



Economic Impact Report

Canberra Harness Racing Club

This report provides an independent economic impact assessment of the Canberra Harness Racing Club as required, under the terms of the MOU with the ACT Government.

This report addresses the specific reporting requirements placed on it under the MOU arrangements.

The report, and its outcomes, are based on the recently completed 2023 racing season. Information used in the development of this report has been sourced from participants and the Canberra Harness Racing Club

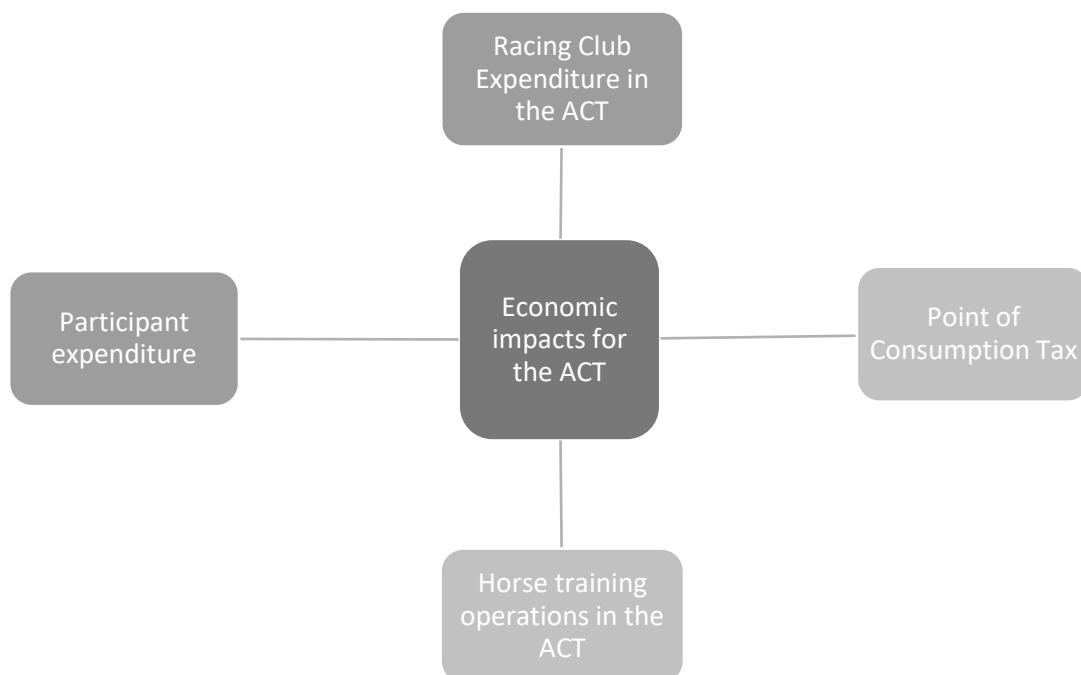
Background

The Canberra Harness Racing Club (CHRC) is the controlling body for Harness racing in the ACT and operates independently from Harness Racing New South Wales (HRNSW). The CHRC pays substantially to access the services provided by HRNSW in the areas of nominations, handicapping, finance for payments of prizemoney, stewardship etc.

The CHRC was established in 1976 and has been operating at its current site, Exhibition Park (EPIC) since 1980. It receives its funding through the ACT Government – MOU, Race Fields Legislation payments received, sponsorship and other miscellaneous income from bar/café on race nights, rental of stables at the training facility.

Measuring Economic Impacts

Conceptually, the creation of economic impact and the club's financial position are two separate and somewhat unrelated constructs. The CHRC receives funding support, via the ACT Government, to run its business. Over the last two years, this funding support has represented c. 75% of the total income of the organisation. However, the economic impacts that are generated as a result of the operations of the CHRC are broader, in concept, than simply the outcomes for the club. The impacts, that are directly or indirectly created by the CHRC can be summarised as per the below diagram: -



The economic impacts generated by CHRC can be defined as follows: -

1. **Racing Club Expenditure in the ACT** – This relates to operating expenditure that occurs in the ACT as a result of running the club and delivering the 16-20 race meetings per year. It is estimated that 46.8% of this expenditure is made with ACT businesses resulting in total economic activity of \$867,847 for ACT businesses
2. **Participant Expenditure** – The CHRC notes that a number of participants who travel from Sydney, Southern Tablelands, South-West Slopes, Riverina & Central Tablelands areas of NSW. These participants generate expenditure, in the ACT, on items such as fuel, food & beverages, accommodation and retail.
3. **Horse Training Operations** – Horse trainers, operating in the ACT, perform the important and specialised task of preparing standardbred horses to race. Their involvement in the industry generates expenditure impacts in the ACT in relation to horse care as well as their business operations. Whilst much of their income and expenditure would be from ACT sources, there is a strong argument to say that a healthy harness racing industry keeps their spending and activity local. It is highly likely that at a certain level of competitive stress, these participants would be likely to shift their operations to another jurisdiction, thus robbing the ACT of the economic impacts that they generate.
4. **Point of Consumption Tax** – The ACT Government receives taxation revenues from bets made by its residents (irrespective of where the product is located). However, when the product is interstate, the wagering operator (in the ACT) is required to pay race field fees to the owner of the product (thus representing an outflow from the ACT economy). Therefore, ACT resident wagering on ACT product is likely to lead to a higher economic impact overall in the ACT.

Response to MoU

1. Total Crowd Attendances for race meetings

The CHRC is a multipurpose site which has four entrances which are permanently open. The club does not charge an entrance fee. However, consultation with the club committee estimates that on average, standard race meetings attract around 60 participants and 200 spectators. On 4 occasions, the club runs major feature race meetings, which are estimated to attract a similar number of participants (6), but a higher level of attendance (c. 330). It is therefore estimated that in FY23, attendances at CHRC race meetings were c. 5,720.

2. Proportion of the crowd that are ACT residents

Indicative polling undertaken by CHRC suggests that around 42% of their participants (at any given race meeting) are ACT based whilst around 95% of spectators are considered to be local. Therefore, it is estimated that racing at the CHRC is directly responsible for creating 922 visits from out of Territory visitors. It is possible that the total is higher than this if non-attending accompanying people are considered. Whilst the CHRC does not have any direct data on this, it is likely that participants will occasionally have someone accompanying them on their trip, who does not necessarily attend the race meeting.

The club believes that there would be a low proportion of visitors who stay overnight in Canberra as a result of their involvement in race meetings. Whilst there are a good number of participants who travel from Sydney, Southern Tablelands, South West Slopes, Riverina and Central Tablelands, the majority would be likely to travel home to attend to their horses.

The majority of visitors to the CHRC are from New South Wales, with participants occasionally also travelling from Victoria and South Australia.

3. Number of people employed full time and casual

The CHRC is supported by a headcount of 20 employees, with an additional 10 individual contractors each race meeting. Of the 20 employees, only 2 are full time, with the remaining 18 being casual. The full-time staff are employed on a standard employment arrangement – which totals around 4,412 hours annually whilst the casual staff are employed for around 1,350 hours in total. The club spent just over \$384,000 on wages and contractor payments in FY23.

4. Annual Turnover and Expenditure

In FY23, the CHRC recorded total turnover (or revenue) of \$1,692,241. Just over 67% of this revenue comes from the ACT Government as a distribution under the MOU. Direct revenues from racefields payments and international rights contribute a further 22.0% of the club's revenue. The club's operations in FY23 were supported by \$1,865,853 in expenditure.

Prizemoney makes up 46% of the expenditure whilst employment expenses comprise 17.0%.

It is estimated that around 27% of the club's revenues come from outside the ACT, thus representing new money into the region. Around 47% of the club's expenditure is made in the ACT. However more than half of the non-ACT expenditure is on prizemoney. The ultimate goal is to have a competitive local training industry to enable a healthy proportion of local runners – to whom prizemoney is likely to go into feeding the local training machine.

Overall, CHRC is responsible for bringing around \$450,000 in revenue into the ACT.

5. Value Added by Trainers in the ACT

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

CHRC has 5 stable blocks, with 4 tack rooms and 12 stables in each block, and a sick bay block with 4 stables. Over the last 12 months, it is estimated that there have been around 59 horses per month at the training complex. The CHRC undertook a survey of local trainers in early 2023, in an attempt to understand the typical cost profile of preparing a standardbred to race. The following table illustrates the estimates for racehorses at different stages of their lifecycle: -

Category	Low	High
Yearling to 2yo	\$13,671.11	\$17,088.89
2yo horse - unraced	\$18,647.17	\$23,308.96
2yo horse - raced	\$23,308.96	\$29,136.20
3yo and up horse	\$24,426.00	\$30,532.50

The costs above represent an annualised average cost of preparation for racehorses trained in the ACT. The calculation of expenditure on the preparation of racehorses takes into account the various training and non-training related expenditures incurred by owners and trainers.

It is estimated that the preparation of racehorses in the ACT generates between \$1.4 million and \$1.7 million per annum. It is also notable that the majority of these trainers operate with, and alongside, their family – often in a variety of roles within the industry (i.e., stablehand, driver, trainer, breeder). This sector of the industry represents both an economic contribution that is most at risk and is also the least replaceable. Competitive tension between jurisdictions is felt most keenly among this cohort of the industry. Trainers have certainly been known to follow opportunity and where one racing jurisdiction creates an environment that delivers better opportunity, this represents a risk of the aforementioned activity being lost to the ACT.

6. Value of Goods Purchased by the ACT racing industry from ACT Businesses

As outlined earlier, it is estimated that around 47% of the club's expenditure is made in the ACT – or around \$867,800. Half of this expenditure is on prizemoney and whilst this is not technically being spent on ACT businesses, it is a key driver of the ongoing investment of racehorse owners, which in turns funds the training activity that occurs in the ACT.

It is important to note that in addition to club expenditure on ACT businesses, it is estimated around 65% of the total expenditure by horse trainers in the ACT, is made with local businesses.

7. Total Value of Activity for ACT Businesses

Considering the expenditure by participants, the CHRC and trainers in the ACT, it is estimated that the industry is responsible for generating at least \$2.27 million of expenditure for ACT businesses in FY23. It should be acknowledged that this does not include the taxes that flow through to the ACT Government as a result of wagering by ACT Residents on local racing product.

About the author

IER is a leading provider of consulting services in the Australasian events and tourism industry. IER has worked with the horse and greyhound racing industries throughout Australasia for over 20 years. The assessment of industry value and contribution is a specific area of expertise that IER has built over that time. In recent times, IER has undertaken the following similar types of consultancy studies:

- Size and scope of the New South Wales harness racing industry (2023)
- Size and scope of the Australian Football League (2022)
- Size and scope of Thoroughbred racing industry in the Northern Territory (2022)
- Size and scope of the Victorian racing industry (2022)
- Size and scope study of the Tasmanian racing industry (2021)
- Size and scope of the Western Australian racing industry (2021)
- Size and scope of the Asian Racing Federation (2020)
- Size and scope of the South Australian racing industry (2019)

This report addresses the specific reporting requirements placed on it under the MOU arrangements.

Disclaimer

This report has been produced independently by IER as requested by Canberra Harness Racing Club (CHRC). The report has been prepared to meet the requirements set out by the MOU with the ACT Government. The information, statements, statistics and commentary (together the 'Information') contained in this report have been prepared by IER from a combination of publicly available material, data from CHRC, data collected by the CHRC from participants and from IER's prior experience and knowledge of harness racing and the racing industry in general. IER has prepared this report on the information that was received or obtained, on the basis that such information is accurate and, where it is represented to IER as such, complete. The Information contained in this report has not been subject to an independent audit however IER is comfortable with its provenance within the parameters outlined herein.