

Economic Impact Study

2009 Watpac Inter Dominion

Parklands Racing Centre

Gold Coast Australia

April 2009



2009



Executive Summary

PURPOSE OF THE STUDY

The purpose of this study was to provide an assessment of the economic impacts generated by 2009 Watpac Inter Dominion before (ID09). These economic impacts relate primarily to the Gold Coast Region.

METHODOLOGY

More than 750 racing customers provided detailed spending, attendance and demographic data for this study. Additionally, participants were canvassed in order to understand the impacts they generate when bringing interstate or international horses to compete in the Inter Dominion series.

DIRECT SPENDING

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

- ID09 generated more than \$9.1 million in direct spending in the Gold Coast alone
- More than \$1.4 million was spent in retail outlets in the Gold Coast
- More than \$220,000 was spent on Tourist Attractions in the Gold Coast
- A further \$1.27 million was spent in other parts of Queensland by tourists.

The 2009 Watpac Inter Dominion was responsible for the generation of just under \$10.4 million in Queensland - \$9.1 million of which was in the Gold Coast region.

TOURISM IMPACT

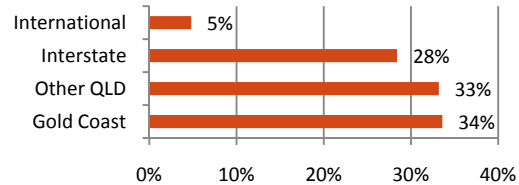
ID09 generated significant tourism impacts for the Gold Coast region:-

- Just over 7,000 individuals travelled to the Gold Coast to attend ID09.
- It is estimated that these visitors generated more than 11,900 bed nights in commercial accommodation during their stay.
- This accommodation consumption delivered \$1.89 million in spending for the accommodation sector in the Gold Coast.
- The average interstate visitor (who travelled primarily to attend ID09) stayed 3.2 nights, whilst international visitors stayed 6.7 nights.

CUSTOMER DEMOGRAPHICS

The research revealed that there were slightly more males (54.4%) than females (45.6%) in the audience. More than 26% of the audience was aged 18-39 across both domestic and tourist segments. The following chart illustrates the origins of attendees:-

ID09 Attendee origins



ECONOMIC IMPACTS

The economic impact measures the amount of spending that actually contributes to growth of the Gold Coast economy.

- Non local visitors, who travelled to the Gold Coast to attend ID09, generated total value added of \$8.8 million. This is the amount that hits the bottom line of the Gold Coast economy.
- Not all of the direct spending generated by visitors' benefits the Gold Coast economy, as some monies leak out of the local area, into surrounding economies.
- This economic activity is responsible for the creation or sustenance of 113 full time equivalent positions in the Gold Coast. Some of these positions are created, however the majority already exist and are maintained due to the anticipated increased demand that the event brings.
- The wagering in Queensland on ID09 events was responsible for generating just under \$100,000 in wagering tax revenue. Whilst a little more than \$41,000 is distributed to the Federal Government as GST, the majority ultimately is returned to the State.

Essentially, the economic modeling reveals that for every \$1 mil in economic benefit generated by ID09, 13 full time equivalent positions were created or sustained.

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Overview

Contested since 1936, the **Inter Dominion** is the pinnacle race on the Australasian harness racing calendar attracting horses from around Australia, New Zealand and the USA. Historically, the host of the series has been rotated between the 6 harness racing states of Australia and the North and South Islands of New Zealand.

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

ID09 at Parklands on the Gold Coast, was held over three weeks, with the final being held on Saturday 28th March. Mr. Feelgood, a former North American pacing champion, was victorious beating the Australian and Kiwi Favourites, Blacks a Fake and Auckland Reactor.

Under the current rotational system, host venues have been confirmed for the next three Inter Dominion championships. They are;

- 2010 – Sydney, New South Wales (Tracks – Harold Park, Newcastle & Menangle)
- 2011 – Christchurch, New Zealand (Track – Addington)
- 2012 – Perth, Western Australia (Track – Gloucester Park)

It is anticipated that the 2010 championships will be held during the same period of the year as ID09 (March). Timeslots for the 2011 and 2012 championships have yet to be determined. Post 2012, it is anticipated that the Inter Dominion will be allocated to a more permanent venue in order to better build the profile of the event



Objectives of the Study

The primary purpose of this report is to provide an independent assessment of the economic impacts generated by ID09 on the Gold Coast. The economic impacts, where possible, will be identified in terms of both the Gold Coast and Queensland economies.

The main objectives of the study are:

1. To provide an independent estimate of the economic impacts generated by the Inter Dominion including:-
 - a. Direct expenditure generated by Customers
 - b. Value added contribution to Gross Regional Product
 - c. FTE employment impacts generated by the Series
 - d. State and Federal Government revenue generated by the Series
2. To provide a basis for long term benchmarking and time-series analysis on key event and economic impact indicators.
3. To identify the number of interstate and overseas visitors who came to the Gold Coast for the Inter Dominion and assess the flow on tourism benefits that are generated.
4. To report on visitor spending patterns at the racecourse and also in the community during their visit.
5. To provide valuable marketing information that positions Harness Racing Australia, its members and future host clubs for increased corporate, public and government support.

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

- **Direct expenditure:-** the calculation of direct expenditure effectively measures the total spending generated by all customers and participants involved in the ID09 series. This measure is not an attempt to quantify the ultimate growth impact on the economy (this is achieved through the calculation of value added impacts). Rather, this measure provides an indication of the economic stimulus that is generated by the event which provides direct impacts on businesses in the Gold Coast region.
- **Value added contribution:-** the calculation of value added contribution generated by ID09 is a measure that quantifies the extent to which hosting the event in the Gold Coast increases the value of Gross Regional and State Products. Essentially, the extent to which ID09 grows the local and Statewide economies is driven by the ability to attract visitors to the region and, to a lesser extent, the ability to retain local resident spending that would otherwise be lost to another market (i.e. if the Inter Dominion was held in another State or Country.)

- **Gross Regional Product:-** is defined, essentially, the same way as Gross State Product, albeit on a regional level (i.e. Gold Coast economy). It is a measure of the value of goods and services becoming available to the State as a result of economic activity in the nation.
- **FTE employment impacts:-** the extent to which employment impacts can be allocated against ID09 depends upon the determination of the level of economic activity generated by the event. Employment that is identified as being a result of the increased in demand and expenditure generated by the event, leads to an increase in the level of full-time and/or part-time employment in the region. Outputs are referred to in terms of full time equivalent (FTE) positions and takes into account both full time and part time employment.
- **State and Federal Government revenue:-** the extent to which wagering activity delivers taxation revenues to the State and Federal Governments. Whilst economic activity also delivers taxation revenues through direct taxes (PAYG, GST etc.), it is the wagering tax which is uniquely generated by harness racing activities.

Study Methodology

The assessment of the economic impacts associated with ID09 is underpinned by a detailed and considered study methodology, as outlined:-

SURVEY DEVELOPMENT

The surveys used for face to face interviews within this study were developed in line with the methodology that has been employed for many other racing events and carnivals. Whilst many of the questions remained static, there were subtle differences to reflect the different profiles of attendees. The main differences were based on the customer type and visitor origin. The following examples illustrate the main purpose for developing different survey tools:-

- Different customer types require different analysis. For instance: - Corporate guests are invited to the races and generally do not pay for entry, racebook or food and beverages. General admission guests would spend on all of these items.
- The origin of the respondent plays a role in the types of questions asked. For instance: - It is important to establish for travelling attendees, whether ID09 was the primary purpose for their travel to the Gold Coast. This is not required for a local resident.

Whilst a single survey tool could achieve this, through a complex series of directions, IER believes that it is more effective to separate the survey into two primary tools.

SAMPLING DESIGN

In attempting to determine the population demographics from the ID09 audience, IER developed a thorough sampling design. This sampling process allowed for the development of customer data samples from within each of the following customer groups:-

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

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

Field staff were sent to each of the three days of ID09 and distributed within the different areas of the racetrack. Events such as ID09 are not able to quantify the exact population demographics of their audience. They must, therefore, rely upon the sampling process to deliver the information that is ultimately used to define the audience.

In order to deliver a sample that can represent the population, a random sampling process was undertaken on each of the three nights. Field staff were instructed to approach attendees randomly and to achieve the following:-

- Intercept the attendee
- Establish residence of the attendee
- Establish which area of the racetrack the attendee is spending the evening (not required where field staff were placed inside a precinct – i.e. Sprint Lane Restaurant)

At this stage, field staff asked the attendee if they would be happy to complete a survey about their attendance at ID09. Attendees were given the option of providing their email address and receiving an online survey, or completing a survey immediately by way of a face to face interview. Nearly all of those intercepted preferred to provide their survey responses at the time, through the face to face interview. Through this approach, IER collected visitor origin data from more than 750 attendees at ID09, with more than 640 agreeing to provide data through the attendee survey.

ANALYSING ATTENDEE DATA

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

DATA RECEIVED FROM PARKLANDS TRUST, HARNESS RACING QLD AND HARNESS RACING AUSTRALIA

The customer data was then supplemented by actual event data provided by Parklands Trust, Harness Racing QLD and Harness Racing Australia. This data included:-

- Wagering turnover
- Attendances (split by customer type)
- On-Course Revenues
- Details of Non-Racing social events held
- Interstate and International Participant Data

IER utilises a combination of attendee data and actual race club/industry data in the calculation of economic impacts within this study.

Economic Methodology

The assessment of economic impacts accruing from ID09 has been determined utilising a regional input output (IO) model. The results are based on a study area of the Gold Coast. It was determined that the IO approach was best suited to an event of this size. This model is based on an IO table (often referred to as the transaction table) that shows, in value terms, the supply and usage of goods and services within an economy or a region over a particular period. A row of an IO table exhibits usage by dependent industries and final demand categories of the output of each industry. The transaction table gives details of primary and intermediate inputs used in each industry. The table is balanced, as total inputs into each industry must be equal to total outputs. The advantage of using an IO table is that it allows the calculation of a set of disaggregated multipliers to measure the economic impact of an economic stimulus, such as unit increase in final demand, on output, value added, income and employment. The increase in final demand is normally measured in value terms, such as an increase of one dollar in sales to final demand by an industry.

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

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

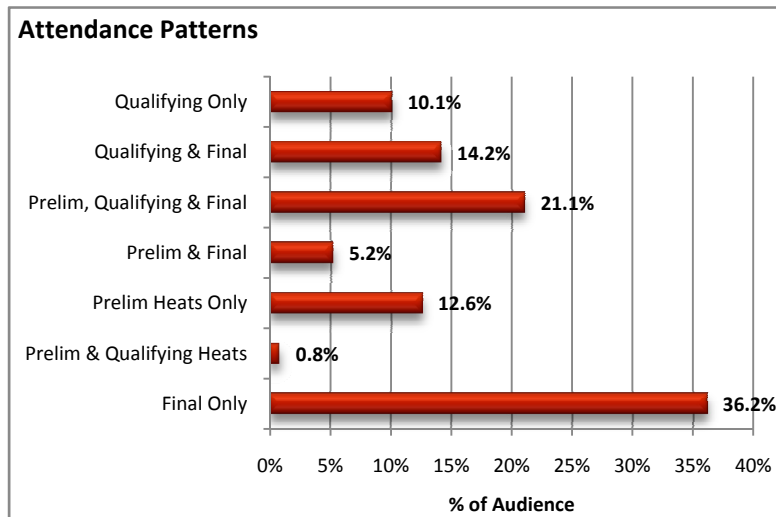
Attendance Demographics

The 2009 Watpac Inter Dominion attracted an attendance of more than 18,086¹ over the three days of the event. Nearly two-thirds of these attendances originated from outside of the Gold Coast region.

Attendance at ID09	% of Audience	Number of Attendances	Average Attendance	Number of Individuals
Gold Coast	33.6%	6,085	1.73	3,509
Other QLD	33.2%	6,001	1.73	3,469
Interstate	28.4%	5,132	1.62	3,160
International	4.8%	868	1.82	476
Total	100.0%	18,086	1.70	10,614

This is significant, as these visitors represent the considerable attraction of inbound tourists generated by ID09 for the Gold Coast region. Survey data, collected during the three days of ID09,

revealed that the average person attended 1.70 race meetings. International visitors recorded the highest incidence of multiple attendances, ahead of local Gold Coast residents, however there was little difference in this metric across the different visitor origins. The recorded attendance of 18,086 therefore reflects the actual attendance at ID09 by just over 10,600 individuals.



The chart opposite reveals the attendance patterns across the three days of ID09. Just over 36% of all individuals who responded to the customer survey, revealed that they attended the Final only. Given that the Final night attracted attendances of 2.5 times that of the preliminary and qualifying nights, this is not surprising. Just over 21% of the respondents indicated that they

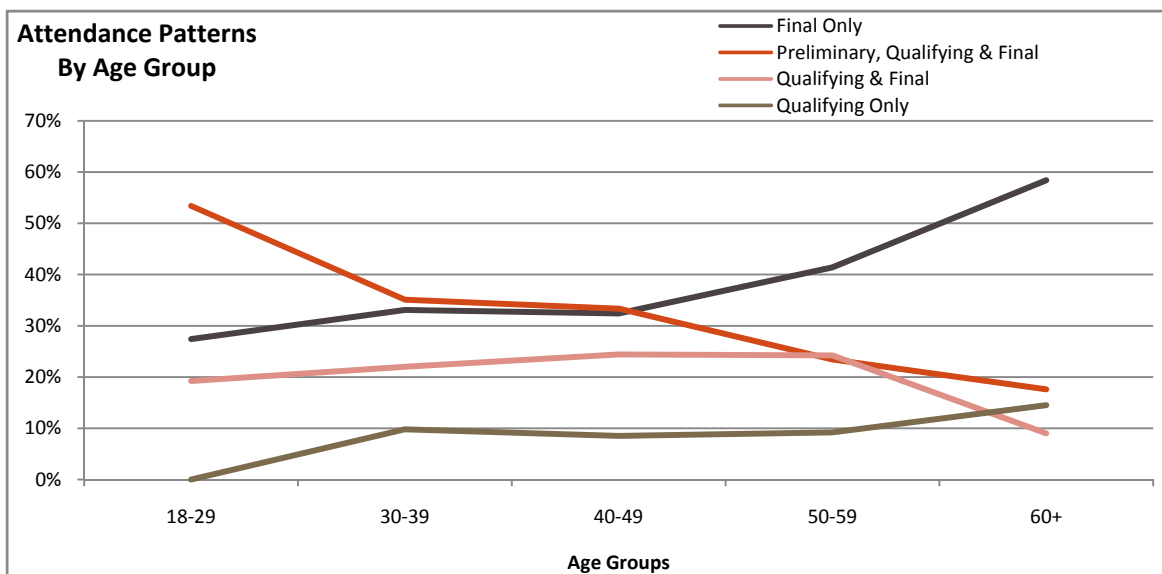
attended all three nights of ID09. This is the segment that has the greatest potential upside, as the event builds its perception as being a multi-night festival. Those who attended a single event only (i.e. Qualifying Heat – 10.1%, Prelim Heat – 12.6% and Final – 36.2%) may provide the organisers of future Interdominion Championships with the greatest opportunity for growth. Nearly 60% of respondents indicated that they only attended one event. Attracting even a small number of these respondents to a second event will have a marked impact on the growth of the event.

The 18-29 age groups recorded the highest average number of events attended (2.3). Conversely, those aged over 60 years recorded an average attendance of 1.4.

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

The following chart reveals the attendance patterns by age group:-

¹ This does not include staff who worked at ID09, but includes participants



The chart illustrates the following trends:-

- The likelihood of attending the final night only, increased in line with the age of the respondent.
- Conversely, in almost in mirror image, the likelihood of attending all three nights of ID09 decreased in line with age.

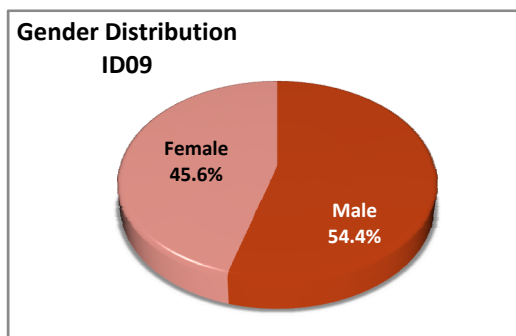
It appears, from survey data collected during the event, that the younger audience has a greater affinity with the ‘three night’ nature of the event. More than 50% of those aged 18-29 revealed that they attended each of the three nights. This fell to less than 20% of those aged over 60. There may be many reasons for this – reasons that could only be determined through more in-depth market research.

Age Group	% of audience
18-29	8.9%
30-39	18.1%
40-49	22.5%
50-59	25.0%
60+	25.5%
Total	100.0%

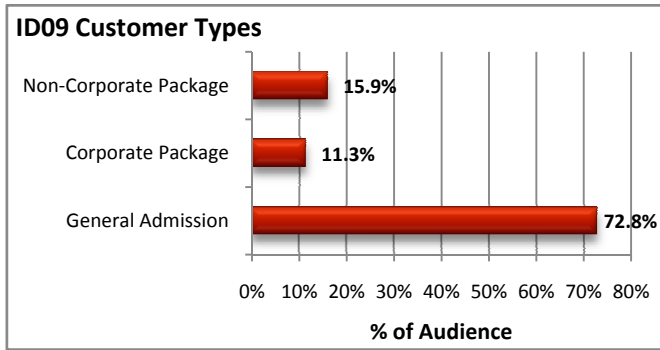
The research revealed that nearly half of the adult audience at ID09 was aged over 50 years. Given that more than 71% of those aged over 50, attended only one event, and that the 50+ age group made up 50.5% of the audience, this is a large proportion of the audience who do not appear to be embracing the three-

day nature of the event.²

The research revealed a relatively even gender distribution of the audience, with males slightly outnumbering females. Across the three events, there were more males than females in the general admission and corporate areas, whilst females outnumbered males 55% to 45% in the non corporate package areas.



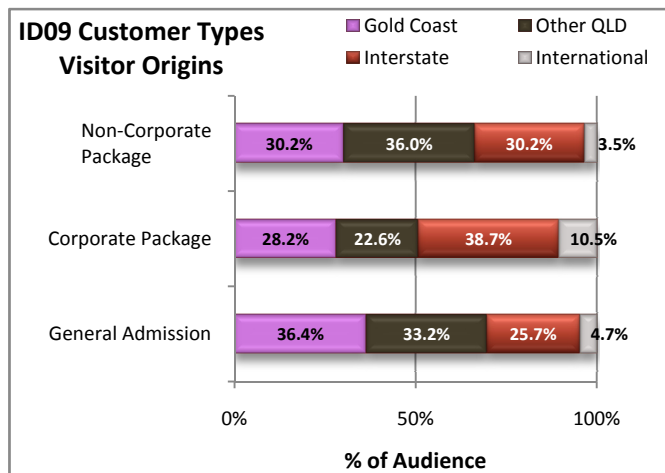
² Surveys were only conducted with adults (Over 18). As such, it is likely that the actual attendance profiles are slightly skewed. However, this is a common survey practice given the legal implications of asking certain questions of under-age respondents



Approximately 73% of those who attended ID09 were in general admission areas. Those who attended ID09 in general admission areas revealed that they attended an average of 1.58 race meetings across the three days. In contrast, corporate package guests attended an average of 1.75 race meetings, whilst non-corporate package

guests attended nearly 2 race meetings each.

From an economic impact perspective, attracting greater numbers of tourists equates to an increase in benefits for the local economy. More than 30% of the attendances were attracted from outside of Queensland – quite a significant result in the context of other events of this nature. From a Gold Coast economy perspective, the 63% of attendances attracted from outside the local area represent a considerable economic impact on the economy. However, further investigation of the customer segments reveals that higher yield packages tend to provide stronger impetus for the attraction of tourists.



The chart opposite reveals that interstate guests are proportionally, more than 50% more likely to attend in a corporate package than in general admission. International visitors are more than 100% more likely. The attraction of interstate and international guests provides proven higher yields because:-

- Previous research at similar events³ has proven that interstate and international visitors have a greater propensity to purchase higher value tickets and packages. If they are making the effort in getting to the event (airfares, accommodation etc.), then they are likely to desire, and pay for, a higher experience package. Many visiting guests have a much higher spending threshold (the tourist effect)⁴ than local residents who are operating under their everyday budget
- The tourism industry, and by extension the broader economy, benefits from the events' ability to attract tourists, as visitors tend to stay for longer than the event period. This is especially the case for an event such as this which is run over three consecutive nights, where a visitor who wants to attend more than one event, needs to remain in Queensland for just over a week.

³ IER research undertaken for similar racing carnival such as the Victorian Spring Racing Carnival and the Sydney Autumn Racing Carnival

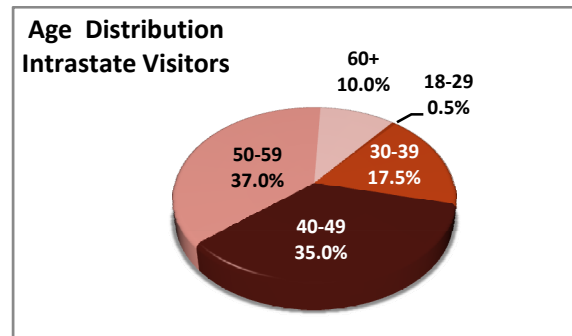
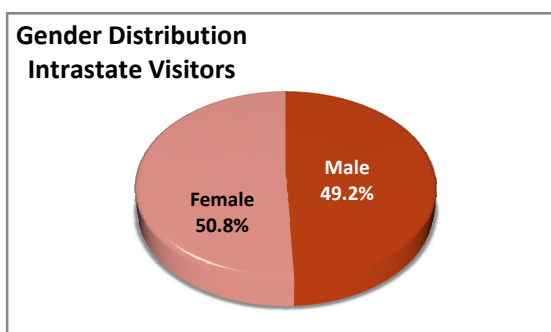
⁴ Tourists tend to perceive expenditure differently than when they are living their normal everyday life at home.

Tourism Impacts & Legacies

Attendance by Intrastate Visitors

The survey revealed that ID09 attracted 32.4% of its audience from other parts of Queensland. This equates to just over 4,650 attendances or 2,840 individuals. The survey revealed the following information regarding intrastate visitors:-

- 61.5% stayed overnight in the Gold Coast during their visit to ID09
- They stayed an average of just over 1 night in the Gold Coast
- In total, intrastate visitors generated 1,575 bed nights in the Gold Coast as a result of attending ID09

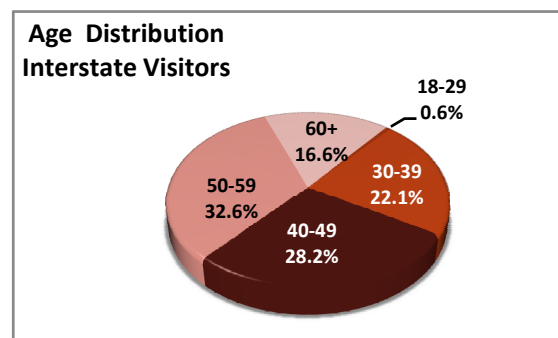
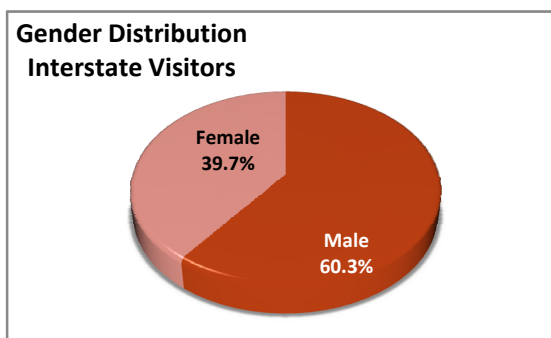


Just over 90% of intrastate visitors revealed that their visit to the Gold Coast was inspired by a desire to attend ID09.

Attendance by Interstate Visitors

The survey revealed that ID09 attracted 27.9% of its audience from Interstate. This equates to just over 4,000 attendances or 2,509 individuals. The survey revealed the following information regarding Interstate visitors:-

- 96.6% stayed overnight in the Gold Coast during their visit to ID09
- They stayed an average of just over 3 nights in the Gold Coast
- In total, Interstate visitors generated 7,624 bed nights in the Gold Coast as a result of attending ID09

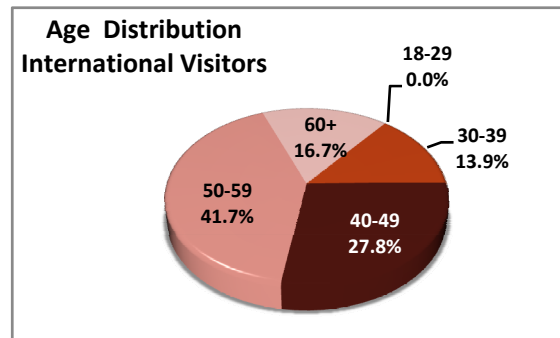
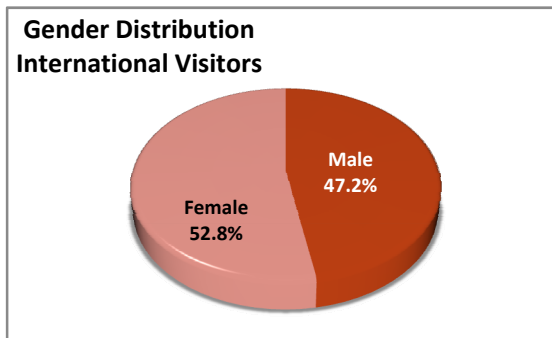


Just over 86% of Interstate visitors revealed that their visit to the Gold Coast was inspired by a desire to attend ID09.

Attendance by International Visitors

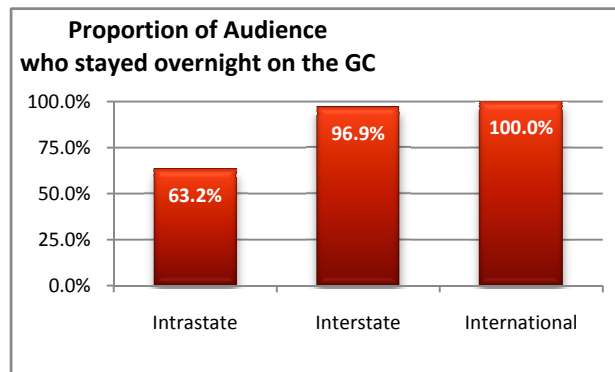
The survey revealed that ID09 attracted 5.1% of its audience from Overseas. This equates to nearly 740 attendances or 411 individuals. The survey revealed the following information regarding International visitors:-

- Every visitor stayed overnight in the Gold Coast during their visit to ID09
- They stayed an average of just over 6.7 nights in the Gold Coast
- In total, International visitors generated 2,728 bed nights in the Gold Coast as a result of attending ID09



Just over 75% of Interstate visitors revealed that their visit to the Gold Coast was inspired by a desire to attend ID09.

The survey of attendees at ID09 revealed that nearly two-thirds of the audience travelled from outside the Gold Coast region. This makes ID09 a considerable generator of economic and tourism stimulus for the Gold Coast region. The chart opposite reveals the proportion of the audience that stayed overnight on the Gold Coast as a result of their attendance at ID09. Nearly all of the interstate and international visitors stayed overnight on the Gold Coast, whilst 63% of Queensland visitors from outside the Gold Coast also stayed overnight.



The table below illustrates the average length of stay in paid accommodation on the Gold Coast by those who attended ID09. International visitors to ID09 stayed the longest (6.7 nights) with interstate visitors staying nearly half of that length of time. The calculation of bed nights generated by ID09 is developed within the following framework:-

Length of Stay on the Gold Coast	Number of Nights Per Person
Interstate	3.22 nights
International	6.72 nights
Other Queensland Gold Coast ⁵	1.04 nights
	1.00 nights

⁵ Approximately 6% of Gold Coast residents indicated that they stayed away from home on the night that they attended ID09. However, only 34% of these people stayed in commercial accommodation. The remainder simply did not return home.

- An assessment of the entire length of stay on the Gold Coast by those visitors who indicated that ID09 was the primary reason for their visit to the Gold Coast,
- An assessment of the extended length of stay generated by the event. Within the audience, there were visitors who revealed that they had travelled to the Gold Coast for reason other than ID09, but made the decision to attend the event at some time during their stay. Their expenditure and travel impacts can only be included within the ID09 economic impact assessment where they subsequently change their plans to stay longer. This was a very small segment within the ID09 audience.
- Inclusion of only those bed nights that deliver economic impacts to commercial accommodation providers. Non commercial bed nights have been calculated separately.

Accommodation Impacts

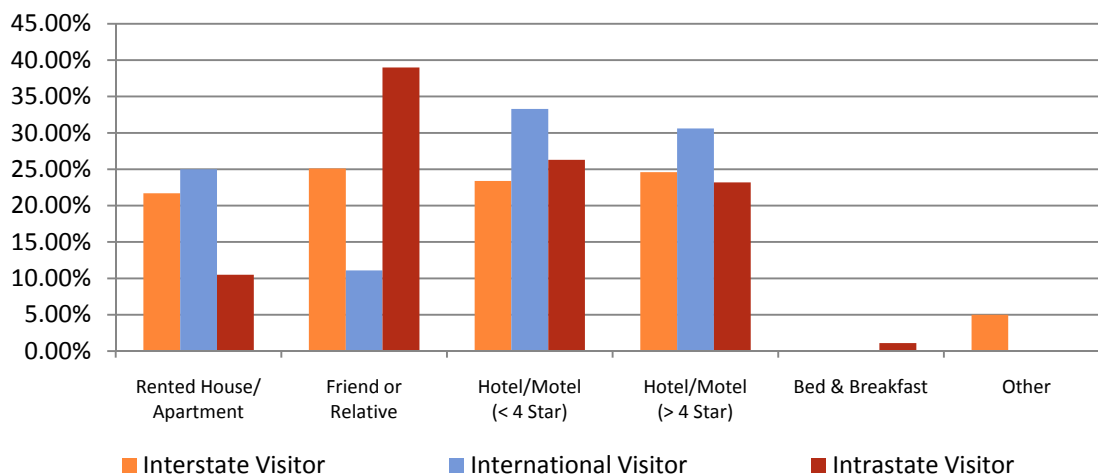
The following table illustrates the total impact generated for the accommodation sector in the Gold Coast, as a result of ID09:-

Bed Nights Generated on the Gold Coast	Intrastate Visitors	Interstate Visitors	International Visitors	Total
Total Bed Nights	1,575	7,624	2,728	11,926
Total Accommodation Spend	\$229,301	\$1,158,324	\$503,345	\$1,890,970
Accommodation Spend Per Night	\$145.58	\$151.94	\$184.53	\$158.56

The chart above illustrates the considerable impact that ID09 had on the accommodation and travel industry in the Gold Coast. Analysis of the customer data reveals that ID09 was responsible for generating just below 12,000 commercial bed nights in the Gold Coast. In addition to the commercial bed nights generated, visitors spent more than 3,900 bed nights in non commercial accommodation.

The survey was also used to establish the consumption of different types of accommodation. The chart below reveals the relative consumption levels for each accommodation type by visitor type:-

Accommodation Consumption by Type



Note: - 'Other', in the chart above, relates to those who stayed in caravan parks and cabins.

Economic Impact of ID09

Direct Spending Impacts

Events generate economic impacts primarily through two key areas:-

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

Whilst some economic methodologies also determine that there can be a retained expenditure effect (i.e. a local resident who would otherwise have travelled outside the region if not for the event being held) or an extended stay effect (i.e. a tourist who did not travel primarily to attend the event, but subsequently decided to stay longer than planned to attend the event), these were found to be minimal in the case of ID09.

It is important also to recognise the importance of approaches such as packaging. The 3-day (race day) package developed by ID09 not only ensures multiple attendances by customers, but also has the potential to drive longer average stays in the region by tourists.

The following table illustrates the total expenditure generated on-track by ID09:-

Total Spending at ID09 - Spending at the racetrack					
Spending Categories	Gold Coast	Other Queensland	Interstate	International	Total
Food & Beverages	\$259,916	\$267,920	\$216,029	\$31,898	\$775,763
Racebooks	\$4,188	\$3,812	\$2,953	\$537	\$11,490
Merchandise	\$13,486	\$12,624	\$11,638	\$2,251	\$40,000
Admission	\$46,853	\$42,648	\$33,038	\$6,007	\$128,546
Packages	\$108,199	\$108,361	\$127,745	\$25,959	\$370,264
Direct Expenditure	\$432,642	\$435,367	\$391,402	\$66,652	\$1,326,063
ID09 Series Sponsorship	\$392,580		\$334,420		\$727,000

Figures provided by Parklands and Harness Racing Australia reveal that more than \$1.3 million was spent by customers at ID09. Food & beverages makes up nearly 60% of this amount. In addition to this, the event attracted more than \$720,000 in sponsorship, 46% of which originated from outside Queensland.

The inclusion of sponsorship revenues is conceptually difficult in a study of this type. The origin of spending is not easy to quantify, as it is not always clear whether sponsorship deals exist with head office, or satellite branches. As such, it has been left out of the calculation of value added in the interests of caution.

Please note: this table does not include expenditure incurred by participants in the preparation of their horses. This has been assessed later in this report.

As outlined earlier, where a causal relationship can be identified, spending by tourists during their entire trip can be allocated as an economic impact delivered by the existence of the event. In other words, if ID09 was not held on the Gold Coast at that time, then it is likely that visitors, who identified ID09 as the primary purpose for travelling to the Gold Coast, may not have travelled to the region.

The following table illustrates the total expenditure generated by visitors who identified ID09 as the primary reason for their visit:-

Total Spending Generated by ID09 - Spending by tourists					
Spending Categories	Gold Coast	Other Queensland	Interstate	International	Total
Transport	\$1,308	\$78,706	\$543,731	\$208,660	\$832,406
Food & Beverages	\$17,170	\$296,990	\$1,075,203	\$251,915	\$1,641,279
Shopping & Retail	\$2,876	\$90,027	\$204,226	\$92,049	\$389,178
Entertainment	\$15,242	\$85,425	\$321,882	\$116,784	\$539,334
Tourist Attractions	\$0	\$16,521	\$167,060	\$40,202	\$223,783
Accommodation	\$13,979	\$229,301	\$1,158,324	\$503,345	\$1,904,949
Total Visitor Spending	\$50,575	\$796,972	\$3,470,427	\$1,212,955	\$5,530,928

Data collected through the customer survey revealed that visitors to the region spent more than \$5.5 million as a result of attending ID09. Interstate visitors contributed 62.7% of this amount. The chart includes a small amount of spending by local Gold Coast residents. In pure economic terms, this spending cannot be considered as creating growth in the local economy and as such, has not been included in the calculation of the value added contribution to Gross regional product. However, it can be included as an expenditure driven by ID09. Some local guests take the opportunity to 'make an experience' out of the event by booking a hotel night as well.

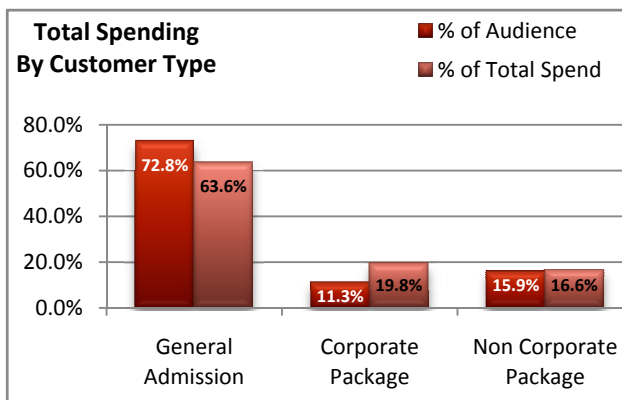
Food & Beverages (29.6%) and accommodation (34.3%) made up the largest elements of tourist spending on the Gold Coast.

It is estimated that a further \$1.27 million was spent by tourists in other parts of Queensland during their visit. These tourists are likely to have taken day trips or short stays in other parts of the state surrounding their visit to ID09.

Total Spending Generated by ID09 – Spending on Fashion & Grooming					
Spending Categories	Gold Coast	Other Queensland	Interstate	International	Total
Clothing/Fashion Accessories	\$80.55	\$54.09	\$103.23	\$91.92	
% Purchased Fashion in Gold Coast	99.6%	63.1%	67.6%	10.1%	
Personal grooming/beauty products	\$79.37	\$38.34	\$34.79	\$52.79	
Clothing/Fashion Accessories Bought in GC	\$217,556	\$91,205	\$174,258	\$3,816	\$486,834
Personal grooming/beauty products	\$215,328	\$102,481	\$86,852	\$21,633	\$426,294
Total Expenditure	\$432,884	\$193,685	\$261,111	\$25,448	\$913,128

Attendees at ID09 revealed that they spent just over \$1.14 million on fashion and grooming in preparation for their attendance at ID09. Of this amount, just over \$913,000 was spent in the Gold Coast region.

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



ID09 generated more than \$9.1 million in wagering turnover around Australia. Just over \$3.5 million was bet in Queensland through on-course and off-course providers. From an economic impact perspective, it is important to identify the amount of net wagering revenue that flows through to the economy. Essentially, this equates to the amount of wagering revenue left after successful bets are paid out. Wagering revenue from turnover in other States is not relevant to the calculation of economic impacts for the Gold Coast region. It is estimated that just over \$260,000 worth of Net Wagering Revenue will flow through to the Gold Coast economy – primarily through the distributions that are returned to racing clubs and some taxation revenues.

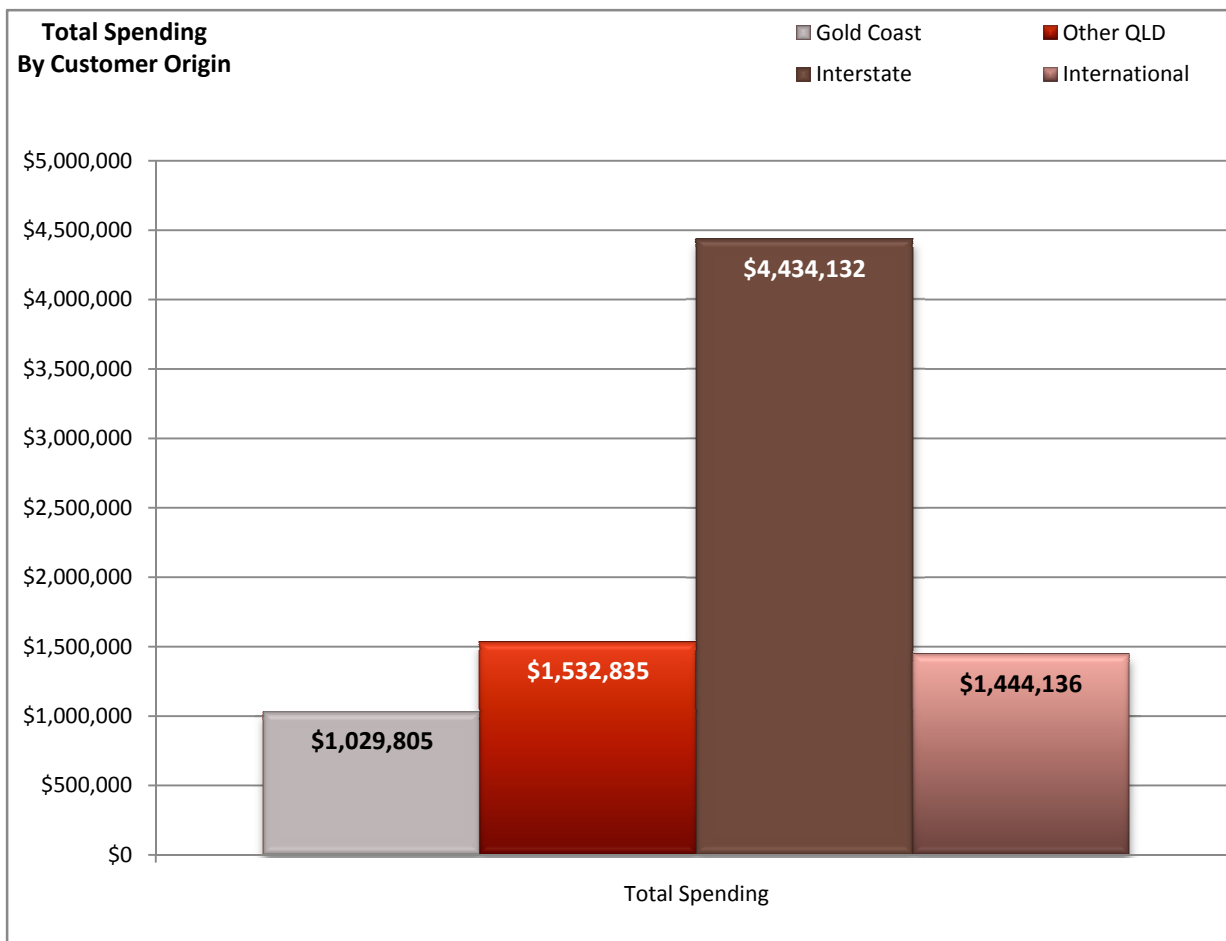
Total Expenditure Impacts

The following table illustrates the total direct customer spending impacts generated by ID09:-

Total Direct Spending Generated by ID09					
Spending Categories	Gold Coast	Other Queensland	Interstate	International	Total
Food & Beverages	\$277,086	\$564,911	\$1,291,232	\$283,813	\$2,417,042
Transport	\$1,308	\$78,706	\$543,731	\$208,660	\$832,406
Retail/Shopping/Merchandise	\$16,362	\$102,651	\$215,865	\$94,300	\$429,178
Raceday Admission	\$46,853	\$42,648	\$33,038	\$6,007	\$128,546
Raceday Packages	\$108,199	\$108,361	\$127,745	\$25,959	\$370,264
Racebooks	\$4,188	\$3,812	\$2,953	\$537	\$11,490
Entertainment	\$15,242	\$85,425	\$321,882	\$116,784	\$539,334
Tourist Attractions	\$0	\$16,521	\$167,060	\$40,202	\$223,783
Accommodation	\$13,979	\$229,301	\$1,158,324	\$503,345	\$1,904,949
Clothing/Fashion Accessories/Grooming	\$432,884	\$193,685	\$261,111	\$25,448	\$913,128
Net Wagering Revenue	\$89,972	\$84,518	\$72,673	\$13,394	\$260,557
Non Racing Social Events	\$23,732	\$22,294	\$19,169	\$3,533	\$68,728
Participant Expenditure	-	-	\$219,350	\$122,154	\$341,684
Total Expenditure Impact	\$1,029,805	\$1,532,835	\$4,434,132	\$1,444,136	\$8,441,088
ID09 Series Sponsorship	\$392,580		\$334,420		\$727,000

Including sponsorship, ID09 was responsible for the generation of more than \$9.16 million in total direct spending in the Gold Coast economy. In addition to this, it is estimated that additional tourism and travel to other parts of Queensland delivered a further \$1.27 million to the broader Queensland economy. This takes the total expenditure impact of ID09 to \$10.43 million.

Significantly, for every \$1 of expenditure generated by ID09 on-track, a further \$3.85 was generated in the community on items such as fashion, retail, accommodation and transport.



As outlined earlier, not all expenditure generates an increase to the value of the economy – i.e. gross regional product in the Gold Coast case. The economic impacts, as outlined in this study, have been calculated through the use of ABS derived Input/output tables.

Fashion Impacts

Premium racing events, such as ID09, have been proven to generate considerable fashion industry impacts through the generation of the concept of dressing up to attend the races. The analysis of fashion purchases made during ID09 was undertaken within the following framework:-

- Only fashion items purchased in the Gold Coast are counted within this economic impact assessment. To qualify for inclusion in this analysis, the fashion items need to have been purchased specifically to be worn to an ID09 race night.
- The survey was used to understand the average ‘per person’ spend on fashion items throughout the carnival.

The table below reveals the minimum number of fashion items purchased by racegoers. The table illustrates minimum purchase levels, as respondents were not asked to identify how many of each item they purchased.

Fashion Items Purchased by Racegoers					
Fashion Item	Minimum Number purchased	% of males that purchased	Minimum Number purchased	% of females that purchased	Minimum Items Purchased
	Male Racegoers		Female Racegoers		
Shoes	123	2.6%	397	10.0%	520
Dress	14	0.3%	342	8.6%	355
Suit	41	0.9%	14	0.3%	55
Ties	48	1.0%	14	0.3%	62
Jacket	27	0.6%	82	2.1%	109
Underwear	68	1.4%	27	0.7%	96
Pants/Trouser	82	1.7%	82	2.1%	164
Handbag	0	0.0%	68	1.7%	68
Skirt	55	1.2%	96	2.4%	150
Socks/Pantihose	14	0.3%	27	0.7%	41
Shirts/Blouse	178	3.7%	232	5.8%	410
Jewellery	0	0.0%	137	3.4%	137
Scarves	15	0.3%	14	0.3%	29
Hat/Fascinator	68	1.4%	41	1.0%	109
TOTAL	723		1,572		2,295

In addition to identifying the level of spending on fashion items, the survey also asked respondents how much they spent on personal grooming products and services.

Fashion & Grooming	Gold Coast	Other Queensland	Interstate	International	Total
Clothing/Fashion Accessories	\$80.55	\$54.09	\$103.23	\$91.92	
% Purchased Fashion in the Gold Coast	99.6%	63.1%	67.6%	10.1%	
Personal grooming/beauty products	\$79.37	\$38.34	\$34.79	\$52.79	
Clothing/Fashion Accessories Bought in GC	\$217,556	\$91,205	\$174,258	\$3,816	\$486,834
Personal grooming/beauty products	\$215,328	\$102,481	\$86,852	\$21,633	\$426,294
Total Expenditure	\$432,884	\$193,685	\$261,111	\$25,448	\$913,128

Attendees at ID09 spent just under \$1.0 million on fashion and personal grooming. Visitors to the Gold Coast regions contributed more than half of this total.

Participant Impacts

When assessing the economic impact of harness racing events, it is important to measure the expenditure generated by participants. For the ID09, this incorporates visiting trainers and trainer/drivers who bring horses to Queensland to compete in the Carnival as well as interstate/international drivers.

The key lead-up races and finals are conducted over fifteen days, however many of the horses and participants arrive in Queensland well before the preliminary heats and depart after the final – extending their stay beyond the actual race events. ID09 attracted some of Australasia's best standardbreds, trainers and drivers who competed for lucrative stake money and the honour of winning one of the world's best harness racing series.

ID09 attracted the following interstate and international participants: -

Interstate Trainers – 8

International Trainers – 2

Interstate Trainer/Drivers – 5

International Trainer/Drivers – 2

Interstate Drivers – 8

International Drivers – 2

In total, 16 interstate horses raced during the ID09 Carnival, competing on 44 occasions. In addition to this, 8 international horses competed from New Zealand, starting a total of 24 times.

Expenditure by participants was based upon data received from a survey sent to interstate and international trainers, trainer/drivers and drivers. Expenditure by trainers, included (but was not limited to) expenditure on training the animal and tourism related activities. The majority of expenditure generated by drivers was related to tourism impacts, including accommodation, food and beverages (non-raceday) and entertainment.

It is estimated that the Interstate and International participants, whose horses competed in the ID09, spent more than \$340,000 during their visit to Queensland. This estimate includes the expenditure generated by the participant, their staff and travel colleagues. A number of trainers travelled with up to 4 additional persons, whilst drivers travelled with no more than one extra colleague.

Total Participant Expenditure				
Participant	Interstate	International	Total	Percentage
Drivers	\$52,982	\$26,029	\$79,011	23%
Trainers	\$110,671	\$53,707	\$164,378	48%
Trainer/Drivers	\$55,877	\$42,418	\$98,295	29%
Total Expenditure	\$219,530	\$122,154	\$341,684	

Drivers Expenditure

The ID09 attracted 8 interstate drivers and 2 international drivers. The majority of spending by drivers and their travel colleagues was on accommodation (27%), food and beverages (18%), transport (11%) and retail (11%). It is estimated that for every interstate driver who participated in the ID09 an additional 0.5 persons accompanied them, resulting in a total of 4 individuals. International drivers were accompanied by an average of 1 additional person.

Total Driver Expenditure				
Expenditure	Interstate	International	Total	Percentage
Spend on Transport	\$6,048	\$2,772	\$8,820	11%
Spend on Food & Beverages	\$10,080	\$3,780	\$13,860	18%
Spend on Retail	\$6,174	\$2,688	\$8,862	11%
Spend on Entertainment	\$5,069	\$2,119	\$7,188	9%
Spend on Tourist Attractions	\$3,248	\$2,604	\$5,852	7%
Spend on Fashion	\$3,276	\$1,806	\$5,082	6%
Spend on Personal Grooming	\$630	\$0	\$630	1%
Spend on Accommodation	\$14,057	\$7,560	\$21,617	27%
Spend on Food and Beverage (races)	\$1,200	\$1,500	\$2,700	3%
Spend on Horse Training Related Items	\$3,200	\$1,200	\$4,400	6%
Total Spend	\$52,982	\$26,029	\$79,011	

Trainers Expenditure

Visiting trainers provide considerable economic stimulus when attracted to bring their horses to compete at ID09. For the purpose of this analysis, IER has defined the trainers support team to include stablehands and other support staff/family. It is estimated that for every interstate trainer who participated in the ID09 an additional 2.9 staff accompanied them, resulting in a total of 23 individuals. International trainers were accompanied by an average of 4 horsemen and women, or 8 trainers/support teams in total.

The following table provides a breakdown of spending items by both interstate and international trainers.

Total Trainer Expenditure				
Expenditure	Interstate	International	Total	Percentage
Spend on Transport	\$14,656	\$7,420	\$22,076	13%
Spend on Food & Beverages	\$12,800	\$6,300	\$19,100	12%
Spend on Retail	\$7,840	\$4,480	\$12,320	7%
Spend on Entertainment	\$6,437	\$3,532	\$9,968	6%
Spend on Tourist Attractions	\$4,125	\$4,340	\$8,465	5%
Spend on Fashion	\$7,040	\$2,940	\$9,980	6%
Spend on Personal Grooming	\$2,560	\$1,820	\$4,380	3%
Spend on Accommodation	\$20,494	\$8,966	\$29,460	18%
Spend on Food and Beverage (races)	\$5,120	\$5,760	\$10,880	7%
Spend on Hospitality Package (races)	\$4,000	\$1,350	\$5,350	3%
Spend on Horse Training Related Items	\$25,600	\$6,800	\$32,400	20%
Total Spend	\$110,671	\$53,707	\$164,379	

Trainer/Driver Expenditure

On average, trainer/drivers attracted a smaller team of people compared to trainers. IER estimated that for every interstate trainer/driver who participated in the ID09 an additional 2 staff accompanied them, resulting in a total support team of 10. International trainers/drivers were accompanied by an average of 3 persons, or a support team of 6 in total.

The following table provides a breakdown of spending items by both interstate and international participants.

Total Trainer/Driver Expenditure				
Expenditure	Interstate	International	Total	Percentage
Spend on Transport	\$6,870	\$5,936	\$12,806	13%
Spend on Food & Beverages	\$6,000	\$5,040	\$11,040	11%
Spend on Retail	\$3,675	\$3,584	\$7,259	7%
Spend on Entertainment	\$3,017	\$2,825	\$5,842	6%
Spend on Tourist Attractions	\$1,934	\$3,472	\$5,406	5%
Spend on Fashion	\$3,300	\$2,352	\$5,652	6%
Spend on Personal Grooming	\$1,200	\$1,456	\$2,656	3%
Spend on Accommodation	\$9,606	\$7,173	\$16,779	17%
Spend on Food and Beverage (races)	\$2,400	\$2,700	\$5,100	5%
Spend on Hospitality Package (races)	\$1,875	\$1,080	\$2,955	3%
Spend on Horse Training Related Items	\$16,000	\$6,800	\$22,800	23%
Total Spend	\$55,877	\$42,418	\$98,295	

Value Added Contribution to Gross Regional Product

Real gross value added is the commonly accepted general measure of the quantity of goods and services that become available from economic activity. It is measured as the real value of output in the economy less the real cost of goods and services used as intermediate inputs. In terms of measuring the real contribution to the region's economy, this measure is more appropriate than the output method.

ID09, held on the Gold Coast, was responsible for the generation of just under \$10.4 million in total direct spending. More than \$9.1 million of this expenditure was generated in the Gold Coast region.

Initial Value Added	Consumption Induced	Total Value Added
\$5.89 million	\$2.94 million	\$8.83 million

In calculating the value added generated by ID09, local (Gold Coast resident) spending is excluded as it represents a redistribution of monies already existing in the Gold Coast economy. In economic terms, this spending by visitors to the Gold Coast generated just over \$8.8 million in value added for the Gold Coast Economy. The \$5.89 million reflects the direct and indirect effects resulting from the increase in final demand generated by ID09. In other words, the direct and indirect impact of the attraction of non local investment (tourists, sponsorship, participants) lead to the growth of the Gold Coast economy by \$5.89 million. In general, this takes into account the initial impact (direct impact) on final demand and the additional output required from other industries in the economy (or region) needed to supply the additional demand of the industry receiving the initial impact (this is also called industry support). The industry support multipliers account for the flow-on effects that occur as the initially impacted industry changes its demand for inputs required from other industries.

The consumption induced expenditure represent the direct and indirect impact plus the flow-on effects of subsequent rounds of consumer spending that results from the increase in household income (the consumption induced effect). Essentially, this means that as a result of the increased spending in the Gold Coast economy, households generate higher incomes and therefore spend more. In some ways, this measure can overstate the true economic impact, as it includes spending of monies that already exist within the Gold Coast economy. However, when included in the calculation of the economic impacts, the total value added generated by ID09 totals more than \$8.8 million.

It is estimated that the economic activity generated by ID09 resulted in the direct and indirect employment of 84 full time equivalent positions. That is – positions that otherwise may not have been generated or sustained without the stimulation to final demand. The consumption induced expenditure resulted in a further 29 positions being employed, leading to a total of 113 full time equivalent positions being generated by ID09.

The wagering in Queensland on ID09 was responsible for the generation of just under \$100,000 in taxation revenue for the State Government. This includes approximately \$41,000 in GST revenue which is taxed via the Federal Government. Whilst the activities of ID09 also generate taxation receipts in line with employment (payroll, PAYE, PAYG etc.) and purchases (GST), these impacts cannot be calculated within the structure of this study. However, the generation of wagering taxation receipts is unique and therefore the most powerful measure of the contribution of the event to State Government Revenue.

Regional input output (IO) models

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

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

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

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