowing out of the state because of the event is equally a benefit (equivalent to import replacement activity). This is particularly important in the case of 'bidding events' such as the Inter Dominion. With the real possibility of competing jurisdictions successfully bidding for this national and international showcase event, it can be safely assumed that loss of the event to another jurisdiction will lead to loss of economic impacts in NSW.
- Dollars spent within a region based on sponsorship or contribution from parties external to the region may also be significant.

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 (e.g. 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 reporting of the estimated outcomes of the event in terms of:-

- the effect of expenditure or turnover on value added in a regional economy, and
- in terms of job creation.

Again, this methodology is generally recognised as the appropriate methodology for event analysis, although there is an acknowledgement that a Computable General Equilibrium model (an economy wide model based on underlying input-output tables but with a more advanced framework of demand and supply curves surrounding the economic structure) provides the ability in the modelling to allow for supply and macroeconomic constraints. Studies generally indicate though that at the regional level, the results of a short term shock (such as that generated by 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. Indeed, at the state or regional level, the results of input-output studies and CGE studies, with long term closure, will be a similar order of magnitude.

This study of the impact of the 2015 Inter Dominion as an event within the context of the NSW racing industry is an update of studies conducted over the previous three years. It is undertaken by firstly identifying the expenditures of the industry – that is the expenditure on activities, and then applying this expenditure to state input-output tables. In total there was an estimated \$8.5 million of expenditure, with the largest amounts not just at the event, but in accommodation and food services, and in clothing and retail expenditure.

However, as discussed above, some of this gross expenditure is likely to have occurred anyway. This is further explained by the following hypotheses:-

- if the event was not held, then most locals would choose some other form of entertainment on which to spend their money and as such, their spending is considered to be simply a transference from one product in the economy to another, and
- some of the out-of-region visitors would have made the visit anyway (to visit family, or for some other reason). This is particularly the case for those who do not cite the event as the primary purpose for their visit

As such the gross spend must be discounted. It is assumed that all of the participant and the sponsorship expenditures are fully linked to the event. However of the local attendee spend (Sydney and Other NSW) it is assumed that 20% is additional (that linked to people who would have travelled interstate to attend a similar event, or those who might spend more in aggregate).

The 20% assumption is based on other event studies that find (through attendee surveys) that around 10% of NSW based attendees would have travelled interstate to attend the event if it were held in another jurisdiction – and it is assumed that these people spent only half 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 further assumed that 90% of the expenditure would not have occurred in NSW without the event. These proportions are assumed to be relevant across all categories of attendee expenditure.

Adjustment of expenditures

The aggregated data is converted from purchasers' prices to basic prices, as the raw data include margins, taxes and subsidies. All monetary values in the I-O models are expressed as basic values.

The prime differences between purchaser prices and basic values are that:

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

The NSW model adopted in this study is an indicative model created specifically for this project – using as a base the 2009/10 national input-output table (as created by the ABS), modified to describe the NSW economy using NSW employment data from the 2011 Census and a mathematical technique known as location quotients.

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

Results

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 ANZIC code as identified in the input-output table.

The calculation of the induced effects – allocated to the industry in which the impact occurs- is undertaken by running an impact assessment, and tracing the whole of economy effect of the expenditure patterns linked to the event.

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
\$4.13 million	\$8.56 million	\$12.69 million

In calculating the value added generated by ID15, the majority of local (Sydney resident) spending is excluded as it represents a redistribution of monies already existing in the host city economies. In economic terms, this spending by visitors to Sydney generated just over \$12.6 million in value added for the Sydney economy. The \$4.13 million reflects the direct and indirect effects resulting from the increase in final demand generated by ID15. In other words, the direct and indirect impact of attracting non-local investment (tourists, sponsorship, participants) lead to the growth of the Sydney economies to the value of \$4.13 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.

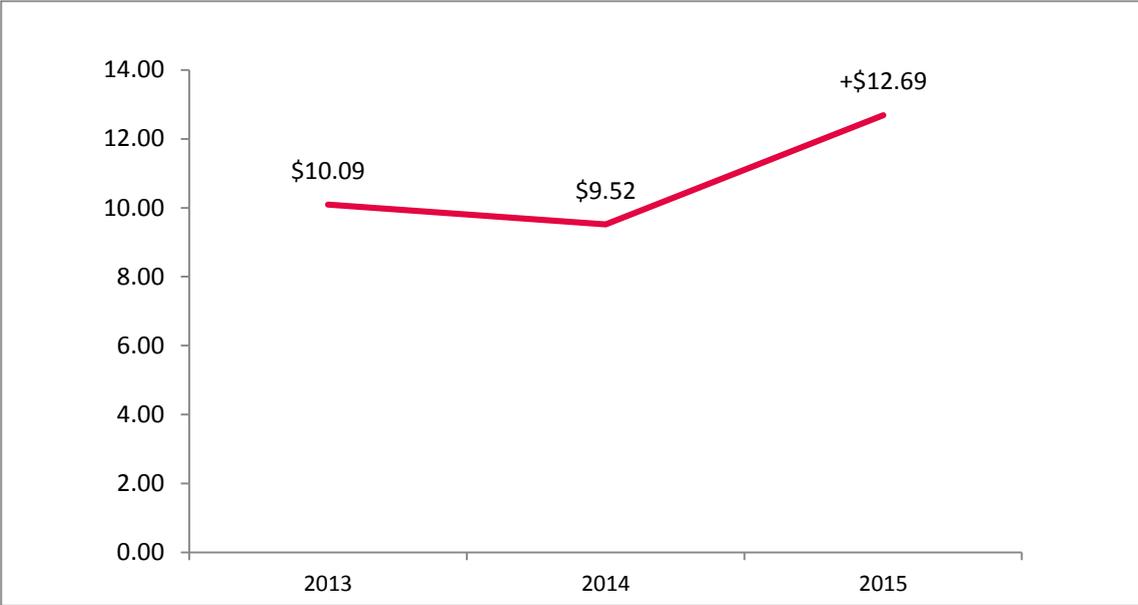
The consumption induced expenditure represents the direct and indirect impact plus the flow-on effects of subsequent rounds of consumer spending that results from the increase in household income (the consumption induced effect). Essentially, this means that as a result of the increased spending in the 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 ID15 totals just over \$12.69 million.

It is estimated that the economic activity generated by ID15 resulted in the direct and indirect employment of 51 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 60 positions being employed, leading to a total of 111 full time equivalent positions being generated by ID15.

The following chart illustrates the gross economic benefit generated by the Inter Dominion over the last four years:-



Figure 13: Gross Economic Benefit over the last three years



7.4 Regional input-output (IO) models

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

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

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

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