

Size and Scope of the

# NEW SOUTH WALES HARNESS RACING INDUSTRY

PREPARED BY IER | JUNE 2023









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# KEY FINDINGS

The NSW harness racing industry was responsible for **generating more than \$486 million in value added contribution** to the New South Wales economy in the 2021-22 financial year

## DIRECT SPENDING IMPACTS

	Total
Total Direct Expenditure <sup>1</sup>	\$382.5m

## ECONOMIC IMPACTS

	Total
Total Value Added <sup>2</sup>	\$486.2m
Total Household Income <sup>3</sup>	\$271.2m
Total FTE Employment	3,290

In 2021-22, the NSW harness racing industry generated a total direct spending amount of \$382.5 million. This expenditure was responsible for creating a direct value added impact (in terms of wages, salaries and profits) of \$172.5 million. However, the flow-on effects linked to this direct value added increases the size of the industry's total value added contribution to \$486.2 million.

More than 47.0% of the total value added impact occurred in the regional parts of New South Wales, whilst 53.0% occurred in metropolitan areas.

The economic output generated by the NSW harness racing industry was directly responsible for sustaining 1,602 full time equivalent (FTE) jobs across the state. When flow-on employment

impacts are considered, the total FTE impact generated by the NSW harness racing industry rose to 3,290 jobs. This total represents the employment sustained within the industry, as well as the employment that is sustained in supply industries which meet the demand created by harness racing industry activity.

<sup>1</sup> Direct expenditure is defined as expenditure associated with preparing racing horses (training), racing customer expenditure and expenditure by Harness Racing New South Wales and racing clubs on operating the industry. Direct expenditure is counted at the point at which it leaves the racing industry and reaches the broader economy.

<sup>2</sup> Value added contribution is defined as the value of sales less the value of inputs used in production, i.e. it is equal to the income (wages, salaries and profits) generated in production

<sup>3</sup> Household Income is defined as being wages and salaries (before tax) earned from employment generated by the harness racing industry







Of the **3,290 FTE jobs sustained** by the NSW harness racing industry around **49% are the direct result of the racing industry activity** whilst the remainder support down-the-line industries that **produce and supply goods and services** for harness racing in New South Wales

## AT A GLANCE

### RACING ACTIVITY

26 Racing Clubs

488 Race Meetings

4,010 Races

288,050  
Attendances

3,094 Horses in  
Training

There are **488**  
**harness race**  
**meetings held in**  
**New South Wales**  
each year providing  
live entertainment  
to **288,050**  
**attendees**

### THE PEOPLE

3,702 Owners

866 Trainers

603 Racing Club  
& Industry Staff

1,022 Staff employed  
by participants

703 Drivers

3,880 Volunteers



A total of 288,050 attendances are recorded annually at harness race meetings in New South Wales. More than half (52.6%) of these attendances are made at regional racecourses, with the remaining 47.4% occurring in metropolitan locations.

Participants are the lifeblood of the harness racing industry. They provide the investment, time, skills and passion that underpins standardbred racing in the state. In total, there are more than 11,600 individuals who participate in the New South Wales harness racing industry. Many of these people enjoy gainful employment of their specific skillset where they may find limited opportunities otherwise - particularly in the training and racing related disciplines. Furthermore, many participants hold more than one role within the industry.

The industry is supported by close to 3,900 people who volunteer their time and resources. For many of these people, local racing clubs are an important part of their community and provide valuable opportunities to stay active and engage with people from all walks of life.





There are **more than 11,600 individuals** who are involved in the NSW harness racing industry as an **employee, participant or volunteer**

# INTRODUCTION

In August 2022, Harness Racing New South Wales commissioned a study into the size and scope of harness racing in New South Wales. The last size and scope study was undertaken in 2012-13.

## PURPOSE OF THE STUDY

This study aims to quantify the economic, employment and social contribution that the harness racing industry generates within New South Wales. The report focuses on the whole of state impacts as well as looking at specific outcomes for certain regions. The key focus of the study is to investigate the following outcomes attributable to the racing industry:

- + The full-time equivalent employment generated by the harness racing industry activities in New South Wales
- + The number of participants (i.e. trainers, drivers etc.) in the industry
- + The total direct expenditure contribution that the industry makes, in its current form, to the New South Wales economy
- + The value added contribution that the industry generates within the New South Wales economy
- + The social and community importance of harness racing - particularly in regional parts of the state
- + To understand the key measures of the NSW Harness Racing industry by regional locations.





## STUDY METHODOLOGY

In assessing the size and scope of the harness racing industry in New South Wales, the study will take into account a number of the traditional measures adopted by the harness racing industry (such as training activities, attendance and wagering) as well as calculating a number of economic measures. For the purpose of this study, the harness racing industry is defined as covering the full spectrum of activities associated with the conduct of harness racing in New South Wales. This includes racing activity at harness racing clubs and the impacts that flow to New South Wales as a result of betting activity.

The data that underpins this study has been gathered from a number of sources. These are outlined below:

- + HRNSW provided financials, wagering data and data related to racing activities
- + Racing clubs provided financial data as well as data relating to their club and raceday operations
- + Wagering Service Providers provided data in relation to net wagering revenues and gross wagering turnovers
- + HRNSW provided harness racing and participant data
- + IER also interviewed a number of owners, trainers and breeders in order to build a profile of the cost of producing and preparing racing horses
- + Responsible Wagering Australia for data relating to wagering

Throughout the report, data has been presented at the state and regional level. The regional level analysis is based on specific regions - as identified by HRNSW.

This study also provides an estimate of the number of people involved in harness racing as a licensed participant, volunteer or employee. There is some level of duplication within the participation categories resulting from an inability to de-duplicate individual databases. Conversely, it is widely acknowledged that there is a significant cohort of individuals involved in racing, who are not accounted for in any official database (i.e. members of micro syndicates, members of companies or trusts which have ownership in racehorses). As such, when the report presents a sub-total of the participants in racing, these factors above should be considered.

## ECONOMIC METHODOLOGY

This study constitutes an economic assessment of the 2021-22 financial year.

The development of an economic model of the New South Wales harness racing industry requires a strong understanding of the internal and external flows of money. Through the model, duplicate expenditures have been identified within this monetary framework and excluded from the total expenditure calculations. In this regard, the key is to identify the final expenditures - ensuring not to count the same expenditures as they flow between internal racing industry transactions.

This study measures the economic contribution made by the harness racing industry in New South Wales. The final expenditure profile of the harness racing industry is based on the following key inputs:

- + Breeding of horses for racing - the expenditure by mare and foal owners in producing the standardbred for racing.
- + Preparation (training related activities) of horses for racing - the expenditure by owners and trainers on training services as well as other non-training related expenses such as major veterinary, transport etc.
- + Racing club and industry expenditure - the expenditure generated by racing clubs and HRNSW on running their operations, rehoming costs, businesses and events
- + Wagering related impacts - the benefits that flow to New South Wales from product fees, taxes and operational expenditure by wagering operators
- + Racing customer off-track expenditure - expenditure made by racegoers, off-track, as part of their attendance at the races.

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

**1 Gathering Industry Expenditure** This has been explained in more detail previously; however, this is the most important step as a failure to accurately generate the expenditure profile of the industry only leads to a multiplication of this error throughout the latter parts of the economic methodology.

**2 Categorisation of industry expenditure into ANZSIC classifications** The 'racing industry' does not exist within the Australian and New Zealand Standard Industry Classification (ANZSIC) structure. For modelling purposes, it is necessary to allocate direct expenditures to the appropriate industry sectors. The majority of expenditures are classified within their relevant ANZSIC codes. A number of horse

racing activities are contained within ANZSIC classification R - Arts and Recreation Services, specifically within the following sectors:

- a. R9114 - Sport and Physical Recreation Administration,
- b. R9121 - Horse and Dog Racing Activities,
- c. R9129 - Training and Racing Activities,
- d. R9209 - Other Gambling (Racing).

**3 Economic modelling** IER has utilised an input output methodology for the calculation of economic impacts associated with the harness racing industry in New South Wales. The input output model provides direct and indirect impacts in relation to value added, income and employment.

Value added and employment are units of measurement that are based on economic multipliers derived from the national accounts. It is based on the level of value added and employment that is created within specific industry sectors in order to meet final demand expenditure.

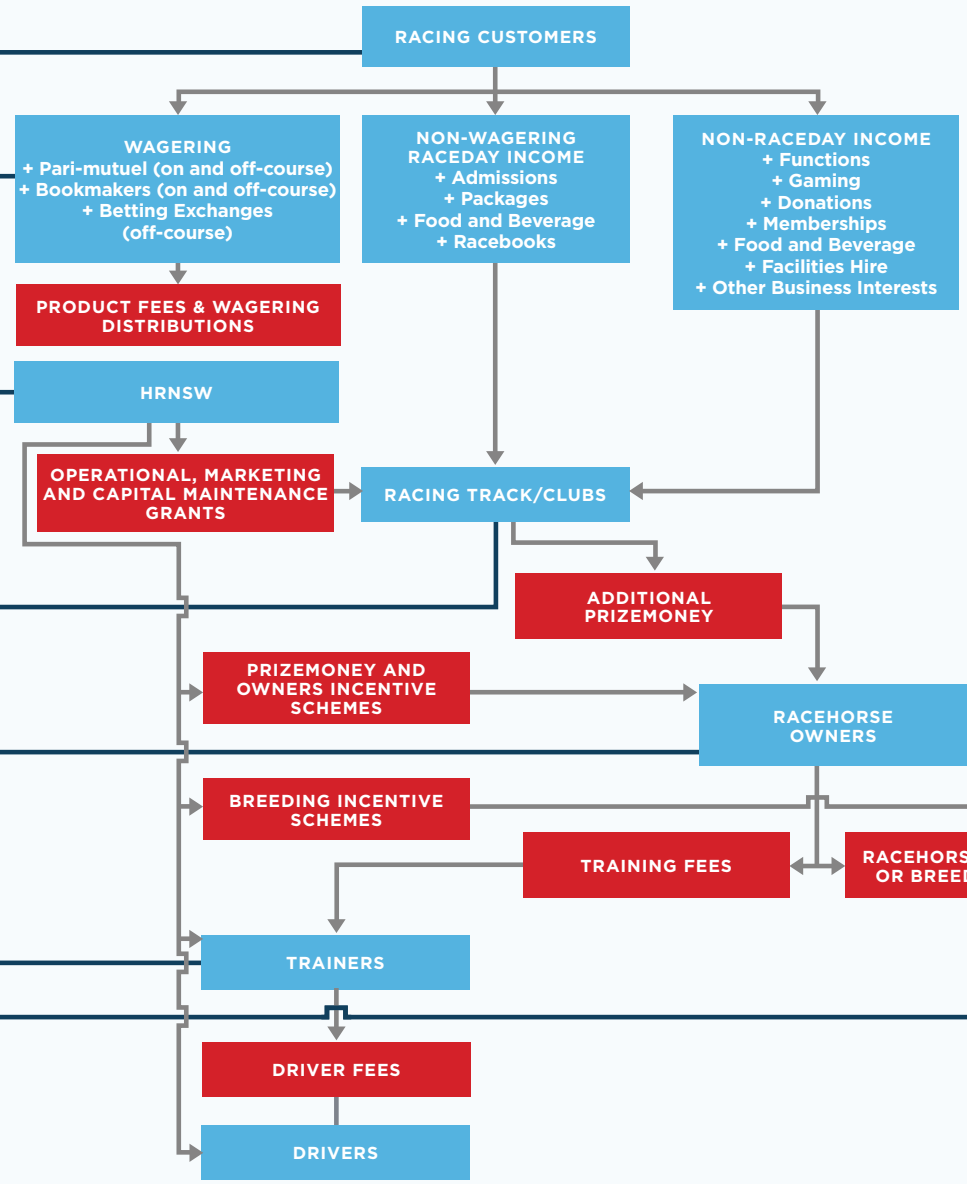
Please note: some tables in this report may not add up due to rounding.

**EXTERNAL EXPENDITURE**

- OFF-COURSE SPEND**
  - + Accommodation
  - + Transport
  - + Retail/Fashion
  - + Food and Beverage
- + TAB/Government share of NWR
- + Government Taxes
- + Wagering Operator Expenditure
- + Administration Costs
- + Race Meeting Costs
- + Marketing and Promotions
- + Integrity Services
- + Rehoming Costs
- + Track Maintenance
- + Raceway Administration
- + Food and Beverage
- + Insurance
- + Event Costs
- + Marketing and Promotion
- + Insurance
- + Agistment
- + Vet Costs
- + Transport
- + Registration
- + Accommodation
- + Rehoming Costs
- + Employee Wages
- + Feed
- + Transport
- + Stabling
- + Equipment
- + Administration/Marketing
- + Vitamins
- + Rates/Taxes
- + Service Fees
- + Agistment
- + Insurance
- + Vet Costs
- + Employee Wages
- + Stock Feed
- + Sale Cost
- + Worming/Vaccinations
- + Rates/Taxes
- + Farriers

**INTERNAL INVESTMENTS**

- + Facilities Income
- + Sponsorships
- + Government Grants
- + Horse Exports



Investment & expenditure flow of Harness racing in NSW







The NSW harness racing industry is responsible for **generating more than \$382 million in expenditure** in New South Wales

### Direct spending by the NSW harness racing industry

The calculation of economic impacts, as identified in this study, is predicated on determining the extent to which the NSW harness racing industry contributes to the state economy. This is achieved by identifying the value of direct (or final) expenditures within the state as well as the subsequent direct and indirect flow-on impacts on the economy.

In 2021-22, the NSW harness racing industry generated more than \$382 million in direct expenditure. The calculation of direct expenditure is based on the final expenditures of the harness

racing industry – or put another way – the point at which the expenditure leaves the internal harness racing industry and hits the broader economy. For instance, a raceday attendee who spends money at the bar at a racing event is generating expenditure within the harness racing industry. However, this expenditure is used by the racing club to fund its operations and it is at this level where final expenditures are captured (i.e. the customer funds the racing club's expenditure on wages, marketing and operations).







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

**+ Breeding racehorses**

includes all expenditure on the production of foals, the maintenance of stallions and broodmares and the preparation of yearlings for sale

**+ Preparing racehorses**

includes all expenditure on the breaking-in, and training of racehorses (including spelling)

**+ Wagering related customer expenditure**

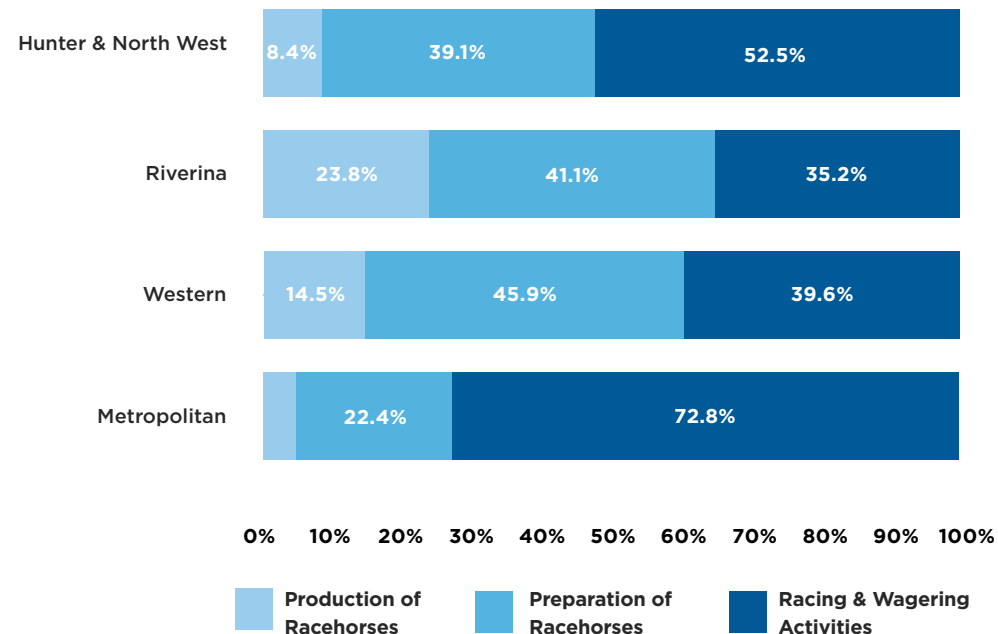
includes product fee payments, taxes generated from wagering and wagering service provider operating expenditure in New South Wales

**+ Raceday customer expenditure**

includes all expenditure generated from on-course activities (raceday) such as sponsorship, catering, admission and raceday functions. It also includes all expenditure generated outside the racecourse as part of attending events (such as transport, accommodation, retail etc.). Finally, it also includes all spending on non-raceday functions, facility hire, and membership. It does not however, include wagering as this is covered in the wagering related customer expenditure section

Racing and wagering related expenditure makes up the largest proportion of the industry's expenditure profile (58.5%), whilst close to 32% is generated by the training sector and the remaining 9.8% in breeding.

**PROPORTION OF DIRECT SPENDING**



# Economic Contribution of the Industry

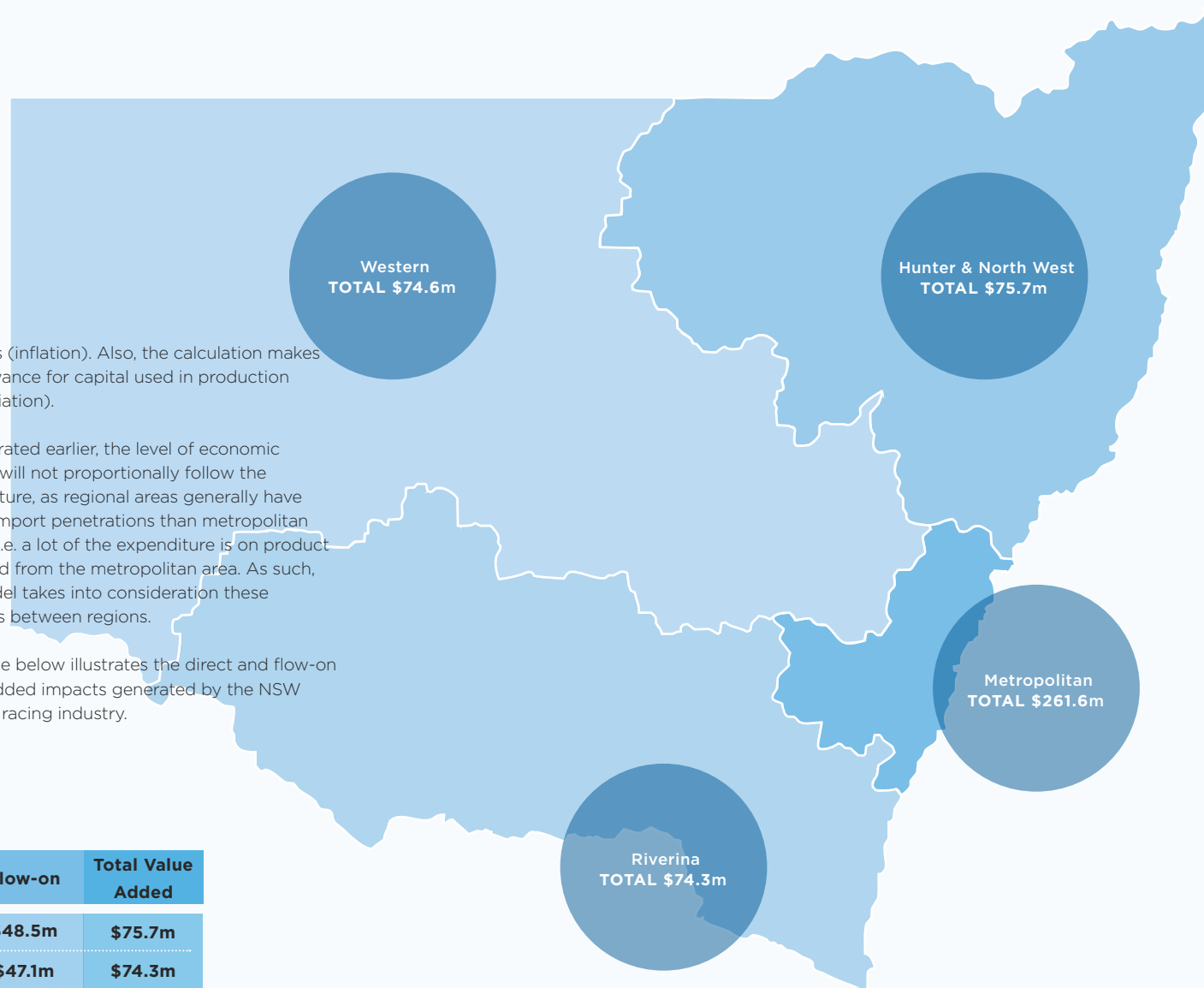
In 2021-22 the NSW harness racing industry was responsible for generating a real gross value added contribution of \$486.2 million for the New South Wales economy. Real gross value added is the generally accepted measure of the value of production from economic activity. It is the sum of value added by all industries in a region (in this case, all regions of New South Wales). In any period of time, the value added contribution in an industry equates to the value of sales less the value of inputs used in production. This means value added is equal to the income (wages, salaries and profits) generated in the course of production.

The real gross value added calculation uses constant prices (prices in a selected year), hence it does not allow for general price level

changes (inflation). Also, the calculation makes no allowance for capital used in production (depreciation).

As illustrated earlier, the level of economic activity will not proportionally follow the expenditure, as regional areas generally have higher import penetrations than metropolitan areas – i.e. a lot of the expenditure is on product imported from the metropolitan area. As such, the model takes into consideration these leakages between regions.

The table below illustrates the direct and flow-on value-added impacts generated by the NSW harness racing industry.



## TOTAL VALUE ADDED BY REGION

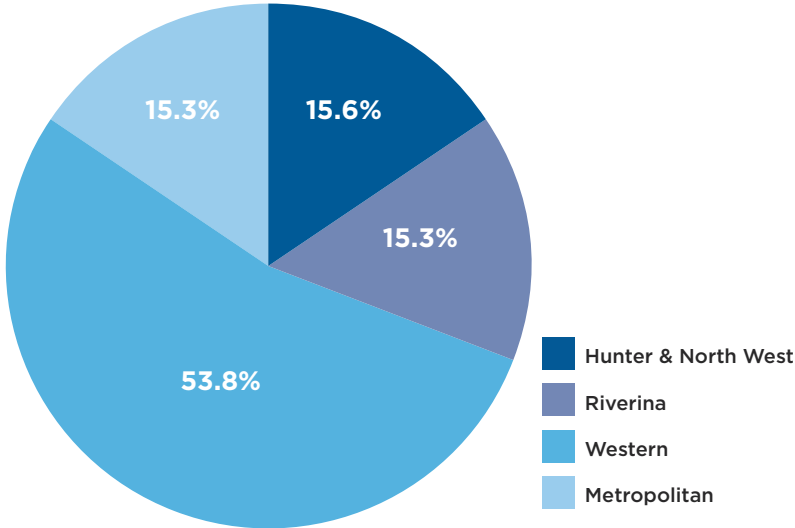
Region (\$mil)	Direct Value Added	Flow-on	Total Value Added
Hunter & North West	\$27.2m	\$48.5m	\$75.7m
Riverina	\$27.1m	\$47.1m	\$74.3m
Western	\$27.1m	\$47.5m	\$74.6m
<b>Total Regional</b>	<b>\$81.5m</b>	<b>\$143.1m</b>	<b>\$224.6m</b>
<b>Metropolitan</b>	<b>\$91.1m</b>	<b>\$170.5m</b>	<b>\$261.6m</b>
<b>Total</b>	<b>\$172.5m</b>	<b>\$313.6m</b>	<b>\$486.2m</b>

**TOTAL VALUE ADDED**





**NSW HARNESS RACING INDUSTRY  
ECONOMIC IMPACT BY REGION**



When considering the value added contribution of \$486.2 million generated by the NSW harness racing industry, it is important to note that it is made up of:

- + Direct value added (\$172.5 million) - this represents the amount of income included in the direct "in scope" expenditure. It is the amount of gross wages and salaries in the harness racing industry and the direct provision of services to racing activity, plus the gross operating surplus (profits, interest payment and direct taxes) directly created in supplying these services and product. This is also equal to the direct in scope expenditure less the purchases that the provider of the goods and services makes in providing the goods and services (both supplied from within the region, as well as externally (i.e. imported).

- + Indirect (Induced) value added (\$313.6 million) - represents the value added activity (wages, salaries and gross operating surplus) generated to support the purchases made in providing the inputs to the providers of the direct services, along with the value added impact in providing households with goods and services as they spend their wages, and the trickle on effect of this.

The direct value added impacts are calculated using the ratios within each of the relevant ANZSIC Industry classification sectors identified within the input output table. The calculation of the indirect (induced) effects, which are 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 harness racing industry.









## Case study

### **MATES4HARNESS - A UNIQUE PEER SUPPORT INITIATIVE**

Participants in the harness racing industry are not immune from the stresses and strains that the world throws at us and this has never been more evident in the recent years of COVID-19.

HRNSW has long provided support for its community through the Development and Support Program (DASP) with access to clinical psychologists, counsellors and hotlines but in April 2020 extended this with the establishment of Mates4Harness, a unique peer support initiative that empowers mates to look out for mates. The Mates4Harness program had been in development prior to COVID so its launch early in the pandemic was fortuitous and enabled it to provide support quickly during a difficult period.

'Let's Chat' is the motto for Mates4Harness, this is exemplified through a key component of the initiative - the Ambassadors. Ambassadors

provide a valuable first contact for those that need to reach out over issues affecting them - to know they have mates. Chosen for their vast understanding of the harness racing industry and residing in regional areas, they empathise with situations particular to the industry. Ambassadors work closely with the Harness Racing NSW Integrity Unit and undertake an induction session with sports psychologists VERETIS. Ambassadors are true mates that listen and direct participants to the most appropriate support.

For those that may not initially be comfortable chatting about issues, guidance is also provided via the Mates4Harness website. The website includes a rich resource of written material offering practical advice and directions to support organisations on an extensive range of topics that may cause anxiety and concern, such as coping with media, alcohol and family matters.

## Participants in the NSW harness racing industry

The concept of 'participation in racing' is broader than simply considering those employed in the industry. Participants include employees, trainers, owners, drivers, stablehands and volunteers who have varying levels of engagement, from occasional to full-time.

Participants are the lifeblood of racing. For the majority of participants, involvement is part business and part hobby. Passion drives many to pursue the challenges and opportunities available in the harness racing industry. For some participants however, the racing industry is their livelihood - their occupation.

Many of these people find gainful employment of their specific skillset where they may find it difficult otherwise. This is especially true in relation to the trainers and those skilled in preparing or caring for racing horses.

Additionally, there are many supply businesses for whom the harness racing industry provides the market for which to sell their goods or services.

More than 5,400 owners, breeders and trainers provide the capital and the skills to breed and prepare horses for racing. These participants drive a chain of activity which leads to the racing product that is consumed by audiences on almost every day of the year.

There are 3,880 individuals who volunteer their time and skills in a variety of roles within the industry. In the participant space, this often includes family members - for many of whom, this family connection goes back many generations.

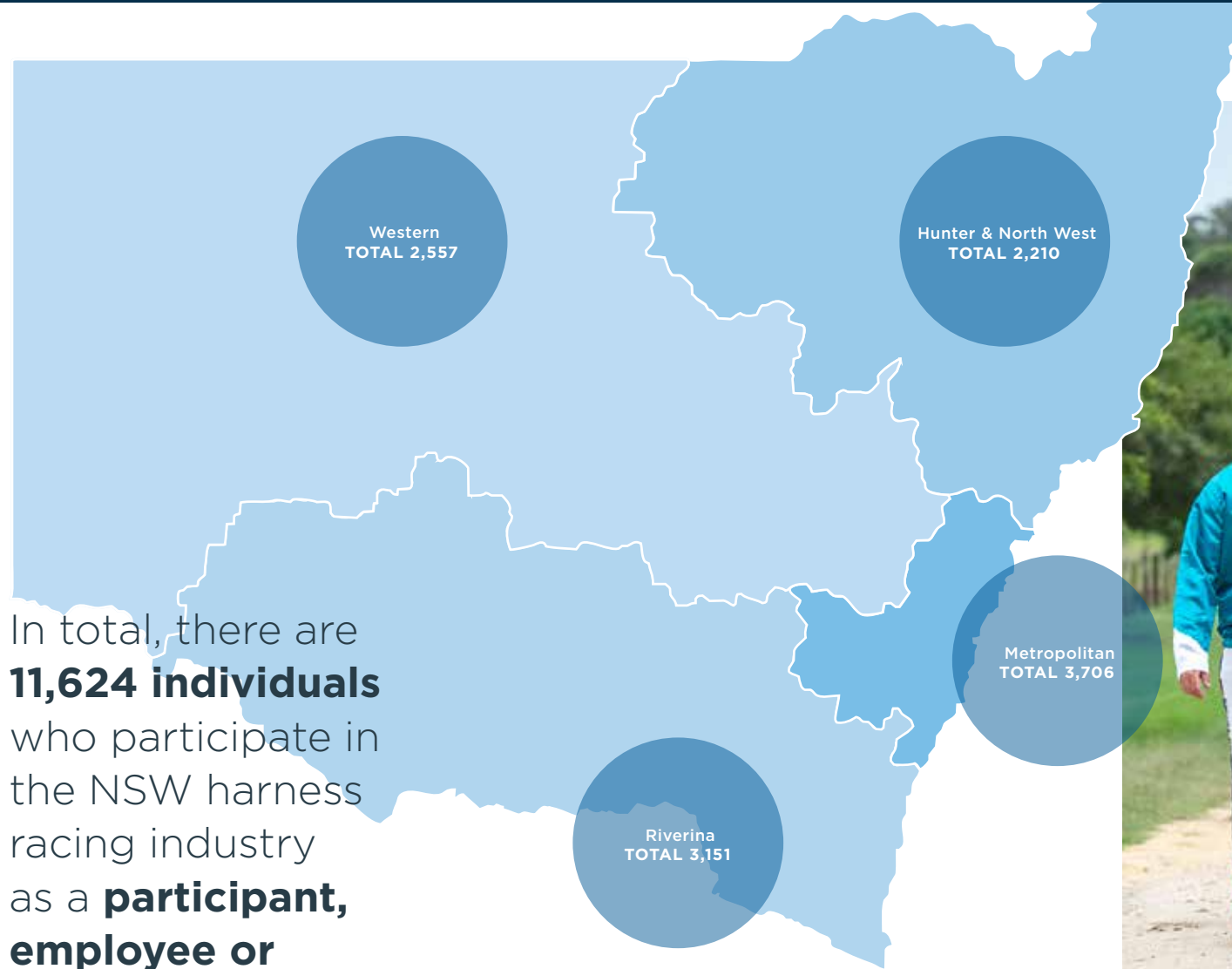
In total, there are 11,624 individuals who participate in the NSW harness racing industry as a participant, employee or volunteer.

### TOTAL PARTICIPANTS IN RACING

	Hunter & North West	Riverina	Western	Metropolitan	Total
<b>Breeders</b>	142	273	192	240	848
<b>Owners</b>	718	865	785	1,334	3,702
<b>Trainers</b>	190	239	205	231	866
<b>Racing club &amp; industry staff (FT, PT casual)</b>	121	44	55	383	603
<b>Breeders staff</b>	71	137	96	120	424
<b>Stable Employees</b>	117	154	143	184	598
<b>Drivers</b>	155	198	173	176	703
<b>Racing club volunteers</b>	69	191	123	67	450
<b>Volunteers assisting participants<sup>1</sup></b>	626	1,050	784	970	3,430
<b>Total</b>	<b>2,210</b>	<b>3,151</b>	<b>2,557</b>	<b>3,706</b>	<b>11,624</b>

<sup>1</sup>Note 1: Volunteer numbers sourced from club and participant surveys. Not all clubs provided data.

Note 2: There is some level of duplication in these participation categories resulting from an inability to de-duplicate individual databases



In total, there are **11,624 individuals** who participate in the NSW harness racing industry as a **participant, employee or volunteer**

**TOTAL PARTICIPANTS IN RACING**







## Case study

### STRONG FEMALE PARTICIPATION

Horsing racing is one of few sports where females and males compete equally alongside each other. Over the past ten years participation by females in on-course roles within the harness racing code has increased 11% and is clearly evident in the high level of success of today's female champions.

The full spectrum of roles in harness racing has seen an increase in female participation over the past decade however female drivers are front and centre of the action, with participation increasing 12% over the past 10 years with females now representing 31% of all drivers.

Recent notable female drivers include Amanda Turnbull, NSW's most successful female driver on record with 2,384 wins and 2,938 placings in 9,887 drives, including driving five winners at one meeting on 17 occasions. Also, Kate Gath winner of NSW's prestigious Miracle Mile in 2023 and one of only four female winners in the event's 56 year history.

And the female harness racing drivers are starting to take on the world.

Lauren Tritton, started driving in the 2010/11 season, in 2013 at the age of 19, she drove her first Group 1 winner with Gaus Casesar and at the age of 21 was the youngest in Australia to reach 500 career wins. Brighter lights and challenges

beckoned Lauren and in March 2020 she took on the male-dominated driving ranks of the USA and is has been a regular winner at its premier track, Yonkers in New York since.

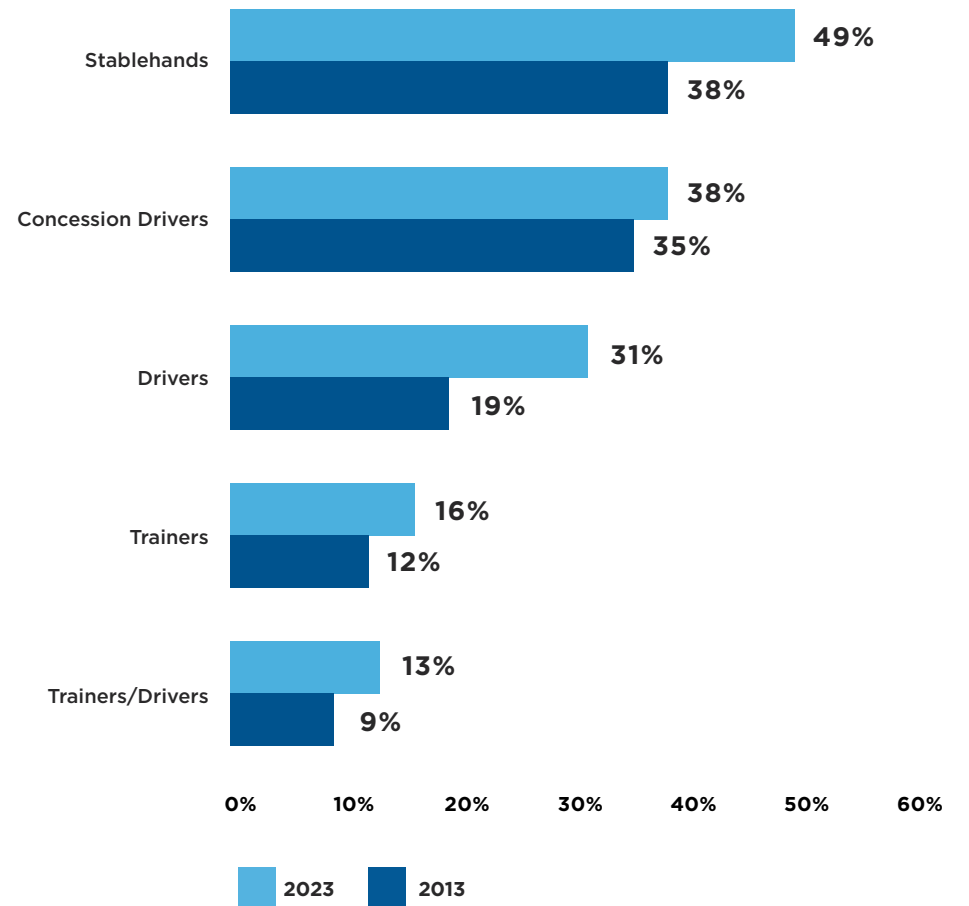
Females represent 16% of harness racing trainers in NSW and whilst this is increasing slowly they are making a big impact. Over the past 10 years Belinda McCarthy has been a dominant force in harness racing as a trainer, training four winners of the Miracle Mile over this period and taking out the NSW Metropolitan Trainers' Premiership five times. The NSW Trainers' Premiership has been awarded to female trainers four times in the past seven years.

Ensuring continued growth in the participation of females within the harness racing industry requires not just strong role models but also a supportive industry environment. The introduction of a Maternity Leave Scheme by HRNSW for female drivers in 2021 has proved invaluable to ensure that female drivers can retain financial support and connection to the industry whilst unable to drive.

And with females representing 38% of Concession Drivers and 49% of Stablehands there is no shortage of young females able to pursue a long and rewarding career in the harness racing industry.



**FEMALE PARTICIPATION IN THE NSW HARNESS RACING INDUSTRY**









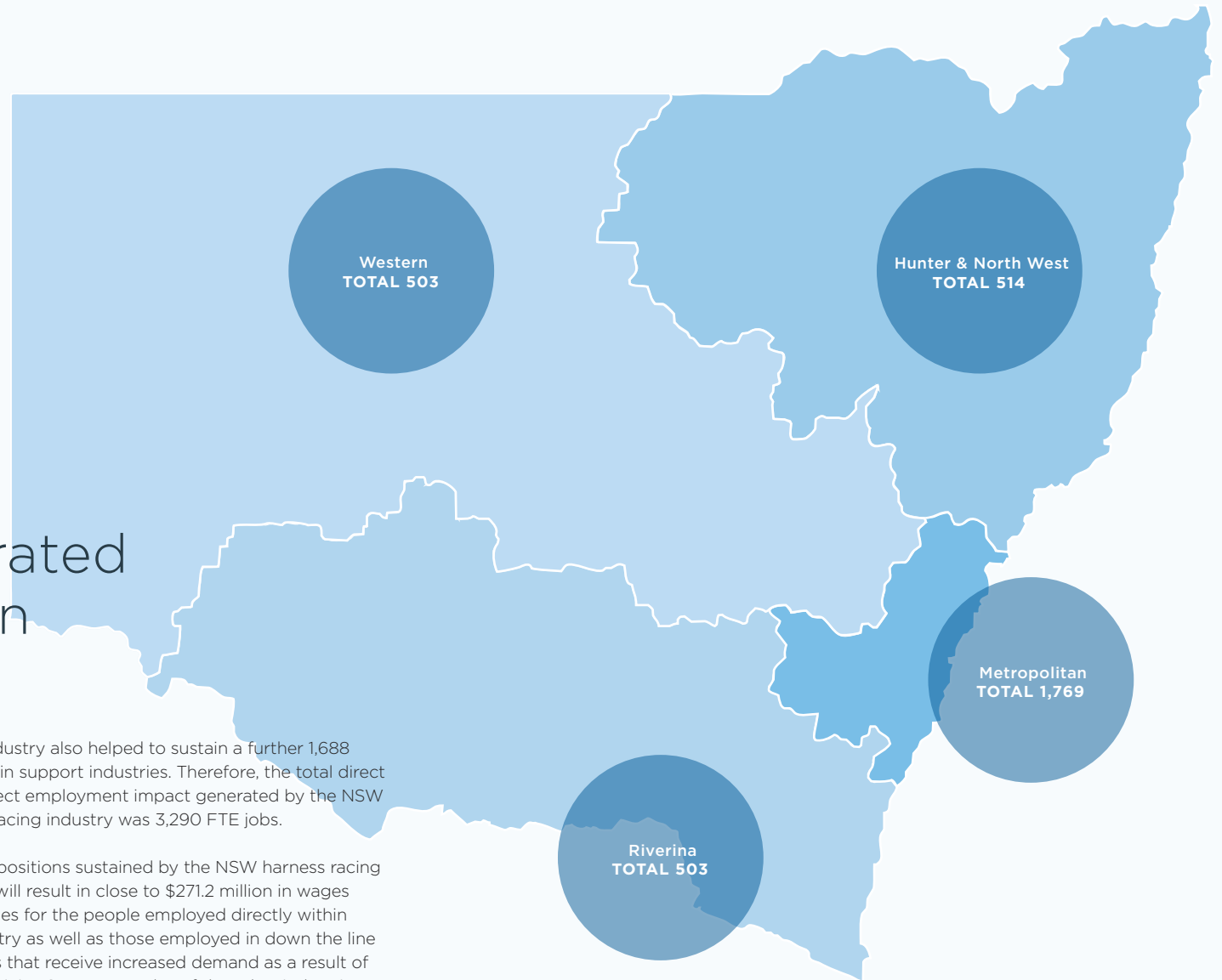
# Employment generated by harness racing in New South Wales

There are 11,624 people directly involved in the NSW harness racing industry. As outlined earlier, this represents the headcount of full-time, part-time and casual employees of the industry, racing clubs and participants. The NSW harness racing industry, like racing industries all over Australia, relies on a large number of part-time and casual roles. As such, the level of FTE employment is significantly lower than any headcount.

In 2021-22, the economic activity generated by the NSW harness racing industry directly sustained 1,602 full-time equivalent positions in New South Wales. In addition to the direct employment impact, the activities of the harness

racing industry also helped to sustain a further 1,688 FTE jobs in support industries. Therefore, the total direct and indirect employment impact generated by the NSW harness racing industry was 3,290 FTE jobs.

The FTE positions sustained by the NSW harness racing industry will result in close to \$271.2 million in wages and salaries for the people employed directly within the industry as well as those employed in down the line industries that receive increased demand as a result of racing activity. Some examples of the other industries that are stimulated by racing include; veterinary, feed, retail, tourism, accommodation, transport, manufacturing and construction.



**TOTAL FTE JOBS SUPPORTED BY THE NSW HARNESS RACING INDUSTRY**

# The Supplier Network

The NSW harness racing industry is supported by a large supplier network in a mutually beneficial way. For many suppliers of goods and services, a strong racing industry forms an important part of the critical mass of their client base. Many offer specific skills, and customised products that are relevant only to this industry. The supplier network broadly contains those providing a direct service or product to the industry as well as those down-the-line businesses who provide the raw materials and manufacturing that drive the products on offer.

**The NSW harness racing industry generates some of its most significant impacts in the following industry sectors:**

ANZSIC Sector	Key Impacts	Driven by
Professional, Scientific & Technology Services	+ Direct value added - \$25.1m + Direct FTE jobs - 162	+ Veterinary Services + Scientific Research Services + Management & Related Consulting Services
Other Gambling services	+ Direct value added - \$18.9m + Direct FTE jobs - 181	+ Bookmaker operation + Gambling activity
Agriculture, Forestry & Fishing	+ Direct value added - \$18.8m + Direct FTE jobs - 223	+ Horse Farming/ Breeding







## The Breeding Industry

The breeding sector provides and replenishes the racing horses for the New South Wales harness racing industry. There are 866 registered breeders in the New South Wales harness racing industry. At the top end of the breeding sector, large stud farms employ many staff and produce large numbers of foals each year. At the other end of the scale, there are a large number of hobby breeders also breeding foals.

Breeders include those whose core activity is to manage the breeding process as well as those whose involvement is as an investor (through part ownership of a broodmare or stallion). It is important to note that it is possible that the number of breeders is likely to be understated

given that only the partnership member (of a broodmare with shared ownership) is recorded as a registered breeder.

Breeding nursery owners derive the majority of their income from service fees, mare agistment and the public and private sale of their stock. This is funded by 'hands-off' breeders who invest in the development of standardbred blood stock. This particular sector of the industry has great potential to generate economic impacts for the state, as breeders often sell their stock to interstate and overseas buyers, at sales events – generating export revenue for the state. A strong racing industry is an important pre-cursor for a strong breeding sector.

### PARTICIPANTS IN THE BREEDING INDUSTRY

	Hunter & North West	Riverina	Western	Metropolitan	Total
Breeders	142	273	192	240	848
Staff employed by breeders	71	137	96	120	424
Volunteers assisting breeders	399	765	539	600	2,302







There are **848 individuals** who either breed, or have an ownership interest in a broodmare or stallion. They are supported by **424 employees and 2,302 volunteers** – meaning that the industry is supported by **over 3,570 people directly involved in breeding activities** across the industry



**NUMBER OF BREEDERS**

# Economic Contribution of the Breeding Industry

In 2021/22, breeders in the NSW harness racing industry spent more than \$37.5 million on the production of racing stock. In calculating the expenditure incurred by breeders, a number of factors must be considered. Essentially, breeders incur costs on the maintenance of broodmares and stallions as well as in the process of breeding and care for foals. In addition to this, breeders also incur costs for:

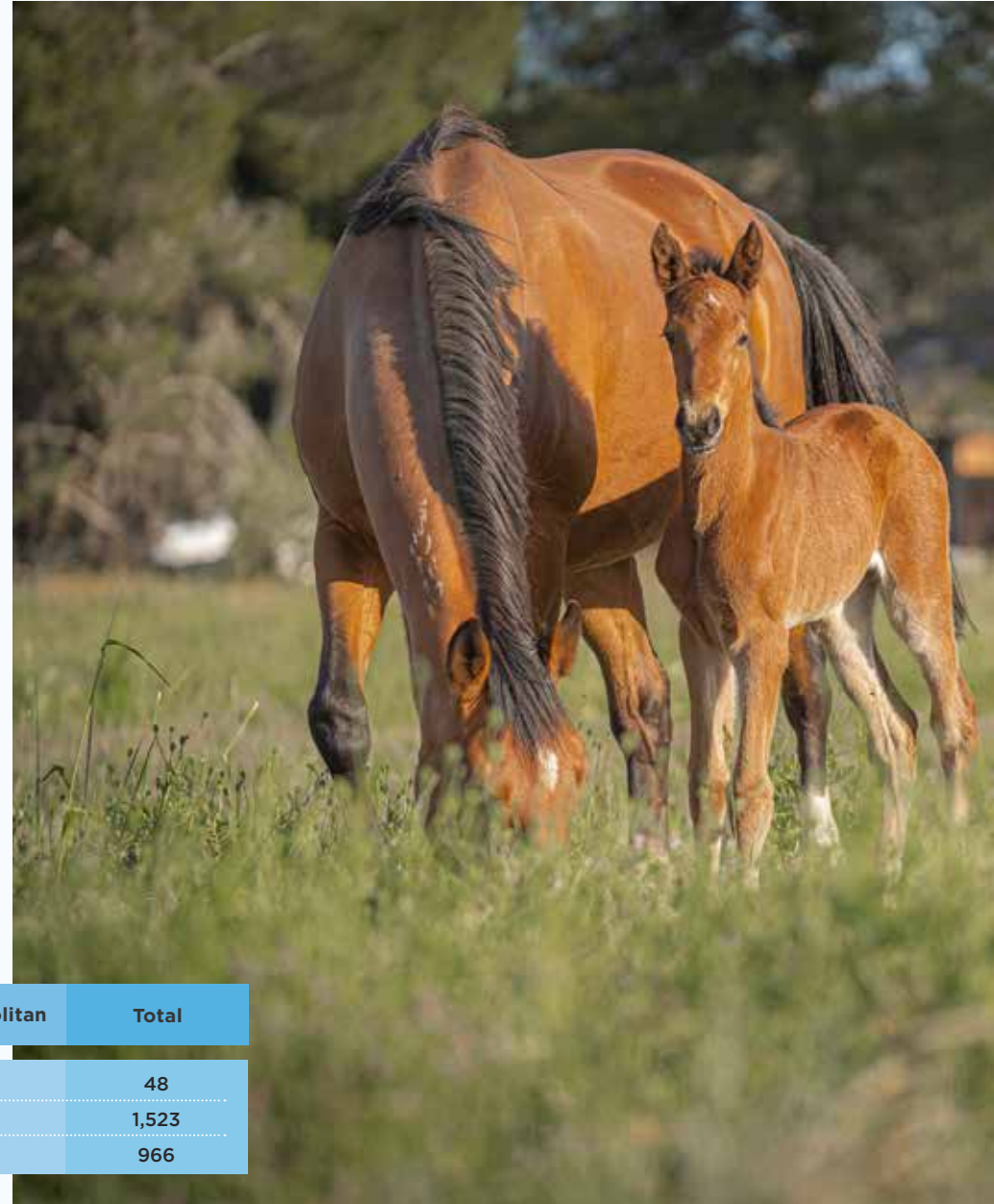
- + Sales commission on yearlings sold at auction
- + Bloodstock insurance
- + Business related expenditure
- + Sales and marketing related expenditure
- + Infrastructure and maintenance

In some instances, breeders incur all of these expenses themselves, whilst in other situations, breeders may send their foals to professional service providers (such as those who provide foaling, education and yearling preparation services).

The expenditure figures outlined in this section have been derived through a combination of industry level consultation and primary research

amongst standardbred breeders across New South Wales. For standardbreds, the cost of production is assessed for both a private breeder and a commercial farm in recognition of the fact that there are different expenditure profiles associated with each. Additional costs are taken into consideration for horses being prepared for a yearling sale.

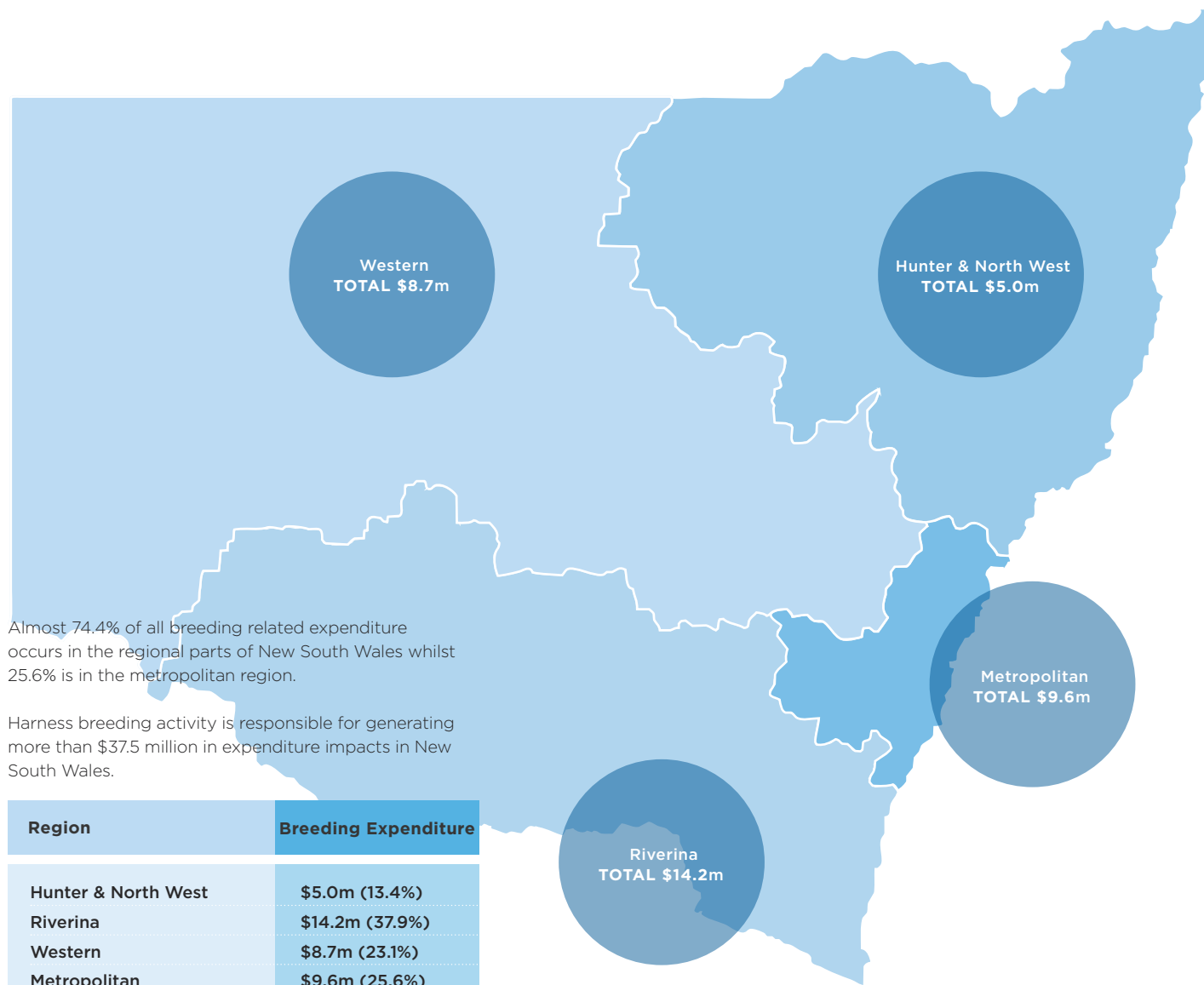
From an industry perspective, it is important to acknowledge that there are different costs associated with broodmares depending on their breeding activity in a given year. For example, mares that are not bred within a given year, still incur expenditure despite not breeding a foal, and as such need to be included in the assessment.



## HORSES IN THE BREEDING INDUSTRY

	Hunter & North West	Riverina	Western	Metropolitan	Total
Stallions	5	18	4	21	48
Broodmares covered	225	583	404	311	1,523
Foals produced	143	369	256	197	966





Almost 74.4% of all breeding related expenditure occurs in the regional parts of New South Wales whilst 25.6% is in the metropolitan region.

Harness breeding activity is responsible for generating more than \$37.5 million in expenditure impacts in New South Wales.

Region	Breeding Expenditure
Hunter & North West	\$5.0m (13.4%)
Riverina	\$14.2m (37.9%)
Western	\$8.7m (23.1%)
Metropolitan	\$9.6m (25.6%)
<b>Total</b>	<b>\$37.5m</b>

**COST OF BREEDING STANDARDBREDS (\$MIL)**

## The Training Industry

Trainers play an integral role in the racing 'service' industry. Training services generally incorporate training, trialling and raceday management of racehorses. In the majority of cases, owners of racehorses fund the training operations through the payment of a daily training fee. The majority (but not all) of the costs associated with the care and preparation of racehorses is covered by this daily fee.

There were 866 horse trainers providing services to owners in the New South Wales. These trainers are also supported by 598 employees and 1,128 volunteers. The majority of these trainers apply their trade in regional areas. Overall, there are 3,094 racehorses in training in New South Wales. The regional parts of the New South Wales made up 61.9% of the training activity in the New South Wales, whilst 38.1% occurred in the metropolitan area.

### TRAINING INDUSTRY SUMMARY

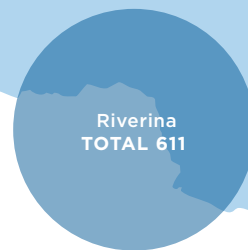
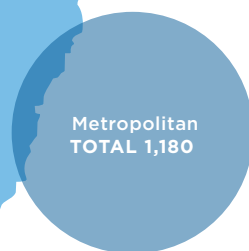
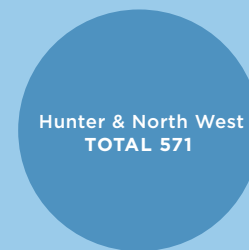
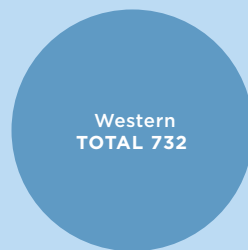
	Hunter & North West	Riverina	Western	Metropolitan	Total
Trainers	190	239	205	231	866
Stable employees	117	154	143	184	598
Volunteers assisting trainers	227	285	245	370	1,128
Racehorses in training	571	611	732	1,180	3,094







There are **866 individuals** who provide the racehorse training services to harness owners in New South Wales. Together, they train **close to 3,100 racehorses**



NUMBER OF HORSES IN TRAINING

## Economic Contribution of the Training Industry

Owners of racehorses trained in New South Wales spend close to \$121.1 million on the preparation of their horses for racing. The calculation of expenditure on the preparation of horses takes into account the various training and non-training related expenditures incurred by owners and trainers.

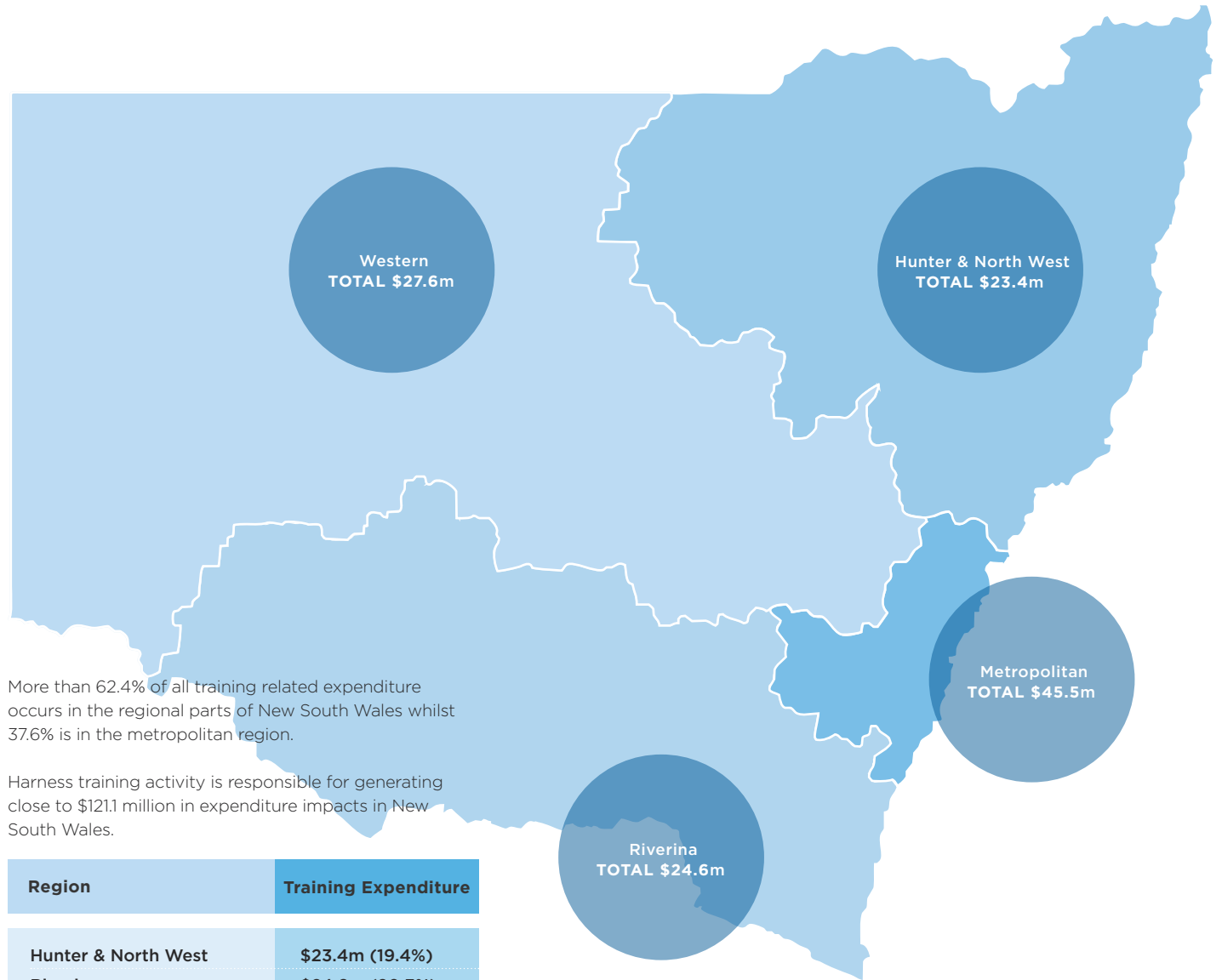
The development of expenditure profiles within each region is based upon the number of racehorses in training. It also takes into consideration the differing training costs at

various stages of the lifecycle of the racehorse. For instance, expenditure during the education stage of a racehorse is different to expenditure on an established 3-year-old horse. It is also important that this assessment takes into consideration non-New South Wales owned racehorses which are trained in the state. Developing expenditure profiles on a 'per horse in training' basis, ensures that they are also included in the assessment.

Owners and trainers spent **close to \$121.1 million** on preparing **racehorses for racing** in NSW







More than 62.4% of all training related expenditure occurs in the regional parts of New South Wales whilst 37.6% is in the metropolitan region.

Harness training activity is responsible for generating close to \$121.1 million in expenditure impacts in New South Wales.

Region	Training Expenditure
Hunter & North West	\$23.4m (19.4%)
Riverina	\$24.6m (20.3%)
Western	\$27.6m (22.8%)
Metropolitan	\$45.5m (37.6%)

**COST OF PREPARING RACEHORSES (\$MIL)**



## Owners race for **over \$47 million in prizemoney and bonuses** that are on offer

Owners play a significant role in the funding model of the racing industry. They provide much of the capital outlay and day-to-day funding for the purchase and preparation of racehorses. There are more than 3,700 individuals with an ownership interest in harness racing in the New South Wales. Close to 2,400 owners reside in the regional parts of New South Wales, whilst 1,334 are from the metropolitan region.

The investment by owners provides a critical funding source for trainers and is critically important to a successful harness racing industry. It is important, however, to note that it is often not identified as the most important motivation for participation. Many owners are involved in the racing industry, at least in part, as a hobby or leisure pursuit. However, a strong industry provides owners with the opportunity to realise some returns on their investment through the prizemoney on offer.

### OWNERS OF RACEHORSES



The expenditure figures outlined in this section have been derived through a combination of industry level consultation and surveying of a sample of trainers in New South Wales. The analysis of the expenditure on the preparation of racehorses includes items such as training fees, insurance, vitamins and supplements, veterinarian fees, gear hire/purchase and racing/ trialling fees, amongst others.

Training fees often cover a proportion of the expenditure incurred by the owner in the preparation of their horse, however there are a number of expenses that are either billed separately, or borne separately by owners. As such, only using the training fees as a measure of the cost of preparation, would understate the true impact.

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

**Items contained within the trainers accounts (whilst racehorse is in training)**

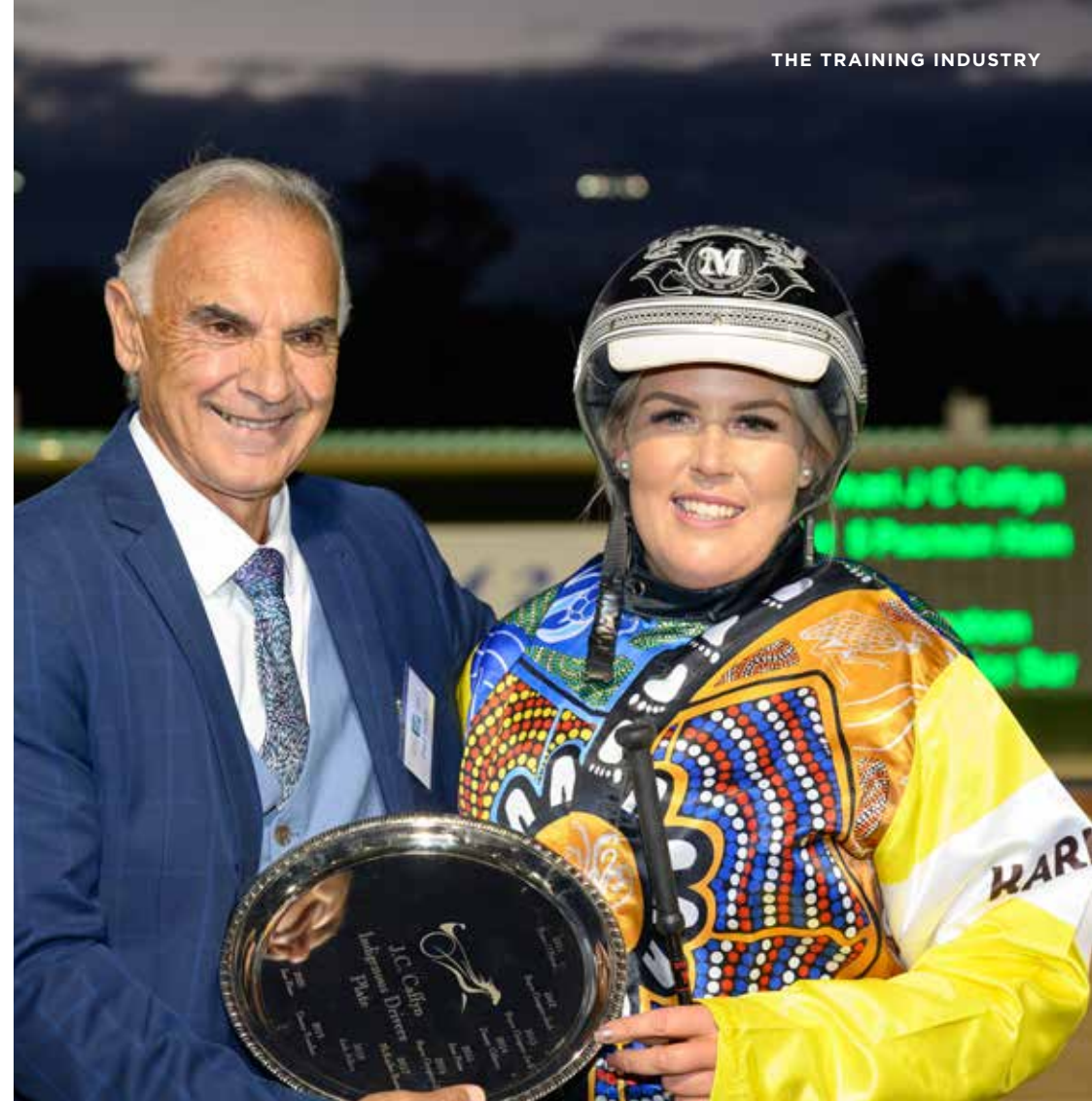
**EXPENDITURE ITEM:**

- + Training fees
- + Farriers
- + Feed & supplements
- + Veterinary bills
- + Transport costs
- + Track fees

**Items covered by owners directly (not generally included in trainer accounts)**

**EXPENDITURE ITEM:**

- + Insurance
- + Agistment/spelling
- + Registration fees
- + Breaking-in/pre-training/gelding
- + Entertainment
- + Accommodation
- + Rehoming costs
- + Trophies & prints



**RACEHORSE ACTIVITY**

	Hunter & North West	Riverina	Western	Metropolitan	Total
Owners of Racehorses	718	865	785	1,334	3,702
Number of Race Starts	8,753	7,446	7,751	11,977	35,927



## Case study

### **DROUGHT & FLOOD ASSISTANCE**

New South Wales has experienced unprecedented natural disasters, from drought to floods, over recent years. As these situations struck the harness racing industry, HRNSW worked quickly to support those effected establishing targeted initiatives to provide immediate relief.

In 2018 close to 100% of NSW was in drought and as a consequence the price of feed skyrocketed. HRNSW stepped in with a state-wide scheme for trainers to subsidise feed costs by \$17.50 per starter each week providing much needed assistance over the summer months. As drought conditions relentlessly continued into 2019 the impact on breeding mares was realised. HRNSW established a Mare Relocation Assistance program to support. Up to 250 horses were relocated from breeding farms in these dire conditions to irrigated properties across the

border in Echuca, Victoria improving the mares welfare and ensuring racing stock into the future.

Mother nature continued a relentless attack on New South Wales in 2021 and 2022 when severe floodings saw numerous flood records broken, isolated communities and major infrastructure damage. There have been devastating stories of properties entirely under water, swimming horses out of paddocks to higher ground, damaged tracks, stables, equipment, loss of feed. HRNSW committed to assisting participants to recover and restore their facilities and have provided approximately \$500,000 through four rounds of its Flood Assistance package. The Equine industry was not eligible for State or Federal Government support.



## Case study

### **BEERSHEBA DAY**

The Menangle Racecourse (today known as Club Menangle) had only been open for three years when it was recommissioned in 1917 by the Commonwealth to become a makeshift camp for the Australian 12th Light Horse Infantry Regiment to get them 'war ready'. The men of the regiment would have had the best facilities to house, care, train and get to know their horses at this new racetrack.

These men and horses went on to play a pivotal role in one the greatest military campaigns in history – the Battle of Beersheba. The Battle of Beersheba was a brave fight, the Australians horses had marched through the desert for three days, had not been watered and were heavy with kit and equipment. Their charge saved vital water supplies and was a crucial step to end Ottoman rule in Palestine however at the cost of 31 Australians killed and 36 wounded.

Over one hundred years since the Battle of Beersheba, Club Menangle continues to acknowledge and remember the men and horses that spent time at their track. In 2017 Club Menangle unveiled a beautiful monument to commemorate the Battle of Beersheba with the names of the 31 Australians that fell. And each year on the anniversary of the battle – October 31 – a ceremony is held with laying of a wreath at the memorial, pipe and drum bands and the stirring sounds of the last post.





**Menangle Park Training Centre**

## Case study

### **BUILDING SAFE FACILITIES**

Quality infrastructure – from racing tracks to training facilities – is vital for the sustainability of the harness racing industry, ensuring the safety and welfare of horses as well as a competitive environment.

Whilst the recent years affected by COVID-19 restrictions limited the opportunity for infrastructure works, HRNSW secured significant funding for two key projects in 2021/22 that will see the industry move forward positively.

The HRNSW Board approved the development of a training centre adjacent to the race track at Bathurst. The newly constructed training facility will be complete by March/April 2023 after

experiencing delays due to the significant amount of rainfall that was experienced in the east coast during 2022. The total cost of the project is expected to be up to \$4.0m of which \$2.9m has been funded by the NSW Government.

Whilst it has already attracted one of the industry's leading trainers, Matt Rue, it will encourage and support young trainers who will be able to hire the facility on a needs basis. The facility will provide permanent stabling for 60 horses, a training track and day paddocks, ample parking and modern, secure amenities including camera surveillance and lockable feed and equipment storage.

The welfare and care of retired Standardbred horses is paramount when they are in the process of being re-trained and re-homed. Over \$1.3million, provided from the NSW Government, will fund upgraded amenities, including new sheds and yards, at industry owned facilities in regional NSW areas of Goulburn, Wagga, Bathurst, Tamworth and in the Hunter.

To encourage Sydney based trainers to remain within the region HRNSW developed a new training track and associated facilities at Menangle Park. Opening in January 2016 at a cost of over \$11.0m the new facility provides stable and training facilities to over two hundred and forty horses. New staff have been employed

and local businesses benefited and continue to benefit from the construction and from providing day to day services to the trainers.

Funding for the Menangle Park training centre was derived solely from industry sources.

# RACING CLUBS AND RACING AUTHORITY

## Case study

### REGIONAL GROWTH IN TAMWORTH

Following the decision in 2017 to acquire the showgrounds at Tamworth HRNSW committed to significant expenditure to upgrade many of the facilities at the site. The works were divided into two phases. Phase one involved the construction of a new stewards tower and significant upgrades to the race day stables which also included on site water storage facilities. Phase one works were undertaken during 2018.

The second phase involved upgrades to both the grandstand and permanent stables. Phase two Works commenced in late 2021 however the completion of the upgrade works to the permanent stables was affected by the significant rainfalls that occurred during 2022. Again, local contractors and construction firms were used for the construction of both phases of the overall project.

Overall, to date, around \$4.0m has been spent at Tamworth with all the funding coming from industry sources.



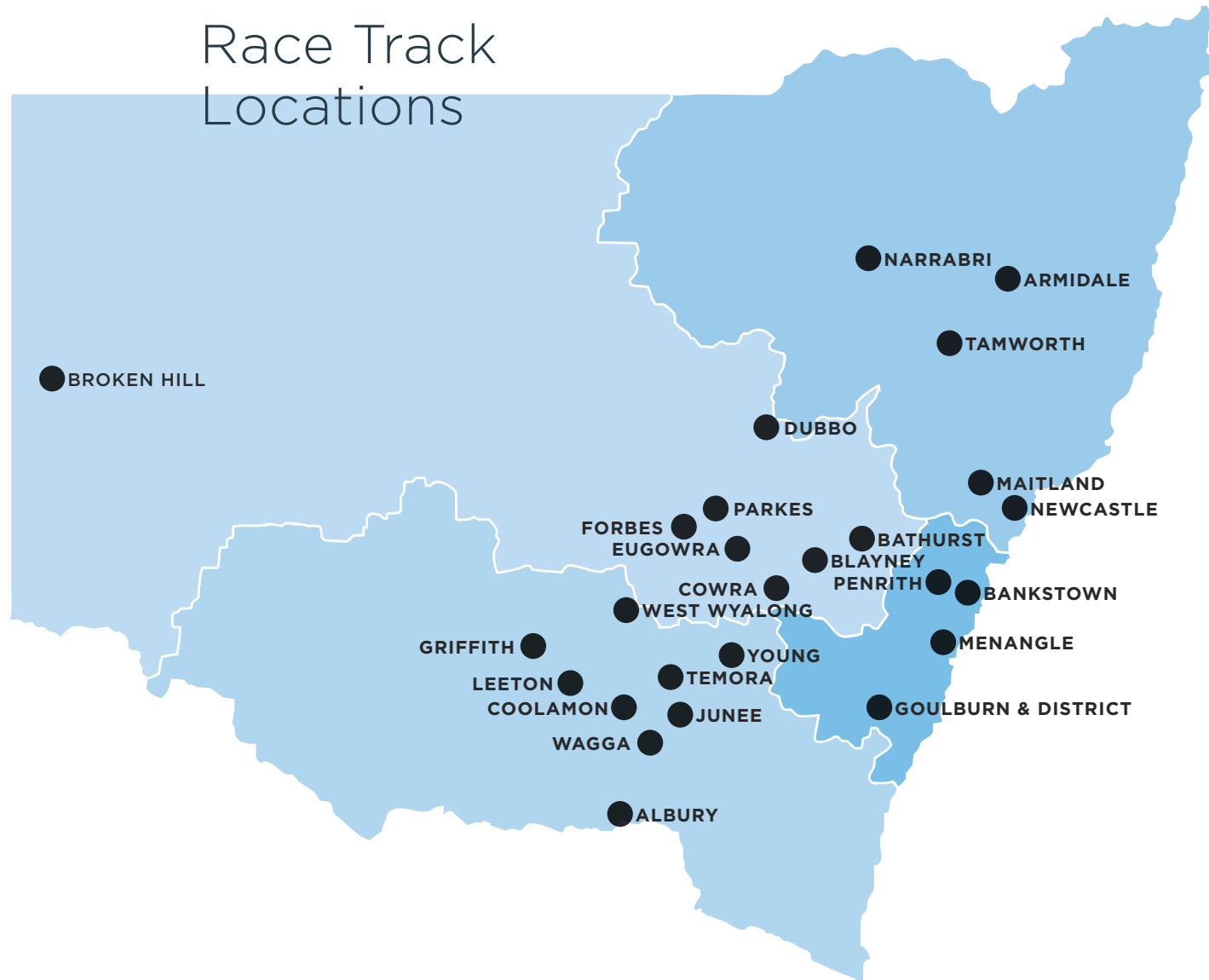
### RACING CLUBS AND TRACKS

	Hunter & North West	Riverina	Western	Metropolitan	Total
Number of Racing Clubs	5	9	8	4	26
Number of Racing Tracks	5	9	8	4	26





## Race Track Locations

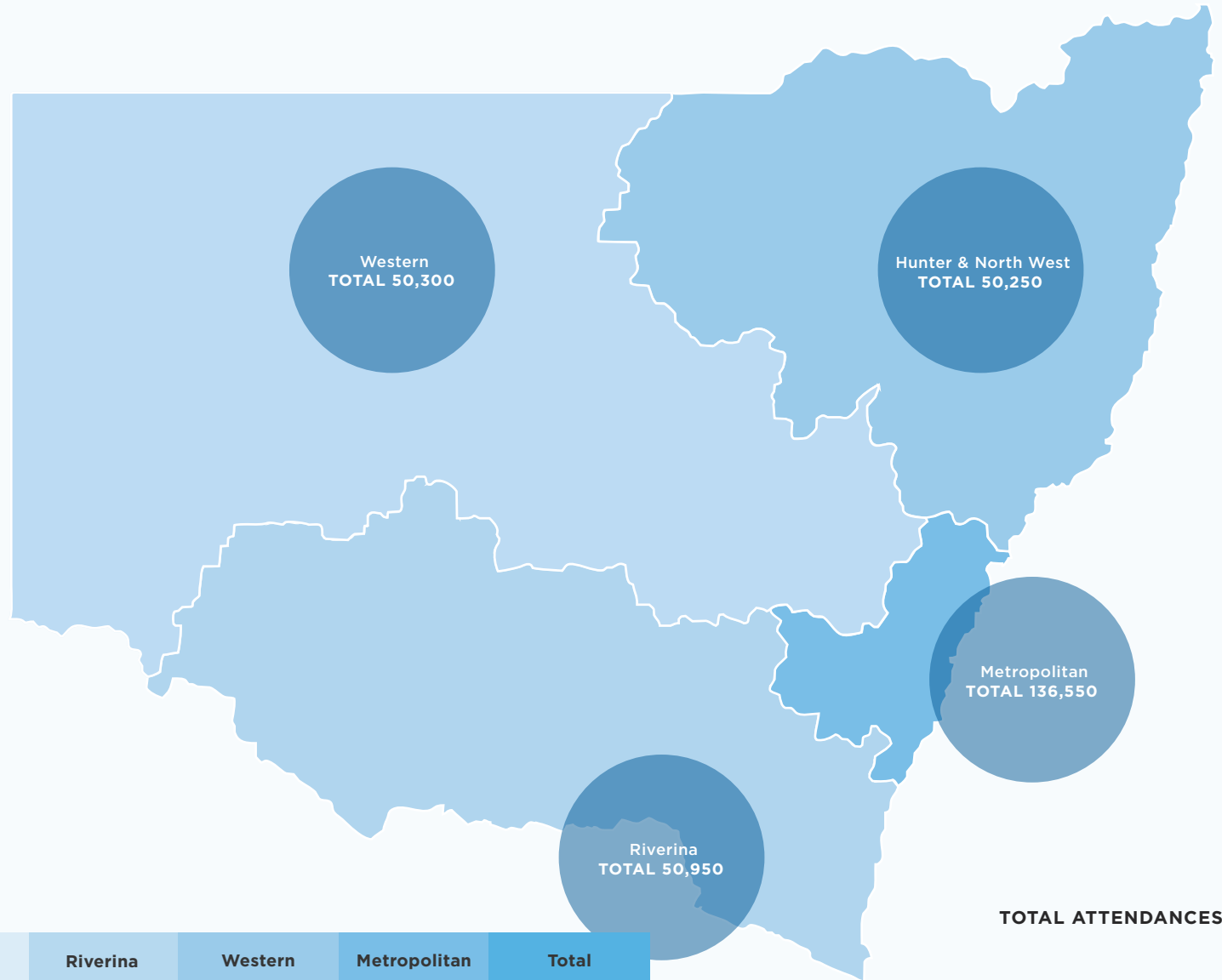


# Racing Clubs

There are 26 harness racing clubs in the New South Wales.

Racing clubs not only provide the opportunity for participants and spectators to participate in the sport of racing, they also provide an important social destination and in many regions, are an important part of the social fabric of the community.

There were 488 race meetings across the New South Wales in the 2021-22 financial year. These race meetings attracted attendances of 288,050 – close to 53% of which were in regional parts of the state.



**TOTAL ATTENDANCES**

## RACE CLUB ACTIVITY

	Hunter & North West	Riverina	Western	Metropolitan	Total
Number of Racing Club Members	395	360	399	13,208	14,362
Total Race Meetings	111	101	110	166	488
Total Races	951	828	888	1,343	4,010
Total Attendances	50,250	50,950	50,300	136,550	288,050



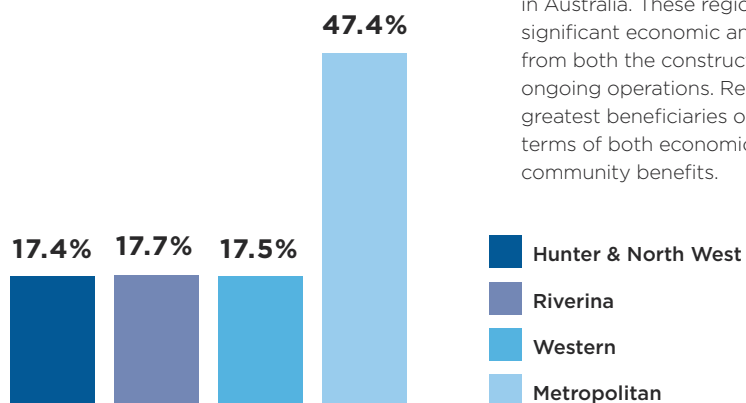
HRNSW has invested significantly in the development of race tracks and training centres in both the metropolitan and regional areas. In addition, considerable sums have been spent on heavy machinery to support club operations throughout the state.

HRNSW has developed two new tracks since the last IER report was produced in 2014. Soon after that report was produced the modern racing facility at Bathurst was opened in August 2014 at a cost of around \$9.0m. All the money for this facility came from industry funds. Local architects and builders were used for the construction whilst other product was sourced from nearby regional areas (eg track material).

In 2016 the project to build a new track at Wagga Wagga commenced. After some initial delays

**The chart below illustrates the break-down of attendances at harness race meetings in New South Wales:**

**ATTENDANCES AT NEW SOUTH WALES HARNESS RACE MEETINGS**



construction commenced in 2017 and the new track and related facilities opened in March 2019. As with the new Bathurst facility many of those involved in the construction were locals or from nearby regional areas. The total cost of this project was around \$13.0m.

The benefit of owning and developing race tracks in its own right paid off in both 2020 and 2021 during the Covid pandemic. With many tracks located on sites owned by external parties such as Crown Land which were closed during the pandemic, HRNSW was able to continue racing at tracks it owned and thereby ensure that trainers, drivers, owners and all parties associated with the industry were able to continue to receive income or associated revenues.

For the past few years to enable clubs to adequately conduct race meetings HRNSW has been investing heavily in machinery and other items necessary to prepare and maintain race tracks and to conduct race meetings.

A number of heavy duty tractors, water trucks and mowers have been purchased along with an investment in modern state of the art starting mobiles. All equipment has been purchased through local agents or built by companies in Australia. These regional projects generate significant economic and employment impacts from both the construction phase and the ongoing operations. Regional economies are the greatest beneficiaries of these investments in terms of both economic and more broadly social-community benefits.



**Case study**

**VETERANS FIND TRUE CONNECTION WITH RETIRED STANDARDBREDS**

Max Streeter was initially uncertain about the ability and nature of retired Standardbreds to work in the Spur Equine Program that he manages.

Located at the Spur Ranch, in the picturesque town of Picton in regional New South Wales, the program provides well-being and recovery for defence force veterans coping with physical disability and mental distress. They can participate in a range of courses from learning basic horse care and riding skills through to a five day trek into the Snowy Mountains.

Difficult to work with and hot headed was Max's impressions of retired sports horses. However, in 2019 Max took advice to reconsider and assess the suitability of Standardbreds that had recently finished their racing careers. Working in partnership with Harness Racing Standardbred Rehoming Company (HRSRC) to locate suitable horses Max very quickly noticed the horses kind, soft, gentle temperament. By the end of 2022 there were five standardbreds settled into the Spur Ranch assisting veterans with their healing journey.

# Customer Expenditure Generated by Racing Clubs and Events

It is estimated that the total expenditure generated by racing customers is \$66.8 million, (excluding wagering on the races). Racing's customers include attendees, sponsors, members, broadcast providers, community groups and participants.

Racing customer expenditure can be broadly segmented into the following categories:

- On-course raceday expenditure by customers (spending on on-course products, as well as yields from membership and sponsorship)
- Off-course raceday expenditure by customers (spending incurred by customers as part of their attendance at the races, such as transport, retail, food etc.)
- Non-raceday related expenditure (spending with racing clubs on non-racedays on items such as hiring arrangements for facility use, fundraising, investments, track fees, etc.)

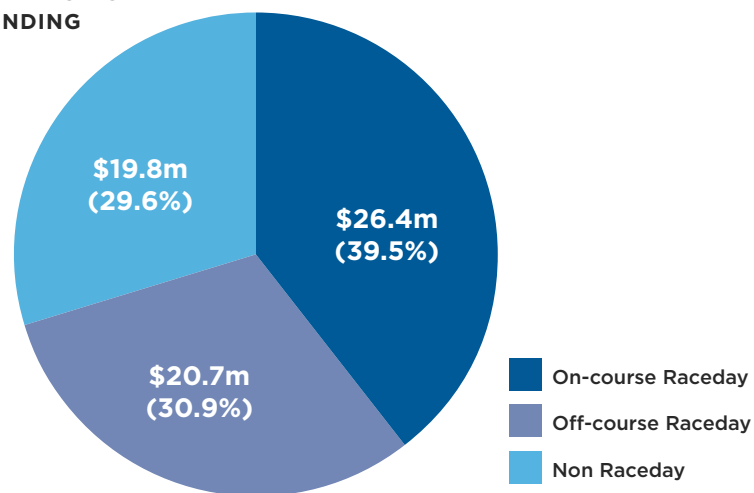
On-course customer expenditure funds the administration, operation and other costs that racing clubs incur.

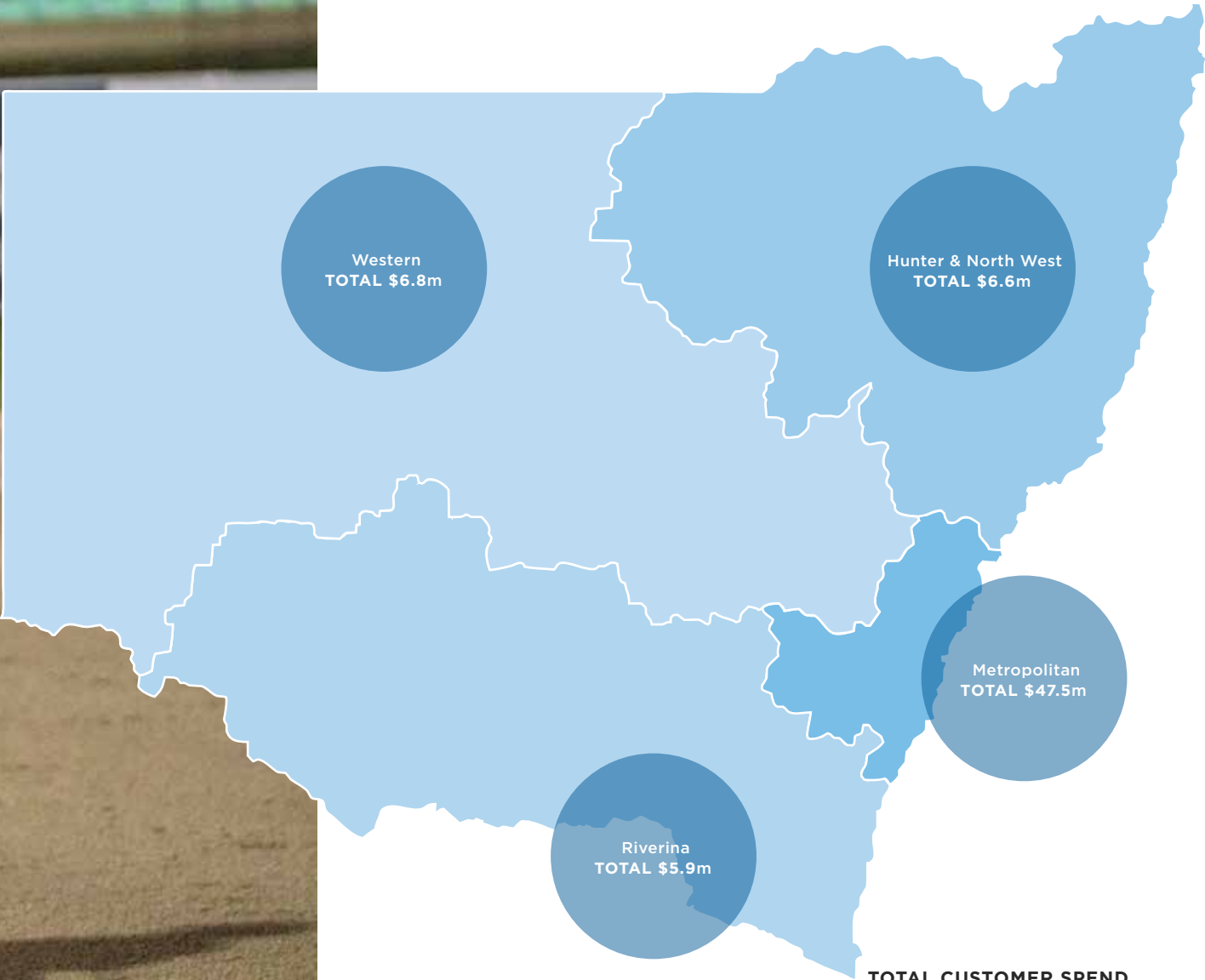
Off-course expenditure is primarily related to feature race meetings where the racing product extends out into the community both prior to and after the racing event. Major racing events have long proven their ability to extend the generation of economic stimulus into a broader cross-section of the local economy. It is important to note that on-course expenditure within this section does not include on-course wagering.

Whilst on-course wagering is the largest component of customer spend, it is analysed in the section relating to wagering. However it is represented in the chart opposite as revenue received from the PRA (which is largely funded from wagering).

The following chart illustrates the split of customer expenditure. It shows that for every dollar spent on-course by racing attendees, a further dollar is spent off-course. This is more heavily driven by feature race meetings where the links to fashion and retail, as well as larger travel distances for those attending the races, drive spending in the community.

**BREAKDOWN OF RACING CUSTOMER SPENDING**





**TOTAL CUSTOMER SPEND (\$MIL)**





# Expenditure by the Principal Racing Authority and Clubs

HRNSW and the 26 harness clubs combined, generate an expenditure impact of over \$125.3 million in New South Wales. This represents the expenditure incurred by these organisations in maintaining tracks, running race meetings, administration, marketing, cost of goods and prizemoney.

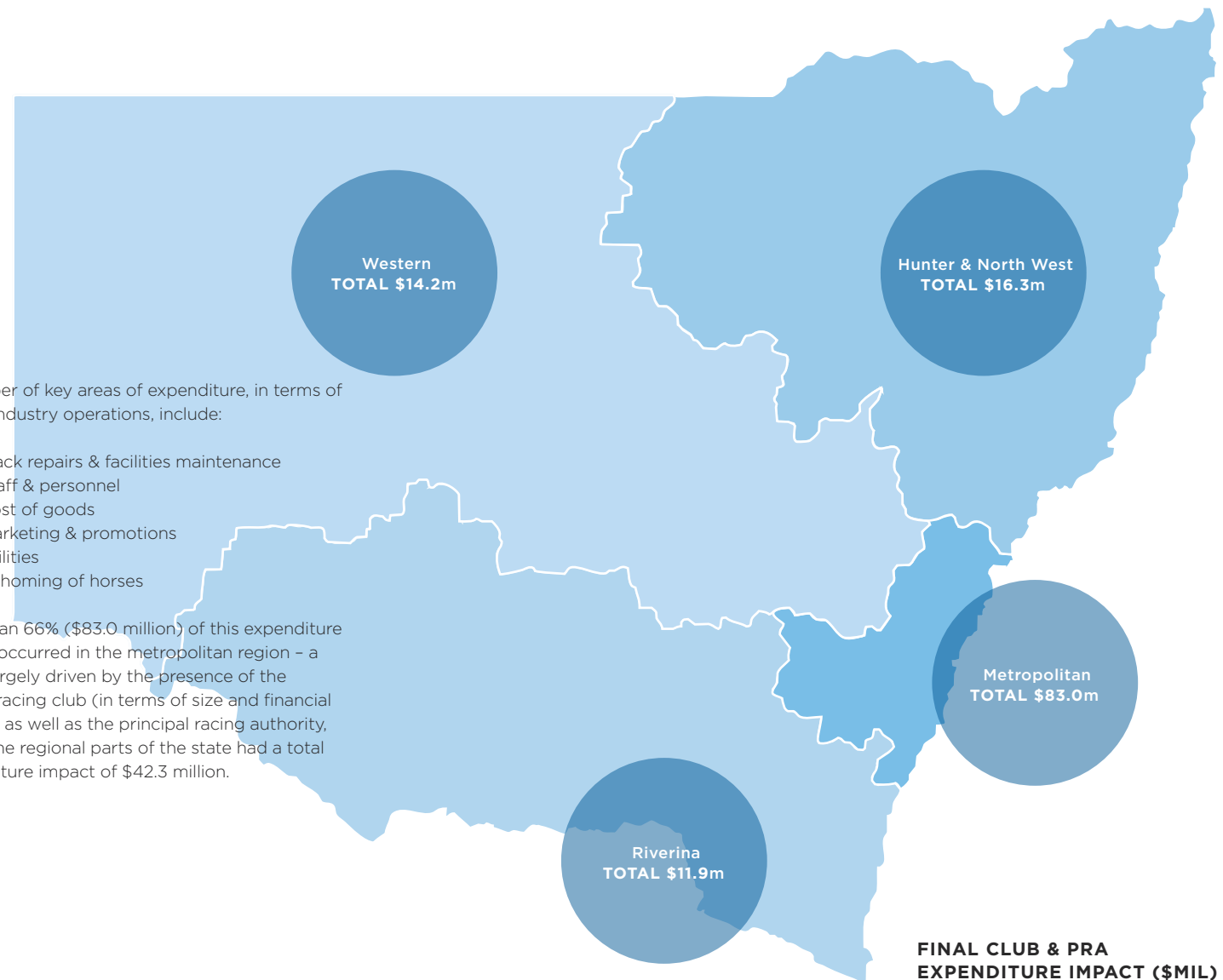
The majority of expenditure generated by the PRA and racing clubs is funded by racing customers. This includes:

- + Spending by customers on-course when attending a racing event
- + Non raceday utilisations of racing industry assets
- + Sponsorship and membership associated with racing clubs
- + Racing industry share of off-course and on-course wagering revenue (pari-mutuel, corporate bookmakers & betting exchanges)
- + Government grants which come indirectly from license payments and taxes from wagering operators

A number of key areas of expenditure, in terms of racing industry operations, include:

- + Track repairs & facilities maintenance
- + Staff & personnel
- + Cost of goods
- + Marketing & promotions
- + Utilities
- + Rehoming of horses

More than 66% (\$83.0 million) of this expenditure impact occurred in the metropolitan region – a result largely driven by the presence of the largest racing club (in terms of size and financial impact) as well as the principal racing authority, whilst the regional parts of the state had a total expenditure impact of \$42.3 million.







## Case study

### HRNSW SUPPORTING THEIR OWN AND OTHERS

The 21st century society is experiencing shifts in values that are encouraging organisations to rethink their approach to workplaces and their connections to the broader community. The harness racing industry is no exception taking on many new initiatives to support and recognise societal change over recent decades.

The harness racing industry in NSW has become a more diverse workforce in recent years. In 2023, 30% of on-course roles are female up by 11% in the past ten years. The age range of those participating in harness racing is broad with half aged over 55 years.

HRNSW has developed transformative programs to support its community, such as the Maternity Leave Scheme introduced in 2021 that provides female drivers with financial support and connection to the industry whilst unable to drive due to pregnancy.

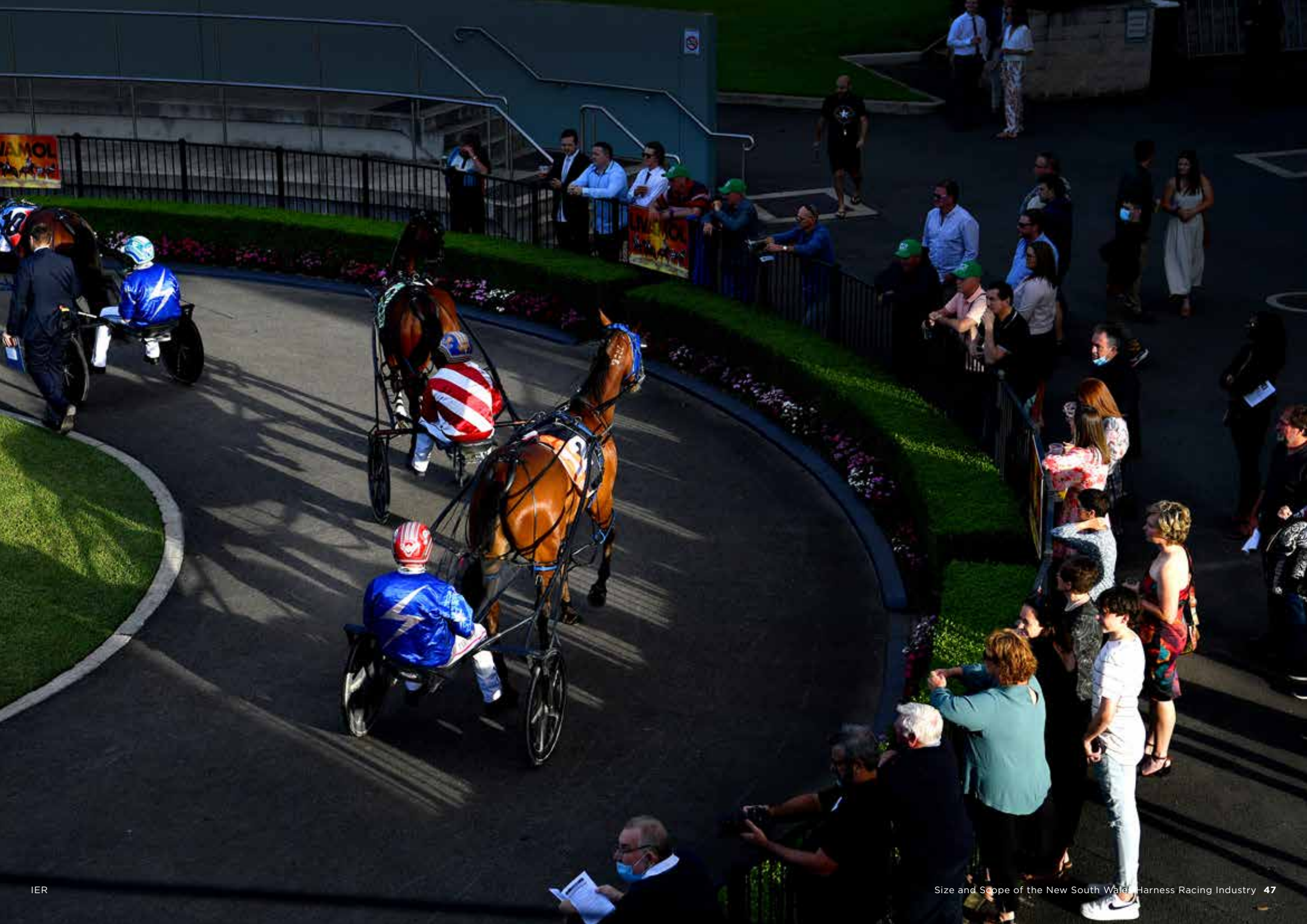
Recognition and encouragement of first nations harness racing drivers was instigated in 2011 with the launch of the J C Caffyn Plate, a race series for indigenous drivers. The series is named in honour of indigenous driver and trainer Jim Caffyn who won six premierships in the 1950s and 1960s. The heats are run throughout regional NSW where local first nations communities attend often to experience the thrill of harness racing for the first time.

Whilst a resilient community the wellbeing of the harness racing industry is always being considered by HRNSW through initiatives such as Mates4Harness, that commenced in April 2020, a unique peer support service that empowers mates within the industry to look out for mates. And since 2018 relentless natural disasters from drought, fires and immense flood events that have hit the industry have been supported by the HRNSW Mare Relocation Program and a \$500,00 Flood Assistance Package.

The harness racing industry are also there for the wider community supporting a range of charities over the past ten years. Harness racing clubs throughout NSW regularly establish dedicated race meets to support fundraising efforts of Team Teal (Ovarian Cancer), Pacing for Pink (McGrath Foundation), Racing for Prostate Cancer and Men of League Foundation.

The welfare of retired Standardbreds from racing is a paramount concern for the industry and created the established in January 2020 of NSW Harness Rehoming to facilitate their relocation into new homes and careers. Over the last year 185 Standardbreds have been rehomed, such as Fine Thread who after just six weeks under the guidance of new owner Casey Williams claimed the Champions led Standardbred at the 2022 Sydney Royal Easter Show.





## Community and Social Benefits

Harness racing in the New South Wales plays an important role in the development and preservation of social and community benefits throughout regional and metropolitan areas of the state. The majority of these social impacts are initiated through club activities, both on racedays and non-racedays, as well as the partnerships they form with many community organisations. This contribution to community social benefit enhances both individual and community wellbeing in areas where racing exists.

The economic activity generated by the NSW harness racing industry compliments the social impacts, where harness racing events and facilities foster social cohesion and provide benefits for a broad range of individuals and community organisations.

Racing and non-racing events attract community members, independent of socio-economic status, age or gender. This is highlighted within the harness racing industry throughout New South Wales, where racing is a profession, sport, hobby and leisure activity.

The development of social initiatives also has a positive impact in terms of family socialisation and volunteerism. With this, racing also supports health, education, employment and tourism. However, maintaining and building the trust and respect of the communities in which racing clubs operate is also extremely valuable.

The implementation and communication of social and community initiatives play an important role in managing community perceptions, and in doing so protect and enhance racing's image and reputation. This in turn provides the industry with a greater opportunity to foster the support of customers, corporate partners and Government, as well as building pride and increased satisfaction with internal stakeholders.

The sport of harness racing also demonstrates a rich cultural significance in terms of its history and heritage throughout the New South Wales. The New South Wales Trotting Club was formed in 1902, with the first race meeting being held at Harold Park Raceway that year.

The historical elements of all raceways throughout the state are an important part of the fabric of many local communities. These tracks and clubs are the focal point for the achievements of some of the New South Wales's great horses, sportsmen and sportswomen and racing identities.

The importance of racing clubs and tracks extends beyond simply those with an interest in racing. They are valuable community assets. This harness racing industry study incorporated a social impact survey which was completed by all racing clubs. The information gathered from this survey provided valuable insights in determining the extent of the social and community benefits generated by the harness racing industry.







The evaluation highlighted the harness racing industry's significant role in the critical areas of:

**+ Community Building**

Building inclusive and welcoming communities featuring powerful and collaborative partnerships and relationships

**+ Family**

Providing opportunities for family participation in harness racing and assisting in the development of stronger family relationships (e.g. Mini Trots)

**+ Education and Training**

Supporting the education, training and development of participants and racing club staff and volunteers

**+ Health**

Commitment to policies that support priority community health objectives and providing engagement and a sense of worth for volunteers within the industry

**+ Leisure**

Providing enjoyable leisure opportunities for hobby owners, trainers, raceday customers and other racing club event attendees

**+ Employment**

Creating a major source of employment and a variety of career opportunities for New South Wales residents

**+ Tourism**

The developments of racing events that have the impetus to attract out-of-territory visitation. Such as the Miracle Mile Carnival and Inter Dominion.





### CAPACITY BUILDING

Most racing Clubs hire out on-course facilities for private or corporate use. The hire of these facilities serve events that support their local communities

### CHARITABLE SUPPORT

More than 100 charitable organisations are supported by the harness racing industry. These charities receive direct funds, in addition to in-kind support

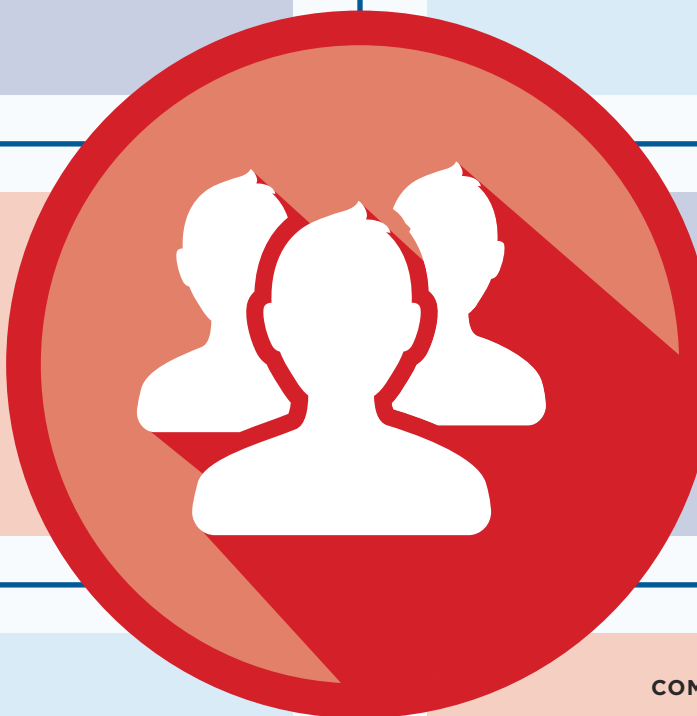


### HISTORY

Harness Racing in New South Wales has a long and celebrated history dating back to the 1900s

### VOLUNTEERISM

Close to 3,900 individuals provide their skills, time and support to the harness racing industry as a volunteer



### FACILITY SHARING

Close to 70 community and not-for-profit organisations share racing club facilities in New South Wales

### COMMUNITY

Racing clubs provide an important community for close to 14,400 members who are actively engaged in their club. Close to 288,100 attendances are recorded at New South Wales harness race meetings



## COMMUNITY BUILDING

Harness racing in New South Wales has adopted practices that engage with individuals and build strong partnerships with organisations within their communities. This is particularly visible in terms of supporting charitable organisations, engaging volunteers and building community partnerships.

The survey results highlighted the following positive outcomes demonstrated by clubs:

- + Over 100 community organisations or charities are assisted and supported by racing clubs
- + Close to 70 community organisations share racing club facilities and resources
- + Harness racing in New South Wales currently engages 3,880 volunteers who assist in various club and industry roles
- + Close to 14,400 people hold racing club memberships

Racing plays an important role in fostering a sense of worth and belonging to people who provide volunteer time and services to racing clubs and participants. Socially, volunteering is recognised as a means of enhancing the quality of life, particularly among the aged, whilst making an important contribution to the community. Volunteers in racing assume roles in areas such as:

- + Ticket sales
- + Administration (e.g. committee, board members)
- + Food preparation
- + Promotions and fundraising
- + Preparing and maintaining the track and grounds
- + Operating beverage outlets
- + On-course announcer

Club organised functions raise significant funds for community organisations and charities through activities such as raffles and auctions. Furthermore, many clubs engage local community organisations and charities to undertake activities such as supplying food and beverages, operational duties (e.g. gate attendants) and racecourse cleaning – sometimes in exchange for a share of revenues from those activities.

Just some of the community and charity organisations supported by racing include:

- + General charities (e.g. McGrath Foundation, KARI, Lifeline, Cancer Council, Ovarian Cancer, Miracle Babies, Prostate Cancer Foundation)
- + Racing based initiatives (e.g. Riding for the Disabled, Mates 4 Harness, Team Teal, Mini Trots, SPPHA, Pacing for Pink)
- + Children's charities (e.g. Ronald McDonald House, John Hunter Children's Hospital Kids Club)
- + Sporting clubs and organisations (e.g. South West Sydney Academy of Sport, Men of League, Neutral Corner Boxing)
- + Community groups and organisations (e.g. Lions Club, Rotary, RSL clubs, Bangladesh Parishad Society).
- + Show Societies
- + Schools (e.g. college, primary schools)



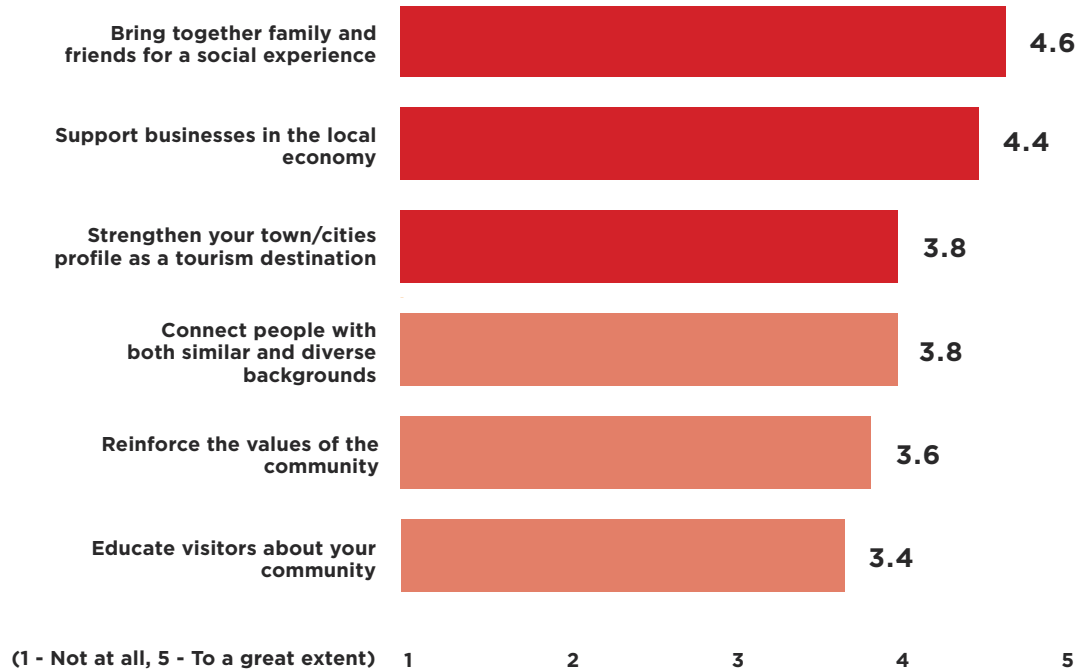
Racing plays an important role in fostering a sense **worth and belonging** to close to **3,900** volunteers across club and industry related roles



The economic research in this study clearly demonstrates how racing supports businesses in the local economy, from the preparation of racing horses through to consumer spending. In addition to this, attendee research conducted at all major events supports the concept of the racing industry's ability to bring people together for a social experience. The research demonstrates that a key motivation to attending racing events is the chance to socialise with friends and family.

The social impact survey asked clubs how much they believed racing in their town or city has the ability to engage with the community from a social cohesion, education and business perspective. As the chart illustrates, all indicators were positive, particularly significant in the areas of racing's ability to 'bring together family and friends for a social experience' (4.6), to 'support businesses in the local economy' (4.4) and to 'strengthen your town/cities profile as a tourism destination' (3.8). These indicators illustrate the position that racing clubs see themselves as integral to the fabric of the local community.

**COMMUNITY ENGAGEMENT WITHIN NEW SOUTH WALES HARNESS RACING**





### SUPPORTING FAMILY RELATIONSHIPS

Harness racing in the New South Wales is very proactive in engaging with families, and many cup days and themed events provide a strong link to the community. Many participants in racing (such as owners and trainers) operate within a family business or hobby structure.

The survey identified that racing clubs have increasingly developed activities and facilities that enable families to enjoy a social day at the races. Many clubs actively promote services and amenities which are conducive to bringing families together to build stronger relationships.

In many cases the feature racedays form a venue or 'meeting place' for families and friends to socialise. This is especially prevalent at smaller clubs that host only their annual race meeting on the Carnival of Cups Day. For these clubs, race meetings represent something that is not only part of the region's history, but also part of their own family history.

Racing clubs themselves have increasingly developed activities and on-course facilities that enable families to enjoy a social day at the races. Many clubs actively promote services and amenities for families (e.g. playground and dedicated lawn areas for games). The survey revealed a number of positive initiatives which have been developed by clubs. All clubs offer attractions or services that support attendance by children and all clubs offer facilities and access for people with a disability (examples include lifts, ramps, reserved seating, toilets etc).

**In addition to this, some of the specific raceday initiatives undertaken by harness racing clubs in the New South Wales include:**

- + Jumping castles
- + Food trucks
- + Mini Trots
- + Pony rides
- + School holiday activities
- + Petting zoo
- + Street performers
- + Picnics
- + Kids Fashions on the Field
- + Face painting and live music
- + Carnival Rides (e.g. Mini train rides, dodgem cars)
- + Night markets
- + Kid's zones with games and activities
- + Mobile barrier riders



### SHARING FACILITIES WITHIN THE COMMUNITY

Harness racing clubs have a limited requirement to use their facilities for racing purposes and therefore look to assist and support the community by providing these facilities and resources for use on a temporary and permanent basis. The majority of racing clubs engage with community groups including sporting clubs, Lions clubs and Show Societies to share their facilities and resources.

**This is particularly evident in regional areas where facilities have been used extensively for community and public use. Some of the 69 organisations which share facilities and resources with clubs include:**

- + Show Societies
- + Sports (Rugby League, Basketball, Boxing, Motoring)
- + Mens Shed
- + Pet training
- + Mini trots and pony club
- + Rotary, RSL and Lions clubs
- + Weddings
- + Regional Councils
- + Fire Museum



## EDUCATION AND TRAINING

Education and training are vitally important for the continued growth and success of harness racing across the New South Wales. Education and training programs also work to support communities through various avenues.

Larger racing hubs like Sydney as well as regional areas feel the positive impact provided by community partnerships, training programs and welfare initiatives. Participants in the racing industry have a variety of education and training courses to assist and support those within the industry to further their professional or tertiary development, and to engage those looking for opportunities to enter the industry.

Racing clubs and participants directly employ staff on a full-time, part-time and casual basis. Club employees are involved in administration, which includes the conduct of raceday and other non-raceday tasks. As part of their commitment to delivering an enjoyable experience for racing participants and customers, racing clubs have adopted a number of initiatives:

- + 36% of clubs have at least one member of their staff currently participating in further education, career development and training programs each year
- + 13% of clubs offer placements for work experience students each year
- + 24% of clubs have partnerships with primary, secondary, trade and tertiary institutions
- + All racing clubs encourage responsible gambling and responsible consumption of alcohol

In 2019 Harness Racing NSW mandated compulsory training for new licensees and existing licensees seeking license upgrades. To support the new initiative education hubs were established at Menangle Park, Wagga Wagga,

Bathurst, Newcastle and Tamworth with Broken Hill attending via Zoom.

HRNSW has entered into a training partnership with Registered Training Organisation The Racing Education Centre to deliver nationally accredited training in harness racing vocations providing a pathway into the harness industry for jobseeker and high school students. Eligible employers receive up to \$4,000 in financial incentives for each trainee employed. The industry also gains with better skilled staff.

The program is delivered once a quarter on either a Saturday or Sunday to enable participants with jobs outside of harness racing to attend. In addition to the classroom delivery participants have access to mentoring from HRNSW Industry Experts within their own regions.

Harness Racing NSW has successfully applied for a NSW Government grant to purchase a state of the art harness racing simulator. The simulator is able to simulate common inexperienced driver errors. The technology will enable junior drivers to improve their skills in a safe and controlled environment.

HRNSW provides ongoing support to new and existing participants through its welfare program known as Mates 4 Harness. Mates 4 Harness is a peer support initiative established by Harness Racing NSW, empowering mates to look out for mates. Mates 4 Harness Ambassadors possess a wealth of industry knowledge allowing them to relate to multifaceted concerns participants may be experiencing. Industry specific expertise combined with training delivered by VERETIS Psychologists ensures Ambassadors can provide a crucial link between those in need and the required support.





### PROMOTING HEALTHY RACING CLUB ENVIRONMENTS

Harness racing clubs in New South Wales have developed and applied a number of initiatives to improve the raceday and non-raceday experience for attendees, participants, staff, partners and the broader community. These initiatives have arisen in response to changing consumer needs and community values.

Racing clubs play an active role in providing healthy environments for their customers and racing participants. Some examples include:

- + The provision of healthy choice options for both racing participants and customers
- + Customers are not able to bring alcohol on course when attending the races
- + All clubs have policies & practices in place to encourage responsible consumption of alcohol
- + Clubs have trained on-site medical staff available to assist participants, volunteers, staff and customers if required

Racing clubs manage major facilities and events involving large numbers of customers. Many of these events relate to non-raceday functions and events run by other community groups or individuals. Community and Government expectations of racing clubs, relating to environmentally friendly practices and policies, have led to the adoption of a number of important initiatives that have a positive impact on the New South Wales environment.

Racing clubs are actively implementing policies and practices in key areas that impact on the environment. Close to 54% of all clubs have policies in place to save water or to re-use or recycle water. Examples include:

- + Use of bore water and council treatment plants
- + Effluent water usage
- + Timed and low flow irrigation (dripper irrigation)
- + Rain storage tanks, dams and storm water feeds

In addition to above, 27% percent of clubs have programs in place to utilise solar energy or save electricity. Examples include:

- + Installation of panels for solar generation
- + Lighting and power programming to save energy
- + Energy efficient light fittings (low energy lighting)

Meanwhile, 18% of clubs also have implemented energy efficient elements for their buildings. Examples include:

- + External shade structures to most windows
- + Window tinting



## CLUB HISTORY AND HERITAGE

Harness racing in the New South Wales has a long and celebrated history. The rich cultural, heritage and social significance of the sport has been officially recorded for more than 120 years. The historical elements of racecourses in New South Wales are an important part of the fabric of many local communities and many clubs actively promote past sporting participants, racing identities and special anniversaries.

It is believed that the first ever harness race in Australia was held in Parramatta back in 1810, where the race was won by a horse of the name 'Miss Kitty'. Meanwhile, the first ever harness racing meeting to occur under lights was held in New South Wales at Harold Park Paceway in Glebe, back in 1890. A largely successful night and paved the way for more night meetings, attracting strong attendances. Harness racing in New South Wales has attracted a strong night racing presence since.

In 1902 racing clubs were established in New South Wales, following the banning of unorganised racing by the New South Wales Government. The New South Wales Trotting Club was formed at that time and held its first meeting that year at Harold Park Paceway. In December 2010 the last race meeting was held at Harold Park Paceway, the standardbred Koala King held the record of 40 wins at the track. The New South Wales Harness Racing Club then relocated to the new state of the art 1,400m

track at Menangle. Other major tracks in the state including Newcastle, Dubbo, Parkes, Tamworth, Bathurst, Penrith, Young and Wagga each have their own stories which are circulated around the clubs.

Club Menangle houses its own Museum which flows from one end of the main building to the other in the underground walkway on site. Featured in the site are:

- + The 'History of Miracle Mile' display
- + Tribute to JC Caffyn and our Indigenous drivers
- + 'Pioneering Women in Harness Racing' display
- + Special memorial for the 'National fallen Drivers'

It also features numerous photographs from their past, various items of memorabilia and old trophies that honour their great past.

All harness racing clubs throughout New South Wales take an active approach to promote the history and heritage of their club. This is an important aspect of racing as many of the clubs have a long and rich history. The initiatives that clubs have adopted in recording their history convey the excitement of racing in their community to both visitors and locals.



### A number of examples include:

- + A Wall of Fame that recognises persons who have a substantial history in racing
- + Annual Anniversary Cup race day recognising the origins of the club and track
- + Prints and images on display
- + Promoting club and feature race anniversaries
- + Engaging the media with historical information about clubs
- + Social media articles
- + On-course memorabilia rooms
- + Memorial nights
- + Life memberships
- + Beersheba Communication

**Club Menangle** houses its own museum acknowledging the **history and heritage** of Harness Racing in New South Wales



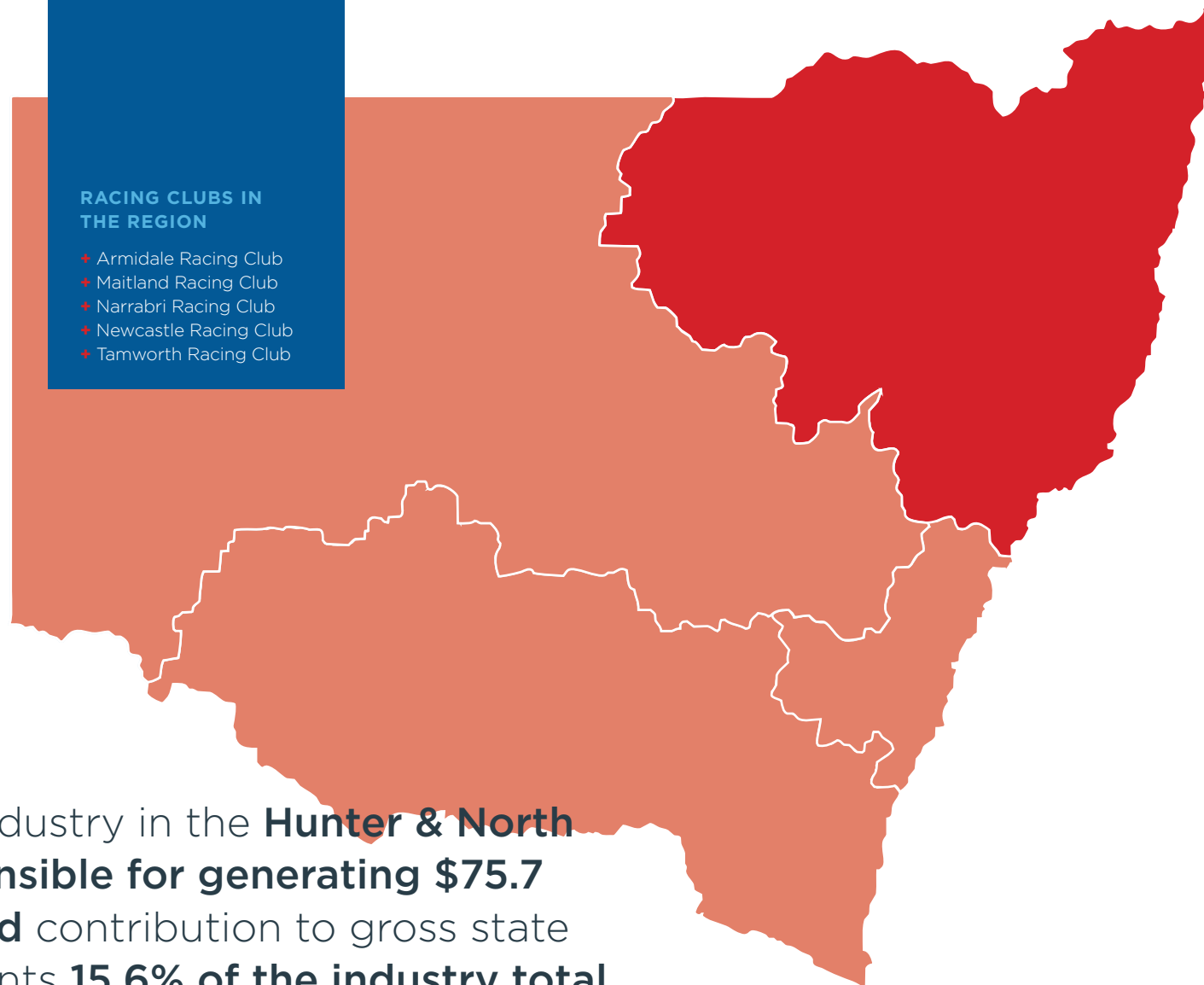
# Hunter & North West

- + The population of the Hunter & North West region is 1,520,841 (Australian Bureau of Statistics).
- + There are a total of five (5) racing clubs operating in the region.
- + The harness racing industry in the Hunter & North West region is responsible for generating more than \$75.7 million in value added contribution to Gross State Product. This equates to 15.6% of the total impact generated by the New South Wales harness racing industry.
- + The economic impact generated by the harness racing industry in this region is responsible for sustaining a total of 514 full-time equivalent (FTE) jobs in the region.
- + There are more than 2,200 participants in the harness racing industry in the Hunter & North West region.

### RACING CLUBS IN THE REGION

- + Armidale Racing Club
- + Maitland Racing Club
- + Narrabri Racing Club
- + Newcastle Racing Club
- + Tamworth Racing Club

The harness racing industry in the **Hunter & North West region is responsible for generating \$75.7 million in value added** contribution to gross state product. This represents **15.6% of the industry total.**



## ECONOMIC IMPACTS

	Total
Total direct expenditure	\$60.0m
Total value added	\$75.7m
Full-time equivalent employment	514

## ANIMALS

	Total
Foals produced	143
Horses in training	571

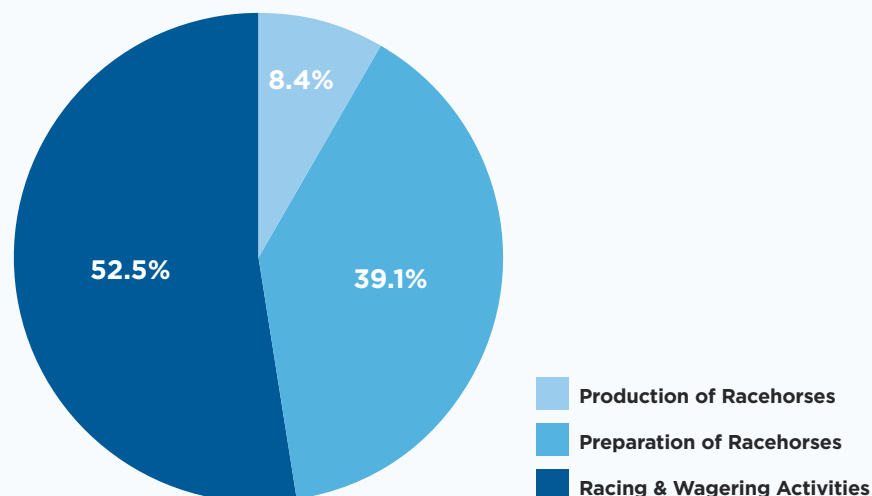
## TOTAL PARTICIPANTS IN RACING

	Total
Breeders	142
Owners	718
Trainers	190
Breeders staff	71
Stable employees	117
Racing Club & industry staff (FT, PT, casual)	121
Drivers	155
Racing club volunteers	69
Volunteers assisting participants	626
<b>Total participants in the Hunter &amp; North West region</b>	<b>2,210</b>

\*Some totals do not add due to rounding.

Race meetings in the Hunter & North West region attracted attendances of **50,250 or 17.2% of total attendances** at race meetings in New South Wales.

## DIRECT EXPENDITURE WITHIN THE HUNTER & NORTH WEST REGION (%)



## AT A GLANCE

5 Racing Clubs

111 Race Meetings

951 Races

395 Racing Club Members

50,250 Attendances

\*Some totals do not add due to rounding



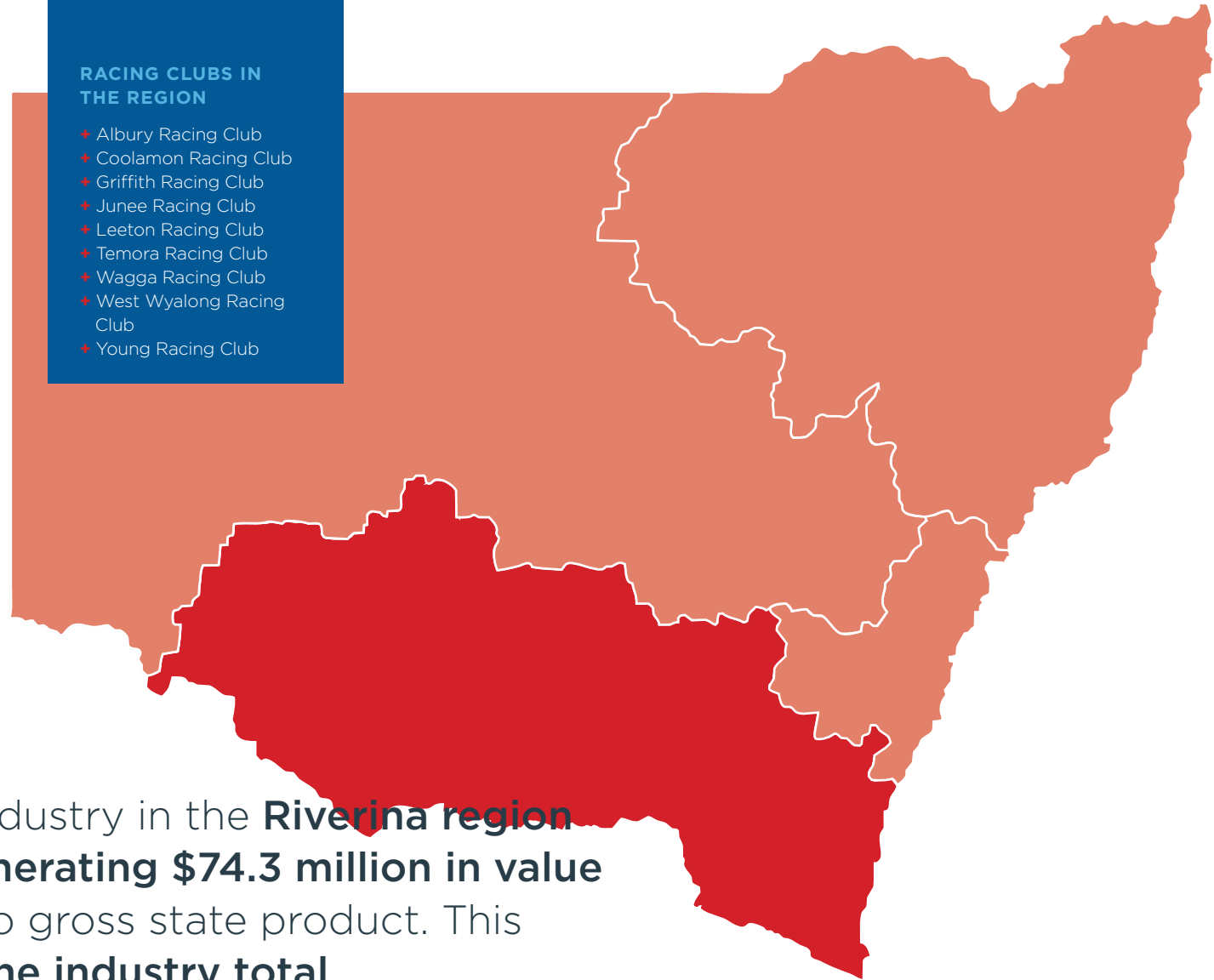
## Riverina

- + The population of the Riverina region is 483,278 (Australian Bureau of Statistics).
- + There are a total of nine (9) racing clubs operating in the region.
- + The harness racing industry in the Riverina region is responsible for generating close to \$74.3 million in value added contribution to Gross State Product. This equates to 15.3% of the total impact generated by the New South Wales harness racing industry.
- + The economic impact generated by the harness racing industry in this region is responsible for sustaining a total of 503 full-time equivalent (FTE) jobs in the region.
- + There are close to 3,200 participants in the harness racing industry in the Riverina region.

### RACING CLUBS IN THE REGION

- + Albury Racing Club
- + Coolamon Racing Club
- + Griffith Racing Club
- + Junee Racing Club
- + Leeton Racing Club
- + Temora Racing Club
- + Wagga Racing Club
- + West Wyalong Racing Club
- + Young Racing Club

The harness racing industry in the **Riverina region** is responsible for generating **\$74.3 million** in value added contribution to gross state product. This represents **15.3% of the industry total**.



## ECONOMIC IMPACTS

	Total
Total direct expenditure	\$59.8m
Total value added	\$74.3m
Full-time equivalent employment	503

## ANIMALS

	Total
Foals produced	369
Horses in training	611

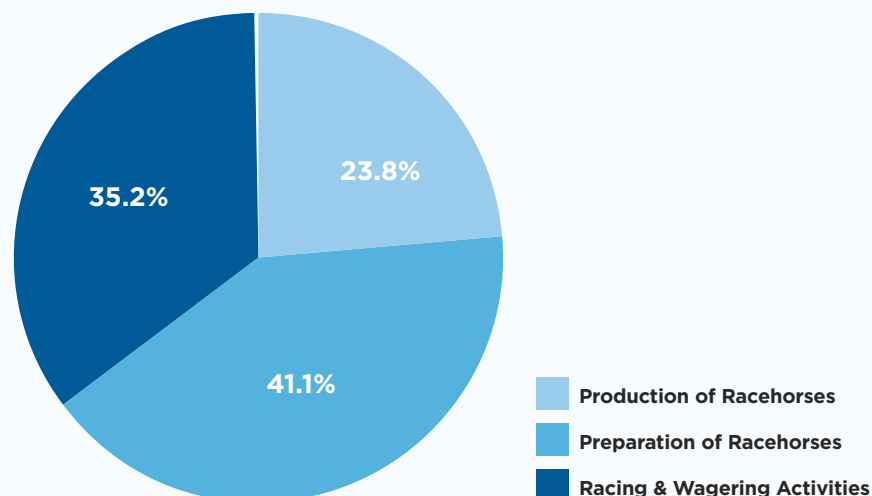
## TOTAL PARTICIPANTS IN RACING

	Total
Breeders	273
Owners	865
Trainers	239
Breeders staff	137
Stable employees	154
Racing Club & industry staff (FT, PT, casual)	44
Drivers	198
Racing club volunteers	191
Volunteers assisting participants	1,050
<b>Total participants in the Riverina region</b>	<b>3,151</b>

\*Some totals do not add due to rounding.

Race meetings in the Riverina region attracted attendances of **50,950** or **17.7% of total attendances** at race meetings in New South Wales.

## VALUE ADDED ECONOMIC CONTRIBUTION WITHIN THE RIVERINA REGION (%)



## AT A GLANCE

9 Racing Clubs

101 Race Meetings

828 Races

360 Racing Club Members

50,950 Attendances

\*Some totals do not add due to rounding

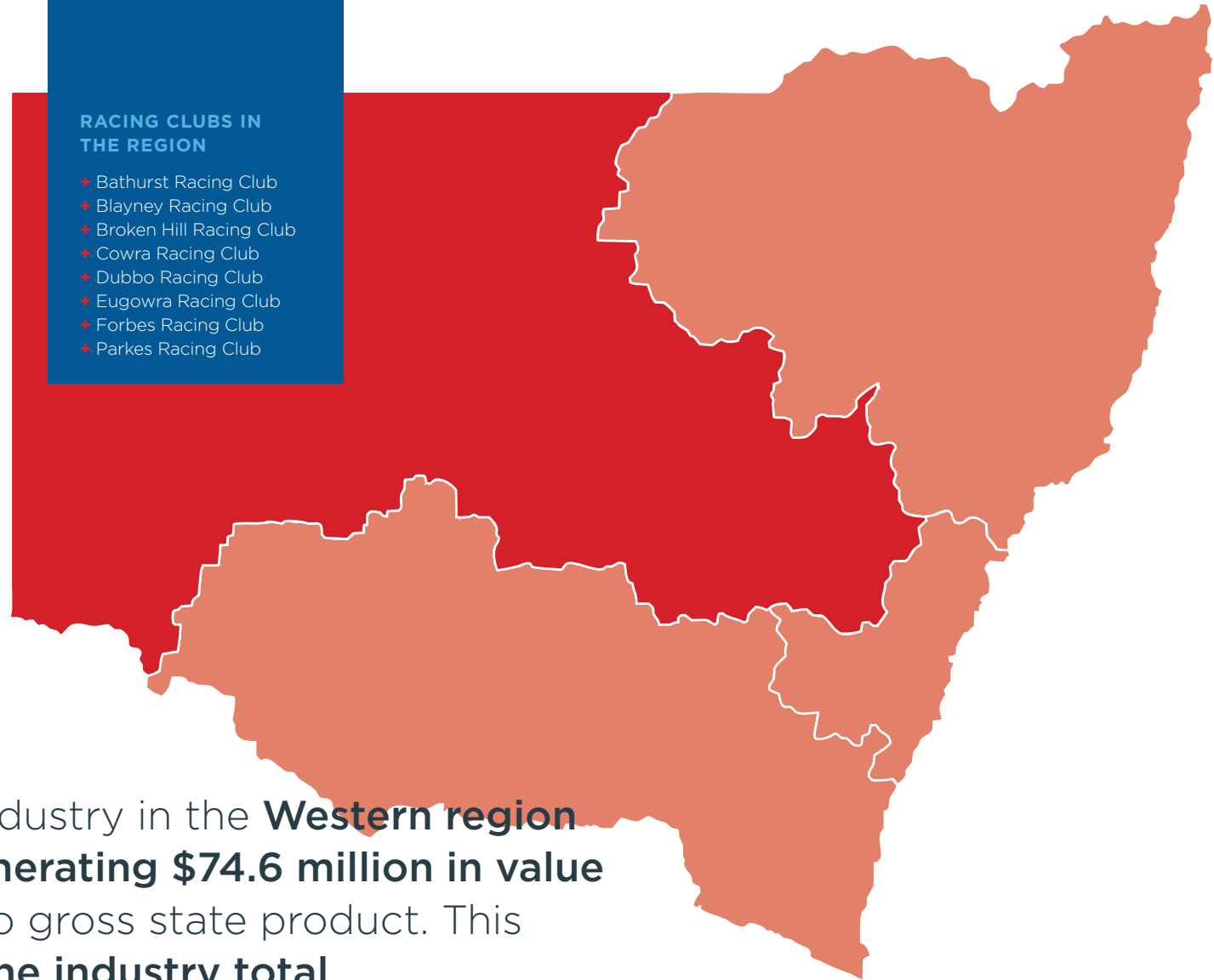
## Western

- + The population of the Western region is 313,369 (Australian Bureau of Statistics).
- + There are a total of eight (8) harness racing clubs operating in the region.
- + The harness racing industry in the Western region is responsible for generating close to \$74.6 million in value added contribution to Gross State Product. This equates to 15.3% of the total impact generated by the New South Wales harness racing industry.
- + The economic impact generated by the harness racing industry in this region is responsible for sustaining a total of 503 full-time equivalent (FTE) jobs in the region.
- + There are close to 2,600 participants in the harness racing industry in the Western region.

### RACING CLUBS IN THE REGION

- + Bathurst Racing Club
- + Blayney Racing Club
- + Broken Hill Racing Club
- + Cowra Racing Club
- + Dubbo Racing Club
- + Eugowra Racing Club
- + Forbes Racing Club
- + Parkes Racing Club

The harness racing industry in the **Western region** is responsible for generating **\$74.6 million** in value added contribution to gross state product. This represents **15.3% of the industry total**.





## ECONOMIC IMPACTS

	Total
Total direct expenditure	\$60.0m
Total value added	\$74.6m
Full-time equivalent employment	503

## ANIMALS

	Total
Foals produced	256
Horses in training	732

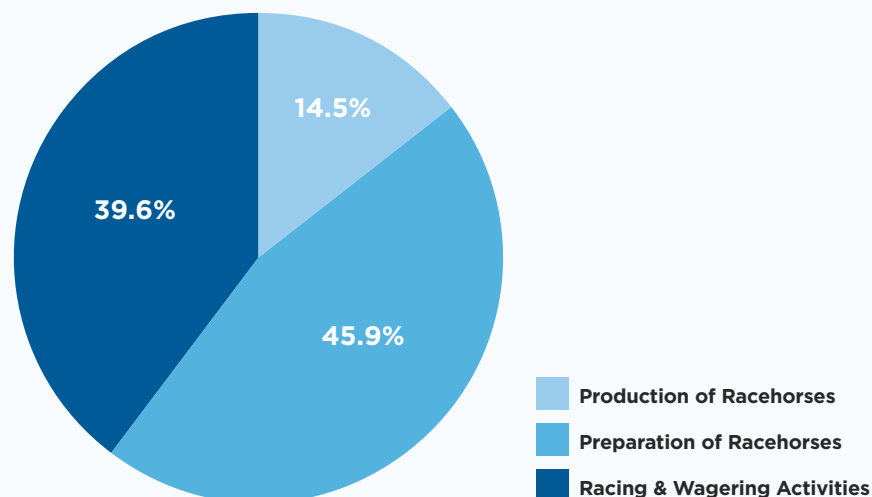
## TOTAL PARTICIPANTS IN RACING

	Total
Breeders	192
Owners	785
Trainers	205
Breeders staff	96
Stable employees	143
Racing Club & industry staff (FT, PT, casual)	55
Drivers	173
Racing club volunteers	123
Volunteers assisting participants	784
<b>Total participants in the Western region</b>	<b>2,557</b>

\*Some totals do not add due to rounding.

Race meetings in the Western region attracted attendances of **50,300** or **17.5% of total attendances** at race meetings in New South Wales.

## VALUE ADDED ECONOMIC CONTRIBUTION WITHIN THE WESTERN REGION (%)



## AT A GLANCE

8 Racing Clubs

110 Race Meetings

888 Races

399 Racing Club Members

50,300 Attendances

\*Some totals do not add due to rounding

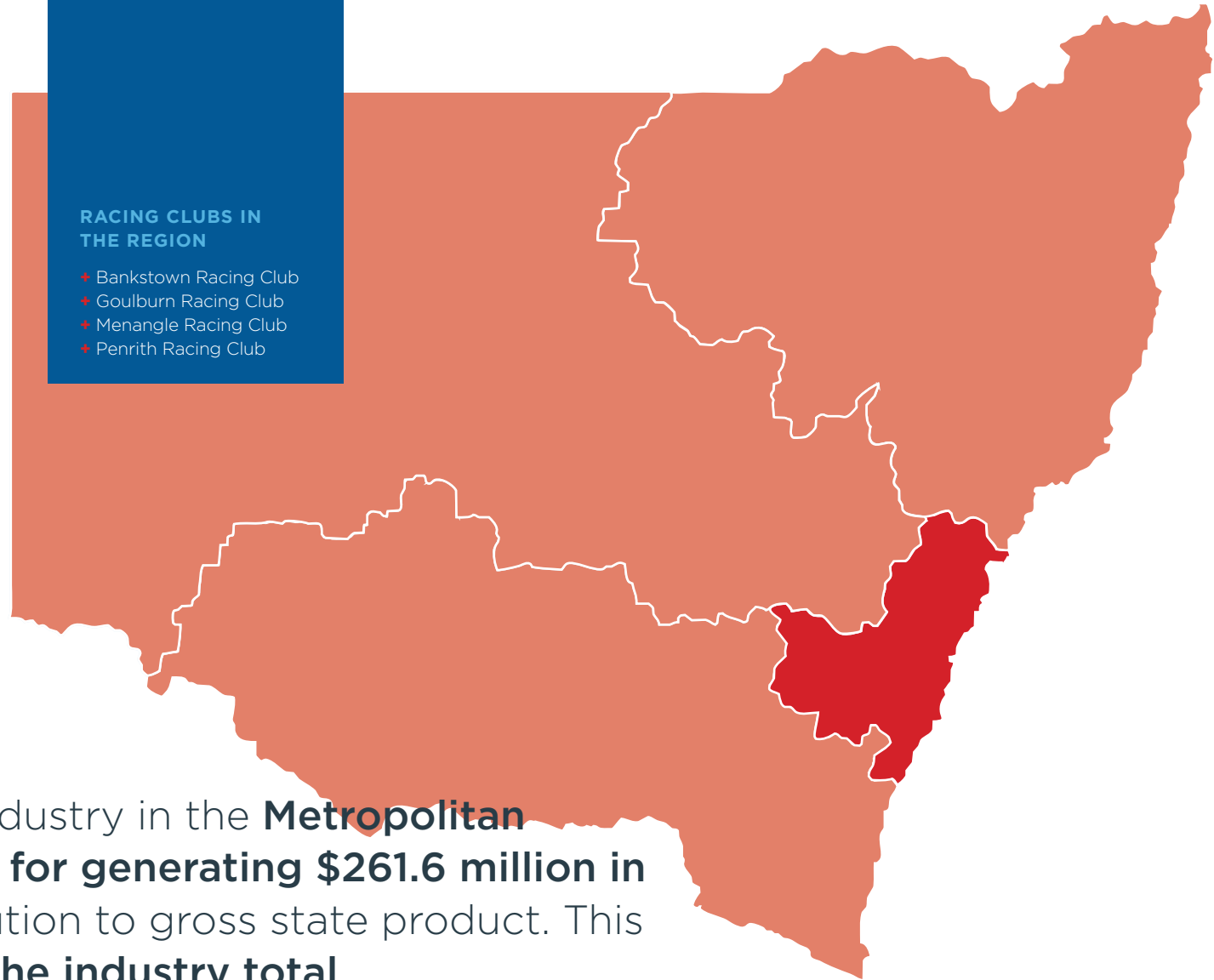
## Metropolitan

- + The population of the Metropolitan region is 5,775,307 (Australian Bureau of Statistics).
- + There are a total of four (4) racing clubs operating in the region.
- + The harness racing industry in the Metropolitan region is responsible for generating close to \$261.6 million in value added contribution to Gross State Product. This equates to 53.8% of the total impact generated by the New South Wales harness racing industry.
- + The economic impact generated by the harness racing industry in this region is responsible for sustaining a total of 1,769 full-time equivalent (FTE) jobs in the region.
- + There are more than 3,700 participants in the harness racing industry in the Metropolitan region

### RACING CLUBS IN THE REGION

- + Bankstown Racing Club
- + Goulburn Racing Club
- + Menangle Racing Club
- + Penrith Racing Club

The harness racing industry in the **Metropolitan region is responsible for generating \$261.6 million in value added** contribution to gross state product. This represents **53.8% of the industry total.**



## ECONOMIC IMPACTS

	Total
Total direct expenditure	\$202.7m
Total value added	\$261.6m
Full-time equivalent employment	1,769

## ANIMALS

	Total
Foals produced	197
Horses in training	1,180

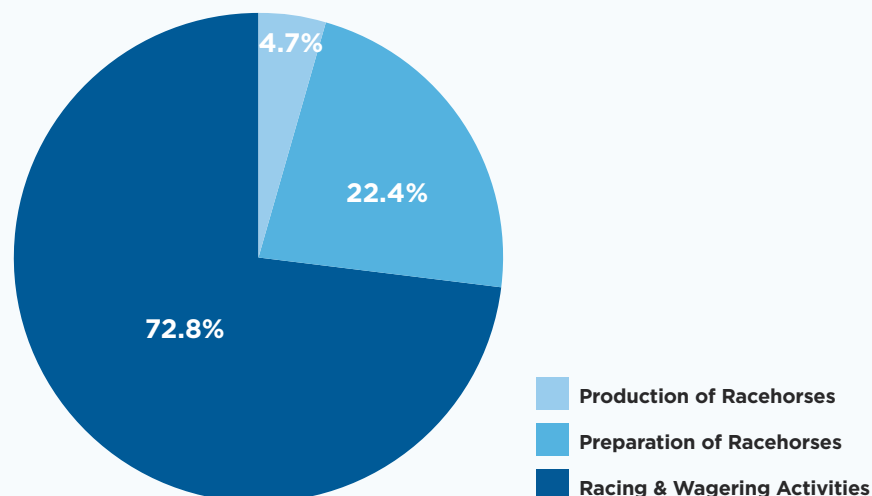
## TOTAL PARTICIPANTS IN RACING

	Total
Breeders	240
Owners	1,334
Trainers	231
Breeders staff	120
Stable employees	184
Racing Club & industry staff (FT, PT, casual)	383
Drivers	176
Racing club volunteers	67
Volunteers assisting participants	970
<b>Total participants in the Metropolitan region</b>	<b>3,706</b>

\*Some totals do not add due to rounding.

Race meetings in the **Metropolitan region** attracted attendances of **136,550** or **47.4%** of total attendances at race meetings in New South Wales.

## VALUE ADDED ECONOMIC CONTRIBUTION WITHIN THE METROPOLITAN REGION (%)



## AT A GLANCE

4 Racing Clubs

166 Race Meetings

1,343 Races

13,208 Racing Club Members

136,550 Attendances

\*Some totals do not add due to rounding



## About IER

IER is a leading strategic consulting business specialising in the tourism, events and entertainment industries. For over twenty years, IER has provided economic impact evaluations for both private and Government clients.

In particular, IER has specialised in consulting on a variety of projects related to the racing industries in Australia and New Zealand over this time.

This study constitutes an economic and social impact evaluation of the harness racing in New South Wales.

It has been developed utilising the following source data:

- + Registration data relating to participants and animals
- + Breeding and Training expenditure data captured from surveys with harness racing participants
- + Expenditure and taxation data provided by wagering operators throughout Australia
- + Data provided by the HRNSW and racing clubs

An understanding of the intricate and sometimes complex flow of money in the harness racing industry underpins this assessment. IER has recently prepared similar studies for:

- + Australian Greyhound Racing Industry
- + Australian Thoroughbred Racing Industry
- + New Zealand Racing Industry (3 Codes)
- + Northern Territory Thoroughbred Racing Industry
- + Queensland Racing Industry (3 Codes)
- + Australian Football League
- + Tasmanian Racing Industry (3 Codes)
- + Victorian Racing Industry (3 Codes)
- + Western Australian Racing Industry (3 Codes)

The economic modelling for this study was undertaken by Associate Professor Barry Burgan (B Ec (Hons), FINSIA (Fellow)). Barry is a director of Economic Research Consultants Pty Ltd and has extensive experience in the area of economic and financial assessment and policy advice.

He has a background in the public and private sectors, academia and has worked on various projects in the area of economic policy, including in the area of economic modelling. In particular, Barry has extensive experience in the use of both computable general equilibrium and input output models, regional economic development and cost benefit analysis. He has undertaken a number of these studies and projects with the Sustainable Tourism Cooperative Research Centre. Barry has undertaken a significant range of studies on special events, with some specific examples including:

- + Size and Scope of the Queensland Racing Industry (2023)
- + Size and Scope of the Australian Football League (2022)
- + Size and Scope study of the Victorian Racing Industry (2022)
- + Size and Scope Study of Thoroughbred Racing Industry in the NT (2022)
- + Size and Scope study of the Tasmanian Racing Industry (2021)
- + Size and Scope of the Western Australian Racing Industry (2021)
- + Size and Scope of the South Australian Racing Industry (2019)
- + Economic Impact assessment of the InterDominion (Sydney) 2013 - 2016
- + Economic and Social Impact Study of Harness Racing in Australia (2012)
- + The Economic Impact of the Melbourne Fringe Festival (2010 & 2011)
- + Annual assessment of the Adelaide Fringe, WomAdelaide and Clipsal 500 (over the last 5-10 years)
- + Pre-event evaluation of impacts of the Sydney Olympic Games on NSW - with KPMG
- + Analysis of economic impact (CGE modelling exercise) of 2006 Commonwealth Games on the Victorian economy (with KPMG, 2005)

Barry provides the economic modelling and advisory services to IER.

This report (Report) has been produced independently by IER as requested by Harness Racing New South Wales (HRNSW). The report has been prepared to meet the requirements set out by HRNSW within the terms of reference. The information, statements, statistics and commentary (together the 'Information') contained in this Report have been prepared by IER from a combination of publicly available material, data from various stakeholder organisations and from confidential discussions held with participants of the industry. IER has prepared this Report on the information that was received or obtained, on the basis that such information is accurate and, where it is represented to IER as such, complete. The information contained in this Report has not been subject to an audit.

# Economic Methodology

The purpose of this study is to measure the contribution made by harness racing towards the New South Wales economy. In this way, it is a generalised measure of the industry's contribution to the State's economy.

## BASIS OF EVALUATION

This study is based on a consistent methodology to that used by IER in the evaluation of the contribution of harness racing industry's in other states and regions. The modelling is based on assessing the way in which expenditures that underpin the racing industry impact in a 'whole of economy context' through the creation of jobs and incomes.

More specifically, the economic contribution of an industry to the region in which it operates represents the contribution that the industry makes in terms of the generation of gross state (or regional product), household income and the employment these incomes support. The harness racing industry does this in two ways

- + Through the employment and activity, it supports directly within racing (including the impact on the industries that depend on it as a customer); and
- + The flow on effects of that which filters through the economy as a result of this activity

The importance of the expenditures generated by an industry, in the production process, is that they will sustain turnover in local industry, and specifically this will support local jobs and incomes. It is the jobs and incomes that are taken to be the measure of economic impact or benefit, netting out leakages such as expenditure on imports etc.

In terms of determining average costs of producing a horse (breeding) and preparing a horse (training) for racing, IER consults with New South Wales harness breeders and trainers. The focus is to determine an average cost of breeding and training at the different lifecycle stages. Data collected in similar jurisdictions is sometimes used to make comparisons and determine per horse expenditures.

In addition to the jobs created with direct suppliers of services to the harness racing industry, economic activity produces a broader effect throughout the community, due to supply chain linkages and the impact of the spend of wage - extending the spend effect and the impact through various layers of the economy. This is known as the flow on or induced impact.

The result of an unconstrained whole of economy or general equilibrium model underpinned by input output tables, is a prominent process for translating direct created expenditure (a final demand stimulus) of industries or projects into jobs and incomes, and for establishing the extent of the flow on impact. There is some level of academic argument about appropriate models for converting increases in external expenditure (final demand) into regional economic impacts. The critics of using unconstrained models such as input output tables often argue that they overstate the value of an industry - and reference that "multiplier" impacts are taken as method of ratcheting up the stated value (noting that this study uses an impact assessment rather than multipliers per se). This criticism would be valid when analysts applied turnover multipliers but is not the case with the more appropriate use

of value added multipliers - which translate the expenditure estimates to national accounting framework measure with a whole of economy context.

Indeed, value added multipliers (the value added impact (direct and induced) relative to a dollar of created expenditure) are often less than 1. It is further noted that the constraints that are applied in more complex economic models do not tend to be substantial at the state and regional level in a longer term context (labour flows from state to state and region to region and capital can also flow freely).

Used correctly, a whole of economy approach provides a more appropriate measure of economic impact than expenditure. In short, use of input output based models allow for reporting with respect to the estimated outcomes of the industry in terms of:

- + The effect of expenditure or turnover on value added or incomes across a State/ regional economy; and
- + In terms of job creation

These measures ensure that the analysis is consistent with national accounting frameworks.

It should be emphasised that this methodology includes the identification and inclusion of local (New South Wales) expenditure associated with harness racing. The economic impacts determined by this approach do not represent the value that would be lost to the State if the industry did not exist. Generally, when considering expenditure by locals it is often held

that substitution is a significant factor in whether that spending would be lost to the economy. Taking the racing industry as an example, it is likely (under a scenario where it no longer existed) that much of the local resident spend would substitute to other activities. Depending on where this spending occurs the overall economic impact of that spending could be higher or lower than what it was when spent on harness racing.

What this study calculates is the level of direct and induced employment and income that is linked to people choosing to spend their entertainment dollar on harness racing (after allowing for imports which are used in the production process). This could be considered the gross economic impact of the sector and is therefore a measure of its significance generally. If a similar gross impact was calculated for every other sector of the economy, then the sum of the impacts would be considerably greater than the size of the economy in total. An alternative methodology would be to measure the net economic impact. Such a study would represent the extent to which this industry expenditure is supported by revenues that can be considered new to the state or region. This would include the supply of services by the local industry to racing activities interstate. It would also include the spending made by tourists or visitors to the state whose main reason for visiting is to attend/participate in the races and wagering by out-of-state residents on local racing product. Finally, it would include industry revenues that locals spend where they would not spend it in the state but for their involvement in the activities of racing. It would also reasonably be expected that some

race attendees would attend events interstate if they were not available in New South Wales, and that some operators would base their operations interstate if this was the case. The information required for this assessment is not available, and as such is out of the scope of this analysis.

### ESTIMATES OF EXPENDITURE BY THE INDUSTRY

This study of the New South Wales harness racing industry is undertaken by firstly identifying the expenditures generated by the industry and then applying this expenditure to state input output model. The State input output model has been prepared using the latest ABS national input output table (2019-20) as a base and has been created using the location quotient method and using state labour force and national accounts data and updated to the relevant year for inflation. The model condenses the industry structure of the national input output table to a 26 industry sector level focusing on industries more directly impacted by production activity in the racing industry. The approach identifies the structural context of expenditure and then applies this to industry sectors from which point it is assumed that the general industry production function can be applied.

The estimated harness racing industry expenditure is determined at two levels. Firstly, the industry expenditure generated within harness racing is identified, as well as the region in which this spend occurs. Secondly, final expenditures are allocated to the model's industry sectors. Expenditure on labour in the harness racing sector itself is allocated to the sport and recreation sector. By allocating these expenditures in this way, the imports required to support harness racing industry activity can be estimated for the production function of respective industry sectors and excluded as they represent a leakage from the state economy.

From an industry classification perspective, whilst "sport and recreation" is the dominant sector, there are significant purchases made from other sectors such as agriculture, business services, property services etc., while harness racing events include spend on food and beverage services and other general consumer spend.

### ADJUSTMENT OF EXPENDITURES

The expenditure data is converted from purchasers' prices to basic prices, as the final expenditure data includes margins, taxes and subsidies and all monetary values in the input output model are expressed as basic values. The prime differences between purchaser prices and basic prices 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. In the modelling herein this is then considered to support Government expenditure (an implied revenue neutral situation).

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

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

transport sectors, as identified in the national input output tables.

Input output tables are prepared for the two regions and regional results are adjusted for feedback effects.

### DISTRIBUTION TO REGIONS

The final expenditures outlined within this study has been allocated to regions across New South Wales. The level of economic activity will not proportionally follow the expenditure, as regional areas generally have higher import penetrations than metropolitan areas (i.e. regional areas have a higher likelihood of needing to import products and services from the metropolitan area).

This study develops a regional input output model for each of the nominated regions. These regional models are created from the underlying state table and again using the location quotient method based on regional employment estimates for each region from the latest data available through the ABS Census. Outcomes for the regions are adjusted for feedback impacts to be consistent with the state level modelling results, with much of the feedback being assumed to occur within the metropolitan area.

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- + Harness Racing New South Wales
- + New South Wales Harness Racing Clubs
- + Participants who provided detailed financial data on training and breeding racehorses
- + Responsible Wagering Australia
- + Tabcorp



# Definitions

The following terms have been used throughout the study and are defined as follows:

**+ Direct Expenditure** - is defined as expenditure associated with preparing horses (training), racing customer expenditure and expenditure by HRNSW and racing clubs on operating the industry. Direct expenditure is counted at the point at which it leaves the harness racing industry and hits the broader economy.

**+ Direct Economic Impact (value added)** - represents the amount of income included in the direct in-scope expenditure, and therefore is the amount of wages and salaries plus gross operating surplus directly created in supply these services and product, which is also equal to the direct in scope expenditure less the purchases the provider of the goods and services makes in providing the goods and services

**+ Indirect Economic Impact (flow-on)** - represents the value added activity generated to support the purchases made in providing the inputs to the providers of the direct services, along with the value added impact in providing households with goods and services as they spend their wages, and the trickle on effect of this

**+ Total Value Added** - is the sum of the direct value added plus the flow on impact. It therefore represents the contribution to Gross State Product resulting from the events and activities of the NSW harness racing industry

**+ Full-time Equivalent Employment** - is a unit that indicates the workload of an employed person in a way that makes workloads or class loads comparable across various contexts. An FTE of 1.0 is equivalent to a full-time worker (i.e. 38 hours), while an FTE of 0.5 signals half of a full work load (i.e. 19 hours)

**+ Household Income** - is defined as being wages and salaries (before tax) earned from employment generated by the NSW harness racing industry

**+ Participants in Racing** - is defined as being the number of employees (full-time, part-time and casual), participants and volunteers directly involved in the NSW harness racing industry. It does not include down-the-line suppliers of goods and services

**+ Input Output Modelling** - is the economic modelling used to determine the economic outputs within this study. It is an economy wide model, which shows the inter-linkages between industry sectors in the economy. Therefore, the change in economic circumstances (specifically a change in final demand), for one sector of the economy can be traced though to its effect on other sectors

