

SIZE AND SCOPE OF THE Victorian Greyhound Racing Industry





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Key Findings

- TOTAL DIRECT EXPENDITURE¹ - \$298.3 MILLION
- TOTAL VALUE ADDED² - \$408.6 MILLION
- TOTAL HOUSEHOLD INCOME³ - \$219.4 MILLION
- TOTAL FTE EMPLOYMENT - 2,888 FTE JOBS

The Victorian Greyhound Racing industry was responsible for **generating more than \$408.6 million in value added contribution** to the Victorian economy - **42% of which directly benefits regional economies**

In 2015/16 the Victorian Greyhound Racing industry generated total direct spending of \$298.3 million. This expenditure was responsible for creating a direct value added impact (in terms of wages, salaries and profits) of \$137.7 million. However, the flow on effects linked to this expenditure increase the size of the industry's value added contribution to over \$408.6 million.

Just over 42% of the total value added impact occurred in regional areas of Victoria, with the Outer Melbourne (15.6%), Barwon (7.1%) and East Gippsland (3.8%) regions representing the largest regional areas of racing related economic activity.

The economic output generated by the greyhound racing industry in Victoria was directly responsible for sustaining 1,216 full time equivalent jobs across the state. The number of individual employees (2,236) was, however, much larger than the FTE number due to the significant amount of part-time, casual and volunteer roles involved in the industry. When flow-on employment impacts are considered, the total FTE impact generated by the Victorian greyhound racing industry rose to 2,888 jobs.

At a glance RACING

13 RACING CLUBS

1,128 RACE MEETINGS

13,407 RACES

208,362 ATTENDANCES

4,068 PUPS WHELPED AND REGISTERED

7,919 GREYHOUNDS IN TRAINING

¹ Direct expenditure is defined as expenditure associated with producing pups (breeding & rearing), preparing greyhounds (training), racing customer expenditure and expenditure by GRV and racing clubs on operating the industry. Direct expenditure is counted at the point at which it leaves the racing industry and reaches the broader economy.

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

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

More than **15,000 Victorians** were directly involved in the greyhound racing industry as an **employee, participant or volunteer**. More than **79%** of these people were in **regional areas of the state**



At a glance THE PEOPLE

433 BREEDERS

9,109 OWNERS

1,659 TRAINERS

652 ATTENDANTS

121 CATCHERS

696 INDUSTRY AND RACING CLUB EMPLOYEES

767 EMPLOYEES OF PARTICIPANTS

1,586 VOLUNTEERS

Participants are the lifeblood of the industry. They provide the investment, time, skills and passion that underpins greyhound racing in the state. In total, there are in excess of 15,000 individuals who participate in the greyhound racing industry. Many of these people enjoy gainful employment of their specific skillset where they may find limited opportunities otherwise - particularly in the greyhound breeding and training/racing related disciplines. Furthermore, many participants hold more than one role within the industry.

The industry is also supported by more than 1,500 people who volunteer their time and resources. In greyhound racing, this is particularly prevalent amongst participants where family and friends often volunteer their support to those charged with the task of breeding and training greyhounds.

Greyhound Racing Victoria commissioned a study into the size and scope of the greyhound racing industry in Victoria. This study represents an update to the previous report completed in 2013.

PURPOSE OF THE STUDY

This study aims to quantify the economic, employment and social contribution that the Victorian greyhound racing industry generates within the state of Victoria. The report focuses on the whole of state impacts as well as looking at specific outcomes for specific regional areas.

The key focus of the study is to investigate the following outcomes attributable to the greyhound racing industry:

- + The total and full time equivalent employment generated by greyhound racing industry activities in Victoria
- + The number of participants (i.e. trainers, breeders etc.) in the industry
- + The total direct expenditure contribution that the industry makes, in its current form, to the Victorian economy
- + The value added contribution that the industry generates within the Victorian economy
- + The social and community importance of greyhound racing – particularly in regional areas of the state

STUDY METHODOLOGY

In assessing the size and scope of the greyhound industry, the study takes into account a number of the traditional measures adopted by the racing industry (such as breeding and training activities, attendance and wagering) as well as calculating a number of economic measures. For the purpose of this study, greyhound racing in Victoria is defined as covering the full spectrum of activities associated with the conduct of the greyhound racing industry.

The data that underpins this study has been gathered from a number of sources. GRV provided data related to registered participants and wagering related information. Racing clubs provided a considerable amount of data relating to their club and raceday operations, whilst a sample of breeders, trainers and owners were interviewed in order to build a profile of the cost of production and preparation of greyhounds.

Throughout the report, data has been presented at the state and regional level. The regional level analysis is based on twelve key areas taken from the statistical division framework within the Australian Bureau of Statistics geographical classification structure.

ECONOMIC METHODOLOGY

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

This study measures the economic contribution made by greyhound racing in Victoria. The expenditure profile of the greyhound racing industry is based on the following segments:

- + production (breeding related activities) of greyhounds – the expenditure generated by the breeding sector in undertaking the breeding activity to produce greyhounds for racing.
- + preparation (training related activities) of greyhounds for racing – the expenditure by owners and trainers on training services as well as other non-training related expenses such as major veterinary, transport etc.

- + racing club and peak body expenditure – the expenditure generated by racing clubs and GRV on running their operations, businesses and events

- + government and betting operator share of net wagering revenue – the portion of net wagering revenues that are generated by Victorian greyhound racing activity and is shared by the Victorian Government and the wagering operator (to the extent that they fund operating activity in Victoria)

- + racing customer off-track expenditure – expenditure made by racegoers, off-track, as part of their attendance at the races

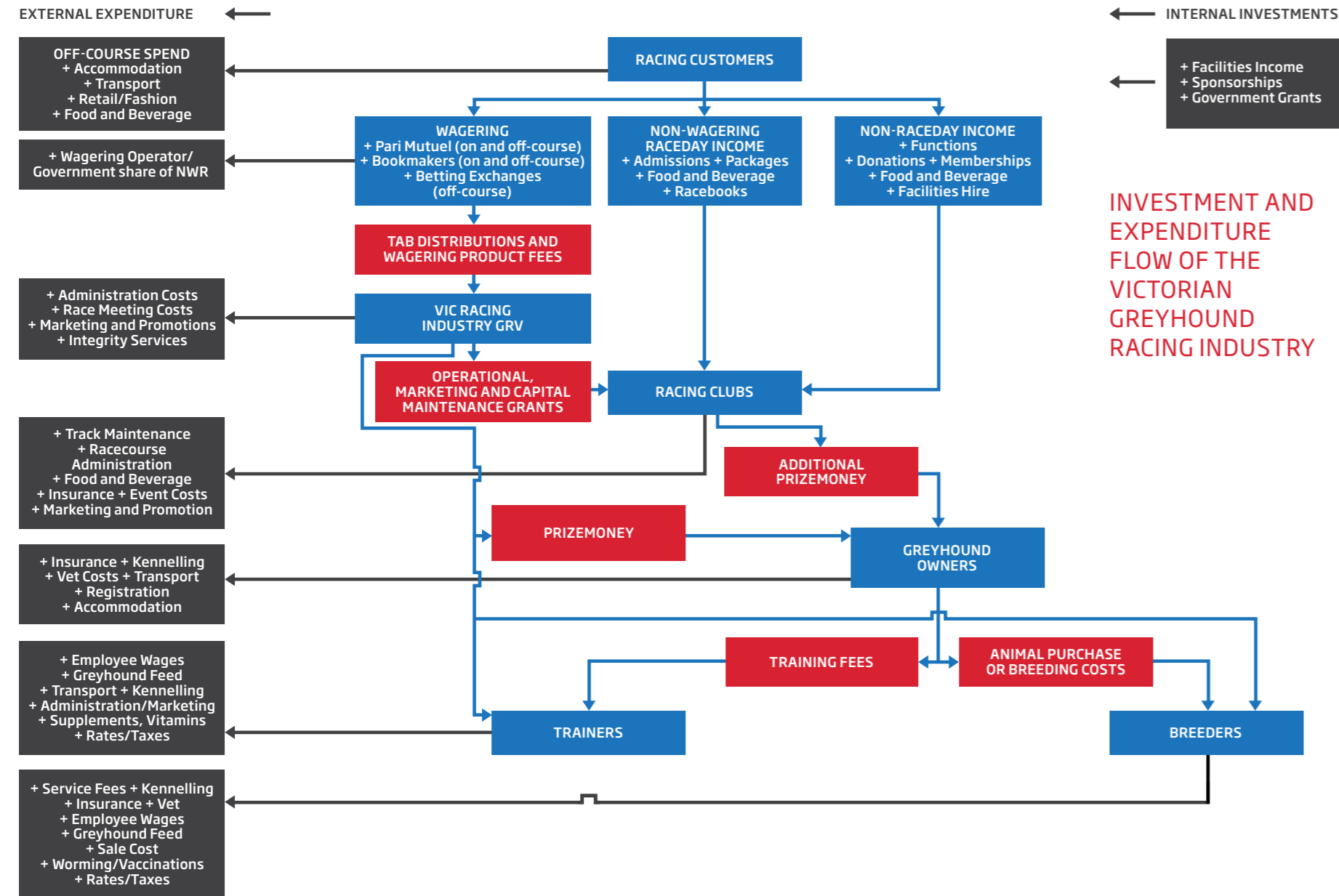
The economic model used within this study followed three key steps:

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

2. Categorisation of industry expenditure into ANZSIC classifications - The 'racing industry' does not exist within the Australian and New Zealand Standard Industry Classification

(ANZSIC) structure. For modelling purposes, it is necessary to allocate direct expenditures to the appropriate industry groups. The majority of expenditures are classified within their relevant ANZSIC codes. A number of horse and greyhound racing activities are contained within ANZSIC classification segment 91 - Sports and Recreation Services.

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





The Victorian greyhound racing industry was responsible for **generating more than \$298 million in expenditure in Victoria**

Direct expenditure by the Victorian greyhound racing industry

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

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

- + production (breeding related activities) of greyhounds - the expenditure generated by the breeding sector in maintaining breeding animals and producing pups
- + preparation (training related activities) of greyhounds for racing - the expenditure by owners and trainers on training services as well as other non-training related expenses such as major veterinary, transport etc.
- + racing club and peak body expenditure - the expenditure generated by racing clubs and GRV on running their operations, businesses and events

+ government & betting operator share of net wagering revenue - the portion of the net wagering margins that are generated by Victorian greyhound racing activity and are shared by the Victorian Government and the wagering operator (to the extent that they fund operating activity in Victoria)

+ racing customer off-track expenditure - expenditure made by racegoers, off-track, as part of their attendance at the races

In 2015/16, the greyhound racing industry in Victoria generated more than \$298.3 million in direct expenditure. The calculation of direct expenditure is based on the final expenditures of the greyhound racing industry - or put another way - the point at which the expenditure leaves the internal racing industry and reaches the broader economy. For instance, a raceday attendee who spends money at the bar is generating expenditure within the racing industry. However, this expenditure is used by the racing club to fund its operations and it is at this level where final expenditures are captured (i.e. the customer funds the racing club's expenditure on wages, advertising and operations).

Net wagering revenues/margins are the most significant source of the greyhound racing industry's expenditure impact in Victoria. It is estimated that, of the total industry expenditure of \$298.3 million, a significant portion was funded by revenues from wagering. However, it is also important to note that participants (many of whom are hobbyists) spent more than \$72 million breeding and training greyhound. More than \$31 million of this expenditure was funded from their own private investment.

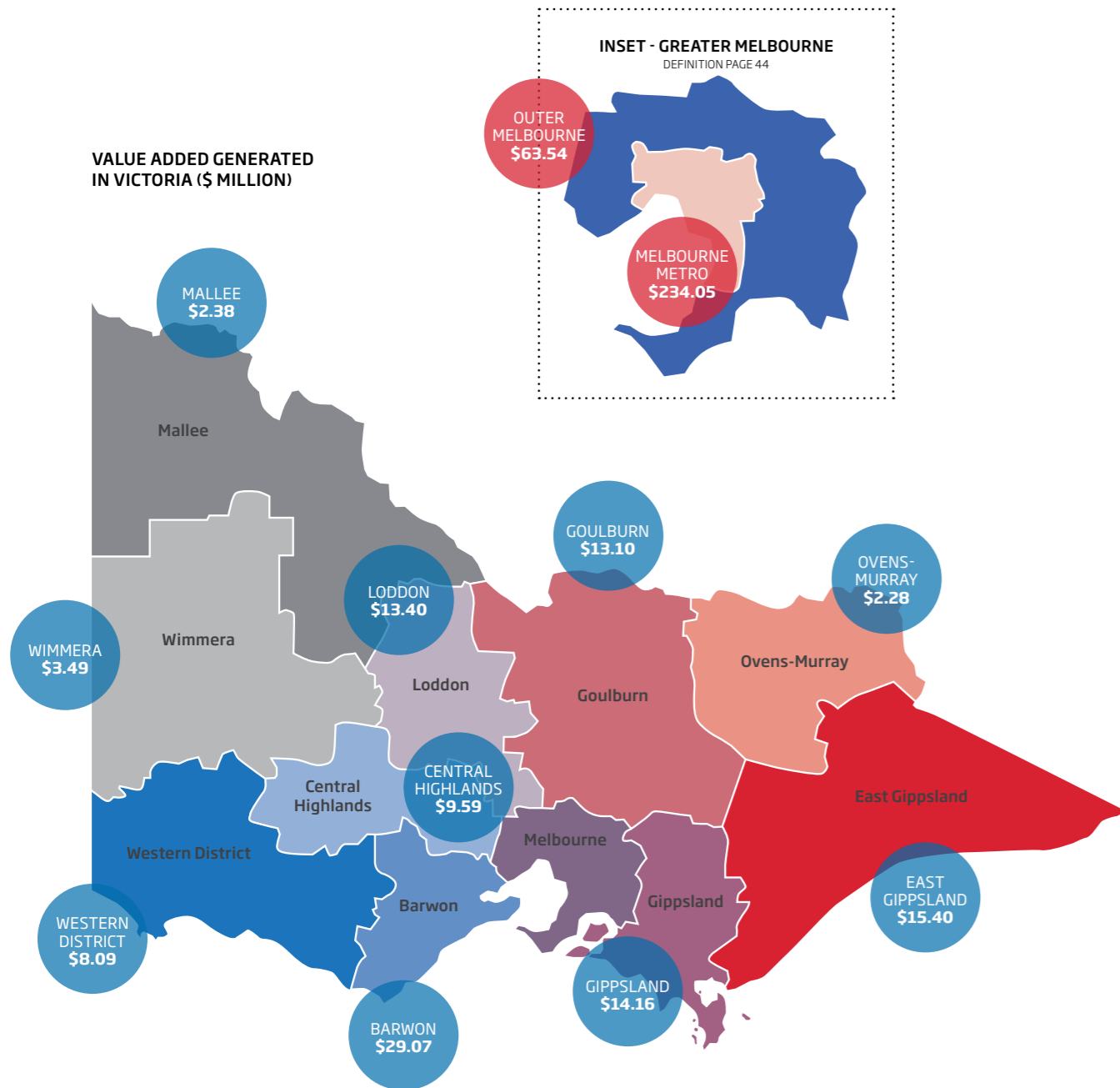
The breakdown of final expenditures is outlined below:

SOURCE OF FINAL EXPENDITURE	FUNDED BY	AMOUNT	% OF FINAL EXPENDITURE
Production of Greyhounds (Breeding)	+ Private investment + Revenue from stud fees + Industry bonuses and incentives	\$18.0 million	6.0%
Preparation of Greyhounds (Training)	+ Private investment + Prizemoney + Industry bonuses & incentives	\$54.5 million	18.3%
Racing Club & Industry Expenditure	+ Wagering distributions from GRV + Raceday revenue + Sponsorship and membership + Gaming revenue	\$101.9 million	34.2%
Government Expenditure from Racing Industry Generated Revenues	+ Taxation on wagering revenue generated by greyhound racing	\$23.9 million	8.0%
Wagering Operator Expenditure on Operations in Victoria	+ Gross profits on wagering turnover related to greyhound racing	\$95.7 million	32.1%
Racing Customer Expenditure Off-Course	+ Private investment	\$4.3 million	1.4%
TOTAL		\$298.3 million	

Participants spent more than \$72 million breeding and training greyhounds for racing. A significant amount of (approximately 42%) this expenditure came from private investment



VALUE ADDED GENERATED IN VICTORIA (\$ MILLION)



Economic contribution of the industry

The final expenditures generated by the greyhound racing industry in Victoria were responsible for a direct value added impact of \$137.7 million. When the flow-on impacts of this expenditure were also considered, the total value added impact rose to \$408.6 million contributed to the Victorian economy.

Real gross value added is the generally accepted measure of the value of production from economic activity. It is the sum of value added by all industries in a region (in this case, regions of Victoria). In any period of time, the value added contribution in an industry equates to the value of sales less the value of inputs used in production. This means value-added is equal to the income (wages, salaries and profits) generated in production.

The real gross value added calculation uses constant prices (prices in a selected year), hence it does not allow for general price level changes (inflation). Also the calculation makes no allowance for capital used in production (depreciation).

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

Overall, the Victorian greyhound racing industry **contributed more than \$408.6 million in value added impacts** to the Victorian economy. More than 42% of this impact occurred in regional Victoria

When the direct value-added impacts are assessed by industry sector, the Victorian greyhound racing industry contributes most significantly to the following sectors

INDUSTRY	DIRECT VALUE ADDED IMPACT (\$)	PROPORTION OF GREYHOUND INDUSTRY IMPACT (%)	SOURCES OF IMPACT
ARTS & RECREATION SERVICES	\$34.4 million	25.0%	+ Betting revenues + Greyhound racing operations + Prizemoney
PROPERTY AND BUSINESS SERVICES	\$38.7 million	28.1%	+ Advertising and marketing + Business consultants + Veterinarian services + Personnel
CONSTRUCTION	\$10.6 million	7.7%	+ Track repairs and maintenance + Construction and maintenance of breeding and training facilities
HEALTH CARE AND SOCIAL ASSISTANCE	\$9.5 million	6.9%	+ Government revenue from wagering taxes
OTHER	\$44.5 million	32.3%	+ Greyhound feed + Education and training + Communication and technology
TOTAL	\$137.7 million	100.0%	

The 5-year GRV Capital Investment Plan will see **more than \$37 million spent on infrastructure projects** throughout the industry - much of which will **create employment and economic impacts for regional communities**

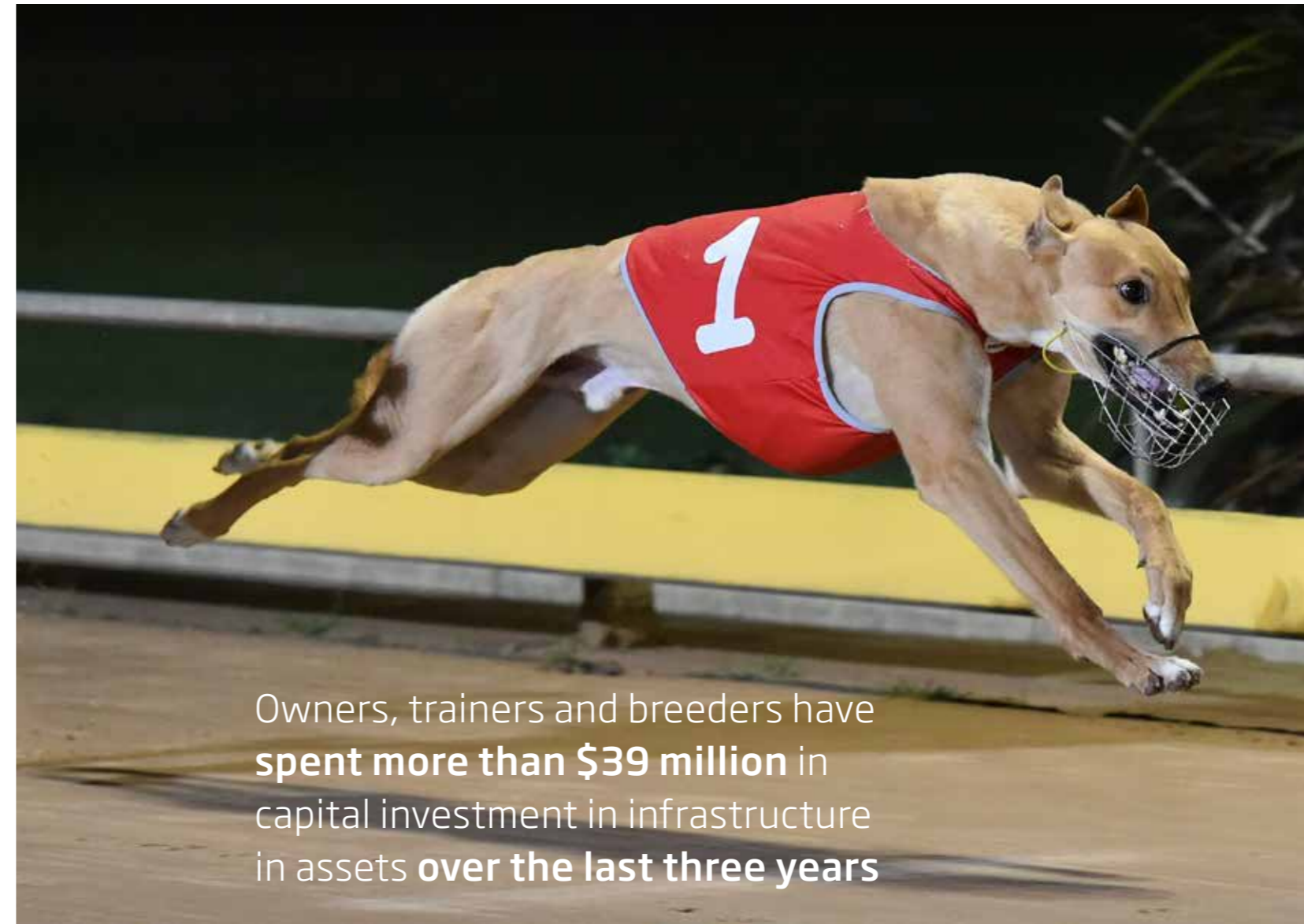
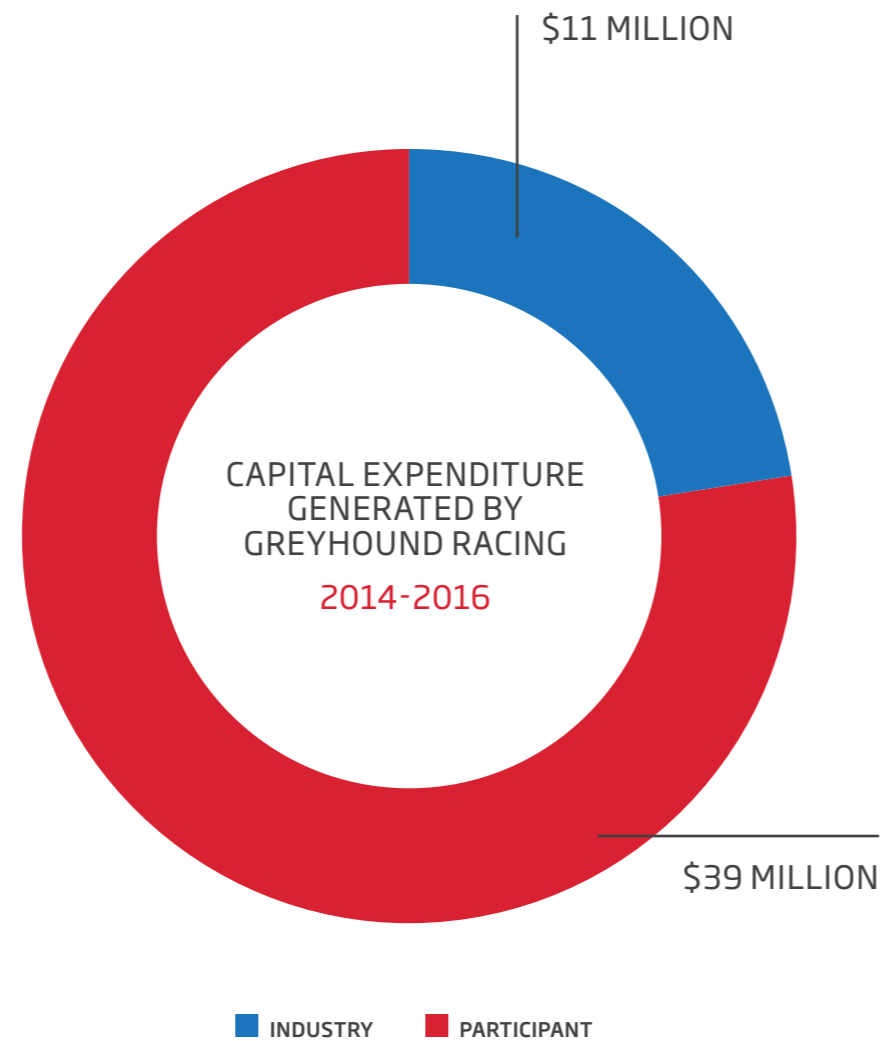
Capital Expenditure Impact

Greyhound racing, and indeed participation, requires capital investment from the peak racing body, racing clubs and from many participants. In total, the industry is responsible for more than \$50 million in capital expenditure over the past three years. A little over 84% of this amount was spent in regional Victoria.

Recently, Greyhound Racing Victoria has spent more than \$11 million on major infrastructure projects at The Meadows, Traralgon, Sandown Park and Geelong greyhound racing clubs. GRV has also recently implemented a 5-year capital investment plan aimed at ensuring that the industry keeps pace with prevailing best practice in terms of facilities, integrity, welfare and administration. This plan will see more than \$37 million invested in infrastructure projects throughout the industry - much of which will create employment and economic impacts for regional communities.

Additionally, the scale of capital expenditure by participants has increased markedly over the past 12-18 months. Participants are spending more than ever on improving the overall quality of their breeding and training operations - particularly in response to tighter regulations on welfare and participation standards directed by GRV.

In the past three years, participants have spent more than \$39.0 million on assets and infrastructure. This represents a significant commitment from those individuals to their chosen profession or pastime. For many participants, capital expenditure is most necessary for vehicles, trailers, kennels and training runs.



Owners, trainers and breeders have **spent more than \$39 million** in capital investment in infrastructure in assets **over the last three years**

Case study PRIVATE CAPITAL INVESTMENT BY PARTICIPANTS

Breeders and trainers in Victoria made a significant investment in assets and infrastructure to support their involvement in the industry. For many, this investment is driven primarily by their passion for the sport of greyhound racing.

Some of the most important capital investments made by participants include:

- + Property improvements (i.e. training facilities)
- + Kennels and whelping sheds
- + Vehicles and customised trailers
- + Hydrobaths
- + Dog walkers and exercise machines
- + Dog runs

For many of the suppliers of these products, a healthy and thriving greyhound racing industry is a critical element to the success of their own business. Greyhound participants also invest heavily in motor vehicles. This is vitally important given the significant distances that participants travel to allow their greyhounds to compete.

It is expected that the increased focus on welfare and integrity will see a sustained period of capital investment by participants as they continue to improve their facilities and infrastructure.

In total, there are **more than 15,000 people** who are directly involved in the Victorian greyhound racing industry **as an employee, volunteer or participant** - 79% of whom reside in regional Victoria



Participants in Greyhound Racing

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

Participants are the lifeblood of the greyhound racing industry. For the majority of participants, involvement is part business and part hobby. Passion drives many to pursue the challenges and opportunities available in greyhound racing. For some participants however, the racing industry is their livelihood - their occupation. Many of these people find gainful employment of their specific skillset where they may find it difficult otherwise. This is especially true in relation to the trainers, breeders, kennel staff and particularly for supply businesses for whom greyhound racing provides the market for which to sell their goods or services

More than 11,200 breeders, owners and trainers provide the capital and the skills to produce and prepare greyhounds for racing. These participants drive a chain of activity which leads to the production of a racing product that is consumed by audiences on most days of the year.

In addition to these participants, more than 2,200 individuals are employed directly within the greyhound racing industry. These individuals are employed in a variety of full-time, part-time and casual positions. Just over 1,500 of these people are employed in roles that are hands-on with the greyhounds whilst the remainder are responsible for the administration of the sport and the racing clubs.

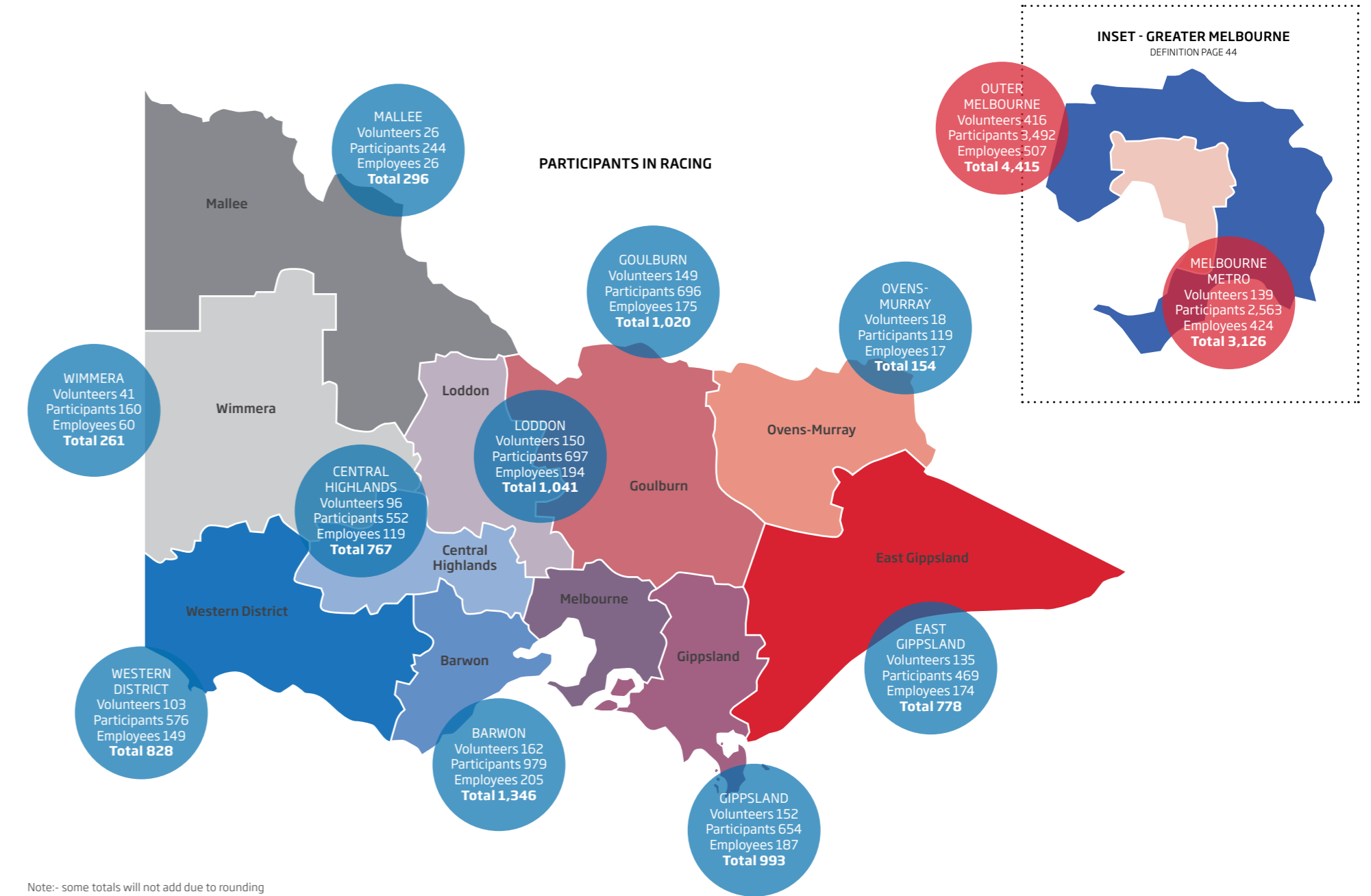
Finally, there are approximately 1,600 individuals who volunteer their time and skills in a variety of roles within the industry. A significant portion of these volunteers are family members who assist breeders and trainers with their activities. For some, this family connection goes back many generations.

In total, there are more than 15,000 individuals who participate in the Victorian racing industry as a participant, employee or volunteer. More than half of these participants fulfill roles relating to the production (breeding) and/or preparation (training) of greyhounds, whilst 79% of these individuals reside in regional Victoria.

Nearly **2,100** individuals provide the **breeding and training expertise** that underpins the greyhound racing industry in Victoria

	Barwon	Central Highlands	East Gippsland	Gippsland	Goulburn	Loddon	Mallee	Outer Melbourne	Ovens-Murray	Western District	Wimmera	Total Regional Victoria	Metro Melbourne	TOTAL
Participants														
Breeders	48	24	25	24	44	48	11	119	6	36	9	394	39	433
Registered owners	763	431	298	452	505	496	208	2,918	94	437	118	6,720	2,389	9,109
Trainers	168	97	146	178	147	153	25	455	19	103	33	1,524	135	1,659
Total Participants	979	552	469	654	696	697	244	3,492	119	576	160	8,638	2,563	11,201
Employees														
Full time racing club staff	5	3	17	8	4	3	0	5	0	3	2	50	23	73
Part time racing club staff	0	3	6	9	4	3	0	2	0	1	3	31	5	36
Casual racing club staff	25	12	21	23	20	15	0	25	0	22	12	175	167	342
GRV staff	13	12	8	12	18	14	1	66	1	8	6	159	86	245
Breeders' staff	26	13	14	13	24	26	6	65	3	20	5	215	21	236
Kennel employees	54	31	47	57	47	49	8	146	6	33	11	488	43	531
Catchers	12	5	6	13	9	10	1	30	1	13	8	108	13	121
Attendants	70	40	55	52	49	74	10	168	6	49	13	586	66	652
Total Employees	205	119	174	187	175	194	26	507	17	149	60	1,812	424	2,236
Volunteers														
Racing club volunteers	7	10	16	12	12	5	0	7	0	2	11	82	14	96
Volunteers assisting participants	155	86	119	140	137	145	26	409	18	101	30	1,365	125	1,490
Total Volunteers	162	96	135	152	149	150	26	416	18	103	41	1,447	139	1,586
Total Participants, Employees & Volunteers	1,345	767	778	993	1,020	1,041	296	4,414	154	828	261	11,897	3,126	15,023

Note:- some totals will not add due to rounding



Note:- some totals will not add due to rounding

Case study

PASSION DRIVING PARTICIPATION IN GREYHOUND RACING

Participation in greyhound racing, for most, is a hobby pursuit. The opportunity to win prizemoney is an important aspect of contributing to the cost of participation, but it is not the sole driver. It is a sport that is littered with stories of multi-generational involvement and deep affection between owner and greyhound.

William 'Billy' Read of Cranbourne, is a good example of someone with affectionate bond with their dogs. For more than 40 years Bill has taken on greyhounds which have had a modest career on the track and tried to turn their fortunes around. His travels throughout Victoria range from a short 10-minute trip to his local track Cranbourne to the hour and a half journey through traffic to race at Geelong for sometimes as little as \$80.

Billy's knowledge of the greyhound anatomy and his will to make them happy is second to none and will never miss the opportunity to share his wisdom. One of the hardest parts of being a trainer for Billy is seeing his greyhounds go to new homes. He takes great pride in re-homing his greyhounds, but his heart continues to break as they start the next chapter of their lives.

The one commonality between these participants is that they talk of their love for the greyhound breed and their determination to care for these greyhounds both during and after their racing career.

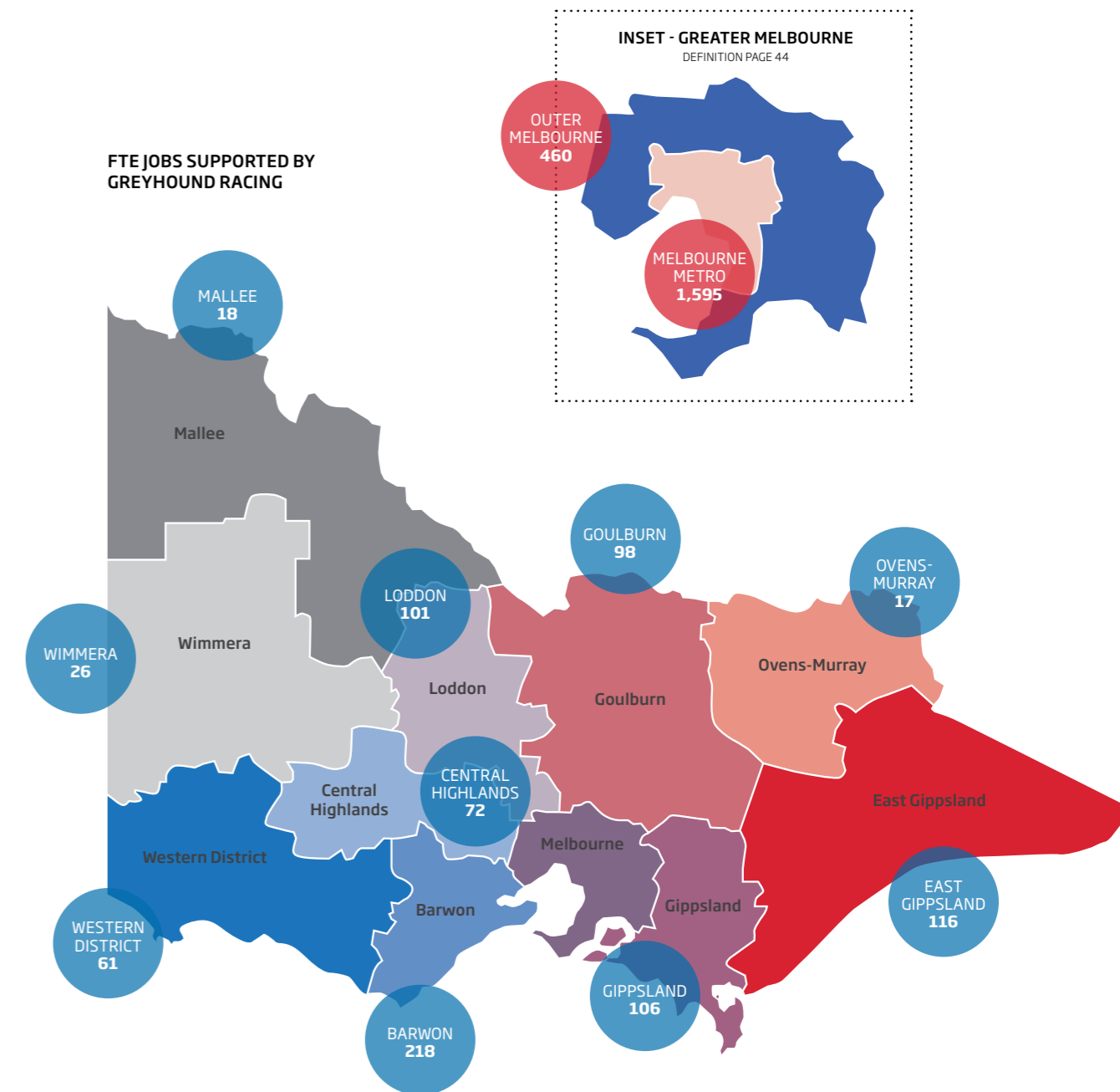


Full-Time Equivalent Employment

There are 15,023 Victorians directly involved in the local greyhound racing industry. As outlined earlier, this is a statistical construct that takes into consideration participants, volunteers and employees (full time, part time, casual and contractor).

In 2015/16, the economic activity generated by the Victorian greyhound racing industry directly sustained 1,216 full time equivalent positions in Victoria. In addition to the direct employment impact, the activities of the greyhound racing industry also help to sustain a further 1,672 FTE jobs in support industries. Therefore, the total direct and indirect employment impact generated by Victorian greyhound racing was 2,888 FTE jobs.

The Victorian greyhound racing industry, like racing industries all over Australia, relies on a large amount of part time and casual labour. Further to that, it employs a large number of people in roles that are not plentiful in the marketplace (such as greyhound training and breeding). The FTE positions that are sustained by the Victorian greyhound racing industry resulted in more than \$219.3 million in wages and salaries for the people employed directly as well as those employed in other down the-line industries that receive increased demand as a result of racing. Some examples of the other industries that are stimulated by racing include; veterinary, feed, retail, tourism, accommodation, transport and construction.

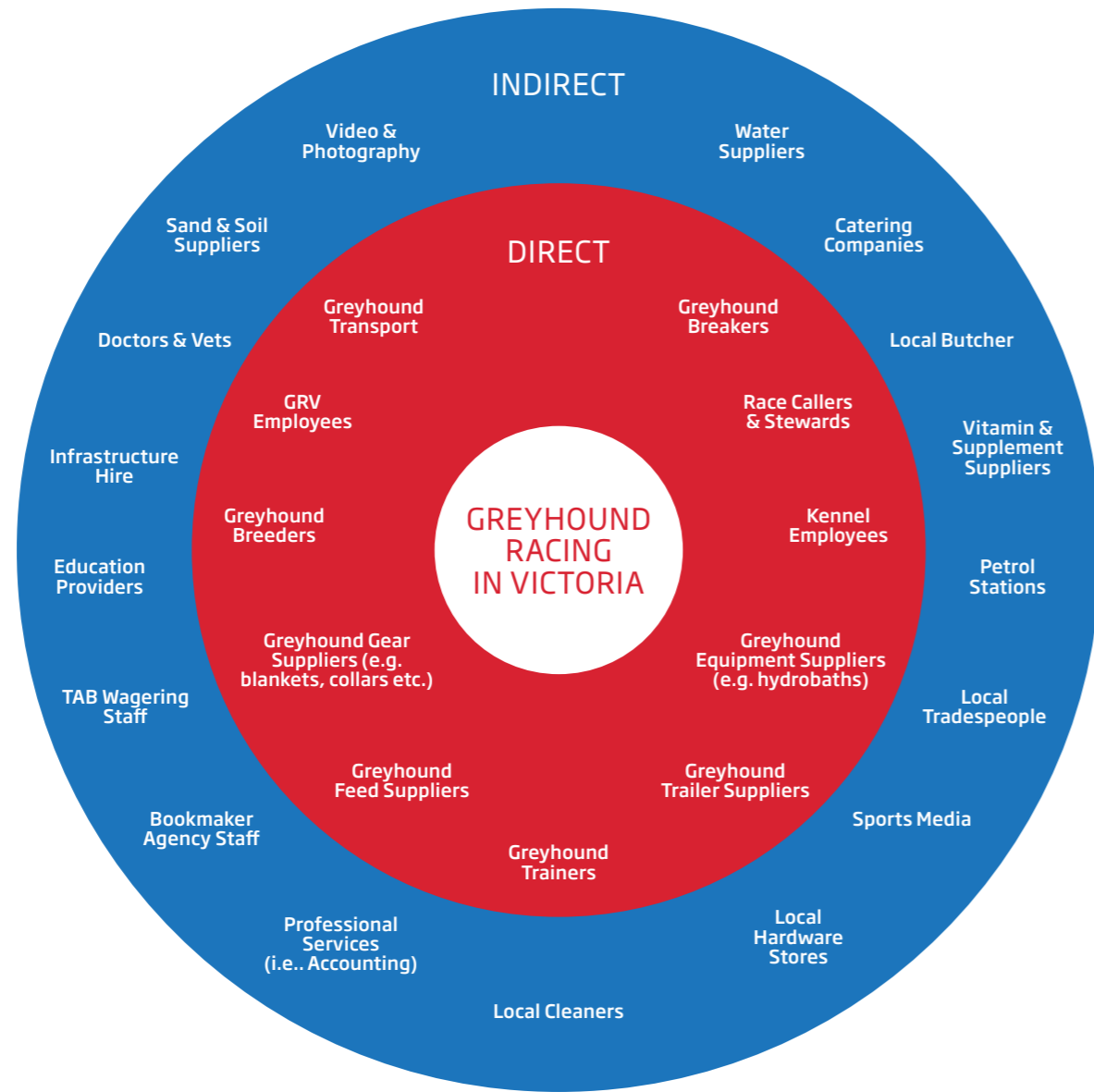


The supplier network

Case study SUPPORTING AN ENTIRE SUPPLY NETWORK

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

The direct suppliers to the greyhound racing industry provide goods and services that are specifically developed for the sport. A functioning and thriving racing industry provides those suppliers with the opportunity to also thrive. Additionally, there are a large number of companies and individuals who supply greyhound racing (among other industries). For these suppliers, diversification means that their success or failure is not completely tied to the fortunes of greyhound racing. However, for many of these businesses, greyhound racing helps provide the critical mass of opportunity that provides them with scope to prosper.



Victorian greyhound racing was responsible for supporting as many as **248 direct and indirect FTE jobs** in the **advertising and marketing sector** and **133 FTE jobs** in the **feed supply sector**



FEED SUPPLY

Greyhound feed represents one of the largest annual spends emanating from the greyhound racing industry in Victoria. In total, the Victorian greyhound racing industry was responsible for generating more than \$16 million in expenditure on feed. It is estimated that this expenditure supported as many as 133 direct and indirect FTE jobs within the state.

VETERINARY SERVICES

Worming and supplements are a vital part of the healthcare program for greyhounds. More than \$2.6 million was spent on these specific healthcare goods and services. When other general veterinarian services were included, the total expenditure within this sector rose to just over \$8.0 million - an amount that sustained 74 direct and indirect FTE roles in Victoria.

FUEL AND TRANSPORT

With 13 tracks spread all over the state, greyhound participants cover an enormous amount of distance in any given year. A sample of greyhound trainers recently indicated that some would travel up to 17,000km in a given year as part of their involvement in greyhound racing. Based on the sample of participants surveyed, it is estimated that the expenditure on fuel alone could total more than \$5.9 million - sustaining more than 46 direct and indirect FTE positions.

ADVERTISING AND MARKETING

The promotion of greyhound racing (to participants, fans and punters) is an activity that was driven by more than \$27.0 million of expenditure - a significant portion of which was made in regional Victoria. This expenditure helped to sustain more than 248 direct and indirect FTE jobs within the advertising, communications and professional service industries.

RACETRACK REPAIRS AND MAINTENANCE

Racing tracks are the most important infrastructure asset that the industry possesses. On an annual basis, the repairs and maintenance of these tracks requires considerable investment. In 2015/16, expenditure on track repairs and maintenance totalled more than \$8.5 million - supporting more than 68 direct and indirect FTE jobs in Victoria

In total, **nearly 2,100** individuals provide the **breeding and training skills** that help to keep the industry functioning. When registered owners are included, this number rises to **more than 11,200** people who are directly involved in **producing and preparing greyhounds** for racing – **77%** of whom **reside in regional areas** of the State



Case study

VOLUNTEERISM IN GREYHOUND RACING

The Victorian Greyhound Racing industry is supported by nearly 1,600 individuals who provide their time, skills and energy in a volunteer capacity. From important roles working with retired greyhounds as part of the GAP program, to roles assisting trainers, breeders and racing clubs, these volunteers are an important part of the fabric of the sport. For most, their volunteer involvement is driven by a passion for the greyhounds as animals.

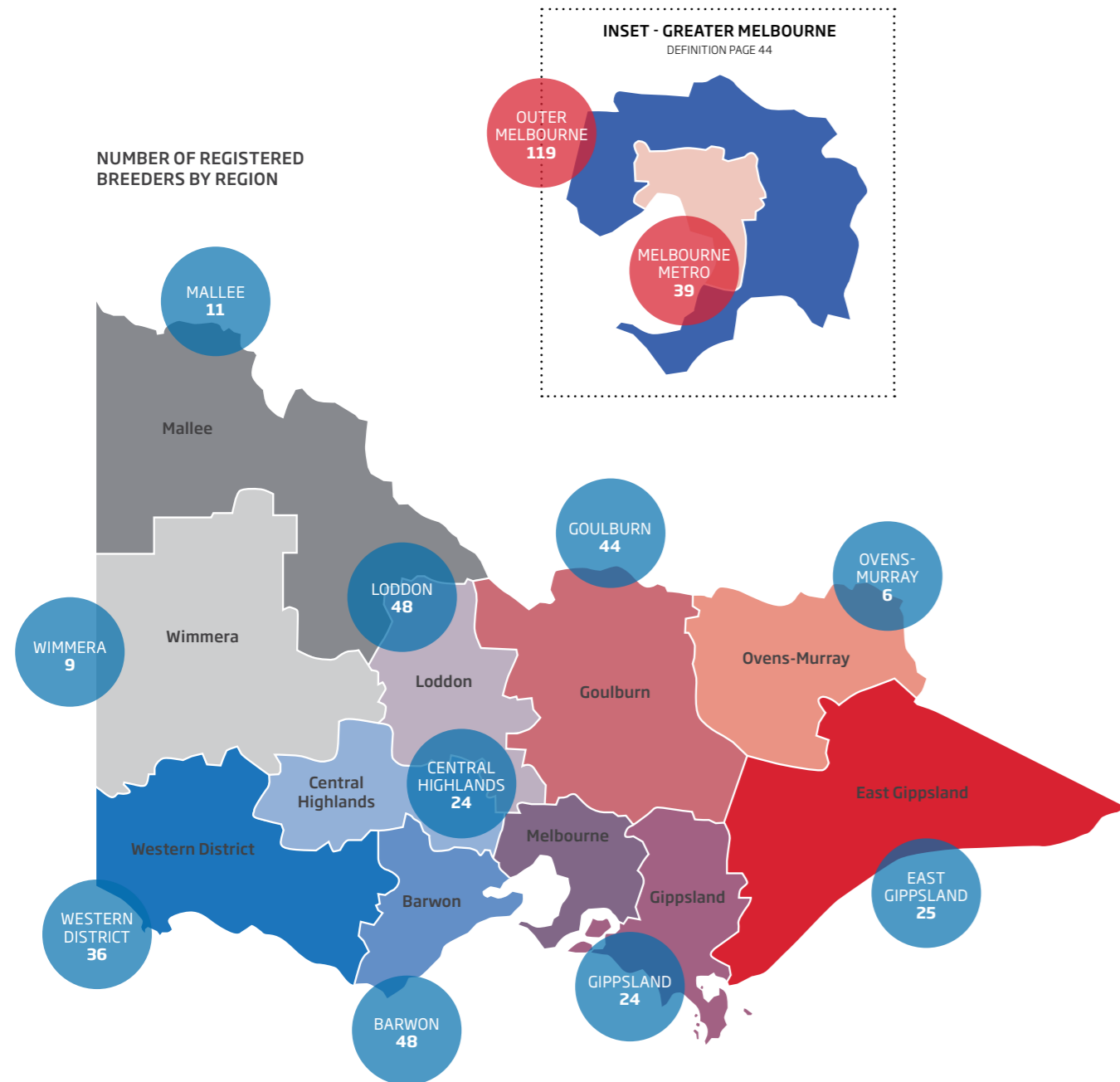
Tom Finning is one such example. Since April 2005, Tom has been the volunteer photographer taking raceday photos at the Geelong Greyhound Racing Club.

One day, whilst in attendance at a race meeting, he noticed the club's photographer struggling to get around (courtesy of a broken ankle that he had suffered) and offered his assistance.

Soon after, the opportunity to take on the role became available - an opportunity that Tom took without hesitation.

As part of his job, Tom photographs all the races during meetings at Geelong. Tom has developed a deep love of greyhounds as well as the 'wonderful' people who gather at the club as participants, employees and racegoers. He particularly loves the social aspect of the racing club.

He didn't previously have a deep connection to greyhounds but now describes himself as being passionately involved. He has said that he will volunteer his services for "as long as he can" - enjoying every minute of his involvement.



Breeding

The breeding sector provides and replenishes the stock of racing greyhounds for the Victorian industry. There are more than 430 active breeders in Victoria who not only produce greyhounds for the Victorian racing industry, but also for other racing jurisdictions around the country.

Breeders provide the vitally important replenishment of racing stock for greyhound owners (and trainers) as well as breeding for the purposes of racing the greyhound themselves. In Victoria, breeders are supported by more than 230 employees (of a full-time, part-time or casual nature). They are further supported by more than 380 individuals who volunteer their time and efforts to assist greyhound breeders.

NUMBER OF BREEDERS

	NUMBER	%
Barwon	48	11.1%
Central Highlands	24	5.5%
East Gippsland	25	5.8%
Gippsland	24	5.5%
Goulburn	44	10.2%
Loddon	48	11.1%
Mallee	11	2.5%
Outer Melbourne	119	27.5%
Ovens-Murray	6	1.4%
Western District	36	8.3%
Wimmera	9	2.1%
Total Regional Victoria	394	91.0%
Metropolitan Melbourne	39	9.0%
TOTAL	433	100.0%

Note:- some totals will not add due to rounding

NUMBER OF REGISTERED SIRES

	NUMBER	%
Barwon	53	11.2%
Central Highlands	31	6.5%
East Gippsland	28	5.9%
Gippsland	24	5.1%
Goulburn	48	10.1%
Loddon	48	10.1%
Mallee	10	2.1%
Outer Melbourne	121	25.5%
Ovens-Murray	8	1.7%
Western District	42	8.8%
Wimmera	10	2.1%
Total Regional Victoria	423	89.1%
Metropolitan Melbourne	52	10.9%
TOTAL	475	100.0%

NUMBER OF FEMALES COVERED

	NUMBER	%
Barwon	87	12.7%
Central Highlands	41	6.0%
East Gippsland	38	5.5%
Gippsland	32	4.7%
Goulburn	68	9.9%
Loddon	75	10.9%
Mallee	14	2.0%
Outer Melbourne	183	26.6%
Ovens-Murray	11	1.6%
Western District	53	7.7%
Wimmera	15	2.2%
Total Regional Victoria	617	89.8%
Metropolitan Melbourne	70	10.2%
TOTAL	687	100.0%

NUMBER OF LITTERS WHELPED

	NUMBER	%
Barwon	78	12.7%
Central Highlands	35	5.7%
East Gippsland	33	5.4%
Gippsland	27	4.4%
Goulburn	70	11.4%
Loddon	65	10.6%
Mallee	13	2.1%
Outer Melbourne	169	27.5%
Ovens-Murray	5	0.8%
Western District	55	9.0%
Wimmera	14	2.3%
Total Regional Victoria	564	91.9%
Metropolitan Melbourne	50	8.1%
TOTAL	614	100.0%

NUMBER OF PUPS WHELPED AND REGISTERED

	NUMBER	%
Barwon	516	13.2%
Central Highlands	226	5.8%
East Gippsland	182	4.6%
Gippsland	188	4.8%
Goulburn	454	11.6%
Loddon	421	10.7%
Mallee	103	2.6%
Outer Melbourne	1,070	27.3%
Ovens-Murray	16	0.4%
Western District	347	8.9%
Wimmera	67	1.7%
Total Regional Victoria	3,590	91.6%
Metropolitan Melbourne	328	8.4%
TOTAL	3,918	100.0%

Note:- some totals will not add due to rounding



In total, breeders in the Victorian greyhound racing industry spent close to \$18 million on the process of producing greyhounds for racing in 2015/16

In 2015/16, Victorian greyhound breeders spent close to \$18 million on the maintenance and production of racing stock. In calculating the expenditure incurred by breeders, a number of factors must be considered. Essentially, breeders incur costs on the maintenance of females, sires and pups in the following areas:

- + feed
- + veterinarian, worming and flea treatment
- + breeding costs (i.e. artificial insemination)
- + travel and transport
- + infrastructure and maintenance
- + bedding
- + cleaning
- + rearing
- + pre-education
- + breaking-in

In some instances, breeders incur all of these expenses themselves, whilst in other situations, breeders may send their greyhounds to professional service providers (such as those who provide whelping or breaking-in services).

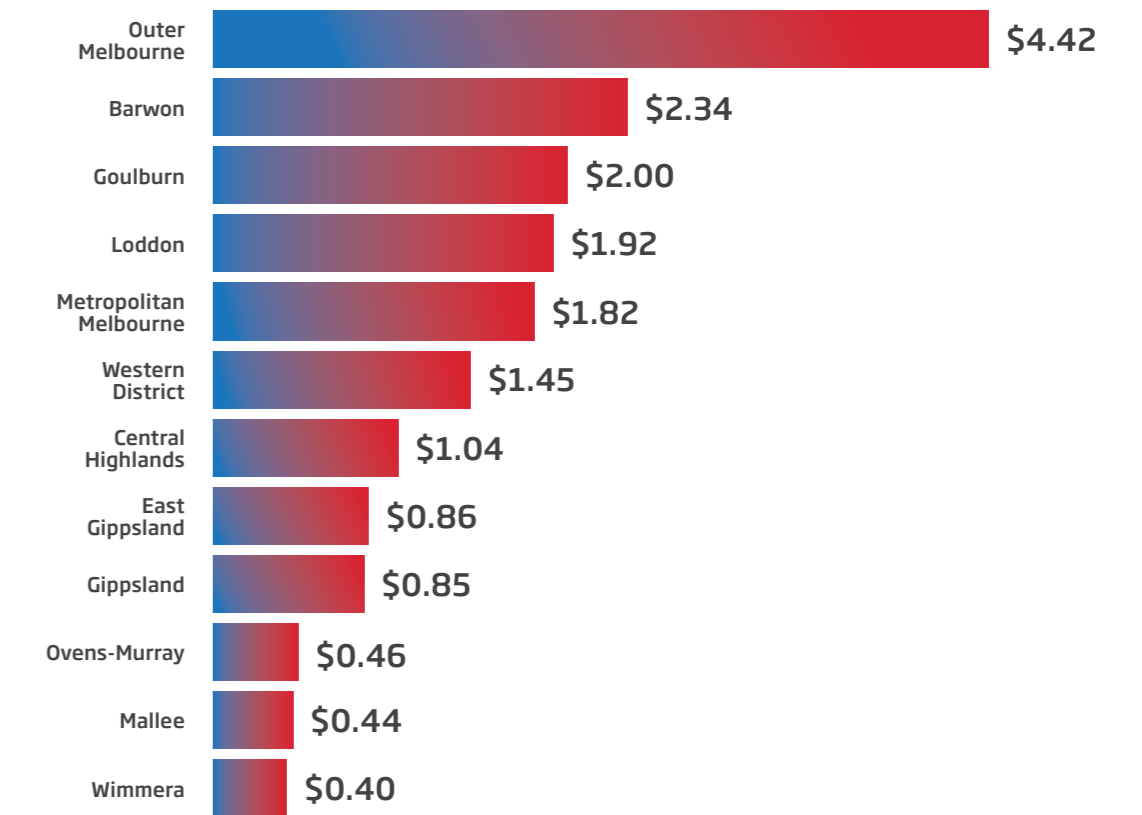
The expenditure figures outlined in this section have been derived from a combination of industry level consultation, and primary research amongst greyhound breeders in Victoria. From an industry perspective, it is important to acknowledge that breeders may not breed with their female every year. Despite this, there is still the ongoing care and maintenance of the female that requires investment.

More than 24% of breeding activity occurs in the Outer Melbourne region - particularly in the Casey and Mornington Peninsula Local Government Areas. The Barwon region (13.0%), Goulburn (11.1%) and Loddon (10.7%) regions are the next most active. The chart (opposite) illustrates the total expenditure, by region, on greyhound breeding activities generated in Victoria.



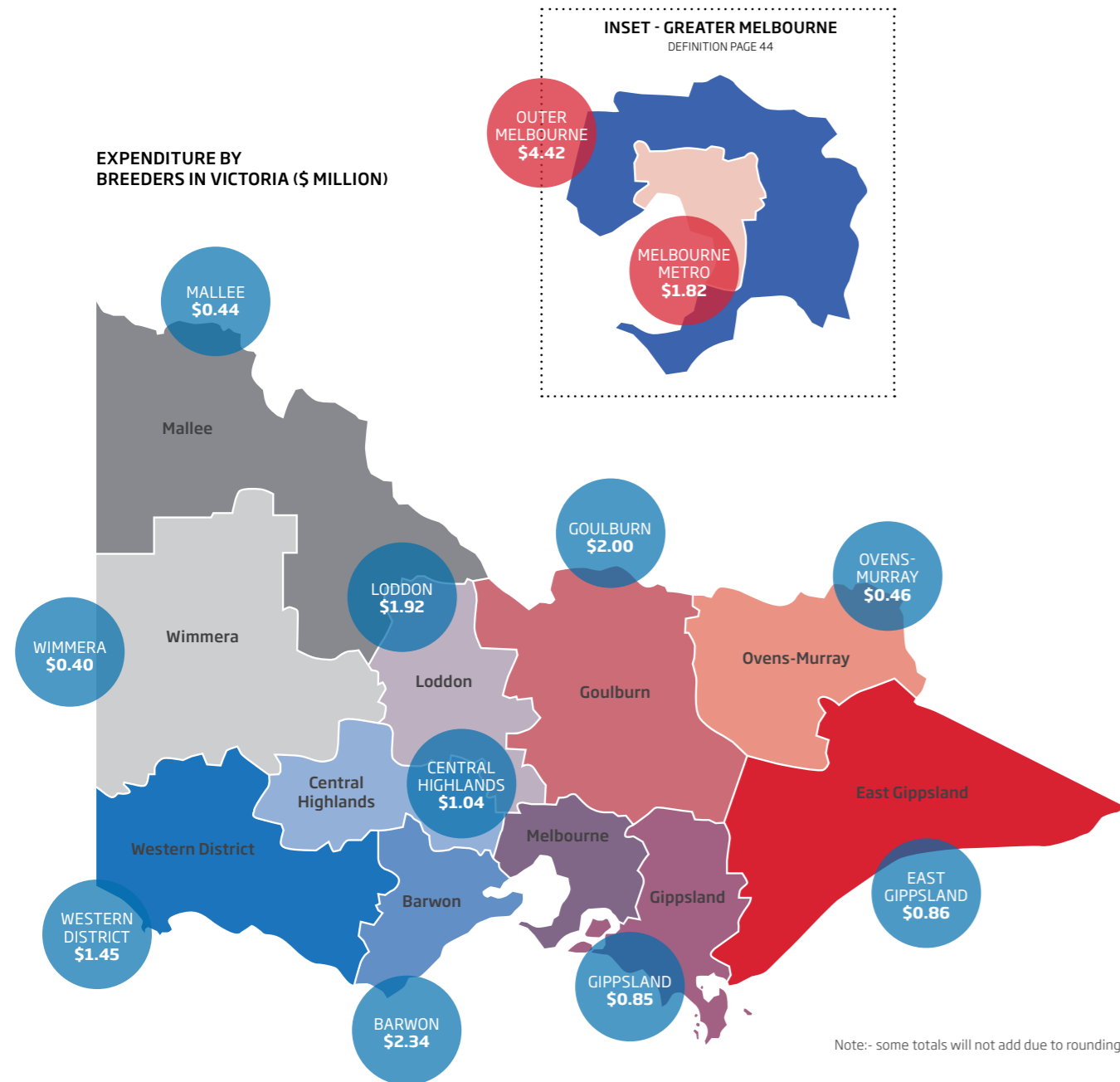
The **outer Melbourne region** accounted for just under **one quarter** of all greyhound breeding activity in Victoria

TOTAL EXPENDITURE, BY REGION, ON GREYHOUND BREEDING ACTIVITIES IN VICTORIA (\$ MILLION)



Note:- some totals will not add due to rounding

EXPENDITURE BY BREEDERS IN VICTORIA (\$ MILLION)



Ownership & Training

In greyhound racing, more than in any other code of racing, the separation of roles between a greyhound trainer and owner is less defined. Whilst the owner engages the trainer to provide their skills in preparing the greyhound for racing, in most cases, trainers choose to forgo a traditional training fee in exchange for the retention of 50% of any prizemoney that is won. Overall, there are more than 9,100 individuals whose primary role is as an owner. Some of these individuals own greyhounds in their own right, whilst others own greyhounds as part of a syndicate.

More than 73% of greyhound owners reside in regional Victoria. The most significant proportion of owners reside in the outer suburbs of Melbourne (i.e. Cranbourne) whilst the Barwon (8.4%), Goulburn (5.5%) and Loddon (5.4%) regions are also home to significant numbers of owners.

During the 2015/16 racing season, the Victorian greyhound racing industry provided owners and trainers with the opportunity to compete for more than \$43.7 million of available prizemoney and bonuses.

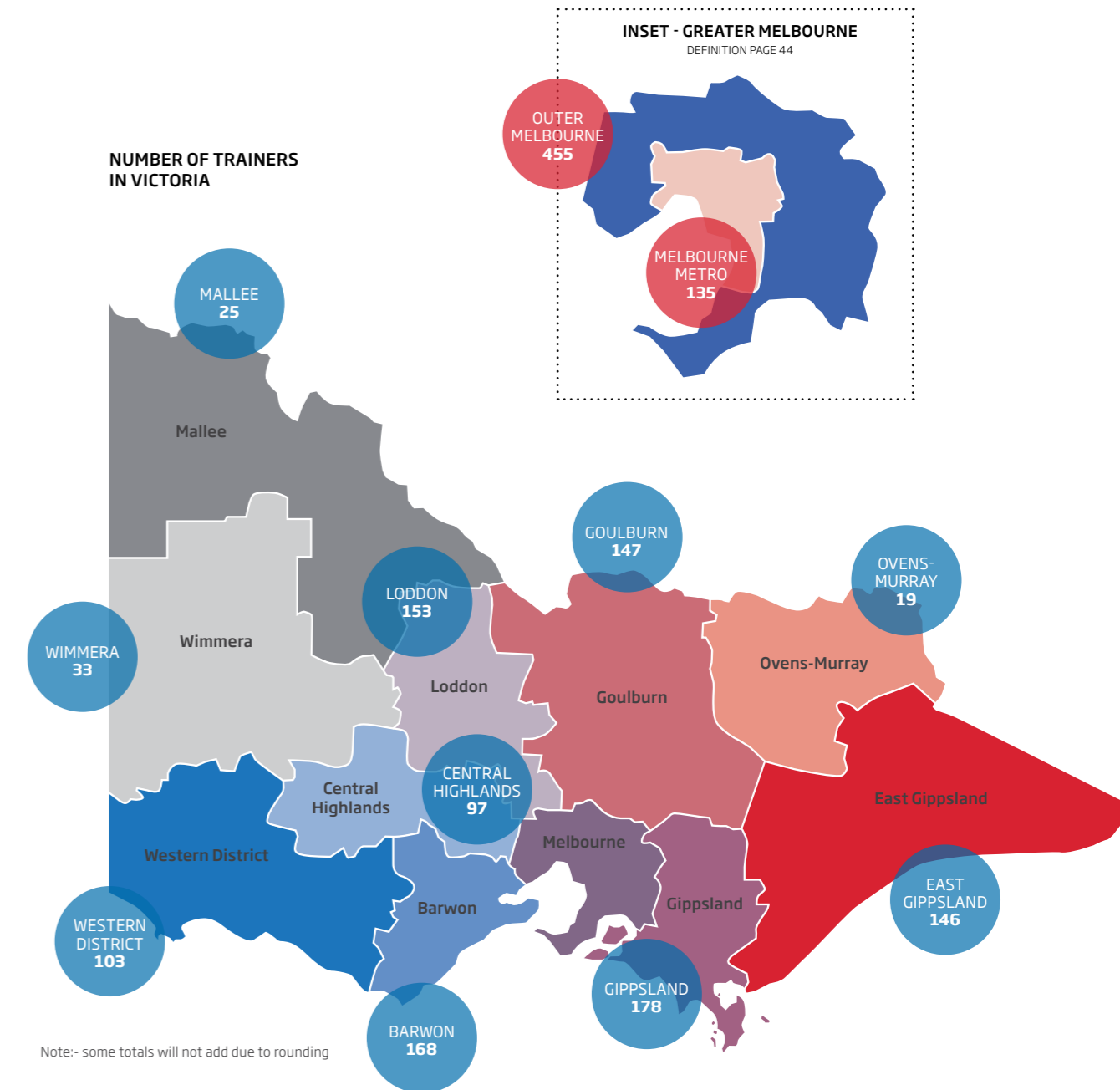
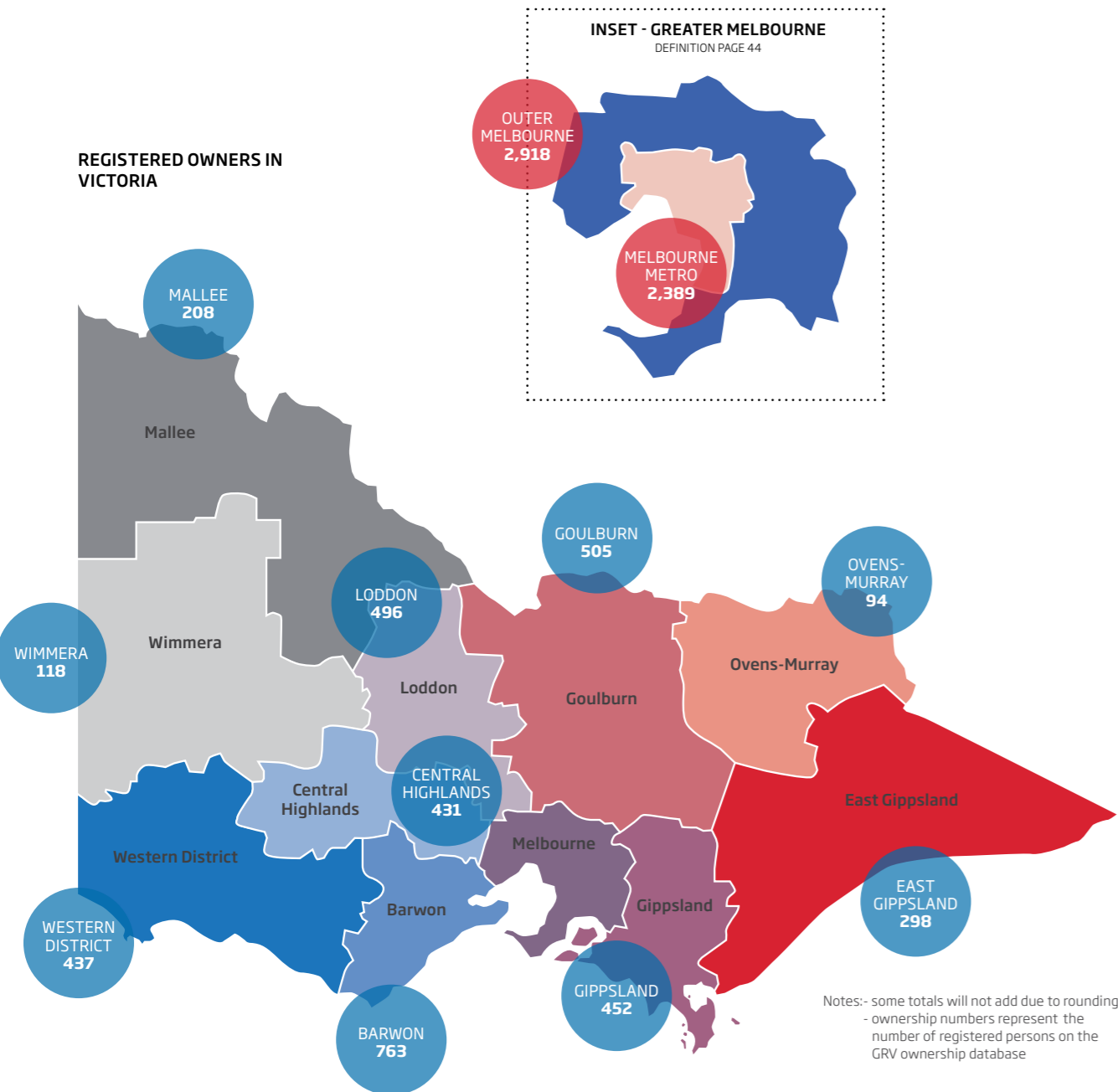
PRIZEMONEY VS TRAINING COSTS

Previous research in a number of jurisdictions has shown that most greyhounds owners do not necessarily expect to achieve a 100% return on their investment. In racing circles, this is often referred to as the 'acceptable loss'. The fact that an 'acceptable loss' concept exists within the industry, is mostly a recognition that ownership is often driven by a combination of business and leisure motivations. This is not to devalue the importance of ensuring that participants have the chance to operate profitably, however it is a reflection of the role that passion and love for the sport play in the decision to be involved as a participant.

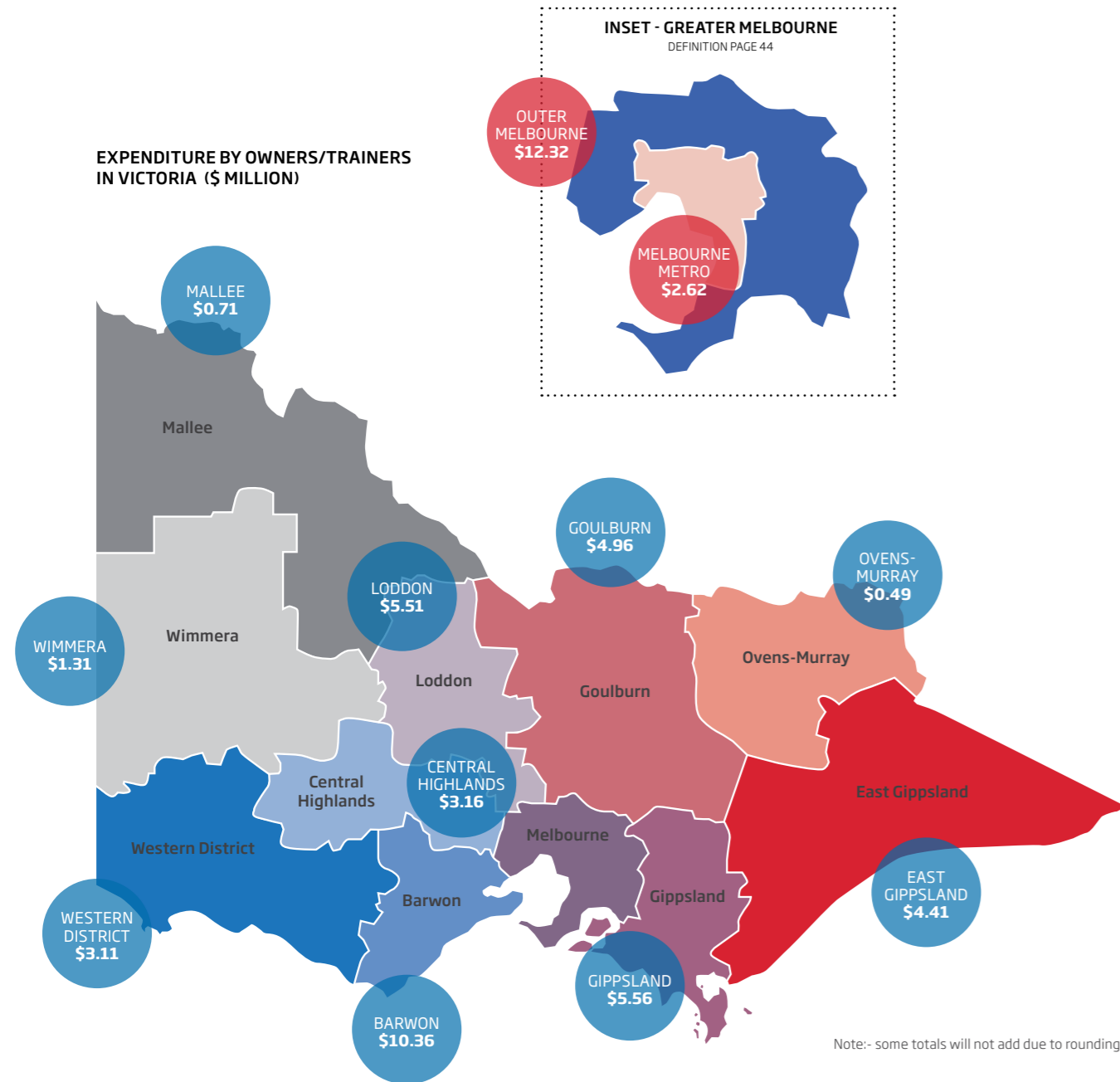
Nearly **87%** of all training roles are sustained within regional areas of Victoria.

Trainers play an integral role in the racing 'service' industry. Training services generally incorporate pre and race training, trialling and raceday management of greyhounds. In the greyhound racing code, trainers' income is mostly generated through an agreement which sees them take a 50% share of prizemoney won.

During the 2015/16 racing season, there were more than 1,650 Victorian greyhound trainers prepared greyhounds to race. These trainers also employed the assistance of more than 530 kennel employees and 1,105 individuals who volunteered their time and efforts to assist. For many of these people, the employment/involvement opportunities offered by trainers utilise skills that are not easily transferrable to other employment sectors.



EXPENDITURE BY OWNERS/TRAINERS IN VICTORIA (\$ MILLION)

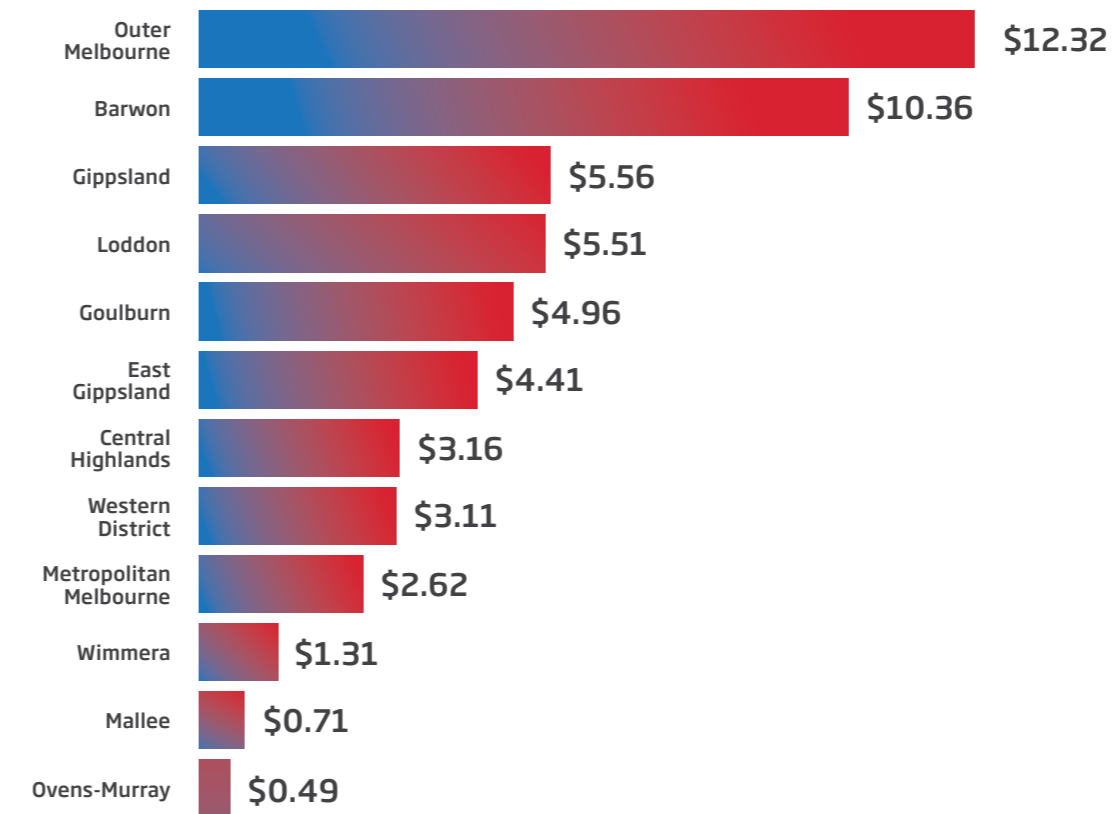


In 2015/16, Victorian greyhound owners and trainers spent more than \$54.5 million on the preparation of their greyhounds for racing. The calculation of expenditure on the preparation of greyhounds takes into account the various training and non-training related expenditures incurred by owners and trainers.

The development of expenditure profiles within each region is based primarily upon the number of greyhounds in training. It also takes into consideration the differing training costs at various stages of the lifecycle of the greyhound. For instance, expenditure in the pre-training stage of the greyhound is different to expenditure on an established racing greyhound. It is also important that this assessment takes into consideration non-Victorian owned greyhounds which are trained within the state. Developing expenditure profiles on a 'per greyhound in training' basis, ensures that they are also included in the assessment.

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

TOTAL EXPENDITURE, BY REGION, ON GREYHOUND TRAINING ACTIVITIES IN VICTORIA (\$ MILLION)



Greyhound owners and trainers spent **in excess of \$54.5 million** in 2015/16 preparing greyhounds for racing. The **Outer Melbourne and Barwon** regions account for **41%** of this activity

The chart (left) illustrates the total expenditure, by region, on greyhound training activities generated in Victoria:

The \$54.5 million spent by trainers and owners facilitated the preparation of just over 7,900 greyhounds in Victoria in 2015/16. More than 95% of this training activity occurred within regional areas of the state.

More than 22% of the training activity occurred in the Outer Melbourne region. The Barwon (19.0%) Gippsland (10.2%) and Loddon (10.1%) regions were the next most active. Many trainers prepare their greyhounds on their own, or other private properties.

NUMBER OF TRAINERS

	NUMBER	%
Barwon	168	10.1%
Central Highlands	97	5.8%
East Gippsland	146	8.8%
Gippsland	178	10.7%
Goulburn	147	8.9%
Loddon	153	9.2%
Mallee	25	1.5%
Outer Melbourne	455	27.4%
Ovens-Murray	19	1.1%
Western District	103	6.2%
Wimmera	33	2.0%
Total Regional Victoria	1,524	91.9%
Metropolitan Melbourne	135	8.1%
TOTAL	1,659	100.0%

NUMBER OF GREYHOUNDS IN TRAINING

	NUMBER	%
Barwon	1,504	19.0%
Central Highlands	459	5.8%
East Gippsland	642	8.1%
Gippsland	811	10.2%
Goulburn	722	9.1%
Loddon	797	10.1%
Mallee	102	1.3%
Outer Melbourne	1,788	22.6%
Ovens-Murray	73	0.9%
Western District	449	5.7%
Wimmera	194	2.4%
Total Regional Victoria	7,541	95.2%
Metropolitan Melbourne	378	4.8%
TOTAL	7,919	100.0%

Note:- some totals will not add due to rounding



In 2015/16, **895 retired greyhounds were adopted** out to new owners - a **5.6% increase** on the 847 that were adopted out in 2014/15. Since 2011/12, **the number of adoptions has risen by 152%** - a significant increase driven by the efforts of GRV, GAP and also increased marketing and infrastructure funding at the Seymour headquarters.



Case study

GAP

The Greyhound Adoption Program (GAP) is GRV's highly successful re-homing initiative dedicated to finding loving homes for greyhounds that are no longer suitable for racing. Greyhounds have been proven to make fantastic pets as they are quiet, lazy and gentle dogs that thrive in the family home environment. Greyhounds that have passed through the program, and have been awarded a special green GAP collar, do not have to be muzzled in public.

Now replicated by other state controlling bodies, the Victorian program is both the oldest and the largest greyhound re-homing program in the country, with over six thousand greyhounds having been re-homed since its inception in 1996.

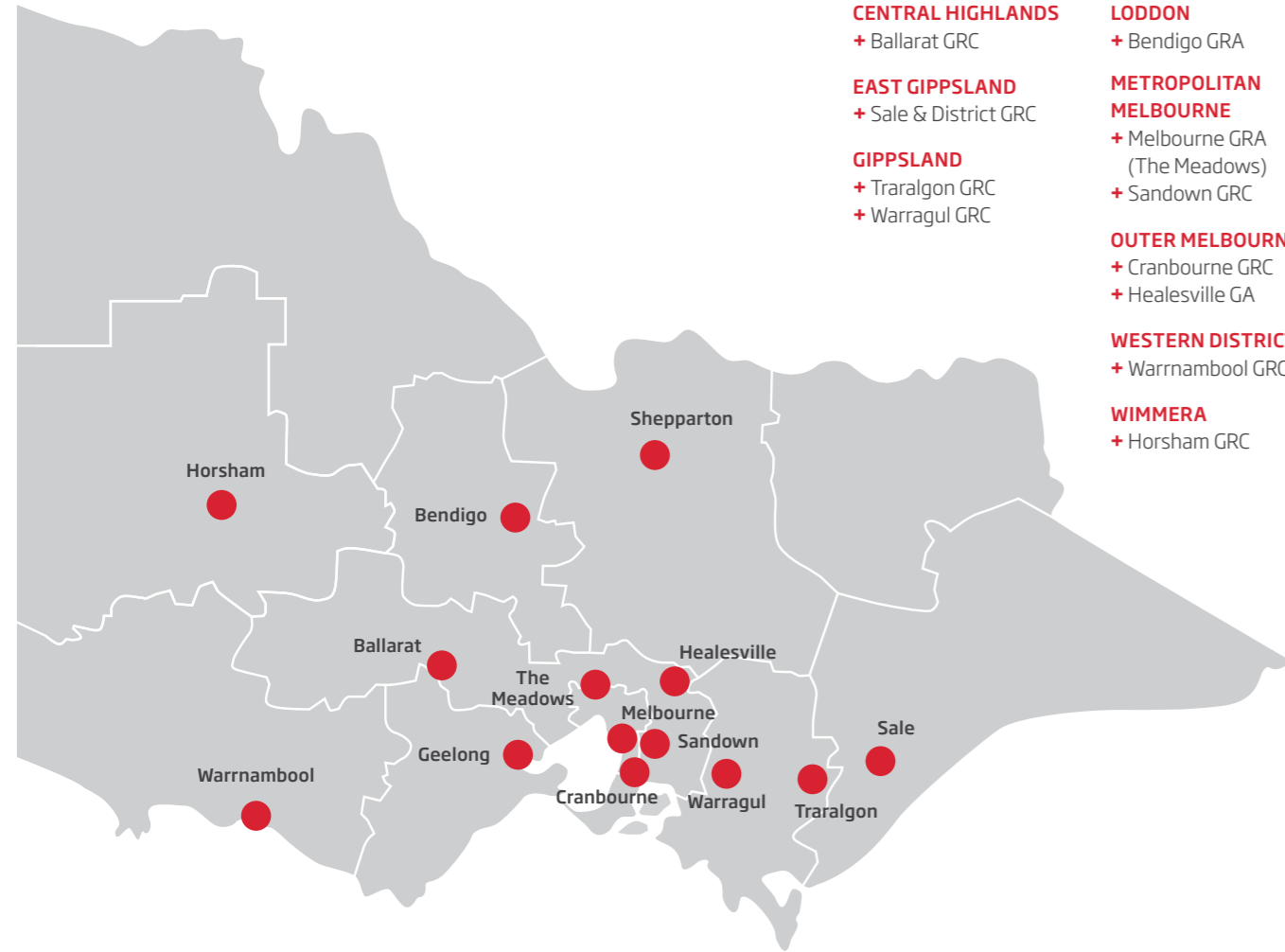
Every dog that enters the program is thoroughly temperament tested, de-sexed and wormed, and all are adopted microchipped and vaccinated. They may then spend time with a volunteer foster carer to help them adjust from life in a kennel to life in a pet home. Foster carers aim to expose their dogs to a variety of situations the greyhound is likely to encounter once it becomes a pet, work on basic obedience and get the greyhound used to the type of routine that is normal for a family home.

The Greyhound Adoption Program has a dedicated kennel facility located in Seymour, central Victoria, with six full-time staff along with a number of part-time and casual staff

who all work together to co-ordinate the dogs' transition from racing animal to family pet. They are assisted by a pool of several hundred Foster Carers and volunteers who volunteer their time and homes to help re-educate the greyhounds prior to adoption. Within this pool of foster carers are selected prisoners at two of Victoria's minimum security prisons - HM Dhurringile and HM Tarrengower who work regularly with a GAP trainer as part of the Prison Pet Partnership - a program designed to benefit both the dogs and the prisoners as they are rehabilitated. These volunteers and staff ensure that the retired greyhounds have the best chances of adoption, and provide an opportunity to involve the many people who are passionate about the greyhound's life after racing.

GAP facilitates a number of activities during the year, designed to help connect adoptive families, and provide opportunities for networking and socialisation. Play groups and GAP walks feature regularly on the calendar, along with promotional activities designed to expose and educate the general public to the gentle and loving breed that is the greyhound in the hope that once their misconceptions regarding the breed have been pointed out, that they too will consider adopting a retired racer. Regular Adoption Days help provide the opportunity for the public to come and interface with the industry to learn more about adopting and fostering retired greyhounds.

Racing clubs & tracks



BARWON
+ Geelong GRC

CENTRAL HIGHLANDS
+ Ballarat GRC

EAST GIPPSLAND
+ Sale & District GRC

GIPPSLAND
+ Traralgon GRC
+ Warragul GRC

GOULBURN
+ Shepparton GRC

LODDON
+ Bendigo GRA

METROPOLITAN MELBOURNE
+ Melbourne GRA (The Meadows)
+ Sandown GRC

OUTER MELBOURNE
+ Cranbourne GRC
+ Healesville GA

WESTERN DISTRICT
+ Warrnambool GRC

WIMMERA
+ Horsham GRC



There are thirteen greyhound racing clubs currently operating in Victoria. These clubs all race at their own tracks, with the Mallee and Owen-Murray regions the only ones without a greyhound racing track. In 2015/16, these racing clubs were responsible for hosting 1,128 race meetings. In addition to hosting race meetings, a number of racing clubs also hold trials for the purposes of providing opportunities for greyhounds to prepare under race-like conditions (mainly in relation to trialling). Overall, greyhound racing clubs in Victoria ran more than 13,400 races across the racing season - or 36 races at approximately 3 race meetings per day.

Race meetings not only provide the opportunity for participants to race their greyhounds, they also provide an important social destination for racing enthusiasts and in many regions, are an important part of the social fabric of the community. It is estimated that greyhound race meetings in 2015/16 attracted more than 208,000 attendances (including participants). The clubs generally provide a bar service, catering and betting facilities for these on-track patrons. Some tracks also provide additional entertainment elements such as raffles, betting information and theme nights. There are about 1,300 individuals who hold memberships with their greyhound racing club and many more who attend weekly as part of their social calendar.

NUMBER OF RACE MEETINGS

	NUMBER	%
Barwon	104	9.2%
Central Highlands	107	9.5%
East Gippsland	68	6.0%
Gippsland	198	17.6%
Goulburn	106	9.4%
Loddon	102	9.0%
Mallee		0.0%
Outer Melbourne	117	10.4%
Ovens-Murray		0.0%
Western District	66	5.9%
Wimmera	51	4.5%
Total Regional Victoria	919	81.5%
Metropolitan Melbourne	209	18.5%
TOTAL	1,128	100.0%

Note:- some totals will not add due to rounding

NUMBER OF RACES

	NUMBER	%
Barwon	1,226	9.1%
Central Highlands	1,283	9.6%
East Gippsland	803	6.0%
Gippsland	2,357	17.6%
Goulburn	1,271	9.5%
Loddon	1,223	9.1%
Mallee		0.0%
Outer Melbourne	1,393	10.4%
Ovens-Murray		0.0%
Western District	783	5.8%
Wimmera	608	4.5%
Total Regional Victoria	10,947	81.7%
Metropolitan Melbourne	2,460	18.3%
TOTAL	13,407	100.0%

NUMBER OF ATTENDANCES

	NUMBER	%
Barwon	9,909	4.8%
Central Highlands	10,140	4.9%
East Gippsland	32,180	15.4%
Gippsland	23,308	11.2%
Goulburn	16,867	8.1%
Loddon	11,046	5.3%
Mallee		0.0%
Outer Melbourne	15,026	7.2%
Ovens-Murray		0.0%
Western District	12,660	6.1%
Wimmera	5,139	2.5%
Total Regional Victoria	136,275	65.4%
Metropolitan Melbourne	72,087	34.6%
TOTAL	208,362	100.0%



Case study

GREYHOUND CLUBS SUPPORTING THEIR COMMUNITY

Victorian greyhound racing clubs are proactive players in community building within their local communities. The extent of their positive impacts is particularly visible in terms of supporting charitable organisations, engaging volunteers and building community partnerships.

A survey of Victorian greyhound racing clubs highlighted the following positive outcomes demonstrated by clubs:

- + nearly 50 community organisations supported through the provision of club facilities for use. In total, these organisations use greyhound club facilities on more than 800 occasions throughout the year
- + more than 700 private hires of greyhound racing club facilities (for uses such as birthdays, work gathering and other private non-racing purposes)
- + nearly 140 charitable organisations/events supported by greyhound racing clubs – to the grand total of just under \$370,000
- + 121 local organisations financially supported (through sponsorships, grants or in-kind support) by Victorian greyhound racing clubs.

Overall, greyhound racing clubs financially assist and support 311 community organisations and charities. Support varies from direct financial support, to in-kind contributions, to subsidised or free use of club facilities. Club organised charity functions raise significant funds through activities such as raffles and auctions, theme nights and other direct fundraising efforts.

One club, Sandown Park, has established a community fund from which grants are awarded to local non-profit organisations. The joint venture between the Sandown Greyhound Racing Club and Greyhounds Entertainment provides funding to non-profit organisations that provide quality programming in the areas of health, recreation and community events and festivals that benefit the community in the City of Greater Dandenong.

Organisations to have benefited from the fund include the Rotary Club of Noble Park, Multiple

Sclerosis, Springvale Learning and Activity Centre, Dandenong West Community Hub, 3rd Noble Park Scout Group, Keysborough Cricket Club and South Eastern Legacy Group.

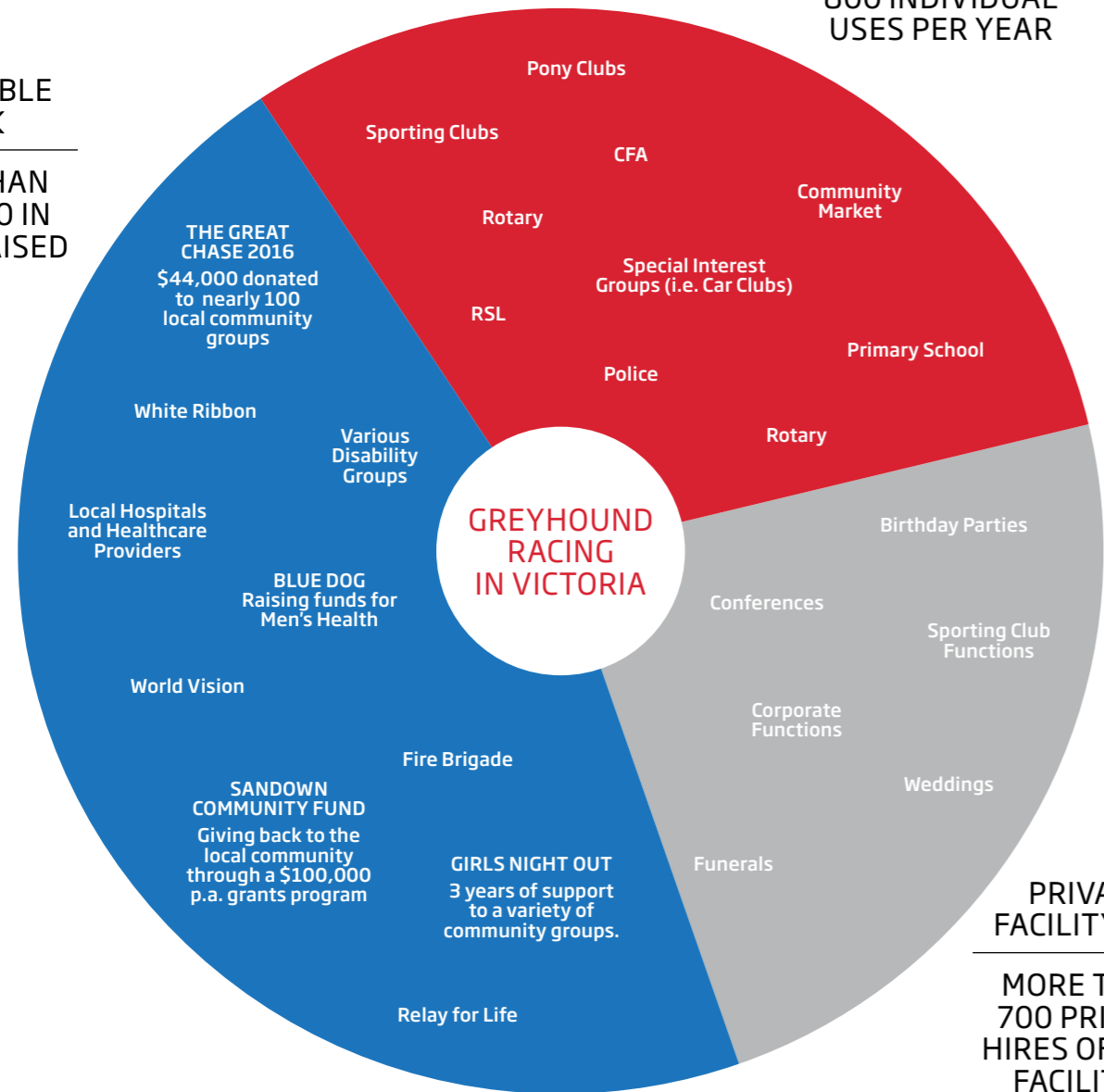
Victorian greyhound racing clubs pride themselves on their engagement and support with local charity groups. Over a four-year period, commencing in 2010, the Victorian greyhound racing industry raised more than \$350,000 for the McGrath Foundation through the 'Go the Pink Dog' campaign whilst many racing clubs have gotten behind the 'Girl's Night Out' fundraising concept raising money for a variety of local charities such as White Ribbon, Cancer Council and Give 5 for Kids charities.

One of the most significant charity partnerships has been between the Sale Greyhound Club and Cancer Council Victoria's 'Relay for Life'. The partnership has been going for more than 16 years and has raised in excess of \$1.1 million. The fundraiser is built around a 24-hour relay event that is held at the Sale Greyhound Club.

Additionally, Victorian greyhound racing clubs have a limited requirement to use their facilities for racing purposes and therefore look to assist and support the community by providing these facilities and resources for use on a temporary and permanent basis. The majority of racing clubs engage with community groups including sporting clubs, charities, emergency services and special interest groups to share their facilities and resources. This is particularly evident in rural and regional areas where facilities have been used extensively for community, public and crisis use.

CHARITABLE WORK

MORE THAN \$370,000 IN FUNDS RAISED



Customer expenditure generated by racing clubs and events

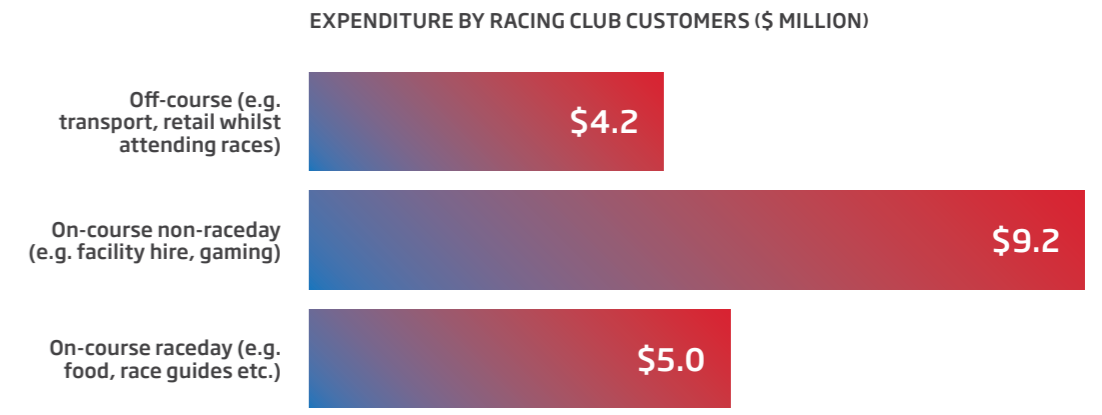
In 2015/16, it is estimated that the total expenditure generated by racing club customers was just under \$18.5 million, (excluding wagering on the races). This includes expenditure generated on-course whilst attending a race meeting, non raceday revenues and spending made in the community linked to attendance at a race meeting.

- + Off-course raceday expenditure by customers (spending incurred by customers as part of their attendance at the races, such as transport, retail, food etc.)
- + Non-raceday related expenditure (spending at racecourses on non-racedays on items such as hiring arrangements for facility use etc.)

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

- + On-course raceday expenditure by customers (spending on on-course products, as well as yields from membership and sponsorship)

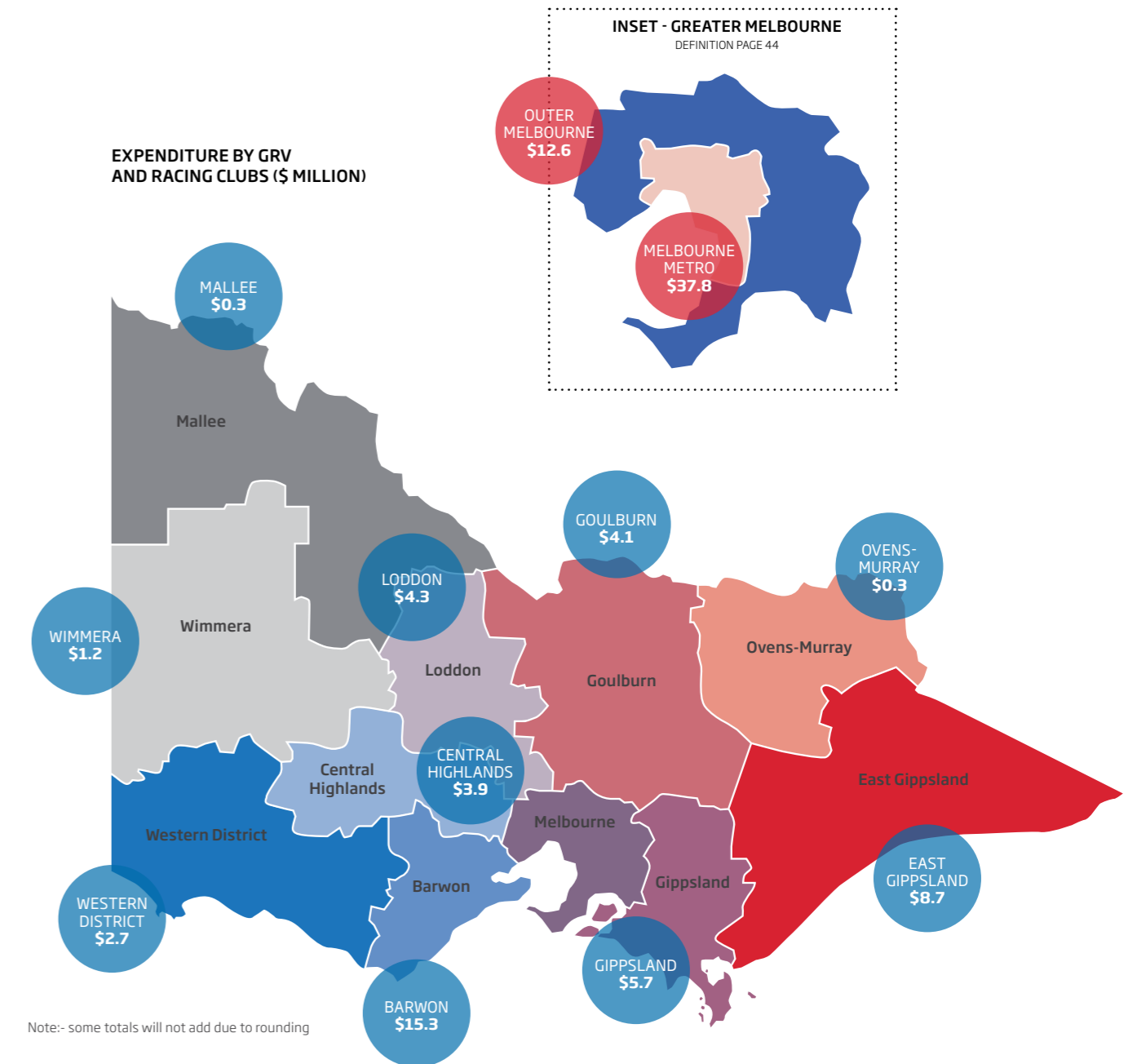
This customer expenditure funds the administration, operation and other costs that racing clubs incur. The following chart illustrates the total customer expenditure as it relates to each of these three categories:

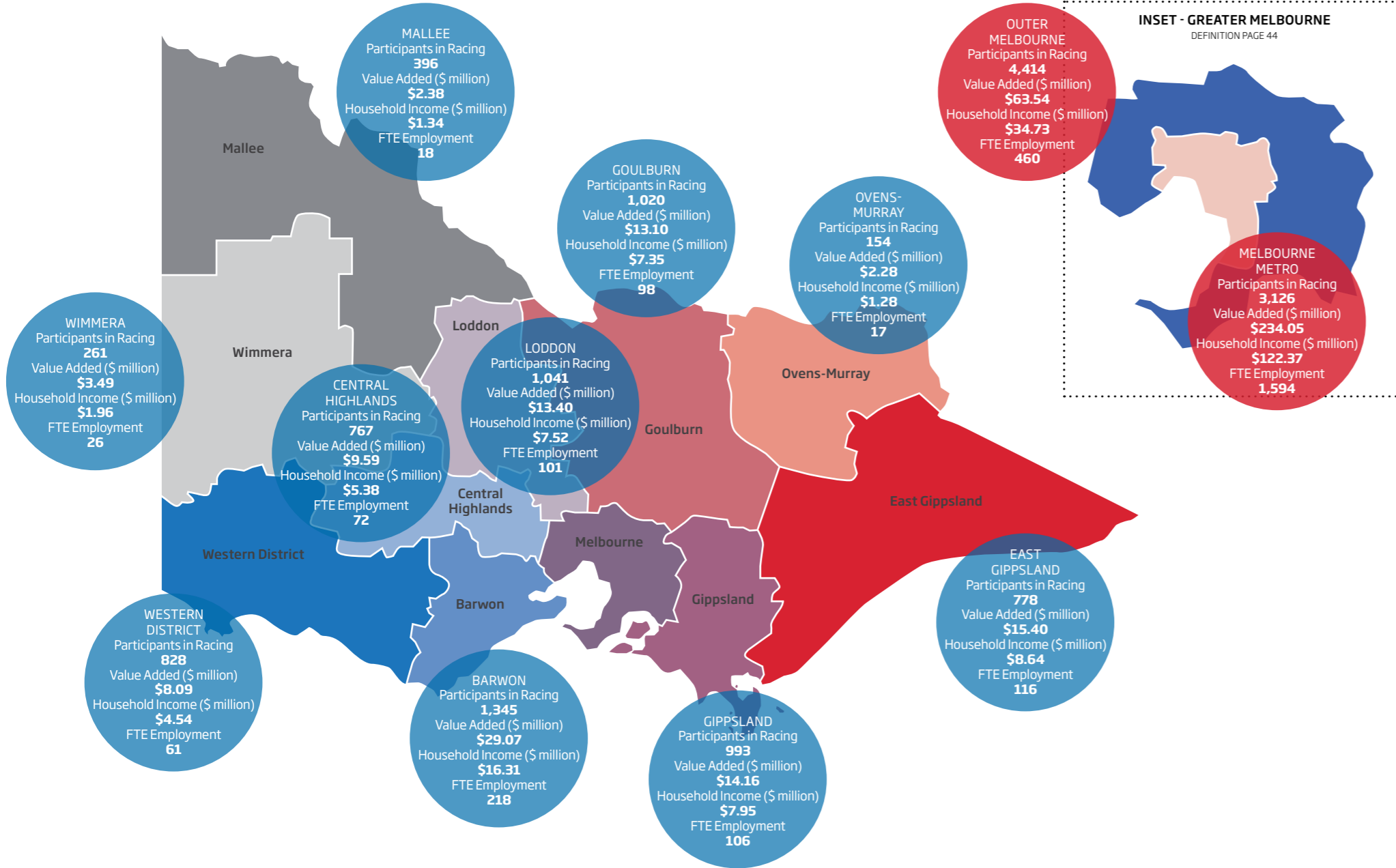




Expenditure by GRV and racing clubs

In 2015/16, Greyhound Racing Victoria and the thirteen racing clubs combined to generate an expenditure impact of more than \$97 million. More than 41% of this expenditure was used to fund the stakes for which participants were competing. Track repairs & maintenance (\$8.6 million) and personnel (\$12.7 million) represented the next largest areas from which expenditure impacts were generated. Metropolitan Melbourne, where GRV and the two metropolitan clubs are located, was the region where the largest portion of expenditure (39.0%) occurred, ahead of Barwon (15.8%), Outer Melbourne (13.0%) and East Gippsland (9.0%). Note: - this analysis also included identification of the geographic locations to which stakes payments were made - which can be variable in any racing season depending on race results.





About IER

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

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

This study constitutes an economic and social impact evaluation of the Greyhound Racing Industry in Victoria. An understanding of the intricate and sometimes complex flow of money in the racing industry underpins this assessment. IER has recently prepared similar studies for:

- + South Australian Racing Industry (3 Codes)
- + Queensland Racing Industry (3 Codes)
- + Thoroughbred Racing Industry in Country Victoria
- + Northern Territory Thoroughbred Racing Industry
- + Standardbred and Thoroughbred Racing in British Columbia
- + Australian Harness Racing Industry
- + New Zealand Racing Industry (3 Codes)
- + Western Australian Racing Industry (3 Codes)
- + Victorian Racing Industry (3 Codes)
- + Tasmanian Racing Industry (3 Codes)

The economic modelling for this study was undertaken by Associate Professor Barry Burgan (B Ec (Hons), FINSIA (Fellow)). Barry is a director of Economic Research Consultants Pty Ltd and has extensive experience in the area of economic and financial assessment and policy advice. He has a background in the public and private sectors, academia and has worked on various projects in the area of economic policy, including in the area of economic modelling.

In particular, Barry has extensive experience in the use of both computable general equilibrium and input-output models, regional economic development and cost/benefit analysis. He has undertaken a number of these studies and projects with the Sustainable Tourism Cooperative Research Centre.

Barry has undertaken a significant range of studies on special events, with some specific examples including:

- + Size and Scope of the South Australian Racing Industry (2012)
- + Economic and Social Impact Study of Harness Racing in Australia (2012)
- + The Economic Impact of the Melbourne Fringe Festival (2010 & 2011)
- + Analysis of economic impact (CG E modelling exercise) of 2006 Commonwealth Games on the Victorian economy (with KPMG, 2005)
- + Pre event evaluation of impacts of the Sydney Olympic Games on NSW - with KPMG
- + Size and Scope study of the Victorian Racing Industry (2012)
- + Size and Scope study of the Tasmanian Racing Industry (2012)
- + Economic Impact assessment of the InterDominion (Sydney) 2013 & 2014
- + Annual assessment of the Adelaide Fringe, WomAdelaide and Clipsal 500 (over the last 5-10 years)
- + Size and Scope Study of Thoroughbred Racing Industry in NT
- + Size and Scope of the Western Australian Racing Industry (2014)

Barry provides the economic modelling and advisory services to IER.

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

Economic Methodology

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

DISTRIBUTION TO REGIONS

The direct expenditure above has been allocated to regions across Victoria. The level of economic activity will not proportionally follow the expenditure, as regional areas generally have higher import penetrations than metropolitan areas - ie a lot of the expenditure is on product imported from the metropolitan area). This study we have employed a top down distribution that recognises that where regional input output tables exist direct industry ratios of value added, employment etc are generally similar between the state and sub-regional table, but regional induced impacts are on average of the order of 50%-70% of the state induced impacts (dependent on the region and the sector)[1]. This will vary from industry to industry sector, and from region to region, but this observation has been used as a basis for distributing the state level impacts to regions. That is the direct impacts have been distributed proportionally, while the induced impacts have been distributed with a 25% discount for the outer metropolitan region, and a 50% discount for the other regions. The balance is distributed to the metropolitan area. In summary, the impact

at the regional level is almost 60% of the state impact in terms of the expenditure, and in terms of initial or direct impact - but after allowing for the leakages from the regional area in terms of induced impacts, has about 50% of the total level of activity.

ADJUSTMENT OF EXPENDITURES

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

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

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

The Victorian model adopted in this study has been developed for this study using a location quotient approach based on the national 2012/13 table (ABS) and employment data from the 2011 census. It is assumed there have been limited labour productivity gains since that time.

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

- + The average value added in each of the industry sectors is extracted and then the GST component (at 10% - which is only paid on the value added) is deducted and separately identified.
- + The purchaser price is adjusted for the average margin for wholesale, retail and transport sectors, as identified in the national input output tables.

TAXES

The GST generated by greyhound racing industry activity in Victoria is estimated to be 4.3% of direct expenditure, or approximately \$11.5 million. It is assumed that GST revenue is directed back to the State and used to fund items such as Government administration, health and education. Additionally, the Victorian Government receives approximately \$24 million in taxes from wagering on greyhound racing.

ECONOMIC CONTRIBUTION

The economic contribution of an industry refers to the contribution that the industry makes in terms of:

- + gross state or regional product,
- + household income, and
- + the employment that these income measures support.

Industries do this in two ways – by the employment and activity it supports directly (and in the industries that depend on it as a customer); and the flow on effects which filters through the economy. The importance of the expenditures generated by an industry in the production process is that they will sustain turnover in local industry, and specifically this will support local jobs and incomes. It is the jobs and incomes that are taken to be the measure of economic impact or benefit (after netting out leaked expenditure on items such as imports).

It is also generally acknowledged that, in addition to the jobs in direct suppliers of services to the production processes of the industry, the production expenditure also has a multiplier effect within the community. In this way, the direct expenditure impact of the racing industry generates a ‘flow on impact’ on other sectors through the expenditure of wages and purchases of the direct suppliers to the industry.

The use of multipliers, derived from input-output tables, has been a prominent process for translating directly created expenditure (a final demand stimulus) of industries or projects into jobs and incomes. The multipliers allow for the measurement of the extent of the flow-on impact generated in the economy, as a result of the racing industry expenditure. There has been some level of academic argument about appropriate models for converting increases in external expenditure (final demand) into regional economic impacts. The critics of using input-output tables often argue that multipliers are used to overstate the value of an industry – with the term multiplier taken as ratcheting up the value (or overstating the impact). This criticism used to be valid when analysts applied turnover multipliers, but is not the case with the more appropriate use of value-added multipliers – which translate the expenditure estimates to a national accounting framework measure with a whole of economy context. Indeed value-added multipliers (the value-added impact (direct and induced) relative to a dollar of created expenditure) are often less than one. Used correctly multipliers provide a more appropriate measure.

In short, the use of these input-output based multipliers allow for reporting of the estimated outcomes of that industry in terms of:

- + the effect of expenditure or turnover on value added across a regional economy, and
- + its impact on the labour market in terms of job creation

These measures are consistent with national accounting frameworks.

It should be emphasised that this methodology – of identifying the local expenditure associated with production by the industry and tracing the expenditure through the rest of the economy – cannot be interpreted as saying that Gross State Product or employment would fall by this amount if the industry somehow did not exist. In the first instance local people would spend their money on other activities and the contribution of those other sectors would rise and replace most or all of that which was previously generated by the racing industry. What this study calculates is the level of direct and induced employment and income that is linked to people choosing to spend their entertainment dollar on racing (after allowing for imports which are used in the production process). This could be considered as being the gross economic impact of the sector, and is therefore a measure of its significance generally. If a similar gross impact was calculated for every other sector of the economy, then the sum of the impacts would be considerably greater than the size of the economy in total.

An alternative methodology would be to measure the net economic impact – which is the extent to which this industry expenditure is supported by revenues that can be considered new to the state. This would include the supply of services by the local industry to racing activities interstate (i.e. serving a visiting Mare from another State).

It would also focus only on spending by tourists or visitor to the state who attend the races rather than the stimulus created by spending by all attendees where it is associated with engagement with the racing industry. Under this scenario, it would reasonably be expected that some race attendees would attend events interstate if they were not available in Victoria, and that some operators would base their operations interstate if this was the case. Whilst a valid approach, this particular approach (net economic impact) does not fit the purpose of this study.

The methodology used in this report is consistent with that used in recent studies of the Victorian, New South Wales and Tasmanian racing industries. The only exception is that due to increasing access to the operating environment of non-TAB wagering service providers (WSP), IER has for the first time, been able to include a measure of the operating expenditure in Victoria funded by revenues from Victorian greyhound racing wagering. This element has previously been included for the TAB operators but not for other WSP's).

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- + Participants who provided detailed financial data on training and breeding greyhounds

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

+ Direct expenditure - is defined as expenditure associated with producing pups (breeding & rearing), preparing greyhounds (training), racing customer expenditure and expenditure by GRV and racing clubs on operating the industry. Direct expenditure is counted at the point at which it leaves the racing industry and hits the broader economy.

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

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

+ Total Value Added – is the sum of the Direct Value Added plus the Flow-on Impact – which represents the total wage and salary income plus gross operating surplus generated directly in providing the goods and services involved in the

direct in-scope expenditure and the wages and salaries generated as an extension. It therefore represents the contribution to Gross State Product resulting from the events and activities of the Victorian greyhound racing industry

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

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

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

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

The analysis has been undertaken in a consistent format and with consistent assumptions to evaluations of other projects and studies of the racing industry (for consistency and comparative purposes). An input-output model, as used herein is an economy wide model which shows the inter-linkages between industry sectors in the economy. Therefore, the change in economic circumstances (specifically a change in final demand) for one sector of the economy (e.g. through a major project) can be traced through to its effect on other sectors, allowing a more comprehensive look at the effects of the project. It is based on assumptions that all changes in final demand can be met by the economy without constraint. A computable general equilibrium (CGE) model is also an economy wide model and has a similar outcome, but differs from input-output models in that it includes supply side and macro-economic constraints, thereby limiting the extent that the change in final demand will be fully captured in other sectors (because of market limitations). The labour market is in effect the most significant constraining factor. At the national level, such constraints will be critical, and as such national impacts are best assessed in this framework. However, at a state level, where supply constraints in the labour market are demonstrably small (responded to by immigration) and there are also limited capital market constraints - the estimates of jobs and GSP outcomes are of a similar order of magnitude at the state level. Both models would generally show a project in one region causing a positive effect in that region. A CGE model would show that project causing negative impacts in other regions to heavily offset the gains. In this analysis, we are clearly concerned with the impacts on the state economy.



FOCUSED THINKING

