

APPENDIX 5: Scope and contribution of Australian thoroughbred racing

1. Overview

The Thoroughbred Racing Industry (TRI) plays an integral role in the sporting life, cultural traditions and the economy of Australia. Racing spans both the calendar and continent: over 19,000 thoroughbred races are held each year, staged in almost every part of Australia. Here we provide a snapshot of the size and scope of the TRI, illustrating the remarkable extent of its influence on Australia's economic and social life.

Participation

- 184,000+ starters in Australian races every year
- 371 Australian Racing Clubs
- 4.5+ million attendances at race meetings every year
- 100,000+ racing club members
- 230,000+ employees, participants and volunteers

Economy

- 5.0+ billion in value added
- 49,000+ full time equivalent jobs
- \$610+ million in taxes paid to State Governments
- \$560+ million in taxes paid to Federal Governments

Global Reach

- 700+ million Worldwide audience for the Melbourne Cup
- 22 countries importing Australian racehorses
- 20+ northern hemisphere international horses compete in the Melbourne Spring and Sydney Autumn Carnivals combined
- \$750+ million international exports

Investment

- \$1.1+ billion invested annually by breeders, owners and trainers
- 100,000+ racehorse owners investing in Australian racing

1.1 Significance of the Thoroughbred industry to Australia

Employment

IER's assessment found that the set of activities associated with, breeding, training, racing and wagering, directly accounted for an estimated 48,680 full-time equivalent (FTE) jobs in 2005-06. An estimated 9,900 breeders employed 17,990 staff, 80 percent of who were based in non-metropolitan areas. An estimated 1,280 trainers (from a total of 4,700 trainers Australia-wide) and their 3,100 staff were also concentrated in non-metropolitan Australia. 1,500 full-time staff, 12,000 part-time staff and 1,000 jockeys were employed in delivering the race day product. Bookmakers totalled 700 and they employed an additional 1,400 people. TAB wagering staff totalled an estimated 4,700. IER's study found that racing and breeding also help to sustain employment in other areas of the economy, such as feed merchants, veterinarians, farriers, transport companies, caterers, hoteliers, and the fashion industry.

Participation

People participate in three main ways: producing and delivering the 'racing product'; attending race meetings; and wagering on horse racing.

The total number of people involved in producing the race product is much larger than the 48,680 FTE employees recorded above because of the considerable extent of part-time, casual and unpaid work. In fact, closer to 230,000 people are involved in the TRI, two-thirds of whom are tied to provincial and country racing.

Horse racing is one of Australia's oldest and most popular sports. The first organized thoroughbred race meeting in this country was held in Hyde Park, Sydney, in 1810, with Governor Macquarie in attendance. Today, about 2 million Australians attend a thoroughbred race meeting at least once per year, ranking it second only to AFL in terms of attendance¹. While racing's best known event, the Melbourne Cup, is now an international spectacle viewed by 700 million people, at the same time racing continues largely unchanged in picnic meetings run throughout country Australia where almost every place big enough to be called a town – as well as in some that are not – has its own racetrack. For many rural communities, their Cup race day remains one of the social highlights of the year.

It can be said that Australia has three truly national days: ANZAC Day; Australia Day; and the Melbourne Cup.

¹ ABS Attendance of Sport

Taxation revenue

The TRI generates nearly \$1.2 billion in Federal and State taxes each year. Taxes on wagering comprised almost half of this amount, with GST the next largest component.

1.2 International significance of Australian Thoroughbred Racing

There are 371 race clubs in Australia, which is more than any other country in the world.

On a per capita, basis Australia has arguably the strongest racing industry in the world. Even in aggregate terms the TRI ranks in the top 3 racing industries in the world on all industry indicators notwithstanding its much smaller population and economy *vis a vis* competitors such as the US, Japan, Great Britain and France.

Australian Thoroughbred racing on a world stage

| Rank | Starts | Black type races | Prize money | Foals born |
|------|---------------|------------------|---------------|---------------|
| 1 | USA | USA | USA | USA |
| 2 | Australia | Australia | Japan | Australia |
| 3 | Japan | Great Britain | Australia | Ireland |
| 4 | Great Britain | France | France | Japan |
| 5 | France | Argentina | Great Britain | Argentina |
| 6 | Chile | Japan | Korea | Great Britain |
| 7 | Argentina | South Africa | Turkey | France |
| 8 | Italy | Brazil | Hong Kong | New Zealand |
| 9 | South Africa | New Zealand | Ireland | Brazil |
| 10 | New Zealand | Ireland | Italy | Canada |

1.3 Conclusion

The TRI spans a network of activities that starts with people choosing to wager on thoroughbred horse racing which creates the demand for the bloodstock industry. Wagering provides the prize money to horse owners who fund breeding and training, the success of which affects the scale and quality of thoroughbred racing events, which in turn affects wagering demand.

The TRI makes significant contributions to the Australian economy through employment, valued added, and tax paid. A large part of the Australian population participates in thoroughbred racing, directly by producing and delivering the racing product, or indirectly by attending race meetings and wagering. Any decline in funding that led to a contraction in the size of the Thoroughbred racing industry would have wide flow-on effects.