



Economic Impact of Australian Racing



Focused Thinking

August 2007

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ARB Foreword

Bob Pearson, Chairman
Australian Racing Board



It involves no measure of exaggeration to say that horseracing is a quintessential part of the Australian way of life. Australian racing does not lend itself to easy or neat description. It is a major economic activity contributing to GDP, jobs and government revenue, but it is also one of Australia's oldest sports – the first organised thoroughbred race meeting was held in Hyde Park in 1810. Racing is closely linked with gambling, but it also has a cultural significance that poker machines and casinos will never acquire, with its champions, such as Phar Lap, part of the national identity. Whilst its best known event, the Melbourne Cup, is now an international spectacle viewed by 700 million people, at the same time racing continues largely unchanged in picnic meetings run throughout country Australia, where almost every place big enough to be called a town – and even some that are not – has its own race-track.

A major study into the economic impact of the Racing Industry was last published in 2001 and five years having elapsed on the Australian Racing Board thought that it was important that an authoritative contemporary assessment was made of the industry's economic and social contribution to Australia.

Hard facts are essential for good decision-making and for promoting the interests of the sport to governments and bodies that impact on its future. It is worth remembering what former Prime Minister, Bob Hawke AC, said in respect of an earlier study of the economic importance of Australian Racing: "The simple truth is essential to prove to them that the racing substantially established, every citizen benefits in a continuing sense from public expenditures made possible from the revenue generated by the racing industry."

Racing in this country began as a sport to entertain the early settlers, became a part of the Australian psyche and is today universally described as a major industry. As this report confirms yet again, Australian Racing throws a very big shadow. I hope that you find the report informative and a useful reference tool.

IER Foreword

Paul Limoli, Partner
IER Pty. Ltd.



IER was delighted to be given the opportunity to once again work with the Australian Racing Board to assess the economic impact of Australian Racing.

In recent years IER has undertaken similar studies in individual States and Territories and in New Zealand, and pleasingly our work has proven to be extremely helpful to successful industry submissions on changes to taxation rates and funding models. In this regard it is instructive to consider just how much of an influence the decisions of governments at all three levels can have on racing's prosperity, including:

- * The licensing of wagering operators
- * The licensing of other gambling forms
- * Taxation of wagering
 - Gross profits or turnover based
 - Level of taxation
- * Intellectual property rights
- * Quarantine protocols and the international movement of horses
- * Emergency animal disease response arrangements
- * Taxation of breeding
- * Taxation of prize money
- * Taxation status of race clubs
- * Tenure of race courses
- * Advertising restrictions on wagering
- * Statutory powers to regulate racing
- * Research and development:
 - Tax breaks
 - Government funded R&D programs of local planning approvals

To convince governments to make decisions that are in the best interest of racing it is first essential to prove to them that the racing sector is important to the economy and society. As the famous British physicist Lord Kelvin said: "When you can measure what you are speaking about and express it in numbers, you know something about it: but when you cannot measure it, when you cannot express it in numbers your knowledge is of the meagre and unsatisfactory kind."

Undertaking this analysis successfully depended on the cooperation and good will of a large range of people and organisations. Our genuine thanks are expressed to them for their enthusiastic assistance.

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Background

The Australian Racing Board, horse racing's national peak body, commissioned IER Pty. Ltd. to undertake an independent study into the economic impacts generated by Australian Racing (AR).

Objectives

The stated objectives of the study included:-

- To provide a contemporary, independent and reliable assessment of the size and scope of Australian Racing,
- To provide an estimation of the economic and employment impacts, tax generation and assets of Australian Racing for each State/Territory and for the Nation.
- To provide case studies outlining some recent trends relating to taxation and funding
- To provide a case study outlining the 'racing audience' which includes, all media, racing customers, museum customers, etc.
- To provide a comparison of the economic value of Australian Racing in comparison with other industry sectors in Australia.

Definition of Australian Racing

In order to accurately assess the economic and social impacts generated by Australian Racing, the boundaries of the study need to be defined. The study assesses the impacts generated by those participants and organisations that fall within the study.

In order to assess the broader economic impacts generated by Australian Racing, IER profiled and examined the various participants and organisations that operate within the boundaries established by this study.

The boundaries of the study have been established as follows:-

	Type of Participant/ Entity	Level of Study
A1	Racing clubs, Trainers, Breeders, Jockeys, Drivers, Owners, Bookmakers etc.	In-depth. These participants/ entities have a direct and integral relationship with the AR. They all generate significant expenditure. 'Within Boundary of Economic Assessment'
A2	Veterinarians, Farriers, Fuel providers, Feed providers etc.	Minimal. These participants/ entities generally provide services to the AR. The expenditure on these services has been covered off within the assessment of spending by the participants listed above. 'Contained within the Assessment of participants/entities in A1 above'
A3	Employees of AR including Breeders and Trainers' staff, Bookmakers staff etc.	They are considered a part of the broader racing industry however any expenditure by these participants will have been covered off within the assessment of spending by the participants listed above. 'Contained within the Assessment of participants/entities in A1 above'
A4	Wagering service providers (i.e. betfair etc.)	While these operators do generate economic activity, their impacts are difficult to quantify. 'Outside Boundary of Economic Assessment'

This study extends on the findings of recent studies into the South Australian, Victorian and Western Australian racing industries.

Where possible, data from the 2005-06 racing season has been used within this study.

Economic impacts have been calculated using the Monash MMR CGE Model, which has been designed specifically for use within the racing industry.

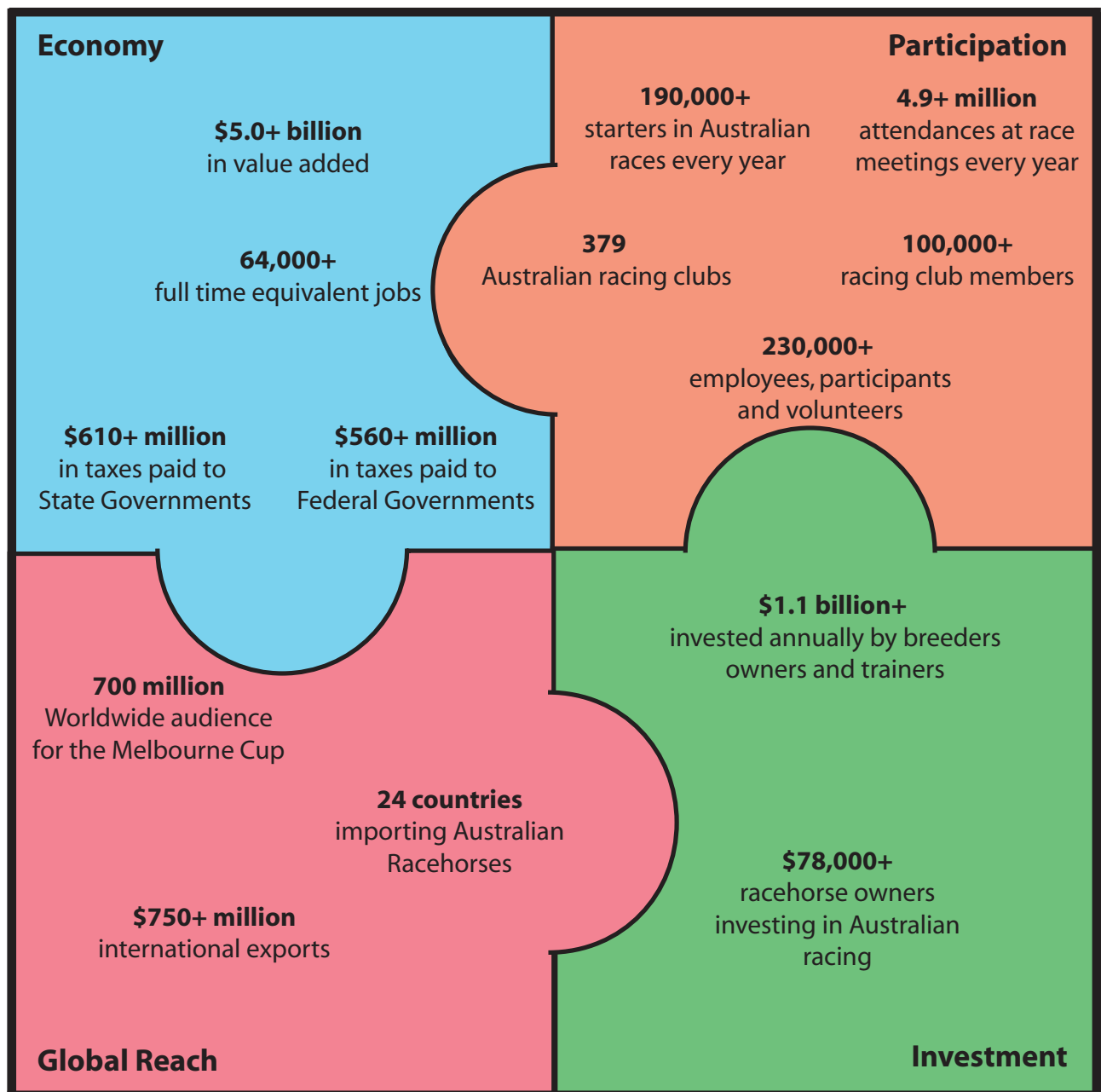
2.0 Executive Summary

It doesn't stop at the winning post

The impact of Australian Racing extends far beyond declaration of correct weight. Australian Racing fills an integral place in the sporting life, cultural traditions and everyday economy of Australia.

From the first official race meeting staged by Governor Macquarie at Hyde Park Sydney in 1810, Australian Racing has grown to a scale that would have been difficult to imagine two centuries ago, and has few equals anywhere in the world.

Here we provide a snapshot of the size and scope of Australian Racing, illustrating the remarkable extent of its influence on Australia's economic and social life.





Overview of Key Findings

The Jobs & Participants	Total
Total directly employed in racing	65,500
Paid full time, part time & casual jobs	56,400
Employed to produce the racing product	32,000
Employed by participants	24,400
Full time & part time breeders	6,500
Full time & part time trainers	2,600
Total employed in support industries	67,300
Total employed in racing & support industries	132,800
Total participants & volunteers	98,900
Racing industry volunteers	15,400
Owners of horses	78,000
Hobby breeders	3,400
Hobby trainers	2,100
Total participants & employees	231,700

The Racing Product	Total
Total race meetings	2,820
TAB race meetings	2,100
Non-TAB race meetings	670
Picnic race meetings	50
Total races	23,900
Total individual starters	36,400
Total starts	197,500

“Thoroughbred race meetings across Australia attracted more than 4.9 million attendances”

The Horses	Total
Thoroughbreds in Training	41,800
Broodmares	30,300
Stallions	900
Foals	18,200

Spending by the Racing Industry	Total
Direct spending by the racing industry	\$3,785 mil
Spending by breeders	\$790 mil
Spending by trainers	\$120 mil
Spending by racing clubs	\$880 mil

“Regional areas of Australia contribute in excess of 45% of the direct spending generated by the thoroughbred racing industry”

The Economic Impacts	Total
Economic value of thoroughbred racing	\$5,042 mil
Total taxation revenue generated	\$1,180 mil
Federal Government taxation stream	\$560 mil
State Government taxation stream	\$620 mil
Total FTE employment	66,480
FTE employment within racing	48,680
FTE employment within support industries	17,800
Real Consumption	\$2,434 mil
International Exports	\$775 mil
International Imports	\$1,104 mil

“The thoroughbred racing industry provides full time, part time or casual employment for more than 65,500 people nationally”

The thoroughbred racing industry in Australia provides sustainable employment for more than 65,500 people, particularly in regional areas. These people are employed in full-time, part time or casual jobs in areas including the production of racehorses and the running of racing clubs and associated events.

The Australian labour market is split into 17 key industry sectors. The thoroughbred racing industry, which encompasses employees in many of these sectors, employs a similar size labour force to the Electricity, Gas and Water supply sector.

Industry Sector	Employment
Retail Trade	1,488,600
Property & Business Services	1,235,500
Health & Community Services	1,066,500
Manufacturing	1,056,900
Construction	964,800
Education	720,440
Accommodation, Cafes & Restaurants	513,400
Government Administration & Defence	483,600
Transport & Storage	469,200
Wholesale Trade	467,600
Personal & Other Services	400,000
Finance & Insurance	399,000
Agriculture, Forestry & Fishing	365,100
Cultural & Recreational Services	281,600
Communication Services	186,300
Mining	137,000
Electricity, Gas & Water Supply	83,100
Thoroughbred Racing & Wagering	65,500

In addition to those employed in the racing industry, the varied activities undertaken by racing clubs and participants helps to sustain employment in many down-the-line industries which provide goods and services to racing.

“Thoroughbred Racing is an economic giant that contributes more than \$5.04 billion towards the National Gross Domestic Product each year”

The economic activity generated by Australian Racing, provides more than \$5.04 billion in value added to the national economy. Thoroughbred racing and related activities in the metropolitan areas of Australia contribute more than 54% of this impact. Regional areas are responsible for the generation of more than \$2.2 billion contributed to Gross Domestic Product.

Thoroughbred racing in Victoria (\$1.76 billion) and New South Wales (\$1.69 billion) delivers more than 68% of the total economic impacts.

State/Territory	Real Gross Value Added
Victoria	\$1,759 million
New South Wales	\$1,693 million
Queensland	\$695 million
Western Australia	\$356 million
South Australia	\$259 million
Northern Territory	\$169 million
Tasmania	\$62 million
Australian Capital Territory	\$48 million

“The economic stimulus created by the thoroughbred racing industry is responsible for sustaining more than 48,680 FTE jobs across Australia”

It was previously established that more than 65,500 people derive a full time, part time or casual employment from the Australian Thoroughbred Racing Industry. The economic activity generated by racing sustains more than 48,680 full time equivalent positions across Australia.

New South Wales (16,000), Victoria (15,800) and Queensland (7,600) sustain more than 80% of this employment impact.

“Thoroughbred Racing is a prime generator of State and Federal Government taxation revenue”

The sheer size and scope of the Australian thoroughbred racing industry leads to the Federal Government receiving more than \$560 million and the State Governments receiving a total of \$610 million each year. Taxation revenue is generated via a number of sources with wagering taxes and GST the largest components.

State Government taxation revenue comprises:-

Wagering & Gaming Taxes \$376.8 mil

Stamp Duty & Other \$224.3 mil

Payroll Tax \$13.6 mil

Federal Government taxation revenue comprises:-

Wagering Tax GST \$181.1 mil

GST on Purchases \$243.3 mil

Income Tax & Other \$138.7 mil

“More than 92,000 people participate in the most important aspect of thoroughbred racing - preparing the racehorses”

Breeders, trainers and owners together spend in excess of \$1.1 billion each year in the procurement, preparation and presentation of thoroughbred racehorses each year. The investment cycle commences with the owners - 78,000 of them - who fund the purchase of would-be racehorses and breeding stock. Many owners do not make a profit, however they are the industry's lifeblood and often invest for the thrill of being involved in this exciting pastime.

This investment filters down throughout the industry, helping to sustain the involvement of more than 9,900 people with a breeding interest and 4,700 people with a training interest. Within each of these industry segments, hobbyists (or those who invest primarily for enjoyment or pastime rather than profit) make up a significant portion of the participant group. Nearly 5,700 breeders and trainers consider themselves to be involved as a hobby, rather than a business.

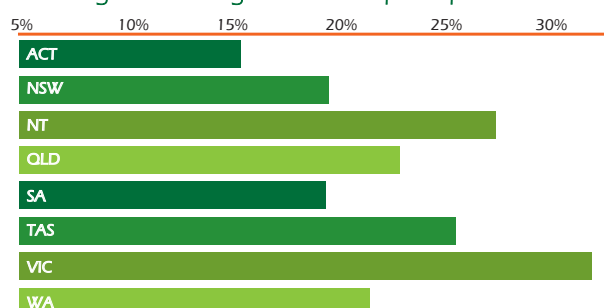
“More than 230,000 people, or 1.1% of the national population, are involved in the thoroughbred racing industry as a participant, employee or supplier”

The study previously established that more than 65,500 people are employed in a full time, part time or casual manner within the Australian thoroughbred racing industry. In addition to this, more than 110,000 people are involved in the preparation of racehorses. When volunteers are considered, along with the various suppliers and those employed in support industries, the reach and impact created by the racing industry is revealed.

“With attendances of more than 4.9 million, thoroughbred racing is the second highest attended sport in Australia”

Thoroughbred racing plays an important role in the leisure pursuits of the average Australian. This is especially the case in regional areas where racing clubs are often amongst the oldest and most historically significant parts of local community.

Thoroughbred racing attendances per capita:-



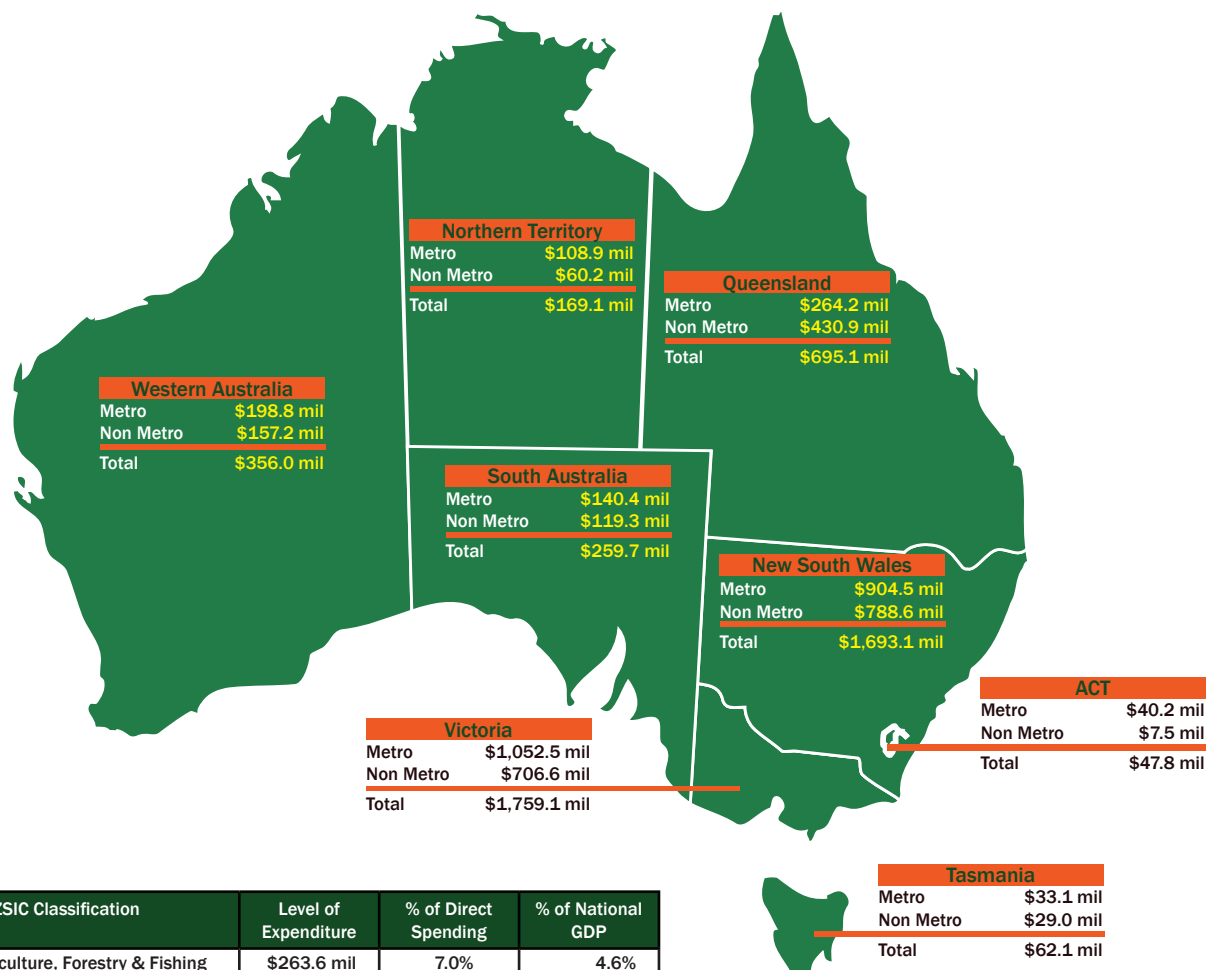
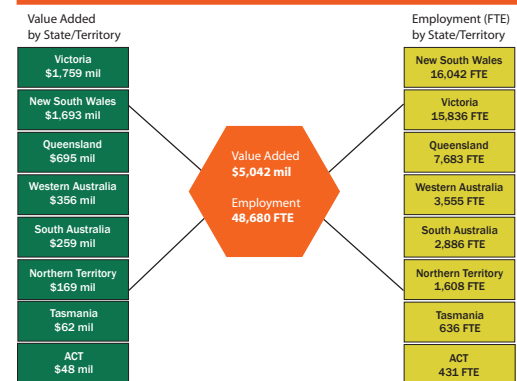
As part of this, more than 100,000 people are attached to racing as a member of a racing club. This community of racing club members are also often involved in ownership of racehorses, however their primary reason for becoming members is mostly a love of the sport and/or a love of their club.

3.0 Australia - A national overview

3.1 Economic Impact of Racing In Australia

An assessment of the economic impacts generated by thoroughbred racing in Australia, using the MONASH MMR CGE model, revealed that it contributes more than \$5.04 billion in value added to the National economy. This represents approximately 0.58% of Gross Domestic Product.

Value Added & FTE by State



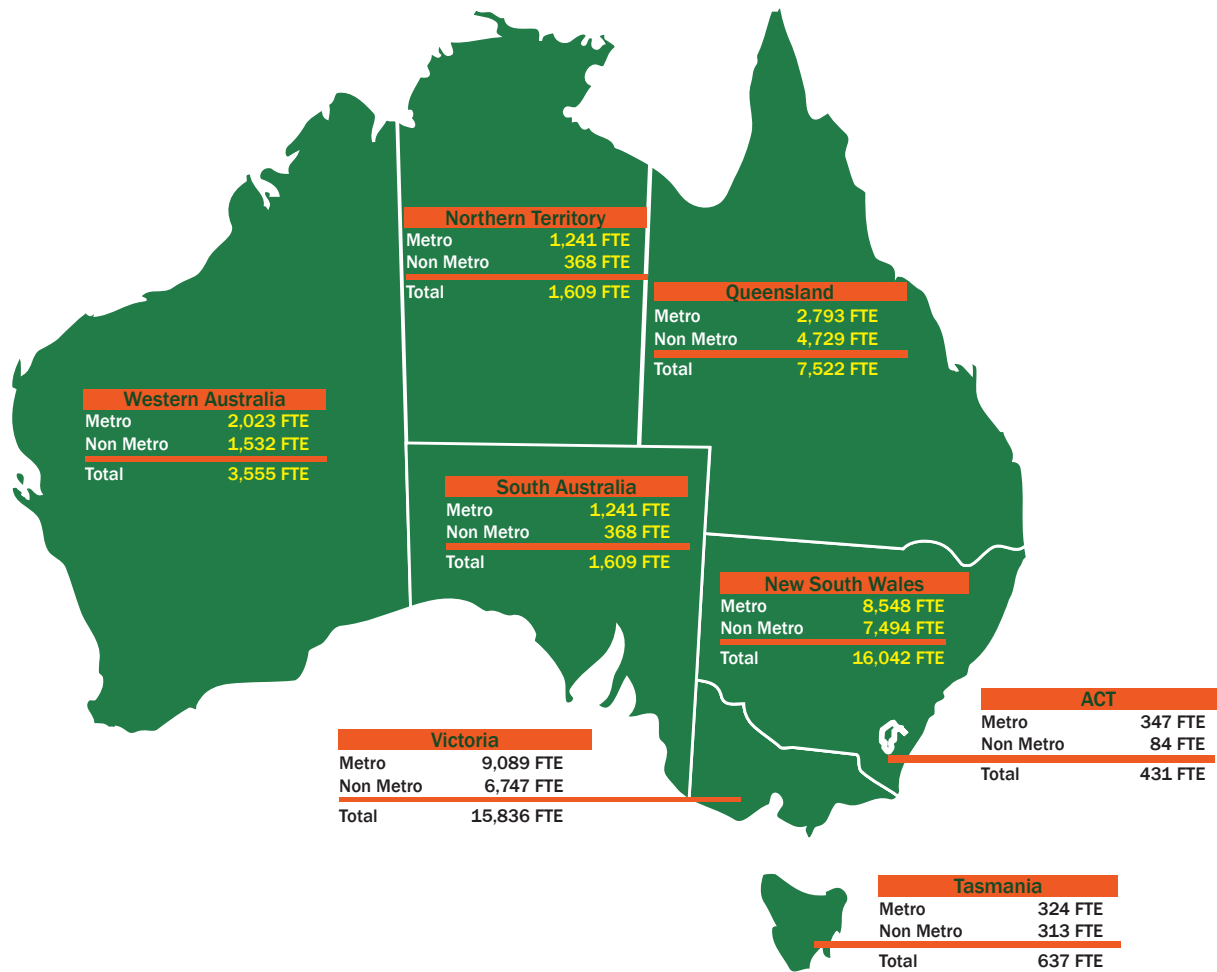
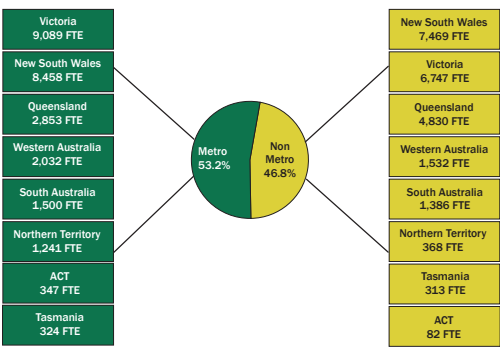
ANZSIC Classification	Level of Expenditure	% of Direct Spending	% of National GDP
Agriculture, Forestry & Fishing	\$263.6 mil	7.0%	4.6%
Electricity, Gas & Water Supply	\$188.3 mil	5.0%	3.6%
Retail Trade	\$190.8 mil	5.0%	1.4%
Accom, Cafes & Restaurants	\$42.0 mil	1.1%	0.8%
Transport & Storage	\$246.9 mil	6.5%	2.2%
Finance & Insurance	\$18.5 mil	0.5%	0.1%
Property & Business Services	\$889.2 mil	23.5%	3.2%
Health & Community Services	\$498.6 mil	13.2%	3.5%
Education	\$144.8 mil	3.8%	1.5%
Manufacturing	\$292.7 mil	7.7%	0.6%
Wholesale Trade	\$410.7 mil	10.8%	3.6%
Construction	\$293.8 mil	7.8%	1.8%
Personal & Other Services	\$139.2 mil	3.7%	3.0%
Cultural & Recreational	\$166.9 mil	4.4%	4.8%
TOTAL	\$3,785.9 mil	100.0%	

The table opposite illustrates the level of spending generated by AR within the Australian & New Zealand Standard Industry Classification (ANZSIC) industries. The final column provides an estimate of AR's contribution to total national spending within each industry segment (i.e. The \$263 mil spent by the AR within the Agriculture, Forestry & Fishing equates to 4.6% of the total national spend within this segment).

3.2 FTE Employment Generated

The economic activity generated by Australian Racing sustains more than 48,680 full time equivalent (FTE) jobs. It is important to note however that some 65,500 people are employed directly within the racing industry in either full-time, part-time or casual work. A further 67,300 people working in various supplier and service industries are also sustained by the racing industry.

Regional breakdown of FTE job creation in Australia



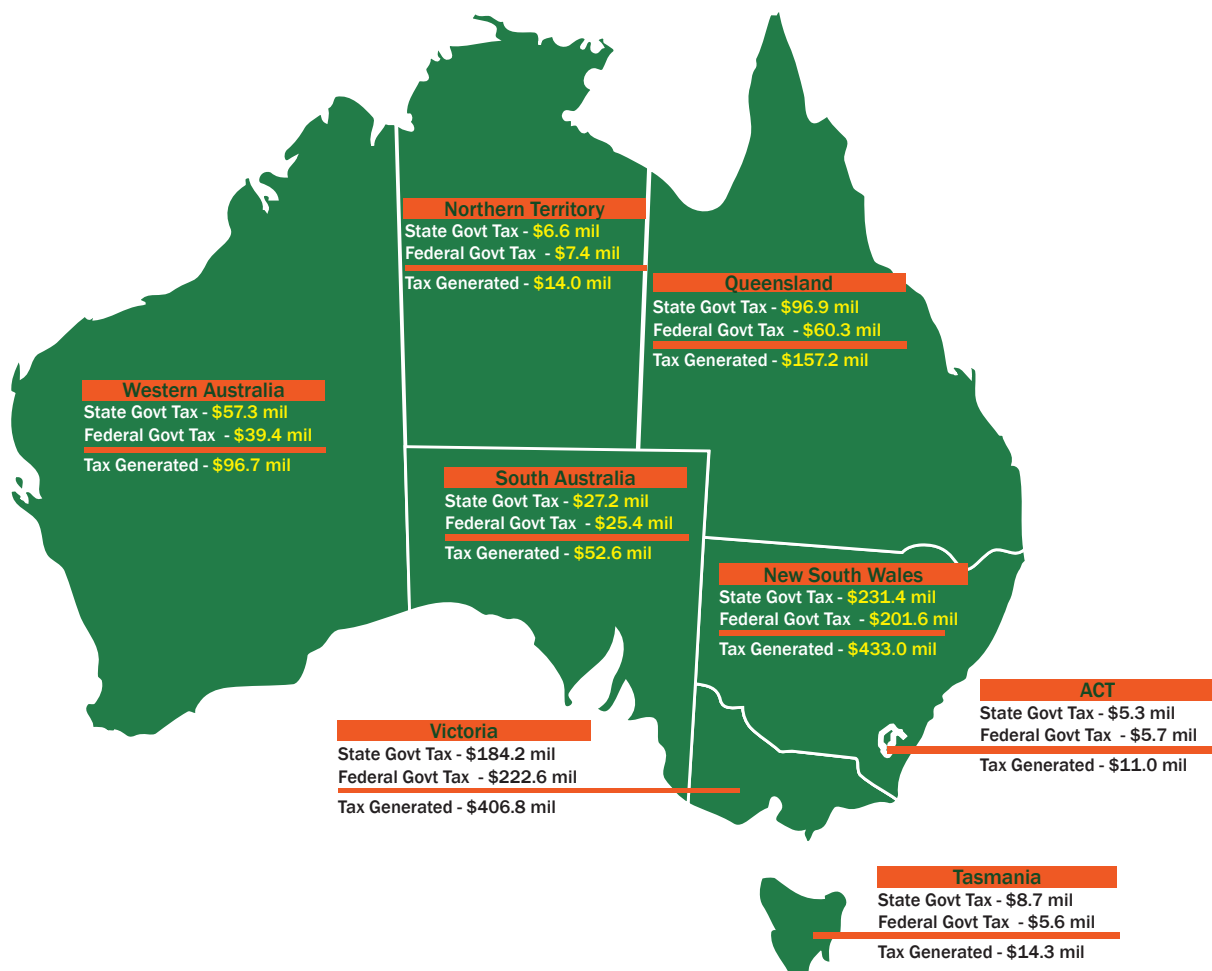
A PRIMARY SUPPORTER OF COMMUNITY EMPLOYMENT

The chart opposite illustrates the significant employment impacts that are created by AR. The inner segment (dark orange) illustrates the 'primary' employment generated by AR - the people whose employment is wholly dependent upon the racing industry. The middle segment outlines the 'secondary' industries, whose employees rely to a significant extent on the racing industry. They are called in to provide their specialist skills on a needs basis. The Outer segment (light orange) outlines the 'support' industries whose employees are somewhat sustained in the role of providing goods and services to the racing industry. These industries receive increased activity and sales on two levels - firstly through the purchasing habits of the racing clubs, secondly when visitors to the racing club are attracted to visit the local communities.

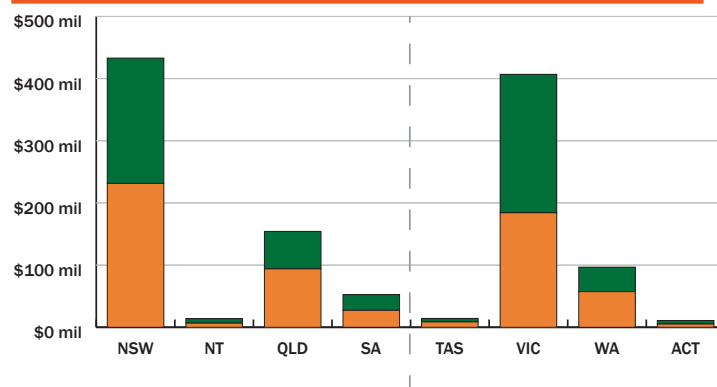
3.3 Taxation receipts generated

Australian Racing generates nearly \$1.2 million in taxes each year. Taxes on wagering comprise almost half of this amount, with GST the next largest component.

State Governments benefit from the injection of more than \$610 million, whilst the Federal Government receives nearly \$570 million.



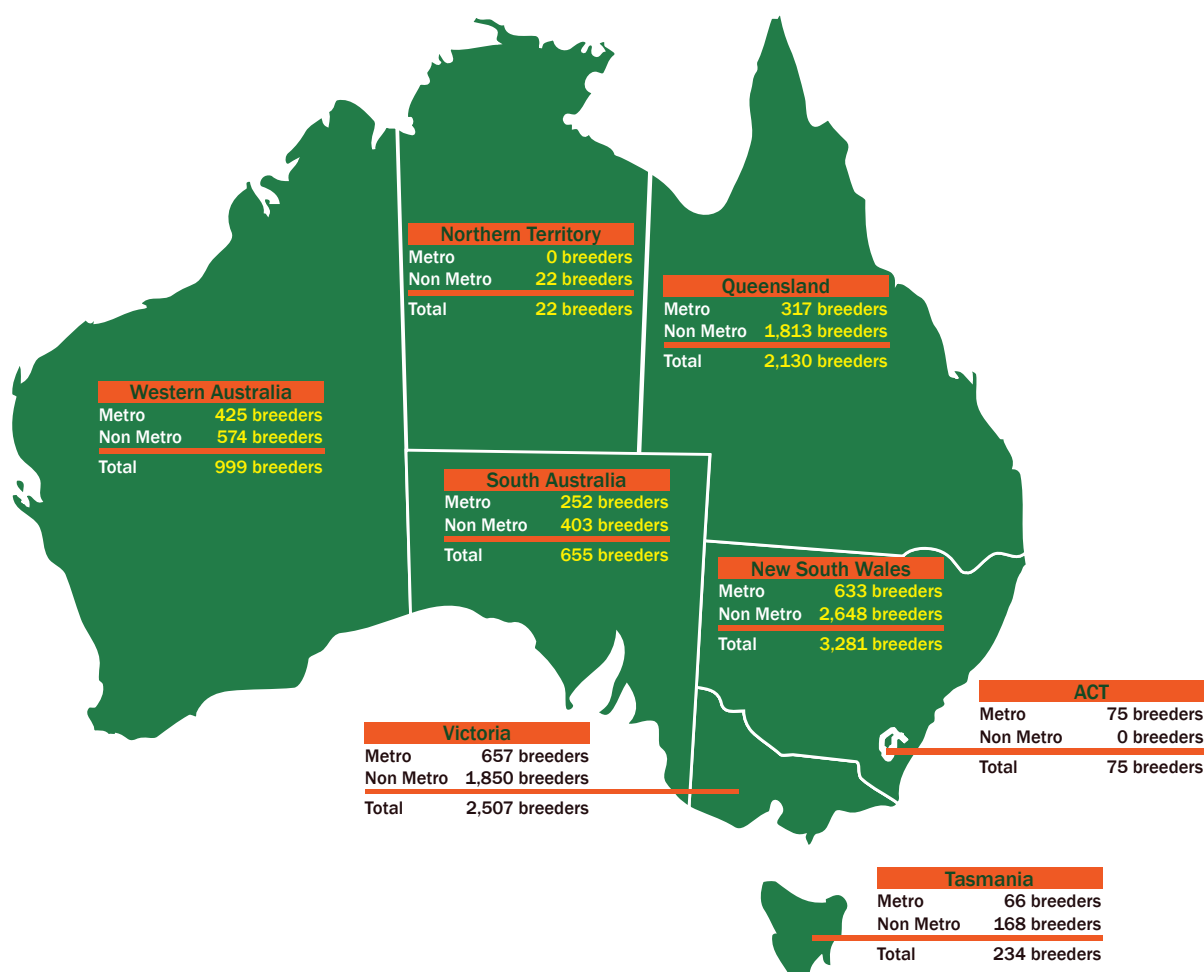
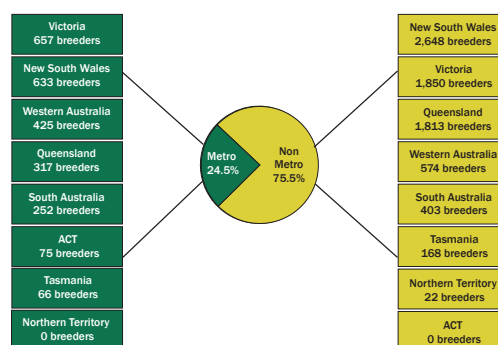
Breakdown of Taxation Revenue Generated by Racing In Australia



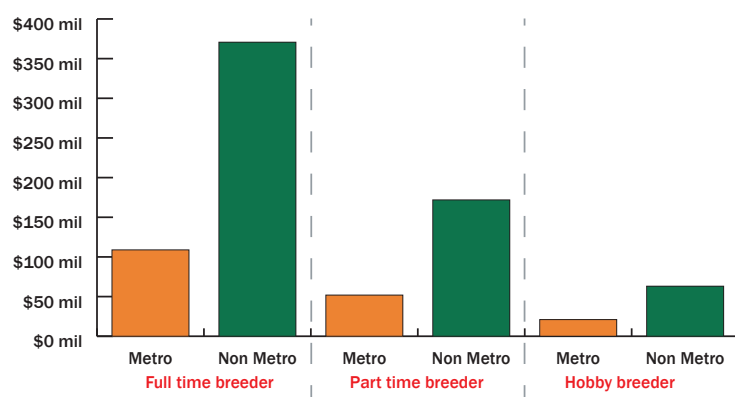
3.4 The Breeding Industry in Australia

More than 9,900 breeders play a vital role in the production of racehorses in Australia. These breeders spend more than \$787 million in ensuring that quality racing stock are prepared for racing and future breeding purposes. Breeding operations vary from the large stud operations, to sole owner and partnership breeders. The majority (39.7%) of breeders classify themselves as part time or hobbyists in nature.

Regional breakdown of Breeders In Australia



Breakdown of Breeders expenditure In Australia

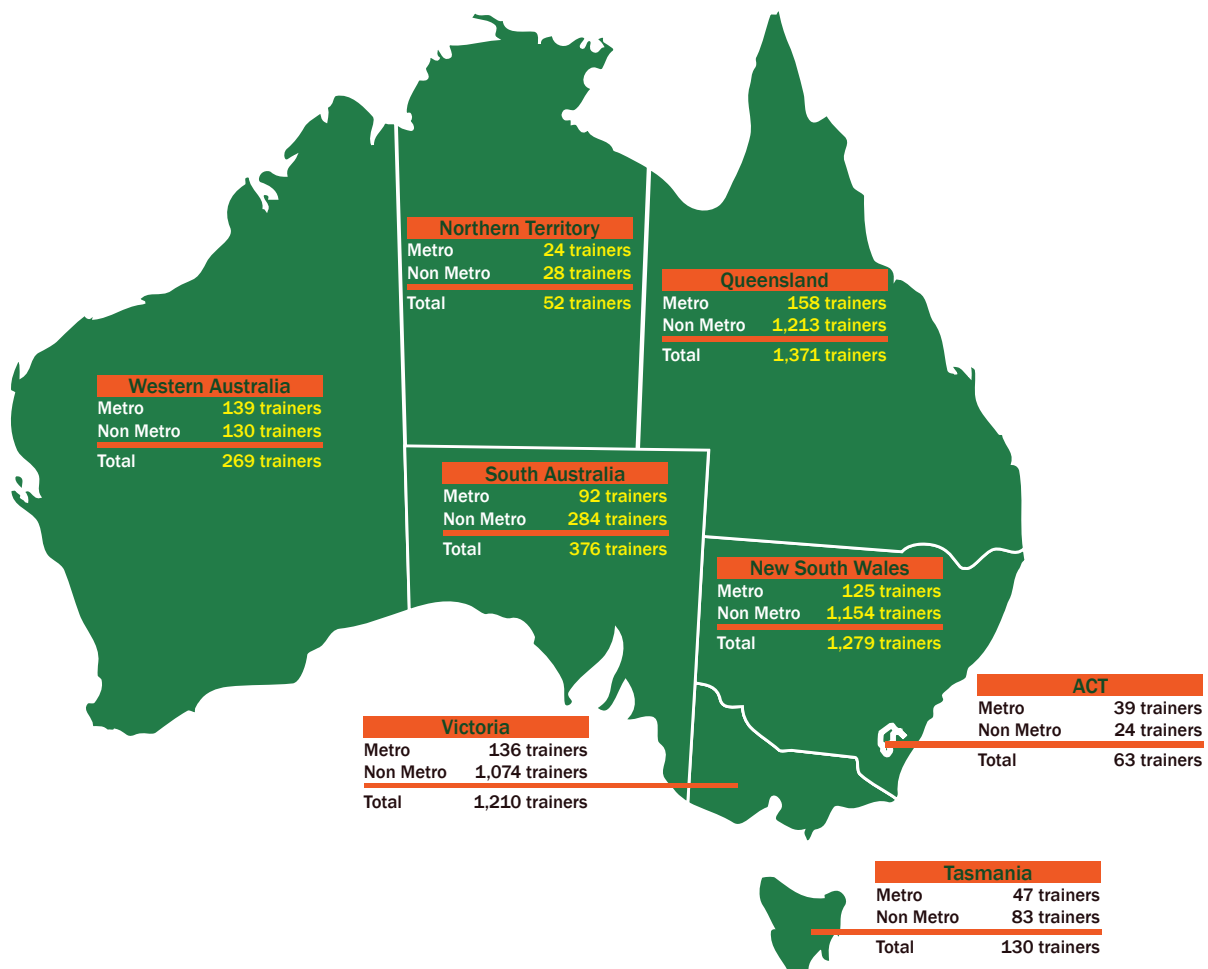
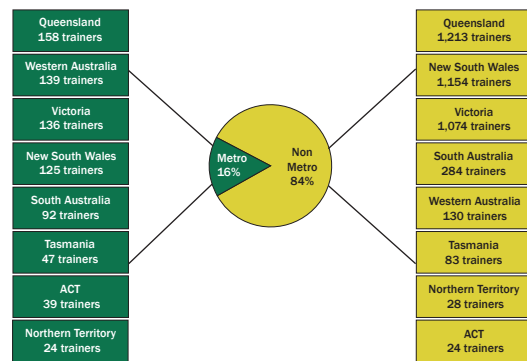


Australia is home to more than 30,000 broodmares and 900 stallions (not including stallions that are shuttled from overseas locations). Breeders are responsible for the regeneration of the foal crop (more than 18,000 in 2005-06) from which racehorses are trained.

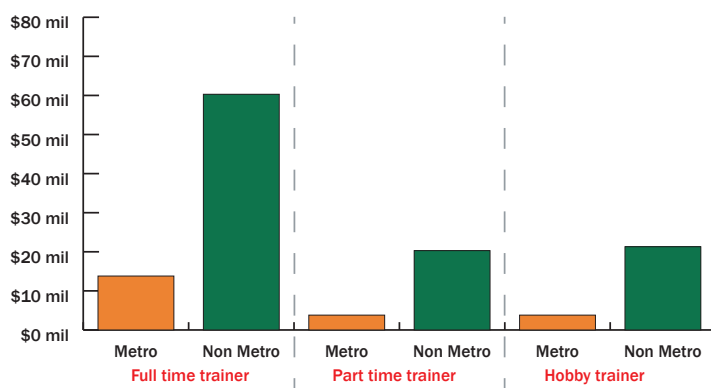
3.5 Thoroughbred Trainers in Australia

More than 4,700 thoroughbred trainers play a vital role in the preparation of racing horses in Australia. These trainers spend more than \$123 million in ensuring that racing horses throughout the Country are in peak condition for their races. Trainers vary from those who are preparing one or two horses, to those who have multiple properties and horses. The majority (48.2%) of trainers classify themselves as hobby trainers by nature.

Regional breakdown of Thoroughbred Trainers In Australia



Breakdown of Thoroughbred Trainers expenditure In Australia

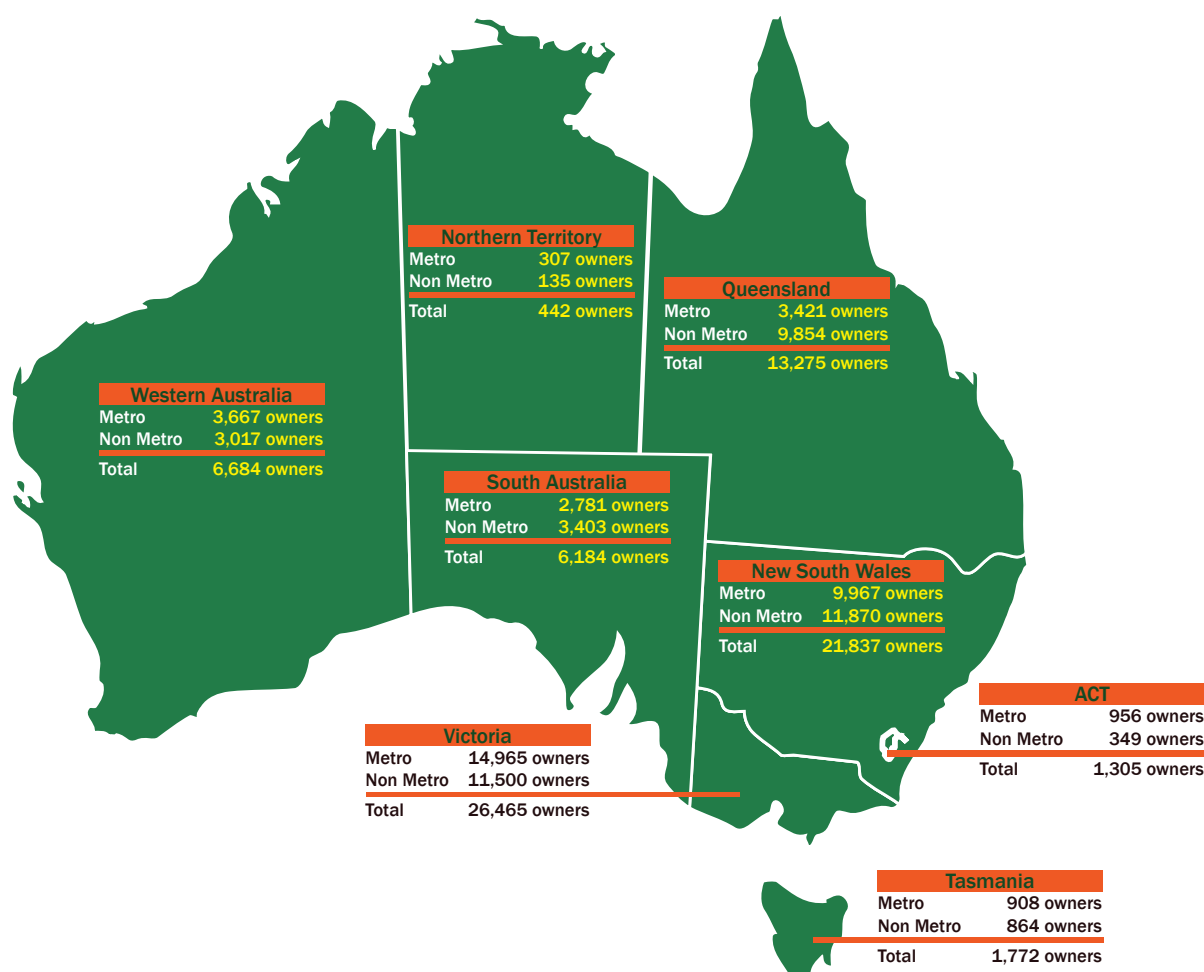
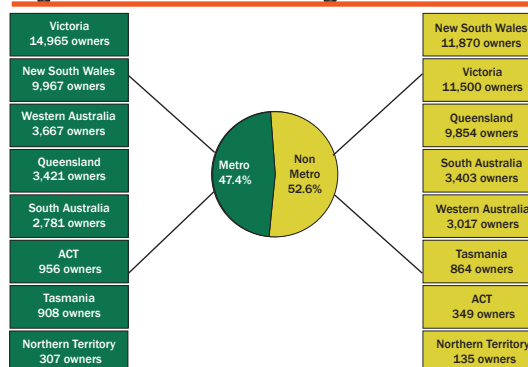


The thoroughbred trainers in Australia are responsible for the preparation of more than 40,00 racehorses each year. It is estimated that 10% of these horses never actually make it to the racetrack and that the average starter will race 5-6 times per year.

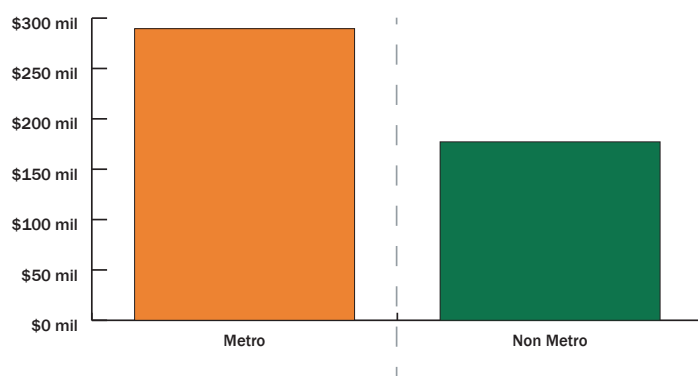
3.6 Thoroughbred Owners in Australia

Close to 78,000 thoroughbred owners play a vital role in the production of racehorses in Australia. These owners spend more than \$466 million in purchasing quality racing stock to race throughout the Country. Ownership of racing horses ranges from sole ownership, partnership and syndicate ownership. Whilst owners also incur expenditure in training their horses, in calculating the economic impacts within this study, it has been considered a transfer (income for trainers). Note. Due to the difficulties in assessing the value of private sale transactions, these have been excluded from this assessment.

Regional breakdown of Thoroughbred Owners in Australia



Breakdown of Thoroughbred Owners expenditure in Australia

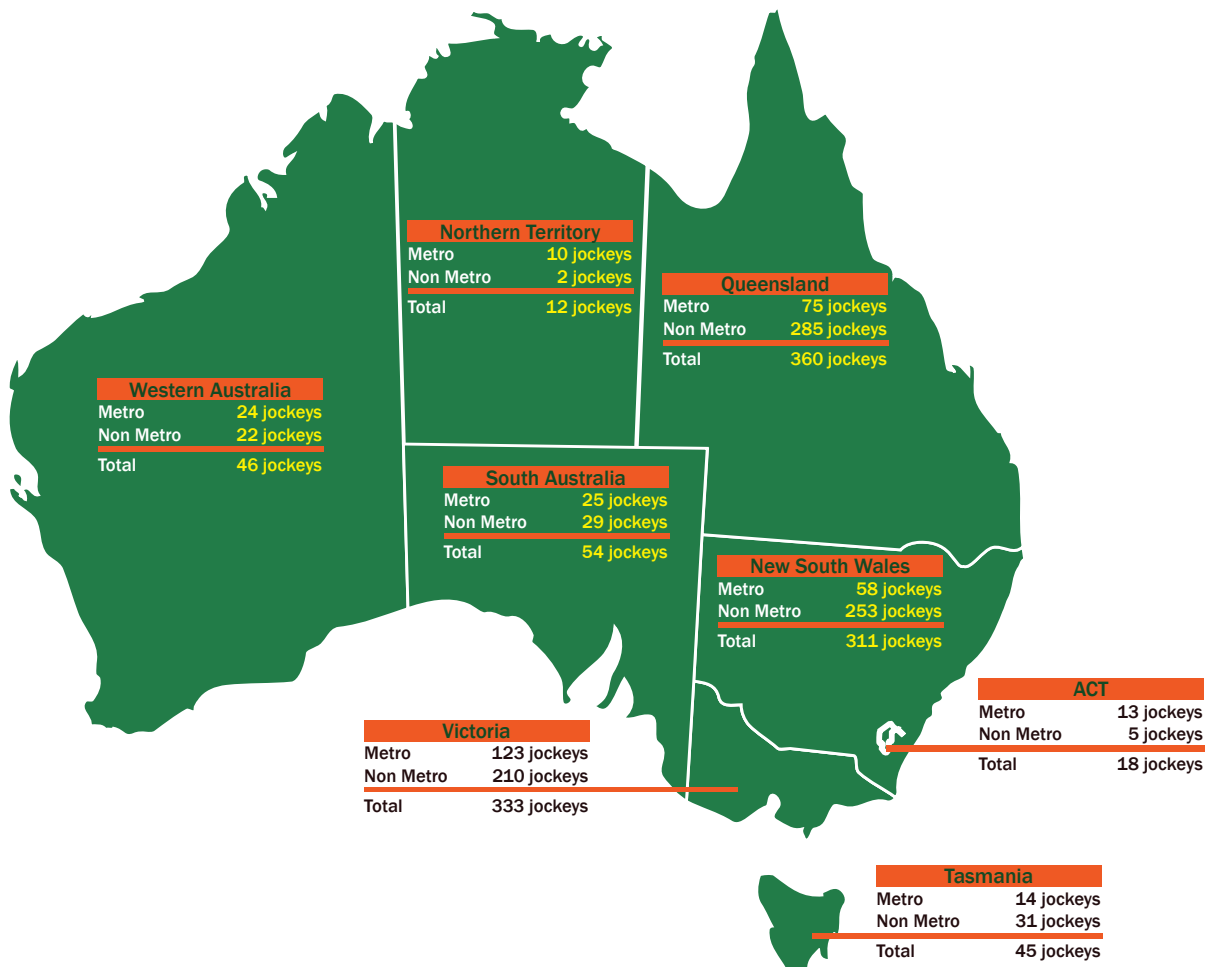
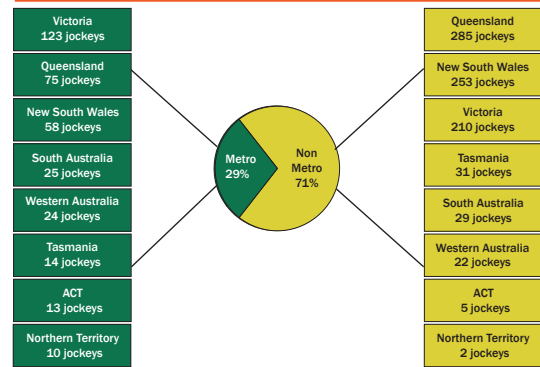


Owners provide the investment which stimulates the entire racing industry. Whilst a large portion of their investment is made on young, unraced horses at auction, there is also a substantial private sales market for ready to run and previously raced thoroughbreds.

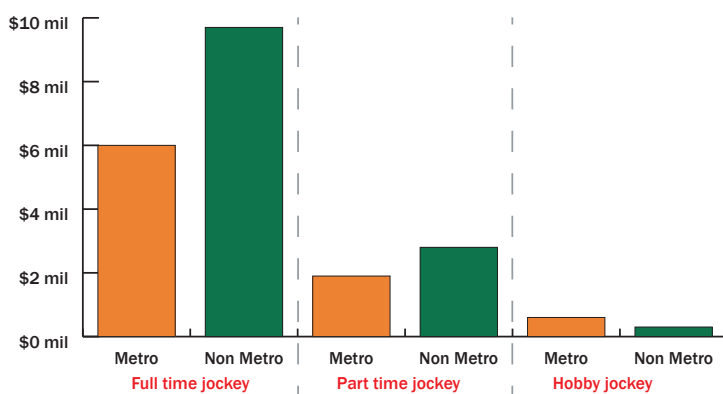
3.7 Jockeys In Australia

More than 1,100 jockeys play a vital role in racing horses in Australia. These jockeys spend more than \$21.2 million in fulfilling their role of piloting these racing horses not only around the race track, but also at trackwork. Just under 50% of jockeys consider themselves to be full time in nature.

Regional breakdown of Jockeys In Australia



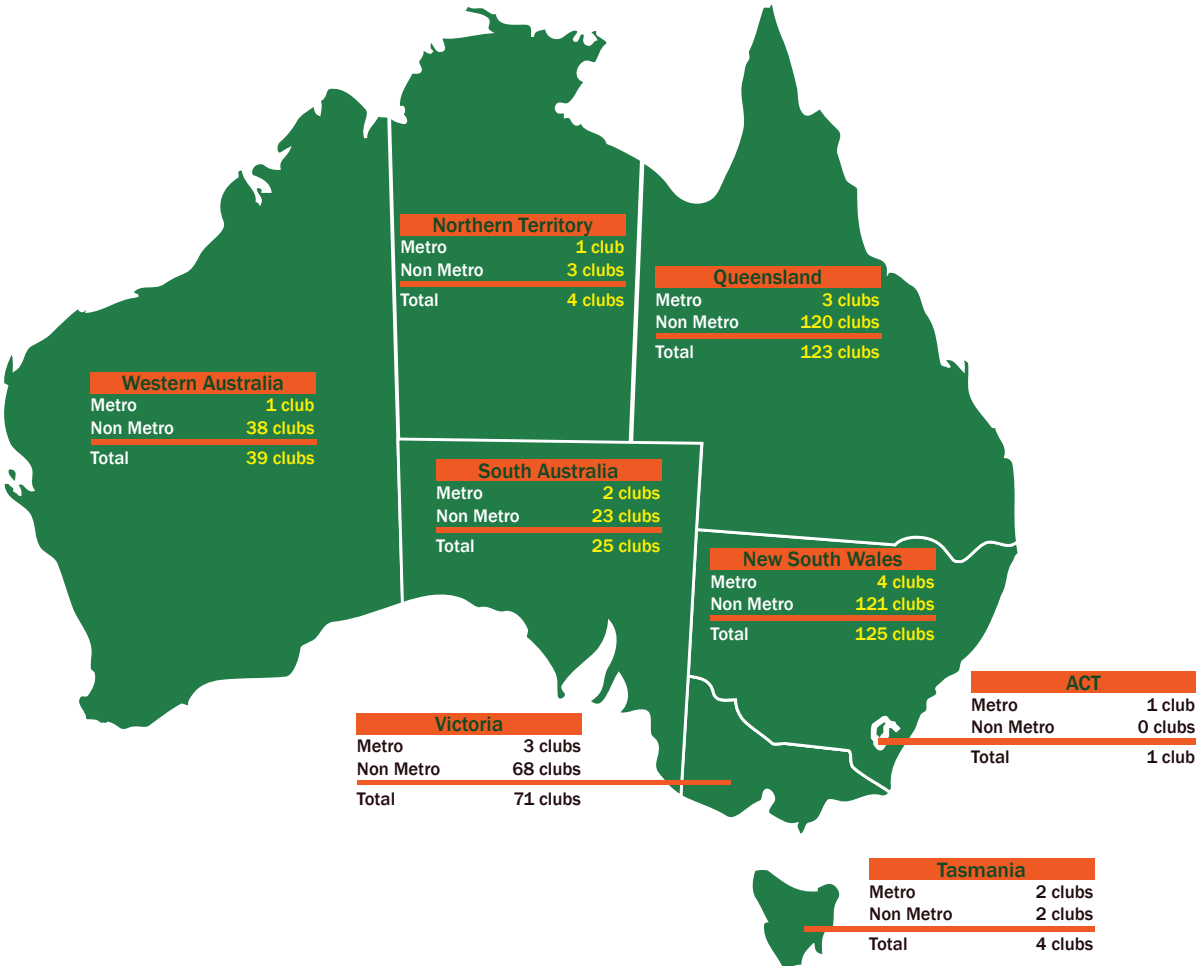
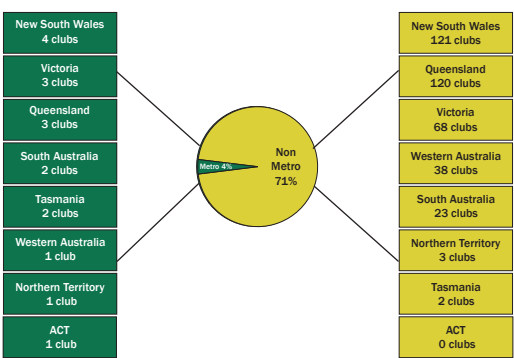
Breakdown of Jockeys expenditure In Australia



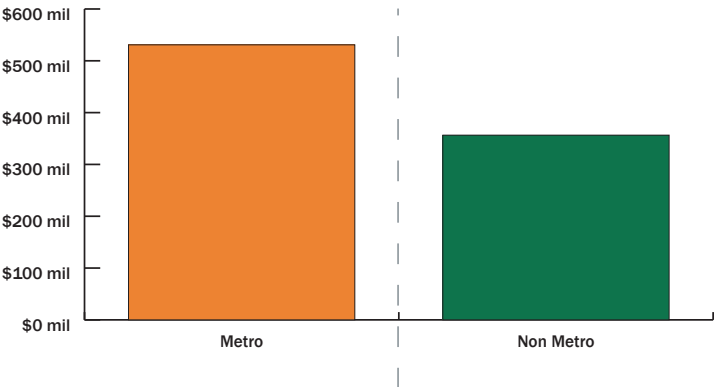
3.8 Racing Clubs In Australia

Thoroughbred racing in Australia is conducted by some 390 racing clubs, with the majority located in regional areas. Many of these racing clubs have been part of their community and social fabric for decades. In providing a venue for thoroughbred racing, these racing clubs spend more than \$880 million. In essence, racing clubs exist to provide a venue for racing and to facilitate customer enjoyment, wagering and returns to owners.

Regional breakdown of Racing Clubs In Australia



Breakdown of Racing Clubs expenditure In Australia



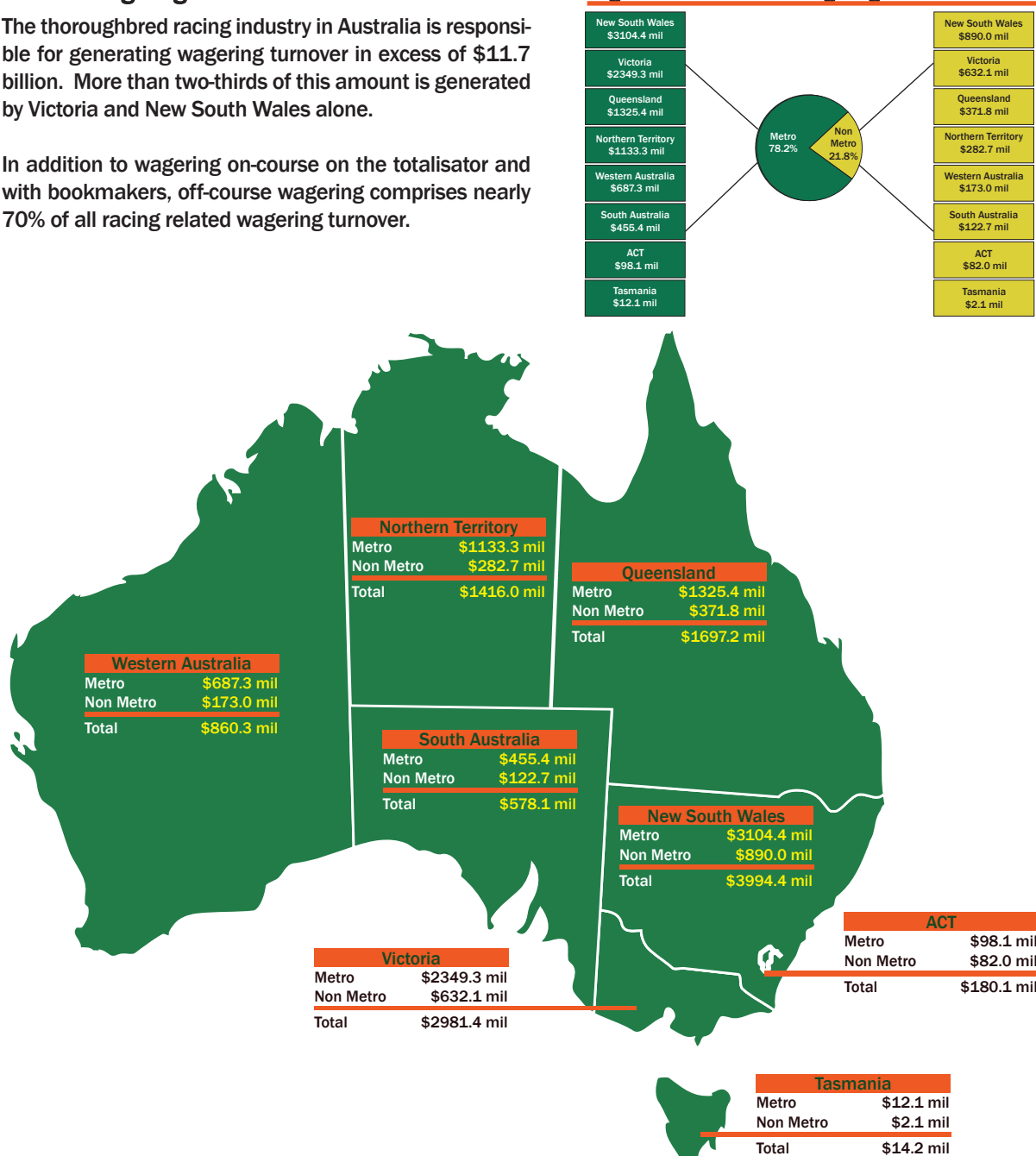
More than 360 racing tracks in Australia are home to 2,800 race meetings, nearly 80% of which are in regional areas. Attendances of just under 5 million makes thoroughbred racing in Australia the second most attended sport behind Australian Rules Football.

3.9 Wagering in Australia

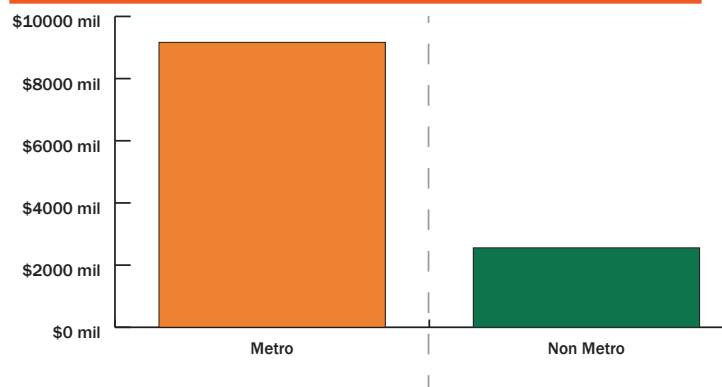
The thoroughbred racing industry in Australia is responsible for generating wagering turnover in excess of \$11.7 billion. More than two-thirds of this amount is generated by Victoria and New South Wales alone.

In addition to wagering on-course on the totalisator and with bookmakers, off-course wagering comprises nearly 70% of all racing related wagering turnover.

Regional breakdown of Wagering Turnover in Australia



Breakdown of Wagering expenditure in Australia

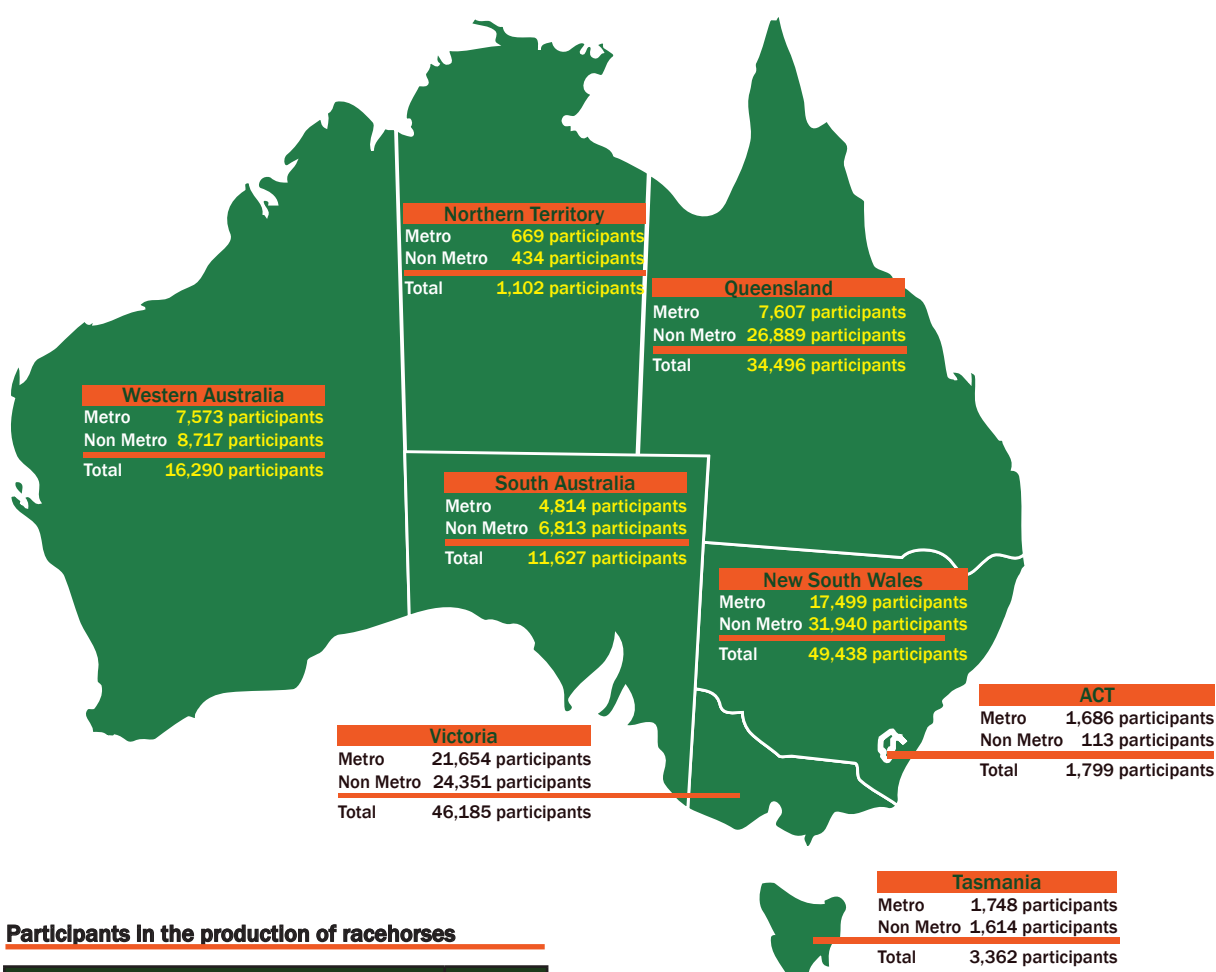
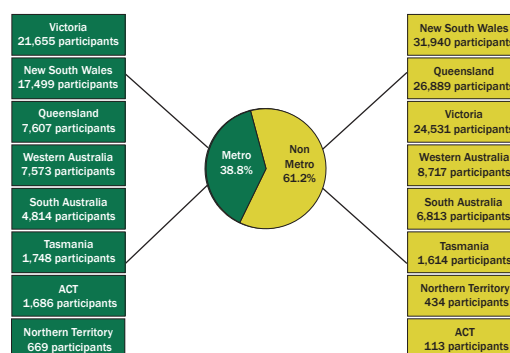


Once successful totalisator bets are paid out, the remaining net wagering revenue provides a considerable injection of funds for Government (\$557 million), the racing industry (\$691 million) and the TAB wagering authorities (\$668 million).

3.10 Participants In the racing industry

More than 160,000 participants are involved in the racing industry in a full time, part time, casual, volunteer or self employed capacity. 73% of these participants are involved in the production of racing horses. A further 19% are either employed or self employed and provide services to racing clubs and the broader racing industry. The final 8% are volunteers whose valuable donation of time and effort is the backbone of many racing clubs operations.

Regional breakdown of Participants in Australia



Participants In the production of racehorses

Participant Type	Total
Breeders and Staff	29,856
Owners	77,909
Trainers and Staff	9,124
Total Participants in Producing the Racing Thoroughbreds	116,889
Paid Full Time & Part Time Staff	13,057
Paid Board Members	47
Contractors	9,788
Bookmakers & Staff	2,218
Jockeys	1,180
TAB Wagering Staff	5,301
Total Participants in Producing the Racing Product	31,591
Volunteers	15,485
Total Number of Direct & Indirect Participants	164,300

Participants in the Australian Racing Industry can be largely categorised into the following main segments.

- Participants In the production of racehorses -**

These people are the primary producers of the stars of the show - the racehorses. From the breeding process to the racing process and everything in between, they provide investment and expertise in the racing industry.

- Participants In the production of the racing product -**

These people are the event managers, venue organisers and controlling body staff. They are responsible for providing an attractive and safe venue, for organising the entertainment (racing and otherwise), for marketing the event and for providing the owners, trainers & breeders with the incentives to maintain or grow their involvement. Jockeys are included in this category as they play a key role in the presentation of the raceday product.

4.1 Overview

A Year of Achievement

2006 has been a year of major new achievements in the Australian Capital Territory (ACT). The Canberra Racing Club has implemented a \$9 million redevelopment of the club's training and racing facilities. The two-stage development program has given the ACT one of the most modern racetracks in Australia, which is designed to provide the highest level of safety on a surface that will deliver highly competitive and bias-free racing. The total reconstruction of the course proper has included the laying of an innovative synthetic Acton track. Major new training facilities include an equine swimming pool, re-alignment of the inner sand track and the slow work track, installation of two new mechanised horse walkers, training track lighting for two training tracks, a covered round yard, a bull ring for light exercise and a series of horse tracks for access to the training tracks. Racing will re-commence on the new course proper in the spring of 2007 following autumn and winter racing on the Acton track.

Despite dislocations caused by new development works, the club has continued to be a social centre of significance for the national capital. More than 11,000 patrons enjoyed the 2006 Melbourne Cup Day race meeting. There were more than 40 marquees. One of the biggest family days was the Open Family Australia Race Day. Open Family Australia works closely with street children to improve their well being and self-worth and in reconnecting them with the community.

Partnership with Government

The Canberra Racing Club and ACTTAB Limited have aggressively built a global network in order to grow their assets, facilities and returns to the racing industry. ACTTAB is an integral stakeholder in the ACT racing industry and generates major contributions to the industry and a consistent revenue stream for the ACT Government. Since its establishment, ACTTAB has accepted over \$2 billion in bets, paid tax and other contributions of \$109 million to the ACT Government and over \$108 million in distributions to the ACT racing industry. The Chief Minister and Deputy Chief Minister of the ACT Legislative Assembly are voting shareholders of ACTTAB. The Board and Executive Management Team of ACTTAB are responsible to the shareholders. Under the Betting (ACTTAB Limited) Act 1964, ACTTAB has the exclusive right in the Territory to conduct or provide totalisator betting services on racing and sporting events, and sports betting on designated events whether held within or outside the Territory.

Global Growth

The ACT has aggressively built wagering and vision agreements around the globe in order to ensure maximum revenue flow and recognition. New simulcast agreements with Hong Kong, Japan and South Africa have generated further interest in quality international product adding to the already successful New Zealand racing product. Participation of Australian thoroughbreds, trainers and jockeys in international events and the live broadcast of product into customers' homes have proven popular with ACTTAB stakeholders despite the obvious limitations of operating in different time zones.

ACTTAB also expanded its overseas racing coverage with the signing of a simulcast agreement with the Japan Racing Association on 27 March 2006 which enables ACTTAB to conduct wagering on Japan's 13 premier race events throughout the calendar year. To date turnover has been moderate however increasing. ACTTAB also provides customers with the opportunity to bet on major races in Hong Kong, South Africa, New Zealand, USA and the United Kingdom. Expanded home access to ACTTAB products and services was achieved with VIP Internet sales increasing by 126% and non-VIP sales by 77% during 2005-06.

During the reporting period ACTTAB achieved outstanding sales growth and exceeded key performance targets for both racing and Sportsbet products. Total turnover for 2005-2006 was \$177.1m, which was nearly \$13m or 7.9% above turnover in 2004-2005 which was itself a record figure. Racing turnover of \$168.1m exceeded 2004-2005 levels by 6.7% despite vision problems

4.2 Direct Spending by the Racing Industry

Total Direct Spending

The direct spending of the racing industry comprises the money spent by the participants, the clubs, and the customers, plus the revenue that flows as a result to Government, ACTTAB and bookmakers for further stimulation of the economy. Total direct spending from racing in the ACT amounts to \$35.9 million – representing 0.9 per cent of the national direct spending. A total of \$28.9 million (80.7%) is spent in the metropolitan area, and \$6.9 million (19.3%) in non-metropolitan areas.

Direct Spending by Participants

The participants include breeders, trainers, jockeys and owners. In the ACT these participants spend a total of \$13.0 million per annum. Of this total \$10.9 million (83.8%) is spent in the metropolitan area and \$2.1 million (16.2%) in non-metropolitan areas.

Direct Spending by Customers

Customers spend substantial money off-course in supporting the racing industry, including money spent on accommodation, meals, travel, retail purchases, tourism visitations, personal services such as hair care, and fashion items such as clothing, shoes, hats, and jewellery. This direct spending with a wide range of businesses totalled more than \$1.4 million for customers attending ACT race meetings.

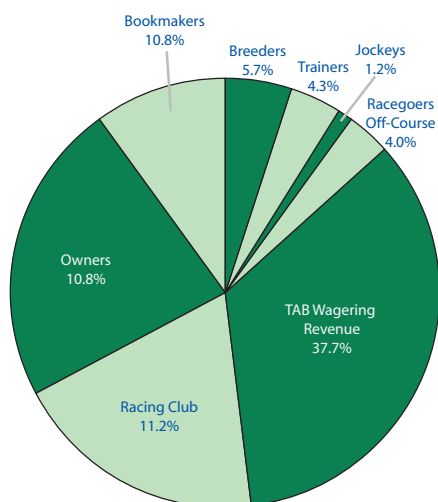
Direct Spending by Racing Club

The only Racing club in the ACT is the Canberra Racing Club. The club spends a total of \$4.0 million annually. Because redevelopment work at the club will be completed in late 2007, the club expects direct spending to rise substantially in future years.

Direct Spending from Wagering

Revenue from racing passes to the Government, and much of this money is re-invested in the racing industry by way of grants and services. The Government share of net wagering revenue is estimated to be about \$6 million a year. Money also passes to the TAB which receives a share of net wagering revenue (that money which is left after punters receive their winnings). The TAB in the ACT is controlled by Government and funds flow back to the racing industry via development projects supported by Government. Jobs are created with the TAB. The TAB's share of net wagering revenue is estimated to be about \$7.5 million. Bookmaker net wagering revenue is estimated to be approximately \$3.8 million.

Direct Spending by Category



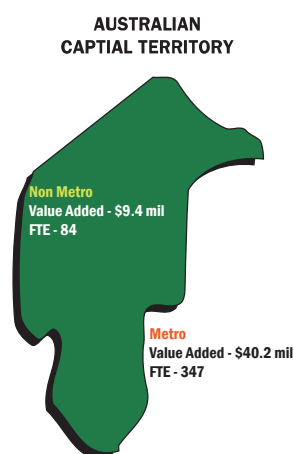
4.3 Economic Impacts

The following table illustrates the current macroeconomic impacts generated by thoroughbred racing in the ACT:-

Macroeconomic Indicator	ACT
Real Gross Value Added	\$49.6 mil
Real Consumption	\$23.7 mil
International Exports	\$7.8 mil
International Imports	\$11.0 mil
Employment	431 FTE

It is estimated that thoroughbred racing in the ACT generates \$49.6 million in real gross value added. This represents 0.48% of the total gross state product generated by all industries in the ACT.

This economic activity is responsible for the direct and indirect employment of 431 persons in full time equivalent (FTE) work. It is important to note that the measure of FTE does not represent the actual number of people for whom employment in some capacity is maintained. In actual fact, some 1,790 people are employed in a full time, part time, casual or self employed manner by the racing industry. It is estimated that a further 10 people provide voluntary services to the Canberra Racing Club.



4.4 Racing Club Activities

The ACT is home to one thoroughbred racing club – the Canberra Racing Club – that hosts approximately 24 race meetings each year. The race track and training centre at Thoroughbred Park is in the final stages of a \$9 million reconstruction, and racing on a new surface is due to resume in the Spring of 2007, following autumn and winter racing on the Acton track.

The following table details the nature of the racing season for 2005-06.

	Metro	Non Metro	Total	% of Australia
No of Racing Clubs	1	-	1	0.3%
No of Race Tracks	2	-	2	0.6%
No of TAB Meetings	20	-	20	0.9%
No of Non-TAB Meetings	-	-	-	-
Number of Picnic Meetings	-	-	-	-
Number of Races	160	-	160	0.7%

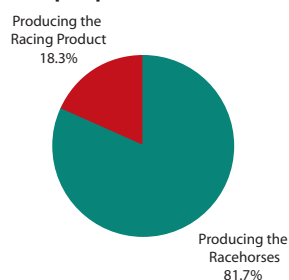
The number of on-course customers for 2005-06 season in the ACT was about 50,000. This represented an average attendance of about 2,500 customers for each race meeting. Whilst these customers spend money at the races, some also generate spending in the community (transport, accommodation etc.) This additional spending equates to more than \$1.4 million as a result of their attendance at the races. A large proportion of this spending occurs during major events such as the Black Opal Stakes, Canberra Cup Carnival or Melbourne Cup Day race meeting where non-local visitors are inspired to attend.

Whilst it often comprises a small proportion of total club revenue, racing club memberships play a vitally important role in the existence of a racing club. The Canberra Racing Club has 874 Members.

The Canberra Racing Club supports the full time, part time or casual employment of more than 327 people each year whilst spending in excess of \$4.0 million on operations and maintenance costs.

4.5 Participants In Racing

More than 2,400 people are either employed or participating in thoroughbred racing in the ACT. Of this amount, thoroughbred racing is directly responsible for the full-time, part-time or casual employment of more than 1,790 people.



The racing industry in the ACT is sustained through the investment of 1,462 people who have an involvement in preparing the racehorses – the breeders, owners and trainers and their staff. The remaining employees

and participants are involved in preparing for and presenting the raceday product. This includes those who

work year round for the racing club, those contractors brought in for particular racedays, and TAB and bookmaker staff servicing raceday betting.

Participant Type	Metro	Non Metro	Total	% of Aus
Breeders	2	36	38	0.4%
Staff Employed by Breeders	4	74	78	0.4%
Owners	1,250	-	1,250	1.6%
Trainers	35	2	37	0.8%
Staff Employed by Trainers	58	1	59	1.5%
Total Participants in Producing the Racing Thoroughbreds	1,349	113	1,462	
Paid Full Time Staff	11	-	11	0.7%
Paid Part Time Staff	166	-	166	1.6%
Paid Board Members	-	-	-	-
Contractors	5	-	5	0.1%
Bookmakers	23	-	23	3.1%
Bookmakers Staff	46	-	46	3.1%
Jockeys	7	-	7	0.6%
TAB Wagering Staff	69	-	69	1.3%
Total Participants in Producing the Racing Product	327	-	327	
Unpaid Board Members	10	-	10	0.2%
Unpaid Volunteers	-	-	-	-
Total Number of Direct & Indirect Participants	1,686	113	1,799	
Employed in support industries	419	193	612	0.9%
Total Job & Participant Base	2,105	306	2,411	

Over 600 people are employed in a full-time, part-time or casual manner in other industries that provide support to racing.

4.6 Wagering

Total Wagering

Total wagering turnover on thoroughbred racing for the ACT exceeds \$180 million, with metropolitan turnover of \$98.1 million (54.5%) and non-metropolitan on other jurisdictions reaching \$82 million (45.5%). Total wagering comprises:-

Manner of Wagering	Amount \$ Million	% of Total Wagering
TAB Off-Course	128.4	71.3
Totalsator On-Course	3.6	2.0
Bookmakers On-Course	10.1	5.6
Bookmakers Off-Course	38.0	21.1
All Wagering	180.1	100.0

Wagering included in the above summary includes all thoroughbred turnover on Australian Racing meetings with ACTTAB, which has an exclusive mandate to operate in the ACT on racing and sports betting.

Total TAB Off Course

TAB off course turnover for the ACT totalled \$128.4 million. Of this total \$56.8 million (44.2%) was invested on metropolitan race meetings and \$71.6 million (55.8%) on Australian thoroughbred race meetings elsewhere.

Total Wagering On Course

Total on course tote betting was about \$3.6 million, with about \$1.6 million (44.4%) of this investment made at metropolitan race meetings, and \$2 million (55.6%) on meetings in other jurisdictions.

Total on course betting with bookmakers exceeded \$10 million, with all of this investment at ACT metropolitan race meetings. This investment includes any telephone bets received at the racecourses.

Average on course wagering per head for about 50,000 customers attending ACT thoroughbred race meetings was \$72 on the totalisator \$202 with bookmakers.

Total Bookmakers Off Course

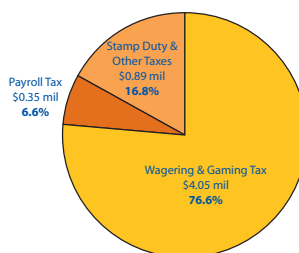
Total turnover with bookmakers off-course for the ACT was about \$38 million. This amount comprised \$29.6 million (77.9%) laid on ACT metropolitan race meetings, and \$8.4 million (22.1%) on thoroughbred meetings

outside the jurisdiction. The two corporate bookmakers operating within the ACT provide a 1% levy to the State Government.

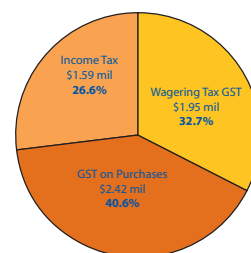
4.7 Taxation Impacts Generated

Thoroughbred racing in the ACT is responsible for the generation of more than \$5.2 million for the State Government and \$5.9 million for the Federal Government. The following chart illustrates the estimated composition of this taxation revenue:-

**State Government
Taxation Revenue**



**Federal Government
Taxation Revenue**



These taxes are generated by the thoroughbred racing industry's operations at all levels. Wagering and Gaming contribute the largest dollar value amount at \$4.05 million, to the State Government.

5.1 Overview

A Key Driver of the Racing Industry

New South Wales (NSW) is a key driver of Australian Racing, with more race clubs (124) and racetracks than any other State. Last financial year, \$138.5 million was distributed to these clubs, for the conduct of 7,447 races over 1,269 meetings, with 55,000 starters. Although wagering revenue remained relatively static, race clubs have been able to sustain marginal increases in prizemoney over the last three years. This in turn has seen the total number of individual entities in racehorse ownership increased. The main growth area has been in syndicates, with an increasing number of people seeing this as being a more affordable way to enter horse ownership.

In addition, NSW is the breeding capital of Australia, with the Hunter Valley region being host to a large number of international investors and stallions with global pedigrees. It is therefore no surprise that almost half (31) of the 66 Group One events run in Australia were won by NSW trained horses. Twenty one of these were won on NSW tracks and ten interstate.

Among leading NSW studs that have bred international Group 1 winners and spread Australia's fame on race-tracks in the UK, Ireland, Dubai, France, Hong Kong, Singapore, and USA include Coolmore Stud with sires Danehill Dancer, Encosta De Lago and Choisir, Arrowfield with Redoute's Choice, Flying Spur, Danzero, Snitzel and Starcraft and Emirates Park, Widden, Darley and Woodlands Studs all being major players in the breeding industry.

The industry is supported by more than 1,270 trainers, 311 jockeys and apprentices, 316 bookmakers who employ another 632 clerks and approximately 956 staff employed by trainers. Comprising of the Metropolitan and Provincial regions, as well as the Hunter and North West, Northern Rivers, Mid North Coast, South East, Western and Southern Districts, the industry plays host to a number of major carnivals throughout the course of the year. Outside of the Sydney Autumn Racing Carnival, highlighted by the world's richest race for two year olds, the Golden Slipper, conducted by the Sydney Turf Club, and the Australian Jockey Club's Easter Carnival, each country jurisdiction has a major cup carnival. Some of the best country carnivals in Australia are in NSW, with Grafton's July Carnival and the Scone Cup in May.

5.2 Direct Spending by the Racing Industry

Total Direct Spending

The direct spending of the racing industry comprises the money spent by the participants, the clubs, and the customers, plus the direct money that flows as a result to Government, TABs and bookmakers for further stimulation of the economy. Total direct spending in NSW amounts to \$1.27 billion – representing 33.6 per cent of the national direct spending. A total of \$705 million (55.5%) is spent in the metropolitan area, and \$565 million (44.5%) in non-metropolitan areas.

Direct Spending by Participants

The participants in NSW racing, including breeders, trainers, jockeys and owners, spend a total of \$438.4 million per annum. Of this total \$135.1 million (30.8%) is spent in the metropolitan area and \$303.3 million (69.2%) in non-metropolitan areas. The largest single spending component is the \$218.8 million spend by breeders in non-metropolitan regions. This spending represents about 58% of all participant spending.

Direct Spending by Customers

Customers spend substantial money off-course, including money spent on accommodation, meals, travel, retail purchases, tourism visitations, personal services such as hair care, and fashion items such as clothing, shoes, hats, and jewellery. This direct spending by customers totals \$50.9 million, with \$31.5 million or 61.9% of this total stimulating business within the metropolitan area and \$19.4 million or 38.1% supporting businesses in non-metropolitan areas.

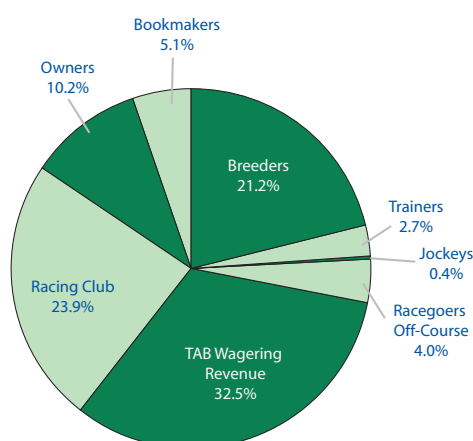
Direct Spending by Race Clubs

NSW race clubs spend a total of \$303.4 million – almost 34% of the national total for all clubs. Metropolitan race clubs spend \$183.7 million (60.5%) and non-metropolitan clubs spend \$119.8 million (39.5%).

Direct Spending from Wagering

Revenue from racing passes to the Government, and much of this money is re-invested in the racing industry by way of grants and services. The Government share of net wagering revenue is estimated to be about \$225.6 million a year. Money also passes to the TAB which receives a share of net wagering revenue (that money which is left after punters receive their winnings). The TAB share of net wagering revenue is estimated to be about \$187.6 million. Bookmakers net wagering revenue is estimated to be approximately \$65.3 million.

Direct Spending by Category



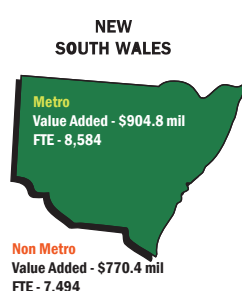
5.3 Economic Impacts

The following table illustrates the current macroeconomic impacts generated by thoroughbred racing in NSW:-

Macroeconomic Indicator	NSW
Real Gross Value Added	\$1,675.3 mil
Real Consumption	\$807.7 mil
International Exports	\$257.4 mil
International Import	\$366.4 mil
Employment	16,042 FTE

It is estimated that thoroughbred racing in NSW generates \$1,675 million in real gross value added. This represents 0.78% of the total gross state product generated by all industries in NSW.

This economic activity is responsible for the direct and indirect employment of more than 16,040 persons in full time equivalent (FTE) work. It is important to note that the measure of FTE does not represent the actual number of people for whom employment in some capacity is maintained. In actual fact, some 43,400 people are employed in a full time, part time, casual or self employed manner by the racing industry. It is estimated that a further 6,000 people provide voluntary services to the NSW Racing Industry.



5.4 Racing Club Activities

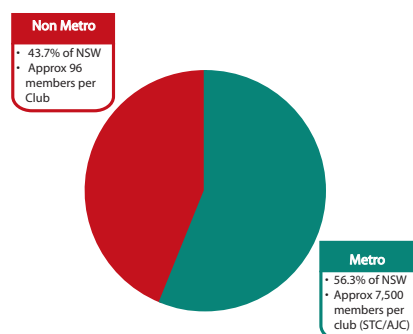
NSW is home to 125 thoroughbred racing clubs that host about 840 race meetings each year. The 4 metropolitan race clubs are responsible for more than 15 per cent of the race meetings in NSW throughout the season, and distribute 61.4% of the prizemoney.

The following table details the nature of the racing season for 2005-06.

	Metro	Non Metro	Total	% of Australia
No of Racing Clubs	4	121	125	31.9%
No of Race Tracks	5	110	115	31.8%
No of TAB Meetings	125	500	625	29.6%
No of Non-TAB Meetings	1	192	193	28.8%
Number of Picnic Meetings	1	25	26	37.7
Number of Races	1,708	5,739	7,447	31.1%

The number of on-course customers for the 2005-06 season in NSW was more than 800,000 for metropolitan meetings and more than 561,000 for non-metropolitan meetings. Whilst these customers spend money at the races, some also generate spending in the community (transport, accommodation etc.) This additional spending equates to more than \$50.9 million as a result of their attendance at the races. In the case of local residents, the impact of this spending mostly occurs on course, however when events like the AJC Easter Carnival and the Golden Slipper Festival occur, interstate and/or overseas visitors are attracted, and the impact flows to other areas like tourism, accommodation and retail.

Whilst it often comprises a small proportion of total club revenue, racing club memberships play a vitally important role in the existence of a racing club. The following chart illustrates the membership profile of thoroughbred racing in NSW.

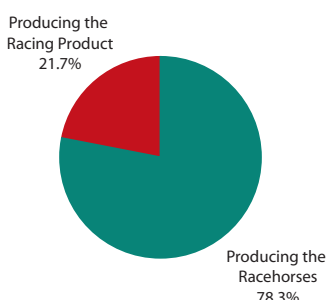


Thoroughbred racing clubs in NSW support the full time, part time or casual employment of almost 5,300 people each year. In addition to this, more than 6,000 people volunteer their services to racing, fulfilling important roles such as: gate attendants, gardening, committee roles, food & beverage service, information services, maintenance, cleaning and car parking.

5.5 Participants In Racing

More than 69,000 people are employed or participating in thoroughbred racing in NSW. Of this amount, thoroughbred racing is directly responsible for the full-time, part-time or casual employment of more than 49,400 people.

The racing industry in NSW is sustained through the investment of 34,016 people who have an involvement in preparing the racehorses – the breeders, owners and trainers and their staff. The remaining employees and participants are involved in presenting the raceday product. This includes those who work year round for the race club, those contractors brought in for particular racedays, and TAB and bookmaker staff servicing raceday betting. An additional 6,000 people also volunteer their services.



Participant Type	Metro	Non Metro	Total	% of Aus
Breeders	633	2,648	3,281	33.3%
Staff Employed by Breeders	1,234	5,428	6,663	33.3%
Owners	9,967	11,870	21,837	28.0%
Trainers	125	1,154	1,279	27.1%
Staff Employed by Trainers	206	750	956	21.7%
Total Participants in Producing the Racing Thoroughbreds	12,166	21,851	34,016	
Paid Full Time Staff	250	120	370	24.7%
Paid Part Time Staff	1,800	600	2,400	20.8%
Paid Board Members	30	-	30	63.8%
Contractors	2,000	2,142	4,142	45.2%
Bookmakers	139	177	316	42.8%
Bookmakers Staff	278	354	632	42.8%
Jockeys	58	253	311	26.4%
TAB Wagering Staff	778	443	1,221	23.0%
Total Participants in Producing the Racing Product	5,333	4,089	9,422	

Participant Type	Metro	Non Metro	Total	% of Aus
Unpaid Board Members	-	2,000	2,000	45.3%
Unpaid Volunteers	-	4,000	4,000	43.2%
Total Number of Direct & Indirect Participants	17,499	31,940	49,438	
Employed in support industries	10,502	9,890	20,392	30.3%
Total Job & Participant Base	28,000	41,829	69,830	

About 20,392 people are employed in a full-time, part-time or casual manner in other industries that provide support to racing.

5.6 Wagering

Total Wagering

Total wagering turnover on thoroughbred racing for NSW exceeds \$3,994 million – the highest turnover of any racing jurisdiction in Australia – with more than 34% of the national total. Metropolitan turnover is \$3,104.4 million (77.7%) and non-metropolitan is \$890 million (22.3%). Total wagering comprises:-

Manner of Wagering	Amount \$ Million	% of Total Wagering
TAB Off-Course	2,972.4	74.4
Totalsator On-Course	318.5	8.0
Bookmakers On-Course	502.0	12.6
Bookmakers Off-Course	201.5	5.0
All Wagering	3,994.4	100.0

Total TAB Off Course

TAB off course turnover for NSW totals \$2,972.4 million. Of this total more than \$2,377 million is invested on metropolitan race meetings and almost \$600 million on non-metropolitan race meetings.

Total Wagering On Course

Total on course tote betting is about \$318 million, with \$159.3 million (50.0%) of this investment made at metropolitan race meetings, and \$159.3 million (50.0%) on non-metropolitan meetings.

Total on course betting with bookmakers exceeds \$500 million, with \$406 million (81%) of this investment on metropolitan race meetings and \$96 million at non-metropolitan race meetings. This investment includes any telephone bets received at the racecourses.

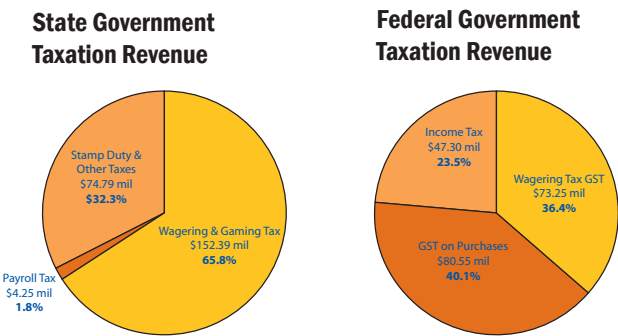
Average on course wagering per head for about 1,360,000 customers attending NSW thoroughbred race meetings is \$234.01 on the totalisator and \$368.83 with bookmakers.

Total Bookmakers Off Course

Total turnover with bookmakers off-course for NSW was more than \$200 million. This amount comprised more than \$160 million on metropolitan race meetings, and about \$40 million on non-metropolitan thoroughbred meetings.

5.7 Taxation Impacts Generated

Thoroughbred racing in NSW is responsible for the generation of more than \$231 million for the State Government and \$201 million for the Federal Government. The following chart illustrates the estimated composition of this taxation revenue:-



These taxes are generated by the thoroughbred racing industry's operations at all levels. Wagering and Gaming contribute the largest dollar value amount at \$152.39 million, to the State Government.

6.0 Northern Territory

6.1 Overview

The Dynamic Darwin Cup

The Darwin Cup is the largest sporting event in the Northern Territory (NT) with more than 17,000 people attending from many States and countries. Established in 1956, the first prizemoney was \$260. Today prizemoney for the Carnival exceeds \$1.3 million. The Carnival has now been extended to a full month and is one of the Territory's most important tourism drawcards. The 1990 Bicentennial Darwin Cup was the first \$100,000 race staged in the NT. There are now eight official race days throughout July and early August. Associated events include Australian Punter of the Year, Breakfast with the Stars, Darwin Cup Barrier Draw, a gala ball and a Calcutta. The Fannie Bay racecourse has an abundance of lush green lawns, and many racegoers sit in their favourite spots each year near tropical palms

So Much by So Few

The Northern Territory has about 1% of Australia's people. Yet they account for more than 6% of the nation's raceclub Members. Their passion for punting is such that per capita gambling turnover is the highest in Australia. Total wagering on all forms of race betting in the Territory now exceeds \$1.4 Billion. This represents about 12% of the nation's total off course race wagering.

Part of this dynamic activity stems from a Government that has welcomed most forms of racing and sports betting. As a result of liberal legislation, the giants of Internet betting have flourished from headquarters in both Darwin and Alice Springs. They now have operations in many countries. The internet has ensured that they have grown dynamically from small beginnings.

The Global Players

Company	History and Activity
UNITAB Limited	Is now a wholly owned subsidiary of Tattersalls Limited. It operates NT TAB Pty. Ltd, which holds a licence in the Northern Territory to operate totalisator and fixed price betting on racing and sports events
International All Sports Limited	In 2005-06 wagering turnover increased by 60% to 938 Million. Total number of bets taken in IAS increased by 97% to 5.3 million and in its subsidiary Canbet by 21% to 2 million. Turnover on all Australian and International racing increased to \$609 million – an increase of 44%

Company	History and Activity
Centrebet International Limited	Was the first licensed bookmaker in the Southern hemisphere to offer online sports betting. Today it has 250,000 customers in more than 110 countries. The company listed on the Australian stock exchange in July 2006.
Sportsbet Pty. Ltd.	Sportsbet describes itself as Australia's oldest licensed sports bookmaker. It was established by a well known family of racing bookmakers which was at one stage the largest in Australia. The company moved onshore to Darwin from Vanuatu.
Centre Racing Pty. Ltd.	Headquartered in Alice Springs, Centre Racing is a private company. Founded in 1992, it is owned by Terry Lillis, an Australian bookmaker for 40 years. Lillis sold Centrebet sports betting to Jupiters Limited in 1998 and as a condition of sale is excluded from non-racing sports betting.
Betezy	Betezy is a private company registered in Darwin for telephone & Internet betting, with an office in Sydney. Described as being "smaller and more dynamic than our competitors", Betezy has an on-line betting format very similar to Overtheodds.
Over the Odds	Overtheodds is a private company headquartered in Darwin. They are described as "professional bookmakers, having been licensed in the Australian jurisdictions of Queensland, New South Wales, South Australia and the Northern Territory for a total of 45 years."
Bet Choice	Betchoice is a private company. It was founded by NSW bookmaker Colin Tidy and although headquartered in NSW also operates out of Darwin. Bets are taken on racing and other sports. It is highly regarded by the media and consistently quoted for its odds.
Sportingbet Australia	Sportingbet Australia operates out of Darwin and is part of the listed company Sportingbet PLC listed on the Alternative Investment Market of the London Stock Exchange. In 2005-06 the company turned over in £2,063.5, with 24% of this total (£495) coming from Australian operations. This turnover included both race and sports betting. Australian turnover is more than \$1.1 billion on recent exchange rates, thus making Sportingbet Australia the largest corporate bookmaker in Australia. Sportingbet PLC in March 2007 shifted all core operations to the Channel Islands because of proposed changes in UK legislation.

6.2 Direct Spending by the Racing Industry

Total Direct Spending

The direct spending of the racing industry comprises the money spent by the participants, the clubs, and the customers, plus the direct money that flows as a result to Government, TABs and bookmakers for further stimulation of the economy. Total direct spending in the NT amounts

to \$127.1 million – representing 3 per cent of the national direct spending. This 3.4% is significant, bearing in mind that the NT has only 1% of the race clubs.

Direct Spending by Participants

The participants include breeders, trainers, jockeys and owners. In the NT these participants spend a total of \$6.5 million per annum. On a per capita basis this figure is not high, mainly because of the lack of a breeding industry as a result of climatic handicaps. The largest spending by participants is the \$1.8 million spent each year by trainers. This represents almost 40% of all spending by participants.

Direct Spending by Customers

Customers spend substantial money off-course in supporting the racing industry, including money spent on accommodation, meals, travel, retail purchases, tourism visitations, personal services such as hair care, and fashion items such as clothing, shoes, hats, and jewellery. Darwin Cup travel and accommodation spending is particularly high. The off-course direct spending by customers exceeds \$2.2 million.

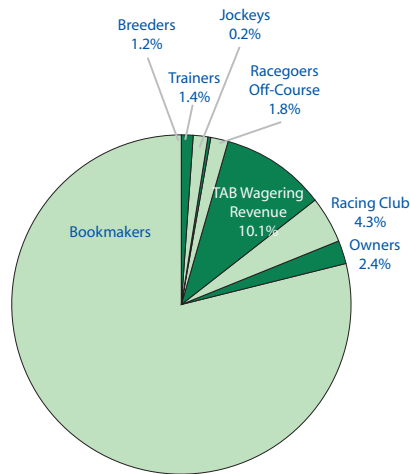
Direct Spending by Race Clubs

Northern Territory race clubs spend a total of \$5.5 million each year – about 0.6% of the national total for all clubs. The Darwin Turf Club clubs spends \$5.0 million and non-metropolitan clubs spend \$0.5 million.

Direct Spending from Wagering

Revenue from racing passes to the Government, and much of this money is re-invested in the racing industry by way of grants and services. The Government share of TAB net wagering revenue is estimated to be almost \$8 million a year. Money also passes to the TAB which receives a share of net wagering revenue (that money which is left after punters receive their winnings). The UNiTAB share of net wagering revenue is estimated to be about \$4.9 million. Northern Territory is home to Australia's largest and most successful corporate bookmakers. The net wagering revenue generated by all bookmakers in the Northern Territory is more than \$99 million.

Direct Spending by Category



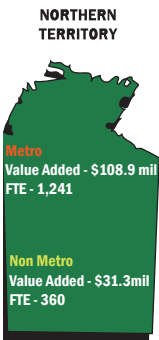
6.3 Economic Impacts

The following table illustrates the current macroeconomic impacts generated by thoroughbred racing in the NT:-

Macroeconomic Indicator	NT
Real Gross Value Added	\$140.3 mil
Real Consumption	\$67.1 mil
International Exports	\$21.9 mil
International Imports	\$30.9 mil
Employment	1,609 FTE

It is estimated that thoroughbred racing in the NT generates \$140.3 million in real gross value added. This represents 0.84% of the total gross state product generated by all industries in the NT.

This economic activity is responsible for the direct and indirect employment of more than 1,600 persons in full time equivalent (FTE) work. It is important to note that the measure of FTE does not represent the actual number of people for whom employment in some capacity is maintained. In actual fact, some 981 people are employed in a full time, part time, casual or self employed manner by the racing industry. It is estimated that a further 126 people provide voluntary services to the NT Racing Industry. Furthermore, it is estimated that many hundreds of people are employed in the broader wagering industry.



6.4 Racing Club Activities

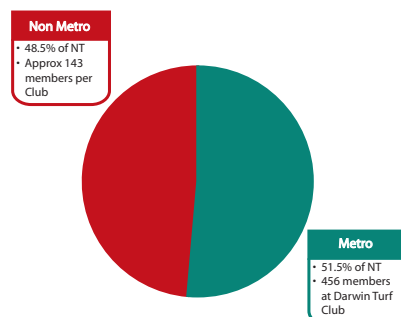
The Northern Territory is home to 6 thoroughbred racing clubs hosting approximately 75 race meetings each year. The sole metropolitan club, Darwin Turf Club, is responsible for more than 55% of the Territory's race meetings throughout the season.

The following table details the nature of the racing season in the NT:-

	Metro	Non Metro	Total	% of Australia
No of Racing Clubs	1	5	6	1.0%
No of Race Tracks	1	5	6	1.1%
No of TAB Meetings	41	34	75	3.5%
No of Non-TAB Meetings	-	4	4	0.2%
Number of Picnic Meetings	-	-	-	-
Number of Races	226	172	398	1.7%

During the 2005-06 racing season, thoroughbred racing in the Northern Territory attracted more than 56,100 on-course customers, 73.7% of which were at the Darwin Turf Club. Whilst these customers spend money at the races, some also generate spending in the community (transport, accommodation etc.) This additional spending equates to more than \$2.3 million as a result of their attendance at the races (excluding betting). In the case of local residents, the impact of this spending mostly occurs on-course, however when an event like the Darwin Cup attracts interstate and/or overseas visitation, the impact flows to other areas such as tourism, accommodation and retail.

Whilst it often comprises a small proportion of total club revenue, racing club memberships play a vitally important role in the existence of a racing club. The following chart illustrates the membership profile of thoroughbred racing in the NT:-



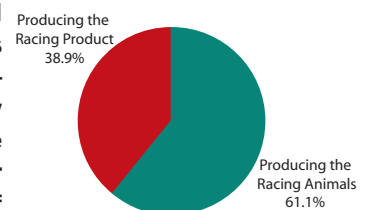
Thoroughbred racing clubs in the NT support the full time, part time or casual employment of more than 288 people each year. In addition to this, more than 126 people

volunteer their services to racing, fulfilling important roles such as; gate attendants, gardening, committee roles and various other raceday roles. More than 66% of these roles occur at the Darwin Turf Club.

Six racing clubs in the NT spend in excess of \$5.5 million each year in operations and maintenance costs. A little under two-thirds of this spending occurs at the Darwin Turf Club. This spending includes all elements of the clubs operations, stakesmoney and an allowance for capital expenditure works.

6.5 Participants in Racing

More than 1,400 people are either employed or participating in thoroughbred racing in NT. Of this amount, thoroughbred racing is directly responsible for the full time, part time or casual employment of more than 1,102 people.



The racing industry in the NT is sustained through the investment of 596 people who have an involvement in preparing the racehorses - the breeders, owners and trainers. The remaining employees and participants are involved in putting on the raceday product. This includes those who work year round for the raceclub, as well as those contractors bought in for particular racedays. An additional 126 people also volunteer their services.

Participant Type	Metro	Non Metro	Total	% of Aus
Breeders	-	22	22	0.2%
Staff Employed by Breeders	-	45	45	0.2%
Owners	307	135	442	0.6%
Trainers	18	24	42	1.1%
Staff Employed by Trainers	30	16	45	1.5%
Total Participants in Producing the Racing Thoroughbreds	355	242	596	
Paid Full Time Staff	18	4	22	1.5%
Paid Part Time Staff	65	50	115	1.1%
Paid Board Members	1	-	1	2.1%
Contractors	22	10	32	0.3%
Bookmakers	8	3	11	0.8%
Bookmakers Staff	50	2	52	3.5%
Jockeys	14	10	24	1.0%
TAB Wagering Staff	110	13	123	2.3%
Total Participants in Producing the Racing Product	288	92	380	

Participant Type	Metro	Non Metro	Total	% of Aus
Unpaid Board Members	16	50	66	1.5%
Unpaid Volunteers	10	50	60	0.6%
Total Number of Direct & Indirect Participants	669	434	1,102	
Employed in support industries	293	83	375	0.6%
Total Job & Participant Base	961	516	1,478	

Approximately 375 people are employed in a full-time, part-time or casual manner in other industries that provide support to racing.

6.6 Wagering

Total Wagering

Total wagering turnover on thoroughbred racing for the NT exceeds \$1,400 million, more than 12% of the national total. This high proportion has been achieved because of the attraction of a large number of corporate bookmakers to Darwin and Alice Springs. Metropolitan (Darwin) turnover of \$1,133.3 million is four-fifths of the total wagering, and non-metropolitan is \$282.7 million.

Total wagering comprises:-

Manner of Wagering	Amount \$ Million	% of Total Wagering
TAB Off-Course	80.5	5.7
Totalsator On-Course	5.8	0.4
Bookmakers On-Course	9.4	0.7
Bookmakers Off-Course	1,320.3	93.2
All Wagering	1,416	100.0

Wagering included in the above summary includes all thoroughbred turnover on Australian race meetings, plus all bookmaker investments.

Total TAB Off Course

TAB off course turnover for the Northern Territory totals \$80.5 million. A large proportion of this wagering occurs on imported interstate product.

Total Wagering On Course

Total on course tote betting is \$5.8 million, with \$5.2 million (89.7%) of this investment made at Darwin race

meetings, and \$600,000 (10.3%) on non-metropolitan meetings.

NT customers show a preference to bet with bookmakers rather than the tote at race meetings. Total on course betting with bookmakers exceeds \$9 million, with \$7.5 million of this investment on Darwin race meetings and \$1.9 million at non-metropolitan race meetings. This investment includes any telephone bets received at the racecourses.

Average on course wagering per head for about 56,000 customers attending NT thoroughbred race meetings was \$103.21 on the totalisator and \$106.27 with bookmakers.

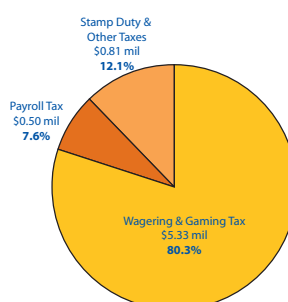
Total Bookmakers Off Course

Total turnover with bookmakers off-course for the Northern Territory was more than \$1300 million. This amount includes amounts bet with corporate bookmakers as reported in the Australian Racing Fact Book.

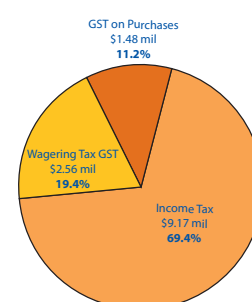
6.7 Taxation Impacts Generated

Thoroughbred racing in the NT is responsible for the generation of more than \$6.64 million for the State Government and \$13.21 million for the Federal Government. The following chart illustrates the estimated composition of this taxation revenue:-

State Government Taxation Revenue



Federal Government Taxation Revenue



These taxes are generated by the thoroughbred racing industry's operations at all levels. Income Tax contributes the largest dollar value amount at \$9.17 million, to the Federal Government.

7.1 Overview

Underlying Core Strength

In many ways Queensland (QLD) has been the most passionate State in its love affair with thoroughbred and other breeds of horses. Examples of its underlying core strength include:-

- Almost one-third of the race clubs in the nation (123 out of 391) are in QLD
- QLD has more registered jockeys than any other State or Territory (295 out of a national total of 957)
- It leads the nation in the number of TAB staff because of UNITAB's official TAB activities within three jurisdictions – QLD, SA and NT
- QLD is second only to VIC in the number of thoroughbreds in training
- It is second only to NSW in the number of individual race starters and total number of race starts annually
- It has 100,000 more attendances at non-metropolitan race meetings than NSW – primarily because of its strong coastal cities
- Average prizemoney per race has risen from about \$15,000 to more than \$20,000 over the past 4 years
- Average number of starters per TAB race has risen from 10.4 to 10.8 over the past 5 years

Growth of Queensland Carnivals

The Queensland Winter Racing Carnival has been an icon for many years. Restructuring of the Carnival in 2006 has been described by Queensland Racing as an outstanding success. Participation and wagering set all-time records. Stradbroke Day moved the bar a notch higher when record wagering on the Stradbroke Handicap meeting was returned at \$5.7 million. The most significant achievement of the restructured Winter Racing Carnival was that 8 Group 1 races were conducted over 5 consecutive weekends. Six of the 10 feature race days recorded an increase in attendance figures over 2005. Wagering turnover growth for the Carnival was particularly successful with the following achievements:-

- Gold Coast Turf Club's Prime Minister's Cup meeting – up 11%
- Brisbane Turf Club Cup Day – up 15.5%
- Queensland Turf Club Queensland Oaks Day – up 14%
- Stradbroke Handicap Race Day – up 14%
- Ipswich Cup Day – up 7.5%

A new record was set when the Saturday meeting of the Magic Millions Carnival amassed \$5.2 million in off-course wagering – a new QLD record. Prizemoney for Magic Millions Race Day totalled \$3 million – the highest amount of prizemoney ever offered at a Queensland Race Meeting. Queensland Racing continues to liaise with the Gold Coast Turf Club to establish a master plan for the Gold Coast facility that will accommodate crowd growth in the future.

7.2 Direct Spending by the Racing Industry

Total Direct Spending

The direct spending of the racing industry comprises the money spent by the participants, the clubs, and the customers, plus the direct money that flows as a result to Government, TABs and bookmakers for further stimulation of the economy. Total direct spending in QLD amounts to \$522 million – representing 13.8 per cent of the national direct spending. A total of \$205 million (39.5%) is spent in the metropolitan area of Brisbane and \$315 million (60.5%) in non-metropolitan areas. The heavy spending in non-metropolitan areas is reflective of the dynamic growth of the South Eastern corridor and coastal cities to the north.

Direct Spending by Participants

The participants include breeders, trainers, jockeys and owners. In QLD these participants spend a total of \$273.8 million per annum. Of this total \$56.9 million (20.7%) is spent in the metropolitan area and \$229.1 million (79.3%) in non-metropolitan areas. The largest single spending component is the \$141.5 million spent by breeders in non-metropolitan regions, including those that support the Gold Coast Magic Millions. This spending represents almost 60% of all participant spending.

Direct Spending by Customers

Customers spend substantial money off-course in supporting the racing industry, including money spent on accommodation, meals, travel, retail purchases, tourism visitations, personal services such as hair care, and fashion items such as clothing, shoes, hats, and jewellery. This direct spending by customers totals \$35.1 million, with \$11.8 million (33.6%) stimulating business within the metropolitan area and \$23.3 million (66.4%) supporting businesses in non-metropolitan areas.

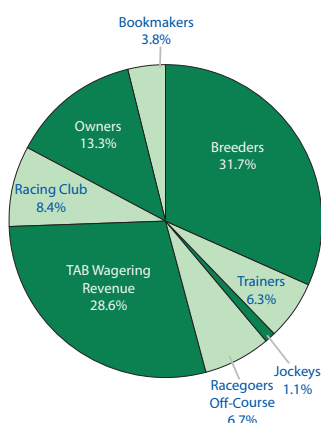
Direct Spending by Race Clubs

QLD race clubs spend a total of \$43.9 million – almost 5% of the national total for all clubs. Metropolitan race clubs spend \$17.7 million (40.3%) and non-metropolitan clubs spend \$26.2 million (59.7%).

Direct Spending from Wagering

Revenue from racing passes to the Government, and much of this money is re-invested in the racing industry by way of grants and services. The Government share of net wagering revenue is estimated to be about \$65.1 million a year. Money also passes to the TAB which receives a share of net wagering revenue (that money which is left after punters receive their winnings). The TAB share of net wagering revenue is estimated to be about \$83.9 million. The net wagering revenue generated by bookmakers is estimated to be approximately \$19.9 million.

Direct Spending by Category



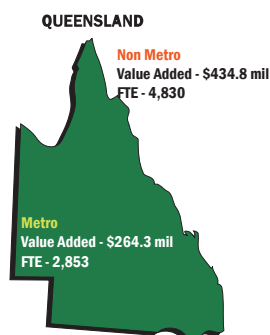
7.3 Economic Impacts

The following table illustrates the current macroeconomic impacts generated by thoroughbred racing in QLD:-

Macroeconomic Indicator	QLD
Real Gross Value Added	\$699.1 mil
Real Consumption	\$338.7 mil
International Exports	\$106.2 mil
International Import	\$152.1 mil
Employment	7,683 FTE

It is estimated that thoroughbred racing in QLD generates \$699.1 million in real gross value added. This represents 0.44% of the total gross state product generated by all industries in QLD.

This economic activity is responsible for the direct and indirect employment of more than 7,680 persons in full time equivalent (FTE) work. It is important to note that the measure of FTE does not represent the actual number of people for whom employment in some capacity is maintained. In actual



fact, some 30,675 people are employed in a full time, part time, casual or self employed manner by the racing industry. It is estimated that a further 3,820 people provide voluntary services to the Queensland Racing Industry.

7.4 Racing Club Activities

QLD is home to 123 thoroughbred racing clubs that host about 625 race meetings each year. The metropolitan race clubs are responsible for about 16% of the race meetings in QLD throughout the season and distribute more than 52% of the prizemoney.

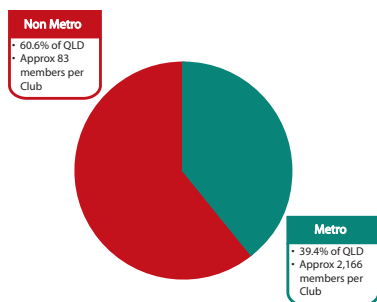
The following table details the nature of the racing season for 2005-06.

	Metro	Non Metro	Total	% of Aus
No of Racing Clubs	3	120	123	31.5%
No of Race Tracks	2	103	105	29.0%
No of TAB Meetings	101	303	404	19.2%
No of Non-TAB Meetings	-	320	320	47.9%
Number of Picnic Meetings	-	2	2	2.9%
Number of Races	1,122	4,461	5,583	23.3%

The number of on-course customers for the 2005-06 season in QLD was 295,000 for metropolitan meetings and 665,000 for non-metropolitan, a total of 960,000.

This represented an average attendance of 2,252 customers for each metropolitan race meeting, and an average attendance of 974 for each non-metropolitan race meeting. Whilst these customers spend money at the races, some also generate spending in the community (transport, accommodation etc.) This additional spending equates to more than \$35.1 million as a result of their attendance at the races (including betting). In the case of local residents, the impact of this spending mostly occurs on course, however when an event like the Stradbroke Handicap, the Doomben 10,000 or the Magic Millions Raceday occurs, interstate and/or overseas visitors are attracted, and the impact flows to other areas like tourism, accommodation and retail.

Whilst it often comprises a small proportion of total club revenue, racing club memberships play a vitally important role in the existence of a racing club. The following chart illustrates the membership profile of thoroughbred racing in QLD.



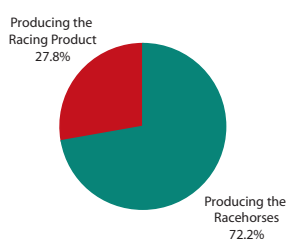
Thoroughbred racing clubs in QLD support the full time, part time or casual employment of more than 2,600 people each year. In addition to this, almost 3,800 people volunteer their services to racing, fulfilling important roles such as: gate attendants, gardening, committee roles, food & beverage service, information services, maintenance, cleaning and car parking.

Racing clubs in QLD spend in excess of \$43 million each year in operations and maintenance costs. Metropolitan clubs account for more than 40% of this spending.

The average prizemoney per raceday for metropolitan clubs is more than \$273,000 and the average prizemoney per raceday for non-metropolitan clubs is \$47,383.

7.5 Participants In Racing

More than 48,000 people are either employed or participating in thoroughbred racing in Queensland. Of this amount, thoroughbred racing is directly responsible for the full-time, part-time or casual employment of more than 34,400 people.



The racing industry in QLD is sustained through the investment of 22,160 people who have an involvement in preparing the racehorses – the breeders, owners and trainers and their staff. The remaining employees and

participants are involved in preparing for and presenting the raceday product. This includes those who work year round for the race club, those contractors brought in for particular racedays, and TAB and bookmaker staff servicing raceday betting.

Participant Type	Metro	Non Metro	Total	% of Aus
Breeders	317	1,813	2,130	21.6%
Staff Employed by Breeders	618	3,717	4,335	21.7%
Owners	3,421	9,854	13,275	17.0%
Trainers	158	1,213	1,371	29.1%
Staff Employed by Trainers	261	788	1,049	23.8%
Total Participants in Producing the Racing Thoroughbreds	4,775	17,385	22,160	
Paid Full Time Staff	80	220	300	20.0%
Paid Part Time Staff	480	2,020	2,500	21.6%
Paid Board Members	-	-	-	-
Contractors	800	2,710	3,510	38.3%
Bookmakers	46	69	115	15.6%
Bookmakers Staff	92	138	230	15.6%
Jockeys	75	285	360	30.5%
TAB Wagering Staff	1,100	401	1,501	28.3%
Total Participants in Producing the Racing Product	2,673	5,843	8,516	
Unpaid Board Members	24	1,296	1,320	29.9%
Unpaid Volunteers	135	2,365	2,500	27.0%
Total Number of Direct & Indirect Participants	7,607	26,889	34,496	
Employed in support industries	5,976	8,253	14,229	21.1%
Total Job & Participant Base	13,583	35,142	48,724	

More than 14,200 people are employed in a full-time, part-time or casual manner in other industries that provide support to racing.

7.6 Wagering

Total Wagering

Total wagering turnover on thoroughbred racing for Queensland is almost \$1,700 million, with more than 14% of the national total. Metropolitan turnover is \$1,325.4 million (78.1%) and non-metropolitan is \$371.8 million (21.9%). Total wagering comprises:-

Manner of Wagering	Amount \$ Million	% of Total Wagering
TAB Off-Course	1,378.8	81.3
Totalsator On-Course	94.1	5.5
Bookmakers On-Course	126.3	7.4
Bookmakers Off-Course	98.0	5.8
All Wagering	1,697.2	100.0

Wagering included in the above summary includes all thoroughbred turnover on Australian race meetings with UNITAB, plus all bookmaker investments.

Total TAB Off Course

TAB off course turnover for QLD totals \$1,378.8 million. Of this total more than \$1,100 million is invested on metropolitan race meetings and about \$275 million on non-metropolitan race meetings.

Total Wagering On Course

Total on course tote betting exceeds \$94 million, with \$61.9 million (65.8%) of this investment made at metropolitan race meetings, and \$32.2 million (34.2%) on non-metropolitan meetings.

Total on course betting with bookmakers exceeds \$126 million, with \$82.1 million (65%) of this investment on metropolitan race meetings and \$44.2 million (35%) at non-metropolitan race meetings. This investment includes any telephone bets received at the racecourses.

Average on course wagering per head for about 960,000 customers attending QLD thoroughbred race meetings was \$98.02 on the totalisator and \$131.56 with bookmakers.

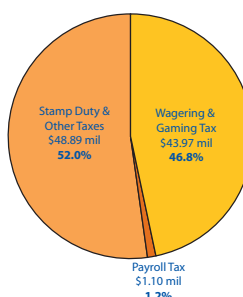
Total Bookmakers Off Course

Total turnover with bookmakers off-course for QLD was almost \$100 million. This amount comprised more than \$78 million on metropolitan race meetings, and about \$20 million on non-metropolitan thoroughbred meetings.

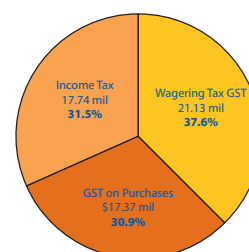
7.7 Taxation Impacts Generated

Thoroughbred racing in QLD is responsible for the generation of more than \$93.96 million for the State Government and \$56.24 million for the Federal Government. The following chart illustrates the estimated composition of this taxation revenue:-

**State Government
Taxation Revenue**



**Federal Government
Taxation Revenue**



These taxes are generated by the thoroughbred racing industry's operations at all levels. Stamp Duty and Other Taxes contribute the largest dollar value amount at \$48.89 million, to the State Government.

8.1 Overview

Doing More With Less

Thoroughbred Racing SA has aggressively pursued a policy of “doing more with less” and has had considerable success in building attendance numbers and revenue through the theming of race days. The Strategic Plan of TRSA relies heavily for its drive and momentum on “Prosperity 2010” – which increases returns from race meetings, generating new income and asset growth to fire increased returns to owners. The qualitative performance of SA and its facilities can be illustrated by a number of peak performances:-

- The Morphettville Junction Entertainment Complex. In 2006 it scooped the pool at the Clubs SA Awards for Excellence, winning the “Best Dining Venue” and “Best Gaming Venue” awards for the second year running.
- The Oakbank Carnival, in the Adelaide Hills, is a highlight of the international jumps circuit. Attendance over two days exceeds 110,000. According to organizers this makes the Easter holiday event the “largest picnic race meeting in the world”
- For mid-week racing, the Balaklava Cup has created new records, with the largest attendance for a mid-week meeting in SA. More than 100 buses carried corporate guests to the event .
- The Magic Millions Race Day at Morphettville in March is now one of the richest Wednesday meetings for prizemoney in the country
- A canola crop situated in the centre of the racecourse at Lock (population 1,000) yielded \$40,000 for the club. This initiative has helped fund a better race day and stronger fields.
- The Naracoorte Cup had the biggest attendance in 20 years, with tandem event marketing as part of the Taste of the Limestone Coast Festival

Overcoming the challenges

SA does not possess critical mass and has its race club assets spread over wide distances. The geographical presence of Spencer’s Gulf and the Gulf of St. Vincent, leave alone the separation of Kangaroo Island from the mainland, create transportation and travel challenges different to other States. With about 8% of the country’s population, the racing industry has still been able to develop strengths. For example, it has about 10% of the nation’s thoroughbreds in training. And it has 12% of the total TAB staff on-course and off-course. On a small budget of \$50,000 Kangaroo Island Race Club has developed its annual event into a week-long tourism extravaganza with wine tasting from local wineries and an exciting Kingscote Twilight Street Party. Customers have to travel by aircraft or

ferries, and the club has been at the forefront in developing more air and sea services, as well as camping areas. According to the TRSA the racing industry has been directly impacted by “massive proliferation of the gaming industry, with a saturation of machines which is now approximately double that of Victoria’s to the population”.

8.2 Direct Spending by the Racing Industry

Total Direct Spending

The direct spending of the racing industry comprises the money spent by the participants, the clubs, and the customers, plus the direct money that flows as a result to Government, TABs and bookmakers for further stimulation of the economy. Total direct spending in SA amounts to \$195.0 million – representing 5.2 per cent of the national direct spending. A total of \$110.7 million (56.8%) is spent in the metropolitan area and \$84.3 million (43.2%) in non-metropolitan areas.

Direct Spending by Participants

The participants include breeders, trainers, jockeys and owners. In SA these participants spend a total of \$98.9 million per annum. Of this total \$42.5 million (42.9%) is spent in the metropolitan area and \$56.4 million (57.1%) in non-metropolitan areas. The largest single spending component is the \$34.4 million spend by breeders in non-metropolitan regions, including heavy concentrations of breeders in the Adelaide Hills and the South East of the State. This spending represents more than 44% of all participant spending.

Direct Spending by Customers

Customers spend substantial money off-course in supporting the racing industry, including money spent on accommodation, meals, travel, retail purchases, tourism visitations, personal services such as hair care, and fashion items such as clothing, shoes, hats, and jewellery. This direct spending by customers totals \$10.3 million, with \$3.7 million (35.9%) stimulating business within the metropolitan area and \$6.6 million (64.1%) supporting businesses in non-metropolitan areas.

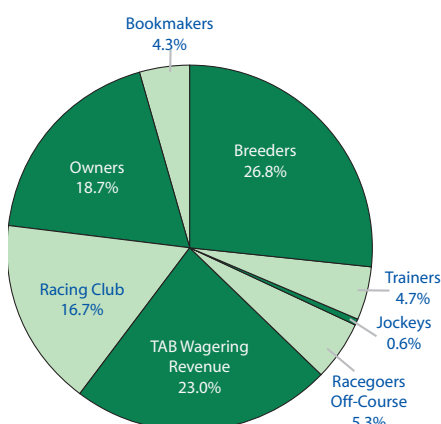
Direct Spending by Race Clubs

SA race clubs spend a total of \$32.6 million – about 3.6% of the national total for all clubs. Metropolitan race clubs spend more than \$24.2 million (74.2%) and non-metropolitan clubs spend more than \$8.4 million (25.8%).

Direct Spending from Wagering

Revenue from racing passes to the Government, and much of this money is re-invested in the racing industry by way of grants and services. The racing industry in SA has been privatised. Government share of net wagering revenue is estimated to be more than \$17.6 million a year. Money also passes to UNITAB which receives a share of net wagering revenue (that money which is left after punters receive their winnings). The TAB share of net wagering revenue is estimated to be about \$27.2 million. Net wagering revenue generated by bookmakers in South Australia amounts to approximately \$8.3 million

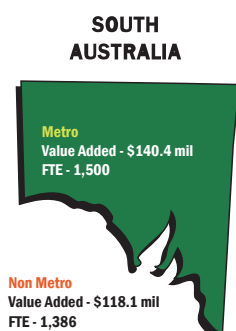
Direct Spending by Category



8.3 Economic Impacts

The following table illustrates the current macroeconomic impacts generated by thoroughbred racing in SA:-

Macroeconomic Indicator	SA
Real Gross Value Added	\$258.5 mil
Real Consumption	\$124.6 mil
International Exports	\$39.7 mil
International Import	\$56.5 mil
Employment	2,886 FTE



It is estimated that thoroughbred racing in the SA generates \$258.5 million in real gross value added. This represents 0.45% of the total gross state product generated by all industries in SA.

This economic activity is responsible for the direct and indirect employment of more than 2,880 persons in full time equivalent (FTE) work. It is important to note

that the measure of FTE does not represent the actual number of people for whom employment in some capacity is maintained.

In actual fact, some 11,174 people are employed in a full time, part time, casual or self employed manner by the racing industry. It is estimated that a further 452 people provide voluntary services to the SA Racing Industry.

8.4 Racing Club Activities

SA is home to 25 thoroughbred racing clubs that host more than 200 race meetings each year. The metropolitan race clubs are responsible for about 43% of the race meetings in SA throughout the season. These meetings deliver 72% of the prizemoney for the State.

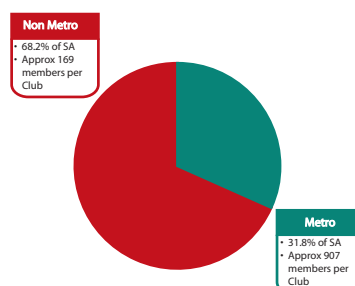
The following table details the nature of the racing season for 2005-06:-

	Metro	Non Metro	Total	% of Aus
No of Racing Clubs	2	23	25	6.4%
No of Race Tracks	4	21	25	6.9%
No of TAB Meetings	66	103	169	8.0%
No of Non-TAB Meetings	-	14	14	1.4%
Number of Picnic Meetings	-	-	-	-
Number of Races	702	905	1,607	6.7%

The number of on-course customers for the 2005-06 season in SA was 308,886.

Whilst these customers spend money at the races, some also generate spending in the community (transport, accommodation etc.) This additional spending equates to more than \$10 million as a result of their attendance at the races. In the case of local residents, the impact of this spending mostly occurs on course, however when an event like Oakbank Easter Racing Carnival or the Adelaide Cup Carnival occurs, interstate and/or overseas visitors are attracted, and the impact flows to other areas like tourism, accommodation and retail.

Whilst it often comprises a small proportion of total club revenue, racing club memberships play a vitally important role in the existence of a racing club. The following chart illustrates the membership profile of thoroughbred racing in SA.

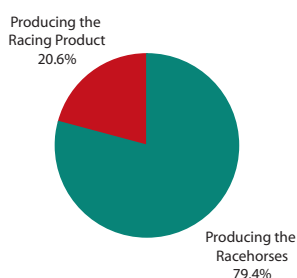


Thoroughbred racing clubs in SA support the full time, part time or casual employment of more than 1,000 people each year. In addition to this, more than 450 people volunteer their services to racing, fulfilling important roles such as: gate attendants, gardening, committee roles, food & beverage service, information services, maintenance, cleaning and car parking.

Racing clubs in SA spend in excess of \$32 million each year in operations and maintenance costs. Metropolitan clubs account for about 74% of this spending.

8.5 Participants In Racing

More than 16,400 people are either employed or participating in thoroughbred racing in South Australia. Of this amount, thoroughbred racing is directly responsible for the full-time, part-time or casual employment of 11,600 people.



The racing industry in SA is sustained through the investment of 8,869 people who have an involvement in preparing the racehorses – the breeders, owners and trainers and their staff. The remaining employees and participants are involved in preparing for and presenting the raceday product. This includes those who work year round for the race club, those contractors brought in for particular racedays, and TAB and bookmaker staff servicing raceday betting. An additional 452 people also volunteer their services.

Participant Type	Metro	Non Metro	Total	% of Aus
Breeders	252	403	655	6.6%
Staff Employed by Breeders	491	826	1,318	6.6%
Owners	2,781	3,403	6,184	7.9%
Trainers	92	284	376	8.0%
Staff Employed by Trainers	152	185	336	7.6%
Total Participants in Producing the Racing Thoroughbreds	3,768	5,101	8,869	
Paid Full Time Staff	104	28	132	8.8%
Paid Part Time Staff	522	673	1,195	10.3%
Paid Board Members	8	-	8	17.0%
Contractors	8	113	121	1.3%
Bookmakers	18	11	29	3.9%
Bookmakers Staff	36	22	58	3.9%
Jockeys	25	29	54	4.6%
TAB Wagering Staff	316	393	709	13.4%
Total Participants in Producing the Racing Product	1,037	1,269	2,306	

Participant Type	Metro	Non Metro	Total	% of Aus
Unpaid Board Members	9	186	195	4.4%
Unpaid Volunteers	-	257	257	2.8%
Total Number of Direct & Indirect Participants	4,814	6,813	11,627	
Employed in support industries	1,942	2,853	4,796	7.1%
Total Job & Participant Base	6,756	9,666	16,423	

More than 4,700 people are employed in a full-time, part-time or casual manner in other industries that provide support to racing.

8.6 Wagering

Total Wagering

Total wagering turnover on thoroughbred racing for SA is more than \$578 million, which is about 4.9% of the national total. Metropolitan turnover is \$455.4 million (78.8%) and non-metropolitan is \$122.7 million (21.2%). Total wagering comprises:-

Manner of Wagering	Amount \$ Million	% of Total Wagering
TAB Off-Course	455.0	78.7
Totalsator On-Course	23.3	4.0
Bookmakers On-Course	33.4	5.8
Bookmakers Off-Course	66.4	11.5
All Wagering	578.1	100.0

Wagering included in the above summary includes all thoroughbred turnover on Australian race meetings with UNITAB, plus all bookmaker investments.

Total TAB Off Course

TAB off course turnover for SA totals \$455 million. Of this total more than \$360 million is invested on metropolitan race meetings and more than \$90 million on non-metropolitan race meetings.

Total Wagering On Course

Total on course tote betting exceeds \$23 million, with \$15.9 million (68.2%) of this investment made at metropolitan race meetings, and \$7.4 million (31.8%) on non-metropolitan meetings.

Total on course betting with bookmakers exceeds \$33 million, with \$24.5 million (73.4%) of this investment on metropolitan race meetings and \$8.9 million (26.6%) at non-metropolitan race meetings. This investment includes any telephone bets received at the racecourses.

Average on course wagering per head for about 308,000 customers attending SA thoroughbred race

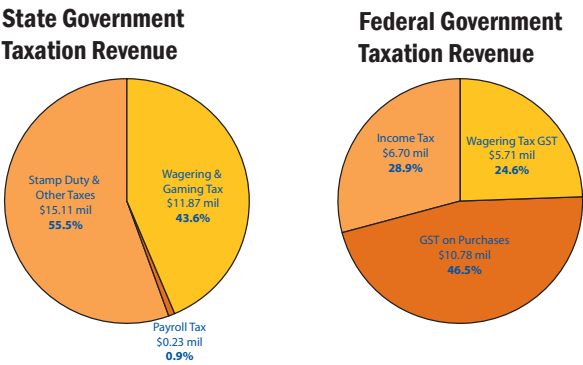
meetings was \$75.43 on the totalisator and \$131.56 with bookmakers.

Total Bookmakers Off Course

Total turnover with bookmakers off-course for SA was more than \$66 million. This amount comprised more than \$50 million on metropolitan race meetings, and about \$15 million on non-metropolitan thoroughbred meetings.

8.7 Taxation Impacts Generated

Thoroughbred racing in SA is responsible for the generation of more than \$27.22 million for the State Government and \$23.19 million for the Federal Government. The following chart illustrates the estimated composition of this taxation revenue:-



These taxes are generated by the thoroughbred racing industry's operations at all levels. Stamp Duty & Other Taxes contribute the largest dollar value amount at \$15.11 million, to the State Government.

9.1 Overview

Resurgence in Financial Strength

In the past year there has been a resurgence in financial assets for race clubs in Tasmania (TAS) which has helped to improve facilities and thus improve the customer experience. There has also been an internationalization of marketing the Tasmanian racing product to the rest of the world. This exposure has lifted Tasmania's profile and recognition overseas for the first time. TOTE Tasmania was official Australian pooling partner for the Dubai World Cup Carnival. Tasmania's international credibility as a dynamic and innovative provider was strengthened by the commencement of weekly co-mingling into South Africa's SAFTOTE pool operated by Phumelela Gold Enterprises. Tasmania's expertise in media rights management in the digital age was recognized by an invitation to present a special report in 2006 to the Annual Symposium on Racing and Gaming in Arizona.

Highlights of the 2005-06 Season

These included:-

- A 117% increase in Internet turnover following a revamp of The TOTE's wagering site
- Trackside turnover grew from \$600,000 to almost \$1.5 million as implementation of this product continued
- Product wagering on the AAMI Tasmanian Summer Racing Carnival up by more than 11%
- Wagering was conducted on 6,146 meetings, the highest number on record, and up 5.3% from the 5,836 the previous year
- Capital expenditure totalled a record \$19 million as major new racing facilities were completed at Elwick, allowing the use of this facility as a multi-purpose tourism venue. Major improvements are now planned for Launceston and Devonport
- A record distribution of \$18.8 million to racing

Technological Development of New Frontiers

TAS has placed heavy strategic emphasis on the development of IT skills and systems. The Tote has concluded that "in the online environment, consumers care more about the speed, functionality and reliability of a wagering website than any historical brand loyalty. In simple terms, the Internet makes it possible for small participants in an industry to play big." TAS has now developed Sportsbet21 as an innovative producer of in-run betting. In-run betting involves the ability of consumers to place bets while a race or other event is in progress. It has the capacity to continuously update odds in response to changing circumstances and discreet events within the main event. Sportsbet21 is to be offered, together with wagering terminals to other racing and sports betting jurisdictions.

9.2 Direct Spending by the Racing Industry

Total Direct Spending

The direct spending of the racing industry comprises the money spent by the participants, the clubs, and the customers, plus the direct money that flows as a result to Government, TABs and bookmakers for further stimulation of the economy. Total direct spending in TAS amounts to \$46.6 million – representing 1.2 per cent of the national direct spending. A total of \$25.2 million (54.1%) is spent in the metropolitan area and \$21.4 million (45.9%) in non-metropolitan areas.

Direct Spending by Participants

The participants include breeders, trainers, jockeys and owners. In TAS these participants spend a total of \$31.4 million per annum. Of this total \$12.7 million (40.4%) is spent in the metropolitan area and \$18.7 million (59.6%) in non-metropolitan areas. The largest single spending component is the \$12.5 million spend by breeders in non-metropolitan regions. This spending represents more than 50% of all participant spending.

Direct Spending by Customers

Customers spend substantial money off-course in supporting the racing industry, including money spent on accommodation, meals, travel, retail purchases, tourism visitations, personal services such as hair care, and fashion items such as clothing, shoes, hats, and jewellery. This direct spending by customers totals almost \$4 million, with more than \$3.4 million (85%) stimulating business within the metropolitan areas of Launceston and Hobart. The Tasmanian fashion design business has grown strongly in recent years.

Direct Spending by Race Clubs

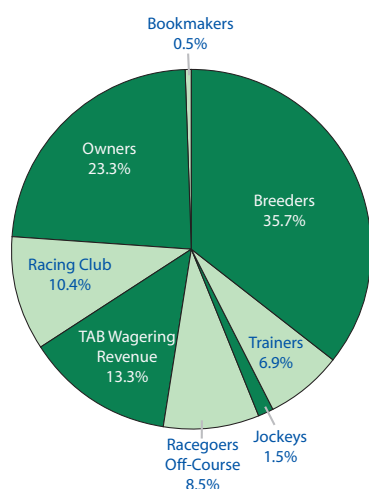
Tasmanian race clubs spend a total of \$4.9 million – about 0.5% of the national total for all clubs. Metropolitan race clubs spend about \$4.0 million (82.5%) and non-metropolitan clubs spend about \$850,000 (17.5%).

Direct Spending from Wagering

Revenue from racing passes to the Government entity TOTE Tasmania, and much of this money is re-invested in the racing industry by way of grants and services. The racing industry in TAS is experiencing resurgence, with most of the beneficial results commencing in the 2006-07 year. Government share of net wagering revenue is estimated to be almost \$5.5 million a year. Money also passes to TOTE Tasmania which receives a share of net wagering revenue (that money which is left after punters receive their winnings). Tote Tasmania's share of net

wagering revenue is estimated to be less than \$1 million. Net wagering revenue generated by bookmakers in TAS is estimated to be approximately \$230,000.

Direct Spending by Category



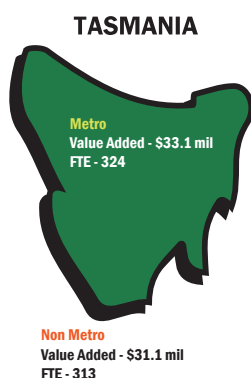
9.3 Economic Impacts

The following table illustrates the current macroeconomic impacts generated by thoroughbred racing in TAS:-

Macroeconomic Indicator	TAS
Real Gross Value Added	\$64.2 mil
Real Consumption	\$31.0 mil
International Exports	\$9.8 mil
International Imports	\$14.0 mil
Employment	637 FTE

It is estimated that thoroughbred racing in TAS generates \$64.2 million in real gross value added. This represents 0.36% of the total gross state product generated by TAS.

This economic activity is responsible for the direct and indirect employment of more than 630 persons in full time equivalent (FTE) work. It is important to note that the measure of FTE does not represent the actual number of people for whom employment in some capacity is maintained. In actual fact, some 3,303 people are employed in a full time, part time, casual or self employed manner by the racing industry.



9.4 Racing Club Activities

TAS is home to four thoroughbred racing clubs that host about 75 race meetings each year. The two larger metropolitan race clubs are at Hobart and Launceston and are responsible for almost 75% cent of the race meetings in TAS throughout the season.

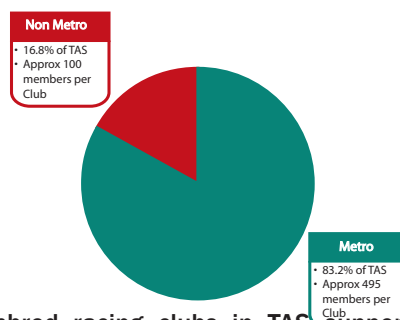
The following table details the nature of the racing season:-

	Metro	Non Metro	Total	% of Australia
No of Racing Clubs	2	2	4	1.0%
No of Race Tracks	4	2	6	1.7%
No of TAB Meetings	54	22	76	3.6%
No of Non-TAB Meetings	-	-	-	-
Number of Picnic Meetings	-	-	-	-
Number of Races	699	188	887	3.7%

The number of on-course customers for the 2005-06 season in TAS was 125,000. Over 105,000 attendees were in Hobart and Launceston, and 20,000 at non-metropolitan race clubs.

Whilst these customers spend money at the races, some also generate spending in the community (transport, accommodation etc.) This additional spending equates to more than \$5 million as a result of their attendance at the races. In the case of local residents, the impact of this spending mostly occurs on course, however when an event like the Hobart or Launceston Cups occur, interstate and/or overseas visitors are attracted, and the impact flows to other areas like tourism, accommodation and retail.

Whilst it often comprises a small proportion of total club revenue, racing club memberships play a vitally important role in the existence of a racing club. The following chart illustrates the membership profile of thoroughbred racing in TAS:



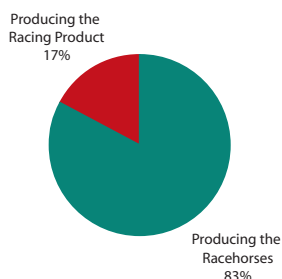
Thoroughbred racing clubs in TAS support the full

time, part time or casual employment of almost 478 people each year. In addition to this, about 60 people volunteer their services to racing, fulfilling important roles such as: gate attendants, gardening, committee roles, food & beverage service, information services, maintenance, cleaning and car parking.

9.5 Participants In Racing

More than 4,500 people are either employed or participating in thoroughbred racing in Tasmania. Of this amount, thoroughbred racing in is directly responsible for the full-time, part-time or casual employment of 3,363 people.

The racing industry in TAS is sustained through the investment of 2,741 people who have an involvement in preparing the racehorses – the breeders, owners and trainers and their staff. The remaining employees and participants are involved in preparing for and presenting the raceday product. This includes those who work year round for the race club, those contractors brought in for particular racedays, and TAB and bookmaker staff servicing raceday betting.



Participant Type	Metro	Non Metro	Total	% of Aus
Breeders	66	168	234	2.4%
Staff Employed by Breeders	129	344	473	2.4%
Owners	908	864	1,772	2.3%
Trainers	47	83	130	2.8%
Staff Employed by Trainers	78	54	132	3.0%
Total Participants in Producing the Racing Thoroughbreds	1,227	1,513	2,741	
Paid Full Time Staff	6	1	7	0.5%
Paid Part Time Staff	252	3	255	2.2%
Paid Board Members	-	-	-	-
Contractors	10	3	13	0.1%
Bookmakers	24	11	35	4.7%
Bookmakers Staff	48	22	70	4.7%
Jockeys	14	31	45	3.8%
TAB Wagering Staff	124	14	138	2.6%
Total Participants in Producing the Racing Product	478	85	563	
Unpaid Board Members	18	12	30	0.7%
Unpaid Volunteers	25	4	29	0.3%
Total Number of Direct & Indirect Participants	1,748	1,614	3,363	
Employed in support industries	525	654	1179	1.8%
Total Job & Participant Base	2,273	2,269	4,542	

More than 1,100 people are employed in a full-time, part-time or casual manner in other industries that provide support to racing.

9.6 Wagering

Total Wagering

Total wagering turnover on thoroughbred racing for Tasmania is more than \$14 million. This total does not include any betting via betting exchanges, and thereby excludes any bookmakers off course betting which is substantive in all other jurisdictions. Metropolitan wagering turnover for Tasmania (Hobart and Launceston) is \$12.1 million (84.6%) and non-metropolitan is \$2.1 million (15.4%). Total wagering comprises:-

Manner of Wagering	Amount \$ Million	% of Total Wagering
TAB Off-Course	8.3	58.0
Totalisator On-Course	3.7	25.9
Bookmakers On-Course	2.3	16.1
Bookmakers Off-Course	-	-
All Wagering	14.3	100.0

Wagering included in the above summary includes all thoroughbred turnover on Tasmanian race meetings with TOTE Tasmania (The Tote), plus all bookmaker investments.

Total TAB Off Course

TAB off course turnover for Tasmania totals \$8.3 million. Of this total \$7 million is invested on Hobart and Launceston race meetings and \$1.2 million on non-metropolitan race meetings.

Total Wagering On Course

Total on course tote betting is \$3.7 million, with \$3.1 million (83.8%) of this investment made at metropolitan race meetings in Hobart and Launceston, and \$600,000 (16.2%) on non-metropolitan meetings.

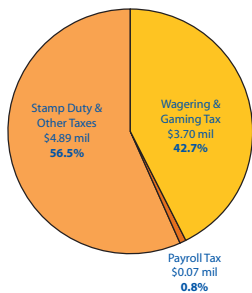
Total on course betting with bookmakers is about \$2.3 million, with \$2 million (87%) of this investment on metropolitan race meetings and \$300,000 (13%) at non-metropolitan race meetings. This investment includes any telephone bets received at the racecourses.

Average on course wagering per head for about 125,000 customers attending TAS thoroughbred race meetings was \$29.60 on the totalisator and \$18.40 with bookmakers

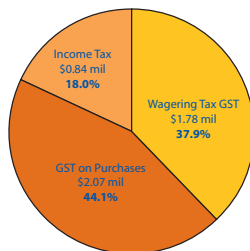
9.7 Taxation Impacts Generated

Thoroughbred racing in the TAS is responsible for the generation of more than \$8.66 million for the State Government and \$4.69 million for the Federal Government. The following chart illustrates the estimated composition of this taxation revenue:-

**State Government
Taxation Revenue**



**Federal Government
Taxation Revenue**



These taxes are generated by the thoroughbred racing industry's operations at all levels. Stamp Duty & Other Taxes contribute the largest dollar value amount at \$4.89 million, to the State Government.

10.0 Victoria

10.1 Overview

World Icon Status

The Victorian (VIC) thoroughbred racing industry is indelibly placed on the world racing map because of the fame of the Melbourne Cup and the Victorian Spring Racing Carnival. The Carnival forms a vital part of the overall State tourism plan. The Carnival's central dazzling event – the Melbourne Cup – is the “Race that Stops a Nation”. More importantly, it is the race that rivets the eyes of the world upon Flemington. About 6 million Australians watch the race every year and a global audience of about 700 million watch from 120 countries and territories. More than 100,000 visitors flock from overseas and interstate to experience one of the most exciting race carnivals in the world. The Carnival now encompasses 13 metropolitan and 62 country race meetings – a galaxy of events compared to the 11 foundation racedays that comprised the Carnival in 1990. The first economic impact assessment of the Carnival was conducted in 1993 and showed the Carnival was worth \$132 million to the Victorian economy. Thirteen years later, with dynamic growth, the total is well over \$550 million. The Carnival has been progressively extended to incorporate country regions.

The Melbourne Cup has now become an icon of world status, with collectors and museums around the globe paying hundreds of thousands of dollars for a genuine Melbourne Cup from past racing events. Each year the new Cup tours the world with an official entourage. The passionate and excited reception it receives all around the world as well as Australia has already become part of folklore. Last year's tour took in 25 destinations including Singapore, Dublin, Dubai, New Zealand and Hong Kong. The Cup Tour was launched in the first week of September at the Melbourne Museum.

Another world icon is the famous “Red Terror” Phar Lap, who conquered the local racing scene in the early 1930's with 36 wins from his last 41 starts. Phar Lap then won the richest horse race in America in 1932. Today more than 700,000 people a year visit special Phar Lap exhibitions within the Victorian Museum and within Champions Australian Racing Museum at Federation Square.

Leadership

Whilst VIC has only 26% of Australia's population and only 18% of the thoroughbred race clubs, it has a strong leadership record in developing owners, trainers and financial returns to them. Victoria's leadership yardsticks are:-

Yardstick	Vic Total	Aus Total	Vic %
No of Trainers	1,210	4,750	25.5%
No of Owners	26,465	77,964	33.9%
Total Prizemoney	\$120.6m	\$368.0m	32.8%
Additional Incentives	\$5.6m	\$16.0m	35.0%

10.2 Direct Spending by the Racing Industry

Total Direct Spending

The direct spending of the racing industry comprises the money spent by the participants, the clubs, and the customers, plus the direct money that flows as a result to Government, TABs and bookmakers for further stimulation of the economy. Total direct spending in VIC has almost reached \$1.32 billion. This spending represents about 34.9 per cent of the national direct spending, and is the highest of any State. A total of \$784.1 million (59.4%) is spent in the metropolitan area and \$536.7 million (40.6%) in non-metropolitan areas.

Direct Spending by Participants

The participants include breeders, trainers, jockeys and owners. In VIC these participants spend a total of \$419.8 million per annum. Of this total \$176.4 million (42.0%) is spent in the metropolitan area and \$243.3 million (58.0%) in non-metropolitan areas. The largest single spending component is the \$160.0 million spent by breeders in non-metropolitan regions. This spending represents more than 50% of all participant spending in Victoria.

Direct Spending by Customers

Customers spend substantial money off-course in supporting the racing industry, including money spent on accommodation, meals, travel, retail purchases, tourism visitations, personal services such as hair care, and fashion items such as clothing, shoes, hats, and jewellery. This direct spending by customers totals almost \$80 million with almost \$50 million (62%) stimulating business within the metropolitan area. The Spring Racing Carnival drives much of the metropolitan direct spending.

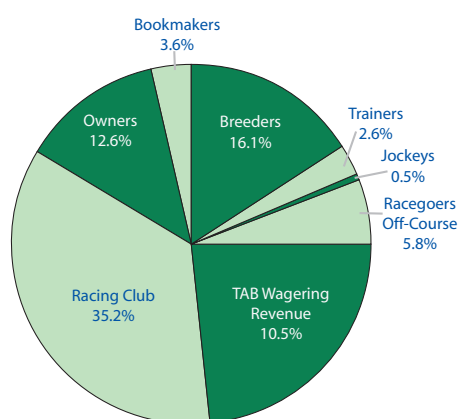
Direct Spending by Race Clubs

VIC race clubs spend a total of \$464.8 million – 52% of the national total for all clubs. Metropolitan race clubs spend about \$284 million (61.2%) and non-metropolitan clubs spend \$180.3 million (38.8%).

Direct Spending from Wagering

Taxation Revenue from racing passes to the Government, with around \$10 million per annum re-invested into the racing industry by way of grants and services. The Government share of net wagering revenue is estimated to be about \$173.5 million a year. Money also passes to the TAB which receives a share of net wagering revenue (that money which is left after punters receive their winnings). The TAB share of net wagering revenue is estimated to be about \$138.3 million. Bookmakers generated net wagering revenues of approximately \$47.9 million.

Direct Spending by Category



10.3 Economic Impacts

The following table illustrates the current macroeconomic impacts generated by thoroughbred racing in VIC:-

Macroeconomic Indicator	VIC
Real Gross Value Added	\$1,811.9 mil
Real Consumption	\$872.4 mil
International Exports	\$279.1 mil
International Imports	\$396.8 mil
Employment	15,837 FTE

It is estimated that thoroughbred racing in VIC generates \$1,811.9 million in real gross value added. This represents 0.61% of the total gross state product generated by VIC.

This economic activity is responsible for the direct and indirect employment of more than 15,800 persons in full time equivalent (FTE) work. It is important to note that the measure of FTE does not represent the actual number of people for whom employment in some capacity is maintained. In actual fact, some 40,751 people are employed in a full time, part time, casual or self employed manner by the racing industry.



10.4 Racing Club Activities

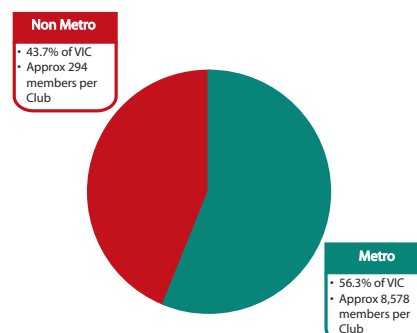
VIC is home to 71 thoroughbred racing clubs that host about 615 race meetings each year. The metropolitan race clubs are responsible for more than 18% of the race meetings in VIC throughout the season and account for about 67% of the prizemoney.

The following table details the nature of the racing season :

	Metro	Non Metro	Total	% of Australia
No of Racing Clubs	3	68	71	18.2%
No of Race Tracks	4	63	67	18.2%
No of TAB Meetings	128	385	513	24.3%
No of Non-TAB Meetings	-	65	65	9.7%
Number of Picnic Meetings	-	38	38	55.1%
Number of Races	1,036	4,577	5,613	23.4%

The number of on-course customers for 2005-06 season in VIC was more than 1.7 million. Whilst these customers spend money at the races, some also generate spending in the community (transport, accommodation etc.) This additional spending equates to more than \$76.6 million as a result of their attendance at the races (excluding betting). In the case of local residents, the impact of this spending mostly occurs on course, however when an event like the Spring Racing Carnival or the Australian Cup occurs, interstate and/or overseas visitors are attracted, and the impact flows to other areas like tourism, accommodation and retail.

Whilst it often comprises a small proportion of total club revenue, racing club memberships play a vitally important role in the existence of a racing club. The following chart illustrates the membership profile of thoroughbred racing in VIC:



Thoroughbred racing clubs in VIC support the full time, part time or casual employment of almost 4,300 people each year. In addition to this, more than 3,200 people volunteer their services to racing, fulfilling important roles such as: gate attendants, gardening, committee

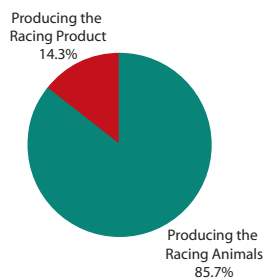
roles, food & beverage service, information services, maintenance, cleaning and car parking.

Racing clubs in VIC spend in excess of \$464 million each year in operations and maintenance costs. Metropolitan clubs account for more than 61% of this spending.

10.5 Participants In Racing

More than 65,000 people are either employed or participating in thoroughbred racing in Victoria. Of this amount, thoroughbred racing is directly responsible for the full-time, part-time or casual employment of more than 46,100 people.

The racing industry in VIC is sustained through the investment of 36,774 people who have an involvement in preparing the racehorses – the breeders, owners and trainers and their staff. The remaining employees and participants are involved in preparing for and presenting the raceday product. This includes those who work year round for the race club, those contractors brought in for particular racedays, and TAB and bookmaker staff servicing raceday betting.



Participant Type	Metro	Non Metro	Total	% of Aus
Breeders	657	1,850	2,507	25.4%
Staff Employed by Breeders	1,281	3,793	5,074	25.4%
Owners	14,965	11,500	26,465	34.0%
Trainers	136	1,074	1,210	25.7%
Staff Employed by Trainers	224	1,294	1,519	34.4%
Total Participants in Producing the Racing Thoroughbreds	17,264	19,511	36,774	
Paid Full Time Staff	376	189	565	37.7%
Paid Part Time Staff	1,562	825	2,387	20.7%
Paid Board Members	8	-	8	17.0%
Contractors	1,065	325	1,390	15.2%
Bookmakers	114	56	170	23.0%
Bookmakers Staff	228	112	340	23.1%
Jockeys	123	210	333	28.2%
TAB Wagering Staff	843	100	943	17.8%
Total Participants in Producing the Racing Product	4,319	1,817	6,136	
Unpaid Board Members	72	378	450	10.2%
Unpaid Volunteers	-	2,825	2,825	10.9%
Total Number of Direct & Indirect Participants	21,655	24,531	46,185	
Employed in support industries	7,144	11,906	19,050	28.3%
Total Job & Participant Base	28,798	36,437	65,235	

More than 19,000 people are employed in a full-time, part-time or casual manner in other industries that provide support to racing.

10.6 Wagering

Total Wagering

Total wagering turnover on thoroughbred racing for VIC exceeds \$2,980 million, more than 25% of the national total. Metropolitan turnover is \$2,349.3 million (78.8%) and non-metropolitan is \$632.1 million (21.2%). Total wagering comprises:-

Manner of Wagering	Amount \$ Million	% of Total Wagering
TAB Off-Course	2,262.5	75.9
Totallisator On-Course	163.2	5.5
Bookmakers On-Course	251.3	8.4
Bookmakers Off-Course	304.4	10.2
All Wagering	2,981.4	100.0

Wagering included in the above summary includes all thoroughbred turnover on Australian race meetings with TAB, plus all bookmaker investments.

Total TAB Off Course

TAB off course turnover for VIC totals \$2,262.5 million. Of this total more than \$1,800 million is invested on metropolitan race meetings and more than \$450 million on non-metropolitan race meetings.

Total Wagering On Course

Total on course tote betting is about \$163 million, with \$118.9 million (72.9%) of this investment made at metropolitan race meetings, and \$44.3 million (27.1%) on non-metropolitan meetings.

Total on course betting with bookmakers exceeds \$250 million, with \$175.9 million (70%) of this investment on metropolitan race meetings and \$75.4 million (30%) at non-metropolitan race meetings. This investment includes any telephone bets received at the racecourses.

Average on course wagering per head for about 1,700,000 customers attending VIC thoroughbred race meetings was \$98.72 on the totalisator and \$152.01 with bookmakers.

Total Bookmakers Off Course

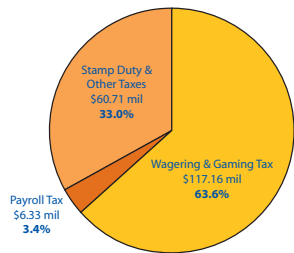
Total turnover with bookmakers off-course for VIC was more than \$300 million. This amount comprised more than \$240 million on metropolitan race meetings, and

about \$60 million on non-metropolitan thoroughbred meetings.

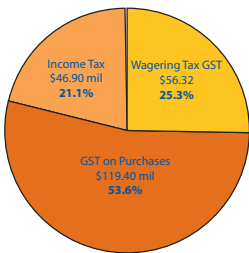
10.7 Taxation Impacts Generated

Thoroughbred racing in VIC is responsible for the generation of more than \$184.20 million for the State Government and \$222.62 million for the Federal Government. The following chart illustrates the estimated composition of this taxation revenue:-

State Government
Taxation Revenue



Federal Government
Taxation Revenue



These taxes are generated by the thoroughbred racing industry's operations at all levels. GST on Purchases contribute the largest dollar value amount at \$119.40 million, to the Federal Government.

11.0 Western Australia

11.1 Overview

Dynamic Growth in Western Australia

The latest year has been one of dynamic growth – by far the most successful since the establishment of RWWA in 2003. The mission of RWWA is to “provide strategic direction in the development, integrity and welfare of the Racing Industry in Western Australia (WA), ensuring its competitiveness and long-term commercial viability for the benefit of industry stakeholders; and to position RWWA as a competitive and responsible organization providing a major source of funding for the development of racing and sports in WA.” The three core values are teamwork, customer focus and professionalism. Highlights of the 2005-06 season have been:-

Dynamic Growth	Results Achieved
Increased Stakes	There was a 30% increase to \$41 million in stakes and owner incentive payments for all three codes. Distribution for all racing stakes, club operations other subsidies and grants grew from \$75.9 million in 2005 to \$87.6 million in 2006 – a healthy 15.4% boost that was beyond budget expectations.
Breaking the \$200 million Barrier	TAB wagering on WA thoroughbred racing exceeded \$200 million for the first time – up from \$185 million the previous year.
Attendance Growth	Perth Racing conducted an extremely successful Ascot Summer Carnival, with a record attendance of 11,716 patrons at the Railway Stakes meeting – up 83% on the previous year.
Totalisator Growth	Thoroughbred totalisator on-course turnover for the entire State totalled \$52 million – up 5% on the previous year. Record WA TAB turnover was achieved for all Ascot Summer Carnival meetings.
Thoroughbred Auction Growth	The Magic Millions February Thoroughbred Auction achieved a 39% growth in aggregate sales to \$11.2 million. Average price per lot rose by 24% to \$38,892, and a new record WA yearling price of \$210,000 was set.
Regional Growth	One of the most outstanding performances was by the Bunbury Turf Club which conducted a very successful “Carnaval” promotion during Bunbury Cup Week, with record attendance and turnover both on and off course on Cup Day.

Attendance Highlights

WA’s strong focus on achieving customer growth at the coalface paid dividends at some thoroughbred clubs, with very strong growth in attendance near a number of remote mining centres:-

Racing Club	Attendance 2004-05	Attendance 2005-06	% Change
Albany R.C.	4,855	8,360	72%
Broome T.C.	19,503	24,853	27%
Bunbury T.C.	29,005	37,000	28%
Carnarvon T.C.	1,895	10,000	428%
Geraldton T.C.	3,850	18,797	388%
Northam T.C.	13,541	18,890	40%
WA T.C.	199,231	228,216	15%

11.2 Direct Spending by the Racing Industry

Total Direct Spending

The direct spending of the racing industry comprises the money spent by the participants, the clubs, and the customers, plus the direct money that flows as a result to Government, TABs and bookmakers for further stimulation of the economy. Total direct spending in WA is \$267.3 million. This spending represents about 7.1 per cent of the national direct spending. A total of \$159.7 million (59.7%) is spent in the metropolitan area and \$107.6 million (40.3%) in non-metropolitan areas.

Direct Spending by Participants

The participants include breeders, trainers, jockeys and owners. In WA these participants spend a total of \$116.8 million per annum. Of this total \$63.0 million (53.9%) is spent in the metropolitan area and \$53.8 million (46.1%) in non-metropolitan areas. The largest single spending component is the \$37 million spent by breeders in non-metropolitan regions. This spending represents more than 40% of all participant spending.

Direct Spending by Customers

Customers spend substantial money off-course in supporting the racing industry, including money spent on accommodation, meals, travel, retail purchases, tourism visitations, personal services such as hair care, and fashion items such as clothing, shoes, hats, and jewellery. This direct spending by customers totals \$15.6 million with almost \$8.5 million (54.1%) stimulating business within the metropolitan area.

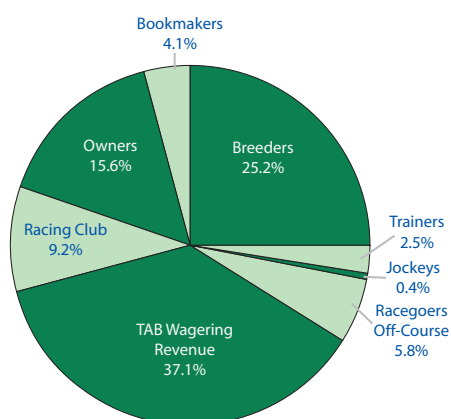
Direct Spending by Race Clubs

WA race clubs spend a total of \$24.7 million – 2.8% of the national total for all clubs. Metropolitan race clubs spend about \$5.7 million (23%) and non-metropolitan clubs spend \$19 million (77%).

Direct Spending from Wagering

Revenue from racing passes to the Government, and much of this money is re-invested in the racing industry by way of grants and services. The Government share of net wagering revenue is estimated to be about \$56.8 million a year. Money also passes to the TAB (RWVA) which receives a share of net wagering revenue (that money which is left after punters receive their winnings). The TAB share of net wagering revenue is estimated to be about \$45 million. Net wagering revenue generated by bookmakers totals approximately \$10.8 million.

Direct Spending by Category



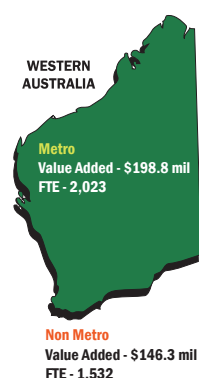
11.3 Economic Impacts

The following table illustrates the current macroeconomic impacts generated by thoroughbred racing in WA:-

Macroeconomic Indicator	WA
Real Gross Value Added	\$345.1 mil
Real Consumption	\$166.2 mil
International Exports	\$53.1 mil
International Imports	\$75.6 mil
Employment	3,555 FTE

It is estimated that thoroughbred racing in the WA generates \$345.1 million in real gross value added. This represents 0.35% of the total gross state product generated by WA.

This economic activity is responsible for the direct and indirect employment of more than 3,550 persons in full time equivalent (FTE) work. It is important to note that the measure of FTE does not represent the actual number of people for whom employment in some capacity is maintained. In actual fact, some 14,212 people are employed in a full time, part time, casual or self employed manner by the racing industry.



11.4 Racing Club Activities

Western Australia is home to 39 thoroughbred racing clubs that host more than 300 race meetings each year. Perth Racing, the sole metropolitan race club, is responsible for almost 30% of the race meetings in Western Australia throughout the season.

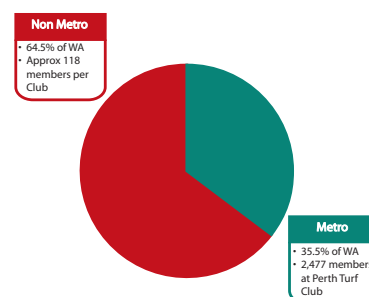
The following table details the nature of the racing season:

	Metro	Non Metro	Total	% of Australia
No of Racing Clubs	1	38	39	10.0%
No of Race Tracks	2	37	39	10.8%
No of TAB Meetings	90	139	229	10.9%
No of Non-TAB Meetings	-	73	73	5.4%
Number of Picnic Meetings	-	3	3	4.3%
Number of Races	729	1,506	2,235	9.3%

The number of on-course customers for 2005-06 season in WA was about 450,000.

This represented an average attendance of 2,536 customers for each metropolitan race meeting, and an average attendance of 1,027 for each non-metropolitan race meeting. Whilst these customers spend money at the races, some also generate spending in the community (transport, accommodation etc.) This additional spending equates to more than \$16 million as a result of their attendance at the races. In the case of local residents, the impact of this spending mostly occurs on course, however when an events like the Ascot Summer Racing Carnival occurs, interstate and/or overseas visitors are attracted, and the impact flows to other areas like tourism, accommodation and retail.

Whilst it often comprises a small proportion of total club revenue, racing club memberships play a vitally important role in the existence of a racing club. The following chart illustrates the membership profile of thoroughbred racing in WA:



Thoroughbred racing clubs in WA support the full time, part time or casual employment of more than 2,200

people each year. In addition to this, more than 1,700 people volunteer their services to racing, fulfilling important roles such as: gate attendants, gardening, committee roles, food & beverage service, information services, maintenance, cleaning and car parking.

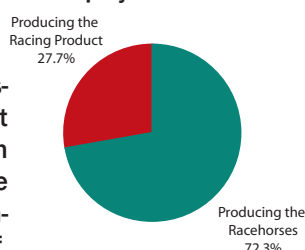
Racing clubs in WA spend in excess of \$24.7 million each year in operations and maintenance costs. Metropolitan clubs account for about 23% of this spending.

11.5 Participants in Racing

More than 23,000 people are either employed or participating in thoroughbred racing in Western Australia. Of this amount, thoroughbred racing is directly responsible for the full-time, part-time or casual employment of more than 16,200 people.

The racing industry in WA is sustained through the investment of 10,271 people who have an involvement in preparing the racehorses – the breeders, owners and trainers and their staff.

The remaining employees and participants are involved in preparing for and presenting the raceday product. This includes those who work year round for the race club, those contractors brought in for particular racedays, and TAB and bookmaker staff servicing raceday betting.



Participant Type	Metro	Non Metro	Total	% of Aus
Breeders	425	574	999	10.1%
Staff Employed by Breeders	829	1,177	2,005	10.0%
Owners	3,667	3,017	6,684	8.6%
Trainers	139	130	269	5.7%
Staff Employed by Trainers	229	85	314	7.1%
Total Participants in Producing the Racing Thoroughbreds	5,289	4,982	10,271	
Paid Full Time Staff	78	14	92	6.1%
Paid Part Time Staff	1,800	740	2,540	22.0%
Paid Board Members	-	-	-	-
Contractors	120	455	575	6.3%
Bookmakers	22	22	44	6.0%
Bookmakers Staff	23	24	47	3.2%
Jockeys	24	22	46	3.9%
TAB Wagering Staff	209	388	597	11.3%
Total Participants in Producing the Racing Product	2,276	1,665	3,941	
Unpaid Board Members	8	335	343	7.8%
Unpaid Volunteers	-	1,400	1,400	15.1%
Total Number of Direct & Indirect Participants	7,573	8,717	16,290	
Employed in support industries	2,049	4,670	6,719	10.0%
Total Job & Participant Base	9,622	13,387	23,010	

More than 6,700 people are employed in a full-time, part-time or casual manner in other industries that provide support to racing.

11.6 Wagering

Total Wagering

Total wagering turnover on thoroughbred racing for WA exceeds \$860 million – about 7.3% of the national total. Metropolitan turnover is \$687.3 million (79.9%) and non-metropolitan is \$173 million (20.1%). Total wagering comprises:-

Manner of Wagering	Amount \$ Million	% of Total Wagering
TAB Off-Course	707.3	82.2
Totallisator On-Course	38.7	4.5
Bookmakers On-Course	91.2	10.6
Bookmakers Off-Course	23.1	2.7
All Wagering	860.3	100.0

Wagering included in the above summary includes all thoroughbred turnover on Australian race meetings with RWWA, plus all bookmaker investments. WA has the highest proportion of TAB off course betting (82.2%) of any State or Territory in Australia.

Total TAB Off Course

TAB off course turnover for WA totals \$707.3 million. Of this total more than \$560 million is invested on metropolitan race meetings and more than \$140 million on non-metropolitan race meetings.

Total Wagering On Course

Total on course tote betting is about \$38.7 million, with \$25.2 million (65.1%) of this investment made at metropolitan race meetings, and \$13.5 million (34.9%) on non-metropolitan meetings.

Total on course betting with bookmakers exceeds \$91.2 million, with \$76.7 million (84.1%) of this investment on metropolitan race meetings and \$14.5 million at non-metropolitan race meetings. This investment includes any telephone bets received at the racecourses.

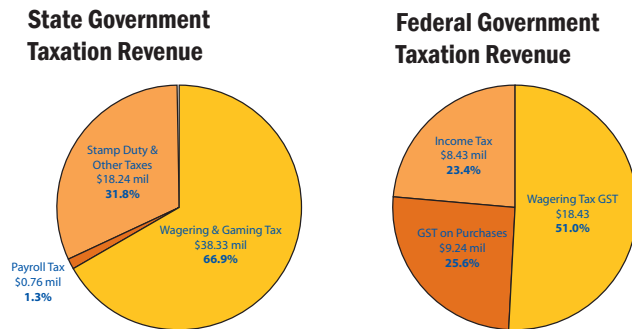
Average on course wagering per head for about 448,000 customers attending WA thoroughbred race meetings was \$86.21 on the totalisator and \$203.15 with bookmakers.

Total Bookmakers Off Course

Total turnover with bookmakers off-course for WA was more than \$23.1 million. This amount comprised more than \$19.6 million on metropolitan race meetings, and about \$3.5 million on non-metropolitan thoroughbred meetings.

11.7 Taxation Impacts Generated

Thoroughbred racing in WA is responsible for the generation of more than \$57.33 million for the State Government and \$36.10 million for the Federal Government. The following chart illustrates the estimated composition of this taxation revenue:-



These taxes are generated by the thoroughbred racing industry's operations at all levels. Wagering and Gaming contribute the largest dollar value amount at \$38.33 million, to the State Government.

1. Introduction

IER has undertaken this analysis using an especially adapted version of the MONASH Multi-Regional (MMR) model. MMR is a bottom-up economic model of Australia's six states and two territories.

A brief overview of the existing model and the enhancements undertaken for this study are given in Section 2. Aspects of simulation design are described in Section 3.

2. Model Overview and enhancements

2.1 Overview of the existing model

MMR is a very detailed dynamic, multi-sectoral, multi-regional model of Australia. The version of the model used in this study distinguishes 55 industries, 57 products, 8 states/territories and 56 sub-state regions. The industries are described in Table A. The geographic boundaries of the sub-state regions are shown in Figure A.

There are five types of agents in the model: industries, capital creators, households, governments, and foreigners. For each industry in each region there is an associated capital creator. The sectors each produce a single commodity and the capital creators each produce units of capital that are specific to the associated sector. Each region in MMR has a single household and a regional government. There is also a federal government. Finally, there are foreigners, whose behaviour is summarised by export demand curves for the products of each region and by supply curves for international imports to each region.

MMR determines regional supplies and demands of commodities through optimising behaviour of agents in competitive markets. Optimising behaviour also determines industry demands for labour and capital. Labour supply at the national level is determined by demographic factors, while national capital supply responds to rates of return. Labour and capital can cross regional borders so that each region's stock of productive resources reflects regional employment opportunities and relative rates of return.

The specifications of supply and demand behaviour co-ordinated through market clearing equations comprise the general equilibrium (GE) core of the model. In addition to the core there are five blocks of equations, covering:

1. Regional and federal government finances;
2. The operation of regional labour markets;
3. Inter-temporal links between investment and capital;
4. Greenhouse and energy accounting; and
5. The disaggregation of state results down to results for sub-state regions.

Of these additional blocks of equations, the sub-state regional disaggregation facility plays the most important role in the modelling reported in this paper. The facility is explained below.

Disaggregation to sub-state regions

Few multi-regional models of the Australian economy have the level of sectoral detail supported by MMR. This detail is usually more than adequate for contributions to public discussions on the effects of changes in policies concerning taxes, trade and the environment. However, people wanting to use MMR in business and public sector planning are often frustrated by the lack of relevant regional detail. This applies especially to people interested in regional adjustment issues.

It is with these people in mind that we have incorporated into MMR a tops-down method that enables disaggregation of state-level results for output, employment and greenhouse-gas emissions down to projections for 56 sub-state regions (Figure A).

These regions are based on the Statistical divisions defined in the Australian Standard Geographical Classification (ABS catalogue number 1216.0). Our division structure differs slightly from that of the ABS. We combine the ABS's Darwin and Northern Territory - balance divisions into one division, Northern Territory. Similarly, Canberra and ACT

- balance are combined into one division, Australian Capital Territory. Note that both territories are distinguished as separate regions in MMR. Hence, the tops-down disaggregation facility provides no additional detail for them. We also adopt a slightly different regional classification for WA than that defined by the ABS. Our WA regions are based on the classification used by the WA department of Commerce. Finally, we identify the energy intensive La Trobe Valley in Victoria as a separate region (region 24), with 23 Gippsland defined to include all areas in the ABS statistical division Gippsland other than the La Trobe Valley.

The methodology for tops-down regional disaggregation involves firstly classifying each of MMR's industries (Table A) into one of two categories: state and local. State industries produce commodities that are readily traded across sub-state regional boundaries. Examples are most agricultural and mining industries. The regional outputs of industries producing state commodities are assumed to move in line with the state-wide percentage rates of change calculated by MMR.

Local industries produce commodities for which demand within each sub-state region is satisfied mainly from production in that region. Examples include perishable items and services like wholesale and retail trade. The outputs in each region of industries producing local commodities are modelled as depending mainly on demand within the region. In calculating the local demand for the output of local industry *j*, MMR takes account of:

1. intermediate and investment demands both by local industries and by state industries located in the sub-state region;
2. the region's household demands, which are a function of population and employment changes and of the change in consumption at the state level;
3. government demand; and
4. (if industry *j*'s output is a margin commodity like transport) the usage of industry *j*'s product in facilitating the flow of local and state commodities within the sub-state region and international export flows out of the region.

This gives our regional calculations a multiplier property: the effect on a sub-state region's overall level of activity of a favourable mix of state industries is multiplied through induced effects on the output and employment of the region's local industries.

In the regional disaggregation we allow for the possibility of some demand for local commodities outside the region of their production, but not from outside the state in which the region is located. This is because our data imply that for almost all commodities there is at least some imbalance at the sub-state regional level between demand and supply.

2.2 Enhancements for current project

In the standard version of MMR as described above, activities associated with racing (breeding, training, racing club operation and wagering) are included in two larger composite industries. Specifically, the activity of breeding is part of industry 1 Agriculture – animals and the activities of training, racing club operation and wagering are included in a residual services industry. Having breeding and stud operation in a separate agricultural composite industry does not pose special difficulties for this study. However, having the remaining racing activities lumped together with non-racing services does pose difficulties with respect to reporting and to simulation design. To avoid problems we have split the residual services category into the following four new industries (see Table A).

- 51 Thoroughbred racing which consists of enterprises engaged in operating facilities specially used and designed for the thoroughbred racing industry (including horse training, racing club operation and those parts of totalisator agency operation and bookmaker operations dealing with thoroughbred racing;
- 54 Services nec – comprising the remainder of the previous miscellaneous services composite (primarily non-racing cultural and recreational services).

The input structures of the racing industries have been assembled using data provided by IER. Key inputs to each industry are:

- Agriculture – animals (the horses and dogs used in racing);
- Labour (wages, salaries and supplements paid to jockeys, training staff, racing club staff, etc.);
- Materials and services associated with running training operations, racing clubs and betting facilities; and
- Capital (for which profit is the return).

Note that prize money, which is allocated from wagering revenue received by the totalisator agency, is part of the profit of each racing industry.

The new industries sell racing services only to households. The basic value of racing services output equals, broadly, the sum of training fees, the value of racing club admittances and membership and the gross value of wagering. The value purchased by households equals the basic value of racing output plus the value of government gambling taxes.

We assume that the household elasticity of demand for racing services in each state is very high, reflecting the ease with which consumers from one state can shift their betting expenditure to another state in response to changes in relative prices. This means, for example, that an increase in price of racing services in Victoria relative to the price of racing services in NSW will induce a large shift in demand away from Victorian racing towards NSW racing.

3. Simulation design

In generating our results, we model a scenario that we have called the basecase

1. Basecase. The basecase is a sequence of annual forecasts for the Australian and state economies constructed using state/territory macroeconomic forecasts from Access Economics and historical trends for changes in industry production technologies and household preferences. In effect, this scenario shows what is expected to happen to regional economies and industries (including the new racing industries) under business-as-usual assumptions for external factors such as government policies and foreign trade.

Key structural assumptions

Supply-side structure

The standard MMR treatment of input-structure applies to all industries, including the three new racing industries. Capital and agricultural land is assumed to be industry specific, while there is only one type of labour employed by all industries in all regions. There is no explicit allowance for natural-resource (ore body) as a fixed factor of production in mining. Trade elasticities for international and interstate imports and exports are available on request.

Labour markets

At the national level, we assume that the deviation in the national real wage rate from its basecase level increases in proportion to the deviation in economy-wide employment from its basecase level. Eventually, the real wage adjustment eliminates the deviation in national employment. Thus in the long-run the national labour-market impacts of the policy changes will be revealed as changes in the national real wage rate, rather than as changes in national employment.

At the state/territory level, we assume that labour is imperfectly mobile between state economies. Thus a region that is favourably affected by the policy changes (Vic) will experience a mix of increased employment and increased wage-rates relative to regions that are less favourably affected.

People move between regions so as to maintain unemployment-rates at their basecase levels.

Public expenditure, taxes and government budget balances

We assume that real consumption by regional governments moves in line with real household consumption in the corresponding regions and that real consumption by the federal government moves in line with national real household consumption. We assume that all indirect tax rates, other than those required to implement the shocks, have the same values as in the basecase simulation. The Federal government's budget balance is fixed to its basecase value via endogenous adjustments to the average PAYE tax rate. State government budget balances are fixed via endogenous changes in direct transfer payments to households.

Consumption, investment, ownership of capital and measurement of welfare

In each year of the deviation scenarios, the composition of aggregate real consumption across states/territories diverges from its basecase level by an amount reflecting the divergence in real income available to residents. In calculating real income available for consumption we take account of: direct income from factors (with an allowance for the net flow of foreign income); income from other sources such as government welfare payments; and income tax. Because the balances on government accounts are kept fixed, the sums of the impacts on real private consumption and real public consumption in each region are reliable indicators of the impact of the policy changes and the impact of removing racing on the economic welfare of incumbents.

Rates of return on capital

In deviation simulations MMR allows for short-run divergences in rates of return on industry capital stocks from their levels in the basecase forecasts. Such divergences cause divergences in investment and capital stocks. The divergences in capital stocks gradually erode the divergences in rates of return, such that in the longer term rates of return have returned to their basecase values.

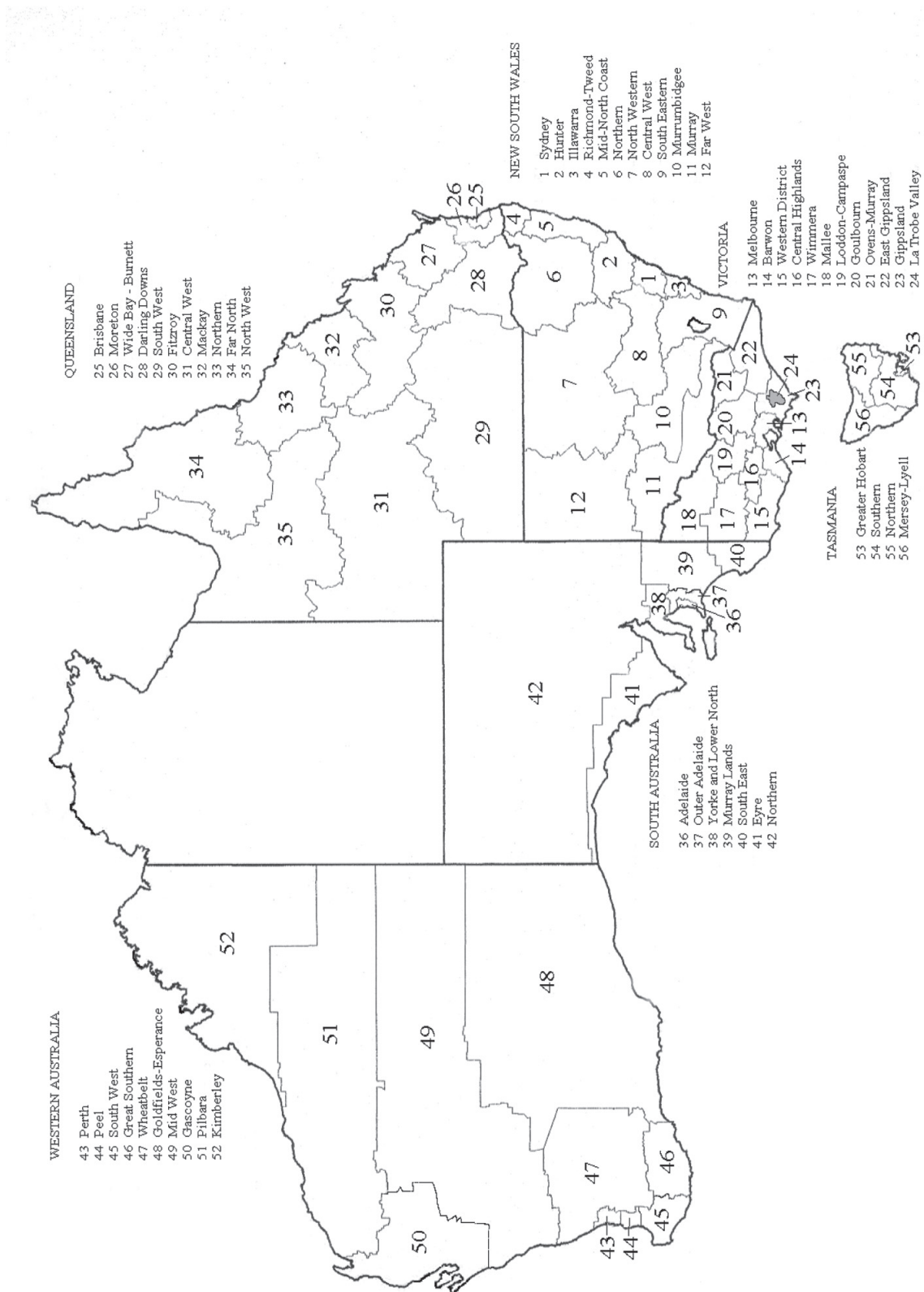
Production technologies

MMR contains many types of technical change variables. In the deviation simulations we assume that all technology variables, other than those required to implement the shocks, have the same values as in the basecase simulation.

Table A: Industries in MMR *

Name	Description of major activity
1. Agriculture - animal	Primary agricultural activities related to animals
2. Agriculture - other	Other primary agriculture
3. Forestry	All forestry activities, including logging and management
4. Fishing	Fishing and hunting
5. Coal	Mining of coal
6. Oil	Mining of oil
7. Gas	Production of natural gas at well
8. Iron ore	Mining of iron ore
9. Other mineral ore	Mining of ore other than iron
10. Other mining	Other mining activity
11. Food products - animal	Processed food related to animal
12. Food products - other	Other food products
13. Drink	Drink products
14. TCF	Textiles, clothing and footwear
15. Wood products	Manufacture of wood (including pulp) products
16. Paper products	Manufacture of paper products
17. Manufacturing nec	Manufacturing products not elsewhere classified
18. Petroleum products	Manufacture of petroleum products
19. Chemical prods. excl. petrol	Manufacture of basic chemicals and paints
20. Plastic and rubber products	Manufacture of plastic and rubber products
21. Building prods (not cement & metal)	Manufacture of non-metallic building products excl. cement
22. Cement	Manufacture of cement
23. Iron and steel	Manufacture of primary iron and steel.
24. Alumina and aluminium	Manufacture of alumina and aluminium
25. Other metal products	Manufacture of other metal products
26. Transport equipment	Manufacture of transport equipment
27. Other equipment	Manufacture of equipment other than transport equipment
28. Electricity - coal	Electricity generation from coal (black and brown) thermal plants
29. Electricity - gas	Electricity generation from natural gas thermal plants
30. Electricity - oil prods.	Electricity generation from oil products thermal plants
31. Electricity - hydro	Electricity generation from renewable sources - hydro
32. Electricity - biomass	Electricity generation from biomass
33. Electricity - biogas	Electricity generation from biogas
34. Electricity - other	Electricity generation from other renewable sources (mainly wind)
35. Electricity supply	Distribution of electricity from generator to user
36. Urban gas distribution	Urban distribution of natural gas
37. Water and sewerage services	Provision of water and sewerage services
38. Construction services	Residential building and other construction services
39. Trade services	Provision of wholesale and retail trade services
40. Accommodation and restaurants	Provisions of services relating to accommodation, meals and drinks
41. Road transport services	Provision of road transport services
42. Rail transport services	Provision of rail transport services
43. Water transport services	Provision of water transport services
44. Air transport services	Provision of air transport services
45. Other transport services	Provision of water, air and rail transport services
46. Communication services	Provision of communication services
47. Financial services	Provision of financial services
48. Dwelling ownership	Services of dwellings
49. Business services	Provision of business services
50. Public services	Provision of public services
51. Thoroughbred racing	Services from the thoroughbred racing industry (training, racing clubs, etc.)
52. Harness racing	Services from the harness racing industry (training, racing clubs, etc.)
53. Greyhound racing	Services from the greyhound racing industry (training, racing clubs, etc.)
54. Services other	Services nec
55. Private transport service	Services of the private stock of motor vehicles

* For most of the products identified in this table there is an obvious correspondence to one or more standard categories in the Australian and New Zealand Standard Industrial Classification (ANZSIC). The exceptions are: industries 28 to 35, which together comprise ANZSIC 3610 Electricity Supply; industry 48; which is equivalent to the Ownership of dwellings industry in the official Input/Output statistics; industries 51 to 53 (specially created for this project) which comprise parts of ANZSIC 9311 Horse and Dog racing and ANZSIC 9329 Gambling Services nec; and industry 55, which relates to the provision of vehicle car services.



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Disclaimer

The Economic & Social Impacts of the Australian Thoroughbred Racing Industry has been compiled following IER's assessment of data provided by the principal racing authorities (PRA's) in Australia, Racing Information Services Australia, the Stud Book and previously completed reports at State level. Data provided to IER by these authorities has been accepted in good faith and without audit.

Any conclusions contained herein are based on data received from these authorities and secondary analysis from other data sources by IER. It is the opinion of IER that combined primary and secondary data provided sufficient grounds to accurately estimate the economic impacts generated by the Australian Thoroughbred Racing Industry.

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