

LEARNING AREA: ECONOMICS AND BUSINESS

# Business, Economics, and Thoroughbred Racing in Australia





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Thoroughbred racing in Australia contributes significantly to the economy with impacts on **revenue, employment, and tourism**. The thoroughbred industry in Australia contributes approximately \$9 billion to the Australian economy each year and is responsible for employing people directly and indirectly through racing-related activities. The industry supports nearly 80,000 full-time jobs, ranging from jockeys and trainers to veterinarians, stablehands, and breeding farm workers (Thoroughbred Breeders Australia, 2024).

Tourism is also an important component of the economic impact of thoroughbred racing. With almost **19,000 races** running across the country each year, from small town race meets to major events such as the **Melbourne Cup**, visitors to these events increase spending in local economies, including hospitality, accommodation, and retail sectors. The Melbourne Cup contributes over **\$725 million** to the Australian economy annually.



## Regional and rural economies

The thoroughbred racing and breeding industries are particularly significant to Australia's regional and rural economies. The **breeding sector** contributes **\$1.48 billion** to the national economy and provides approximately **11,500 full-time jobs**, many of which are located in rural areas. Regions like the Hunter Valley in New South Wales, Queensland's Darling Downs, and north-east Victoria are well known for their thoroughbred breeding operations, contributing significantly to local economies.

In rural communities, the industry creates jobs **directly related** to horse racing and **ancillary services** such as feed production, veterinary services, and transportation. The economic benefits extend beyond employment, as the spending associated with racing events and operations boosts local businesses, from hotels and restaurants to retail stores and service providers. For many regional towns, the annual racing calendar provides a steady income stream, helping sustain businesses.



## Stakeholders in Australia's thoroughbred racing industry

Stakeholders are individuals, groups, or organisations with an interest or investment in an industry, project, or business. They are the animals, people, or groups affected by an industry or project's decisions, actions, and success. For the thoroughbred racing industry in Australia, stakeholders include everyone who has a role in or is impacted by the racing industry.

**Breeders** are responsible for producing Australia's thoroughbred racehorses. Australia is home to some of the world's leading breeding operations, essential for maintaining the high standard of racehorses. Breeders receive their income from the sale of their stock, service fees for stallions, and providing agistment services. Australian thoroughbreds are highly valued around the world.

The total spending at Australia's 2024 yearling sales was over \$570 million, with an average price of \$154,000 per horse. More than \$55 million of this spending was from buyers who were seeking to export Australian horses overseas (Thoroughbred Breeders Australia, 2024).

**Racehorse owners** invest in the horses, covering the costs of their **purchase, training, and care**. Owners can be individuals or part of large syndicates of people who share in owning a racehorse.

Owning a successful racehorse can be profitable, with prize money from races and the potential to sell winning horses for significant amounts. The ownership model for racehorses in Australia is unique, with over 105,000 people owning a share in a racehorse - more than in any other country.

**Racing clubs** manage the operations of race meetings, maintain the racetracks, and ensure that racing is conducted safely and fairly. They also regulate the industry and promote events to the public. **Racing Australia** is the national body that oversees the integrity of thoroughbred racing, ensuring that the sport is conducted ethically and fairly.

Horse racing events generate revenue and income for the industry. A percentage of this money is taxed and allocated to **state and federal governments**. This money is used for public services (such as funding hospitals and schools) and building infrastructure (such as roads and bridges). Government bodies also help in regulating the industry to ensure its integrity and fairness.





## Economic impacts Data analysis

The **Racing Australia Size and Scope Study** was conducted between 2016-2017 to provide a detailed understanding of the industry's economic, social, and community impacts. The study aimed to quantify the industry's contributions to state and territory economies, demonstrate its role in sustaining jobs and income, and highlight its importance to local communities. This data-driven approach helps stakeholders, including policymakers and industry leaders, make informed decisions to support and grow the industry effectively.



### Key terms

**Total Economic Contribution (\$ million):** The total value the thoroughbred racing industry adds to the economy of a state or territory. It includes money spent on goods and services, job creation, and other economic activities.

**Full-Time Equivalent (FTE) Jobs:** The total employment created by the industry, converted into full-time positions. For example, two part-time jobs might equal one FTE job.

**Total Household Income (\$ million):** The total income earned by people working in the industry, including wages, salaries, and other earnings.



Scan the QR code or click on the link to access the **Racing Australia Size and Scope Study - States and Territory Impacts**. Use the state and territory web pages to collect data on the economic impacts of the Thoroughbred Racing Industry in Australia. Record your findings in the table on the following page.

**Racing Australia Size and Scope Study - States and Territory Impacts.**

<https://ier-study.racingaustralia.horse/state-and-territory-impacts/>

## Data analysis

### Tables:

Using tables to present results allows a large amount of data to be displayed clearly in a small space. Tables can enhance data visualisation by presenting data in a clear and concise format. They also allow the reader to compare and contrast the data as multiple datasets can be displayed side by side.

**a) Use the state and territory web pages from the Racing Australia Size and Scope Study to collect data on the economic impacts of the thoroughbred racing industry in each of the states and territories of Australia. Create a table modelled on the example below in a workbook or using digital software to record the data.**

State/ Territory	Year	Total Economic Contribution (\$million)	Full-Time Equivalent (FTE) jobs	Total Household Income (\$ million)
Victoria	2016/2017	\$3,187.1 million	25,157	\$1734.0 million

## Data analysis (cont.)

### Graphical data:

Graphical representations of data, such as graphs and charts, provide a visual representation of (sometimes complex) information that is easier to understand than tables of data. Graphs can highlight patterns and trends in data and relationships between variables, which can help researchers communicate their findings more effectively.

**b) Create a graph to show the total economic contribution (\$ million) of the thoroughbred racing industry in each state and territory. Select a graph suitable for representing this type of data. Interpret the data on the graph to answer the questions below in a workbook or digital document.**

- 1 Explain why the graph you selected was suitable for representing this data.
- 2 Which state or territory had the highest total economic contribution (\$ million)?
- 3 Which state or territory had the lowest total economic contribution (\$ million)?
- 4 What is the trend of the total economic contribution of the states and territories? What factors could explain to this trend?

## Case studies

In addition to the economic impacts of the thoroughbred racing industry through direct employment and revenue, “the majority of the 387 race clubs across Australia, including rural and remote regions, host a local community cup day. Funds raised are allocated to a local community need. Major metropolitan clubs, through associated foundations, contribute to local state and national community-based charities” (TfRI, 2024). Scan the QR codes or click on the links to observe case studies of the charitable contributions of the Australian Turf Club.



**Australian Turf Club  
Donates Raceday Food to  
Food Relief Charities (1:23)**

<https://youtu.be/ketP81dP9g4?si=z90Vm3YsTOYZSXax>



**Grant Recipient:  
Top Blokes  
Foundation (2:13)**

<https://youtu.be/d9klwljt9Bo?si=VxSjQWT31uPCiWrB>

“The TRI {Thoroughbred Racing Industry} 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” (Racing Australia, 2015).

**c) Write a response to this statement, offering your opinion on its validity. Use data from the Racing Australia Size and Scope Study - States and Territory Impacts and consider the social contributions of the thoroughbred industry to justify your response.**

## Learning Area | Australian Curriculum Content:

### Economics and Business

Interpret information and data to identify economic and business issues, trends and economic cause-and-effect relationships (AC9HE7S03, AC9HE8S03)

Interpret information and data, explaining economic and business issues, trends and economic cause-and-effect relationships, and make predictions about consumer and financial impacts (AC9HE9S03, AC9HE10S03)

## ATTRIBUTION, CREDIT & SHARING

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While reasonable efforts have been made to ensure that the contents of this educational resource are factually correct, PIEFA and Thoroughbred Breeders Australia do not accept responsibility for the accuracy or completeness of the contents and shall not be liable for any loss or damage that may be occasioned directly or indirectly from using, or reliance on, the contents of this educational resource.

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