

Welsh Economic Review

© Welsh Economy Research Unit 2002
ISSN 0965-2450

The *Welsh Economic Review* is produced twice yearly, by the Welsh Economy Research Unit (WERU) at Cardiff Business School. The aim of the *Review* is to provide an authoritative and objective analysis of the Welsh economy in a manner that promotes understanding and informs decision-making. The 'core' section of the *Review* is written by members of WERU, with feature articles contributed by academics or practitioners within or outside Wales. The *Review* is circulated widely within Wales, to both private and public sector organisations, including the education sector and the National Assembly.

Notes for Contributors

Authors should send papers for potential publication in the *Welsh Economic Review* to the Editor at the address given below, preferably via e-mail in a Word for Windows format. Papers are welcome on any topic that would be of general interest to the readership, and should be written in a style suitable for non-specialist readers. Papers should be approximately 3,000-4,000 words and any graphs or figures should be accompanied by the underlying data to allow reproduction.

Articles will be refereed within WERU. The Copyright for articles published in the *Welsh Economic Review* will be retained by WERU.

Dr Annette Roberts,
Editor, *Welsh Economic Review*,
Welsh Economy Research Unit,
Cardiff Business School,
Aberconway Building,
Colum Drive,
Cardiff, CF10 3EU.

Tel 029 2087 4173

Fax 020 2087 4419

e-mail robertsa1@cardiff.ac.uk

A year ago the world was reeling from events in New York, and since then its economic effects have been felt variously; particularly a bearish stockmarket which shows little sign of recovering as the US threatens to broaden its war against terrorism. Recently the education system in the UK suffered a serious setback when the 'gold standard' A levels were subject to downgrading by some examining boards, affecting Welsh students and angering the already problem-ridden teaching profession.

The Economic Events Diary in this *Review* reports some happier news. Figures released by the Welsh Assembly Government during the summer showed a record year for economic development spending, whilst the Welsh Development Agency annual report, published in July, claimed that over 25,000 jobs were created or safeguarded by Agency activities in the year to March 2002.

The editors would like to thank all our regular contributors to the *Review* and to thank Professor Garyl Rhys for agreeing to an interview. Garel is a leading academic at Cardiff Business School and is an international authority on the automotive industry.

Three feature articles appear in the *Review*. The first, by Professor Ross MacKay of the University of Wales Bangor, gives an interesting and accessible account of growing differences in wealth between regions of the UK. Tensions in the Inner Core regions, comprising London, the South East, and the East are not sustainable in the longer term, and Professor MacKay suggests that greater interest in decentralisation policy should be shown. In the second article Professor Steve Hill and Diane O'Sullivan of the University of Glamorgan, examine the economic value of Wales' historic environment, a paper based upon the findings of a partnership study report '*Valuing our Environment*'. The final paper is a project report by Max Munday and Annette Roberts, of WERU and BRASS, which outlines work on economy-environment modelling. This project has been undertaken with funding from the EU supported Observatory for a Sustainable Knowledge Based Region. Information about the Observatory can be found at www.sustainableregions.net.

WERU Conference 2002/2003

This *Review* contains abridged presentations from WERU's 2002 conference *Flexing Welsh Muscle: Sport and Economic Development* – a subject that has gained topicality in succeeding months.

The next WERU conference will be held at Cardiff Business School in Spring 2003, and will enter the challenging debate of Sustainable Development drawing momentum from the 2002 Johannesburg Summit. The Welsh Assembly Government has enshrined the principle of sustainable development in its constitution (see pages 20-22 and 47-48 of this *Review* for commentary). The conference will clarify our understanding of sustainability and examine methods for assessing progress made in Wales.

WERU Activities

Current activities include the development of an Index of Sustainable Economic Welfare for Wales (ISEW): a BRASS/University of Wales, Aberystwyth/WERU research project, the details of which can be found on the WERU website. Information about the ESRC funded Business Relationships Accountability Sustainability and Society (BRASS) centre can be found at www.Brass.cardiff.ac.uk

WERU has also completed a pilot study on Welsh Growth Sectors for the Welsh Development Agency, using a new evaluation technique; similar to one recently pioneered in Queensland, Australia.

Further information about WERU activities can be found at www.weru.org.uk or from Sue Morgan, WERU Administrator, tel: 029 2087 4173.

The Welsh Economic Review is available on-line at www.weru.org.uk

Contents	Page
WERU Conference	5
Review	
Economic Commentary	16
Economic Events Diary	18
Political Economy	20
Labour Markets	23
Property Markets	25
Industrial Activity	27
Area Profile – West Wales	29
Interview with Garel Rhys	33
Regional Contrasts	37
<i>R. Ross MacKay, University of Wales, Bangor</i>	
Appreciating Assets: Estimating the Economic Value of the Historic Environment in Wales	41
<i>Stephen Hill and Diane O’Sullivan, Glamorgan Business School, University of Glamorgan.</i>	
Project Report - Regional Environmental Input-Output Analysis for Wales	47
<i>Max Munday and Annette Roberts, Welsh Economy Research Unit, and ESRC Centre for Business Relationships Accountability Sustainability and Society.</i>	

The views expressed in feature articles are those of the authors and not necessarily the opinions of WERU or Bank of Wales

Editor: Annette Roberts
 Assistant Editor: Jane Bryan

Contributors: Jane Bryan, Calvin Jones, Max Munday, Annette Roberts and Neil Roche

WERU Conference

In May 2002, the Welsh Economy Research Unit held its 10th annual conference. The conference theme was *Flexing Welsh Muscle: Sport and Economic Development*. Following the conference, speakers were invited to provide a summary of their presentations for this *Review*. Those received are published below. A wide range of issues was debated during the conference, and WERU would like to thank all conference speakers and delegates for their participation. Special thanks go to Sarah Dickins, Journalist and broadcaster, who was Chairperson for the day.

Sport and Economic Regeneration

Chris Gratton, Sport Industry Research Centre, Sheffield Hallam University

In the UK there has been a recent acknowledgement of the economic and social benefits that major events can have upon the host city, region or country. The setting up of the Major Events Support Group, now the Major Events Steering Group (MESG), in 1994, by the Sports Council was an attempt to assist governing bodies and local authorities in bidding for, and staging, major sports events. A report by the former National Heritage Committee (1995) entitled 'Bids to Stage International Sports Events' provided a framework for a co-ordinated approach to attracting events. The report indicated that the UK had started to fall behind other countries in its approach to attracting major sports events, and that the UK had lacked a consistent approach for bidding for events. One of the principal objectives in setting up the UK Sports Council was to rationalise the system. The UK Sports Council has since adopted a policy and strategy for major events, and funding is now available from the National Lottery to support major sports events.

The National Heritage Committee (1995) report stated:

'It is clear that bids to stage major sporting events....can operate as a catalyst to stimulate economic regeneration even if they do not ultimately prove successful.'

The report used the case of Sheffield and Manchester to highlight the regenerative impact of sports events in the UK:

'...once the initial redevelopment has taken place, the existence of high quality facilities means that the cities concerned are able to attract other sports events. The impact however does not stop there. Many of the facilities are suitable for other uses such as conferences and concerts. In addition the favourable publicity which can follow from a successful event may increase the attractiveness of a city, raise its profile overseas, and enable it to attract an increasing number of tourists.'

Euro 96

The economic significance of major sports events became an increasingly important issue in the UK following the economic success of the Euro 96 football championships, which attracted 280,000 overseas visiting supporters, spending around £120 million in the eight host cities and surrounding regions (Dobson, Gratton, and Holliday, 1997). Including the impact of spending by domestic visitors not resident in the host cities, the total economic impact generated in the host cities by all spectators and media/officials to Euro 96 was £195 million.

Euro 96 was estimated to have increased Britain's net earnings from travel and tourism in the second quarter of 1996 by 3% and generated an extra 0.25% of UK exports of goods and services. In total, the event was estimated to have added 0.1% to British Gross Domestic Product (GDP), in the period from April to June, a quarter of the total growth of 0.4%. The tourist boom during the championships helped push Britain's trade balance into its first surplus since the beginning of 1995.

According to estimates from Deloitte & Touche, the government also received £64 million of revenue gains as a result of England hosting the tournament: £40m from the tournament through VAT on ticket sales, merchandising, corporate hospitality and other Euro 96 spending; £5 million from betting tax from the £80 million wagers on Euro 96 matches; £3 million from taxation on the incomes of competition organisers; and £16 million from companies paying corporation tax on commercial profit. The government received this revenue boost while contributing only relatively small amounts through National Heritage Department grants. The costs of organising, promoting, and policing the tournament and associated cultural events were borne by local authorities, private companies and the Football Association.

The tournament itself made a record profit of £69 million for UEFA (Europe's governing body of football), £49 million of which was given as prize money to the competing countries. Although the FA made an operating loss of £1.7 million on the tournament, a £2.5 million overall surplus was made after taking account of England's prize money as a result of reaching the semi-finals.

Euro 96 had a significant impact on the UK hotel industry. Outside London average room occupancies and average room rates were up by 14% and 22% respectively in June 1996 over their level in June 1995. In Manchester, there was a 57% increase in room yield and room occupancy directly attributable to Euro 96. However, the displacement of business and conference trade did dampen the impact in some areas of the country.

Euro 96 was the largest sports event to be held in Britain since the 1966 World Cup. The evidence discussed above shows that it was an economic success for the host cities and the British tourism industry. It has also led to an increased demand for more major sports events to be staged in Britain in the future, most notably the bids to stage the 2006 soccer World Cup Finals and possibly the 2012 Olympic Games. The UK also hosted the 1999 Rugby Union and Cricket World Cups, and the 2002 Commonwealth Games.

However, every year in the UK there is a rolling programme of major sports events, some of which are of global significance. These would include the Five Nations Rugby Tournament, Wimbledon, the Open Golf Championship, the FA Cup Final, the Boat Race, and the Grand National. Britain probably has the broadest portfolio of annual major sports events in relation to its population size of any country in the world. This gives an expertise and experience that represents a competitive advantage in this rapidly growing global market. It also signals a need to more fully understand how sport events can generate benefits to the cities that host them.

In the UK, three cities, Sheffield, Glasgow, and Birmingham, have adopted an economic strategy based on attracting major sports events to their area as a catalyst to stimulate economic regeneration. These three cities were designated 'National Cities of Sport' in 1995 and two of these, Sheffield and Birmingham, were also host cities in Euro 96. A look at developments in one of these cities, Sheffield, allows an assessment of the extent to which sports events can contribute to economic regeneration.

Sports Events and Economic Regeneration: a Case-study of Sheffield

Between 1978 and 1988 Sheffield suffered a severe local economic recession as its coal, steel and engineering industries declined with the loss of over 60,000 jobs, leaving unemployment in some areas of the city as high as 20%. Faced with few realistic alternatives, and with little hope of any help from central government, Sheffield embarked on an adventurous event-led tourism strategy to attempt to replace lost employment by expansion in the sport, leisure, and tourism industries. The 1991 World Student Games (WSG) were attracted to Sheffield, involving £150 million of new investment in sports facilities, including an athletics stadium, indoor arena, and an international competition swimming pool.

Sheffield then became an economic experiment, to test out the hypotheses discussed above, that hosting sports events could make a significant contribution to the local economy as well as changing the historical image of the city as a dirty industrial city. Given Sheffield's industrial heritage in the steel industry, it was a massive reorientation of policy to aim to attract visitors to the city to watch or take part in sports events.

The strategic policies set out in the 1980s for regeneration were quick to evolve, and as Roche (1992) commented: *'One feature of such strategies has often been at first sight the rather implausible looking project of creating out of unpromising material a new urban tourism industry.'*

The World Student Games made an operating loss of £10 million, but no economic impact study was carried out, so there were no estimates of the economic activity generated by visitors to Sheffield as a direct result of the staging of the event. Thus, only one side of the economic equation was measured, and this proved a political burden in the early years of the strategy. However, the investment in the new sports facilities for the WSG provided the platform for a continuous programme of events held in Sheffield since 1991. Since 1991, over 300 sports events have been staged in Sheffield, and the additional expenditure in the local economy that visitors to Sheffield have generated as a direct result of these events is estimated at over £30 million. Over £9 million of this total was generated in a 24 day period (15 event days) in June and July in 1996 by two events, the three first round games of Group D in Euro 96 and the World Masters Swimming Championships that followed

immediately afterwards. Both of these events were the subjects of economic impact studies carried out by the Leisure Industries Research Centre. These two events are particularly interesting because one is a major spectator attraction also attracting major media attention (Euro 96) while the other attracts few spectators but a large number of competitors (World Masters Swimming Championships).

The three Euro 96 matches attracted a total attendance of nearly 69,000 of which just over 61,000 were visitors to Sheffield. Only 24% of these, however, spent at least one night in Sheffield. Although Euro 96 attracted a large number of spectators from other countries, a surprisingly high percentage of these were actually day-visitors and returned home, by boat or plane, after each match. These day visitors, however, on average spent more than £50 per day, much higher than would be expected for other day-visitor tourist attractions, with the result that the overall additional spend in Sheffield by visitors as a result of these three games was £5.8 million.

Whereas the Euro 96 games attracted a large number of mainly overseas visitors to Sheffield to spectate at a major sports event and had global media coverage, the World Masters Swimming Championships, which began three days after the last Group D match of Euro 96, attracted few spectators and little media attention. The Championships began on 22nd June 1996 and finished on July 3rd. There were 6,500 competitors and officials, plus a few spectators who were normally friends or family of the competitors. However, over 80% of these visitors stayed at least one night in Sheffield with the average length of stay being 5.4 nights. The average daily expenditure of those staying overnight was over £80, resulting in a total additional spend by visitors to Sheffield as a result of the event of £3.6 million.

Thus the World Masters Swimming Championships attracted around 10% of the number of visitors brought to Sheffield by the Euro 96 games but generated over 60% of the additional expenditure of visitors to these games. This is because the visitors attracted to the event, who were mostly the competitors themselves, stayed longer in Sheffield and spent more money. Masters events are now recognised as particularly beneficial to the host city in the generation of significant economic impact since they attract older, more affluent competitors who stay in the host city for a significant period of time. The 1994 World Masters Games in Brisbane generated over A\$50 million of economic activity in the host city. The

25,000 competitors that took part made it the world largest multi-sport participation event.

Conclusions

This paper has shown how hosting major events can provide a route to economic regeneration. Both sports participants and spectators spend money on travel and tourism directly as a result of taking part in, or watching sport. Sport-related travel expenditure is an important component of the sports services sector. However, major events are not the only means by which sport can generate additional economic activity. The broad range of activities that make up the sport industry provides a potential platform for economic expansion.

References

Dobson N, Gratton C, and Holliday S (1997), *Football Came Home: The economic impact of Euro 96*, Leisure Industries Research Centre.

Roche M (1992) *Megaevent Planning and Citizenship: problems of rationality and democracy in Sheffield's Universiade 1991*, *Vrijetijd en Samenleving*, 10, N0 4, 46-67

Sport Industry Research Centre (2002), *Sport Market Forecasts 2002-2006*.

The UK Motorsport Industry

James Stancombe, Motorsport Network Co-ordinator for Northamptonshire.

The UK is a world-centre of auto technology innovation, supplying advanced technology and a complete range of skills and services to the motorsport and performance engineering industries. The UK is also an acknowledged centre for creative activity in high performance engineering and technology, event infrastructure, creative services and merchandising.

The National Survey of Motorsport Engineering and Services carried out by the Motorsport Industry Association (MIA) in 2000 revealed that 4,200 UK businesses are involved in the industry, with a total annual turnover of £4.6 billion. Approximately 38,500 people are employed full time in the industry, two-thirds of them in engineering disciplines, making up a pool of readily available talent that plays a key role in the fast-moving industry; there are also 30,455 competition license holders in the UK. It is a young industry, based mainly around small enterprises: three-quarters of engineering firms were born in the previous twenty years, are independently-owned and have, on average, 23 employees.

International trade is a key feature of the UK motorsport industry, with export sales totalling £2 billion per annum, with Europe and North America currently being the most important markets. Over £600 million is estimated to be spent in the UK each year on research & development; motorsport is an extremely high investor. Much of this research spills over to the conventional automotive and other industries.

Almost all of the world's premier automobile manufacturers from the USA, Japan, Italy, Germany and France draw upon UK technical and engineering expertise in this field. Cars that are designed, manufactured or assembled in the UK now excel in Formula 1, Champ Car, endurance sports car racing, rallying and virtually every other type of world motorsport.

There are also many examples of technology transfer partnerships adding value, new markets and promoting innovation between motorsport and other high performance industries, including aerospace, space, information and communications technology in design engineering, research and development, science, information and communications technology, finance and marketing disciplines.

Motorsport Valley – A World-Leading Cluster

Motorsport's status as a world-leading cluster that provides significant economic advantage to the UK is beyond doubt, but so are the global threats to the UK's traditional dominance of the industry.

The close proximity of suppliers in the UK is an important factor in the industry's success. The finest source of expertise and technical know-how in world motorsport and performance engineering is centred on a narrow corridor that stretches from Southampton to Derbyshire and then out to East Anglia. Because of the striking similarities with the cluster of silicon and electronics activity in California, it has rapidly come to be known as Motorsport Valley.

Motorsport Valley casts its footprint over the East of England, South East, East and West Midlands regions, and is home to 77% of all UK motorsport businesses, bringing highly skilled and well-rewarded jobs to those areas, as well as international recognition for the regions. As a geographic concentration of interconnected companies, specialised suppliers, service providers, firms in related industries and associated institutions (including universities, standards agencies and trade associations), Motorsport Valley is an outstanding example of a UK-based

cluster which influences and contributes significantly to delivering capability in global markets.

The Government identified cluster development and growth as a key element in promoting economic prosperity in the regions in the 1998 White Paper *Our Competitive Future: Building the Knowledge Driven Economy*. The continuing dominance of clusters in government policy is also firmly established in the DTI White Paper on *Enterprise, Skills and Innovation: Opportunity for All in a World of Change* published in February 2001 and the recent DTI report *Business Clusters in the UK-A First Assessment*, a national clustering study. These recognise that clusters provide fertile ground for innovation, entrepreneurship, business start-ups and expansion, productivity improvements, supply chain benefits and SME development, stimulated by strong competitive businesses, appropriate research and education facilities, supportive labour markets and specialised infrastructure. Furthermore, a cluster-based framework provides the foundation for other activities including inward investment, skills and training, learning circles, development of supply chains and community capacity building.

In their study on *Industrial Clustering and the British Motorsport Industry* published in 1999, Pinch and Henry identified a powerful set of elements that led to British domination of the motorsport industry in the early post-war years, and the growth of the Motorsport Valley cluster. These included a dense network of local racing clubs combined with a tradition of small, cottage-based, engineering industries with expertise in engines, lubricants and aerodynamics. Knowledge generation and dissemination, coupled with the geographical proximity of teams and manufacturers has been crucial in maintaining the dominance of this industrial cluster.

This is manifested in the rapid turnover of staff, information "leakage" through links with component suppliers, high rates of firm failure and new firm foundation (leading to transfer and reconfiguration of staff in new firms), information collaboration (e.g. technical panels, but also covertly between firms), gossip, rumour and knowledge gained through personal contact networks and observation in the pit lane at race meetings.

Motorsport Valley – Barriers to Growth

Motorsport Valley has developed a unique emphasis on high value-added, short cycle manufacture and provides a dynamic source of skilled and motivated

labour to service the network of interdependent performance engineering and service companies. So far, the industry's success has owed nothing to direct government intervention, (Aston and Williams in the study *Playing To Win* for the Institute of Public Policy Research (IPPR) 1996).

However, the time may now be right for a programme of structured intervention to counter the global competitive threats to the UK's traditional, but fragile dominance of the industry. The industry is now based-in-Britain rather than a British one and supply chains and the knowledge within them could shift to other parts of the world under the increasing influence of the automotive manufacturers and the globalisation of locations for races. In addition, the massive potential of markets in North America, the Pacific Rim, India and China may focus owners' and sponsors' attention on those regions.

Whilst there is clearly an opportunity for UK motorsport companies to exploit their unique capabilities in new markets and with new products, there are nevertheless distinct threats. The UK may lose its expert knowledge of advanced automotive engineering and leadership in staging major races unless barriers to growth identified by the companies in accessing new markets, improving skills and harnessing technology development can be effectively addressed.

Market Development

82% of UK motorsport engineering is generated by firms for which motorsport accounts for at least half of their annual turnover (MIA Survey of Motorsport Engineering & Services, 2000). The average annual turnover of these firms is £3.4 million, of which 60% is motorsport export business. These companies, particularly susceptible to global competitive threats, raised concerns about the future viability of the motorsport industry and the need to develop other streams of business to both spread risk and develop a more balanced portfolio of activity. The Survey revealed that the major growth opportunities identified by core motorsport engineering companies were new markets (particularly USA and the Far East) increased use of the Internet and developing new product areas.

Development of further links with vehicle manufacturers is seen as key by the leading motorsport constructors and manufacturers, particularly as some believe that the vehicle manufacturers are moving away from motorsport as reflected in strategic policy changes by their parent companies.

Motorsport companies believe that there

are further openings to develop financial opportunities in Asia, exporting quality components to overseas domestic championships and to break into the American oval racing culture by introducing a European research and development element. Conversely, the growth of the CART and NASCAR racing series in Europe could be a threat to existing open wheel racing, particularly Formula One.

The increasing interest of global corporate sponsors (including automotive manufacturers, venture capitalists and non-tobacco sponsors) is seen as a major opportunity for the UK motorsport services sector, as is the increasing globalisation (and world-wide television coverage) of the sport at all levels with attendant merchandising and the growth of domestic classic 'heritage' events.

Services companies face threats from the impact of business recession on corporate advertising, global competition from companies related to 'corporate giants', a perceived apathy to motorsport and diminishing spectator attendances at national events.

Motor Sport

The success of Motorsport Valley was partly founded on the dense network of local racing clubs that existed fifty years ago and today, the high performance engineering organisations are still dependent upon the sport being strong (and in particular on the development of home-grown champion drivers) to inspire public interest and attract sponsorship and investment.

The leading lights in the UK industry have also traditionally come from a domestic motorsport background, either as designers, mechanics or drivers. However, the MIA's National Survey in 2000 suggested that - with too many racing series (118 licensed by the Motor Sports Association), too few competitors (30,455 license holders), the sport is becoming fragmented and suffering from a lack of investment in the very grass roots activities upon which success was built.

The number of different championships that are vying for business makes it difficult for aspiring professional drivers to make the right choice, sponsorship funds have become more thinly dispersed and the marketing of the different formulas can confuse spectators, resulting in dwindling grids and formulas disappearing altogether, because they are not financially viable for the organisers. Engineering companies that design and manufacture cars and components for a new series also suffer in these circumstances and are often left to shoulder the financial

burden of redundant materials.

The MIA survey also noted that, although a range of approaches currently exist, a shift towards more one-make racing series - with lower concentrations of technological development than, for example, Formula One, also presents a threat to the viability of the cluster.

The effect of this fragmented activity, aerodynamics and technical regulations and with competitive motor racing no longer being the 'car overtaking car' spectacle that it once was, is that the sport has become less thrilling and circuits have seen diminishing returns through dropping attendance figures.

Mintel noted, in its report on motor sports published in February 2001, that circuit organisers now very often generate more income and profit by organising track days for the public. At the same time, entry fees have soared, to the detriment of amateur competitors and some of the organising clubs are experiencing financial difficulties as a result. The MIA and the British Automobile Racing Club (BARC) both predict that some clubs will have to merge to survive.

Skills Development

The UK's reputation for expertise and innovation in motorsport and high performance engineering has been built upon the skills and creativity of a generation of engineers and craftsmen schooled in "hands on" experience of basic engineering design and manufacturing principles. In spite of these mature, experienced engineers and a design, manufacturing, assembly and test infrastructure for which the UK is renowned, motorsport is facing a crisis in recruitment, skills shortages and leadership. While academic competence among new graduates is of a high standard, the underlying craft and basic engineering skills and their vocational application are declining. Many companies are mindful of the skills deficiencies looming in the industry and fear for the future, as they are forced to look overseas. Around 44% of motorsport organisations surveyed by the MIA in 2000 stated that local training was too general, with firms having to grow their own by undertaking specialised training and induction programmes in-house.

There is also recognition in the industry of the need to balance passion with professionalism in the management of motorsport companies. In particular, there is a need to develop more professional business disciplines influenced by the need to fund growth through external investors. Experience suggests that while competitive

motorsport may motivate some of the workforce, the rest are motivated by more basic needs. Managers are therefore not necessarily skilled in the motivation of a large number of the people in their organisation.

Technology Development

Research and development, product design, and manufacturing technology play a key role in defining competitive advantage in the motorsport industry, because it directly relates to improving the efficiency and performance of the product, whether a car or component. In a technology-rich environment like motorsport, research and development facilities are key to stimulating entrepreneurship, business start-ups and expansion, productivity improvements and supply chain benefits.

Organisations throughout the supply chain frequently have to replace their production and test machinery before it becomes obsolete as new advances in achieving finer tolerances become available before the machine wears out. Larger motorsport companies, typically investing at least 20% of their turnover in research and development activities, are increasingly developing technology transfer partnerships with world-wide commercial research and development organisations and links with mainstream automotive manufacturers.

However, the MIA's survey highlighted a creeping loss of technological leadership (particularly in engine technologies) perhaps linked to the continuing trend of acquisition and investment in UK motorsport component manufacturers by overseas corporations. It also recognised the threat posed by technological change creating redundancy in the core materials and processes commonly used in the cluster and the emergence of technologies that are able to effect the transfer and dispersion of knowledge, removing the need for proximity between the different firms in the cluster.

Knowledge of the research and development capabilities of universities and other technology development organisations and the sources of finance (including government programmes) that support innovation and technology development appears to be poor, particularly amongst first and second tier motorsport companies. Companies are also concerned about the availability and affordability of research and development and test facilities of a general nature for materials sciences, electronics and manufacturing processes and techniques (including rapid prototyping).

Promoting the Valley - Motorsport Cluster Development

In the face of these developments and the threat from the increasing global appeal of the sport, this world-class community of knowledge deserves to be developed and enhanced in order to encourage further investment, and to retain it as a UK-based cluster. A number of attempts have already been made to define what form that should take.

In 1996, the IPPR determined that the greatest threat to the UK's position is the loss, or deterioration of circuit facilities, and that it is also vital for motorsport organisations to network with other performance-critical industries for new ideas and solutions. It recommended that public policy should seek to promote the availability of physical facilities (such as science/business parks) and maintain technical skills via a breadth of engineering training, while using motorsport to promote interest in engineering as a career.

Since 1999, responsibility for spearheading economic and cluster development policies in the English regions has been in the hands of regional development agencies, with particular emphasis on increasing business competitiveness, developing the skills base, attracting inward investment and community regeneration. In that year, the regional development agencies for the East of England, South East, East and West Midlands carried out a business-led investigation with the Motorsport Industry Association into the key barriers to growth in the industry and published their findings in a "Pathfinder" report (see www.emda.org.uk/motorsport) with a view to identifying areas of market failure that could be effectively addressed by collaborative action.

The "Pathfinder" report, on which their subsequent cluster development activities have been based, not only amplified the barriers to growth but also the opportunities presented by using motorsport as a model for cluster development in other sectors, and using the unique knowledge assets and technologies within the cluster to create new products and processes.

The report called for motorsport organisations to work together on recruitment, training and development issues and recommended that the development agencies should consider how to use the Government's sports tourism programme to promote the industry. It also recommended improved communication between motorsport

organisations and technology development agencies and recommended enhancing motorsport's reputation as a proving ground for new technologies through the establishment of an advanced automotive technologies centre, focusing on the development of environmental technologies.

After further research studies and pilot programmes, these issues are being incorporated in proposals for a cluster development programme drawn up by the Motorsport Industry Association with the support of the Department of Trade and Industry and the four Motorsport Valley regional development agencies. This concept moves the motorsport from its original position as a sub-sector of the automotive industry and places it at the centre of a new community of advanced engineering and services industries, including aerospace, information and communications technology, ceramics, biomedical, automotive, materials, tourism and electronics. In this position, motorsport can stimulate business in other sectors, increasing collaboration and transferring competitive advantages in high added value, knowledge-based development, teamwork and rapid innovation. The new business community centred around the high performance engineering and motorsport industries will allow the UK as a whole to benefit from the outstanding brand development power of motorsport to promote the UK's advanced engineering capabilities to a global audience.

Motorsport Northamptonshire – A Local Response

If there is one area that is more dependent than most on the motorsport cluster for prosperity, it is the county of Northamptonshire in the East Midlands region. Not only does it have one of the highest concentrations of motorsport engineering businesses (6% of the national total according to the MIA's National Survey in 2000), but it is also home to numerous services businesses, including the international racing venues at Silverstone and Rockingham Motor Speedway.

To ensure that it remains attractive as a location for motorsport and to promote a cohesive approach to developments in the County at a time when government support for the industry is crystallising, key business support agencies (County Council, Learning & Skills Council, Chamber of Commerce and the regional development agency) are supporting the establishment of a new network – Motorsport Northamptonshire.

It aims to encourage motorsport organisations to seek sustainable growth by facilitating business and networking opportunities within

motorsport, parallel industries and overseas markets, while also promoting access to quality assured support and information services.

Based on feedback from local businesses and mindful of cluster priorities, the network is addressing the decline in technician skills through existing providers and new facilities, supporting entrepreneurship through the establishment of innovation centres, and assisting suppliers' ability to remain responsive to change through support for skills & process improvement. Other initiatives include the promotion of business opportunities, particularly via international trade, exploitation of the tourism potential of motorsport and demystifying the sport and industry, especially for schoolchildren. Although only activated in Spring 2002, it is already demonstrating the benefits of bringing a local flavour to the cluster priorities and should provide a useful model for other locales that are looking at ways to support the world-class community of knowledge that is UK motorsport.

Sport – A Welsh Assembly Government Perspective

Jenny Randerson AM, Minister for Culture, Sport and the Welsh Language.

The Welsh Economy Research Unit Conference provides a welcome opportunity to set out the importance that the Welsh Assembly Government attaches to sport and its commitment to bring sport and culture into the mainstream policy making agenda.

Sport for sports sake is vitally important to people across Wales - from the fell walker in Snowdonia to the pub footballer in the south. Hundreds of thousands of people across Wales play sport simply because they enjoy it. Others play sport both because they enjoy it and because they are good at it. Indeed, Wales is a successful sporting nation.

In March 2002 at the European Indoor Athletic Championships, Wales won gold and silver medals. This performance was better, on a per capita basis, than any other nation in Europe. In amateur golf Wales won 3 International prizes in April 2002 alone including the European Nations team championships. Perhaps this is early evidence of the impact of winning the Ryder Cup. At the Sydney Paralympic Games, Wales provided 20% of the Great Britain team and won 25% of the medals won by British athletes. Wales won the same number of medals, per head of population, as did Australia – the most successful country in the world.

Craig Bellamy recently won the Young Footballer of the year award and Tanni Grey Thompson's achievement in winning the London marathon so soon after the birth of her baby girl was quite phenomenal. Joe Calzaghe has recently retained the WBO super-middleweight title for a 10th time. Finally, Wales' Commonwealth Games team returned from Manchester with a record haul of medals.

These disparate, but impressive, individual and team performances have one major common factor - they help put Wales on the map, and not just in sporting terms. The international recognition that sporting success can bring shows the wider power of sport. Sport can and does help to meet the social and economic development targets that are set out in the Assembly's Plan for Wales.

Health

It is widely recognised that five 30-minute sessions of moderate exercise per week can reduce the risk of heart disease, which is a major problem in communities across Wales. If each of us could achieve this, it would bring direct benefits to the Welsh economy, reducing demands on the NHS and reducing absenteeism in the workplace. Other countries, such as Finland, have made dramatic progress in this area over the last decade or so, and it would be beneficial to emulate them.

Jane Hutt the Health Minister and I are considering how best to implement the recommendations of the Healthy and Active Lifestyles Taskforce chaired by the Sports Council.

Education

Studies show that those children participating in extra-curricular sports activity achieve improved attendance, better exam results and improved personal motivation and self-esteem. Sport participation, good in itself, can benefit the economy of Wales by giving it a more educated and motivated workforce.

Crime

Boredom is a factor in youth crime. Sport occupies youngsters and teaches them responsibility, to follow rules, to integrate into a community, teamwork, and to deal with success and failure. Sport can also be used to rehabilitate offenders and to support community development.

Social Inclusion

Sport and sports facilities can also provide a social focus for the community, improve the local built environment and bring communities together. For example, the Belfast Giants ice hockey side draws support

from both sides of the community. Sports can also provide community role models, such as Colin Jackson and Tanni Grey Thomson, and can develop the equal opportunities agenda - all 22 Local Authorities now have a disability sport officer.

In summary, sport has the potential to address key issues in communities across Wales and across the policy agenda. Some progress has been made in fulfilling sport's potential, but in order to maximise the role of sport and make it central to the wider policy agendas, the quality of information and research regarding the positive impact of sport in these areas needs to be improved. Scientific rather than anecdotal assessment of the value of sport outputs from publicly funded inputs will allow more effective targeting of funding and programmes in the future.

Sport and the Economy

In the year 2000 the UK Sports Industry represented 1.8% of GDP, employed 450,000 people and accounted for £15 billion of consumer spend. A 1999 research report from the European Observatory of Sport showed that the UK accounts for 35% of aggregate employment in the sector across the EU, and that employment in the sector doubled during the 1990s.

The Leisure Industries Research Centre report - using 1998 figures, estimated that consumer expenditure in sport in Wales was worth £586 million and that sport accounted for 2% of Welsh GDP and over 20,000 jobs. The sector has grown since then - and is still growing and it is worth noting that the Welsh Tourist Board are to produce a draft Sports Tourism strategy within the current financial year.

Major Events

The economic, tourism and regeneration benefits of bringing major sporting events to Wales are acknowledged in the culture strategy, *Creative Future*. Wales already punches above its weight in attracting major sporting events; examples are the FA Cup, Rugby World Cup, the One Ton Cup in Pwllhelli, Network Q Rally and now the Ryder Cup. The success of the Manchester Commonwealth Games has prompted the First Minister to instigate a task force charged with assessing Wales' potential as host nation in 2014. We also have some world-renowned cultural events, the literature festival at Hay on Wye, Brecon Jazz and the National Eisteddfod.

However, it is a competitive market, and an events strategy is needed which sets criteria for bidding for and funding events, and ensures that the benefits of bringing events to Wales are maximised,

so, for example, accommodation, restaurants (serving Welsh produce) etc are full during the events. However, the longer-term benefits are also important. This includes providing such a warm welcome that visitors are encouraged to return for longer stays in various parts of Wales. Beyond that, tailored travel packages need to be developed. For example, a golfers package that includes playing the Ryder Cup and other cup courses at Celtic Manor and St Pierre with a visit to Chepstow Races as part of the deal. This requires a partnership between tourism and sport and possibly the public and private sectors.

Event management, marketing and other skills could be sold abroad with experts working in partnership where necessary to provide a full package. The Ryder Cup is not just a 3 day golf event in South Wales in 2010. It is an economic, tourism and golf development tool that can be used over 10 years to assist the whole of Wales. Americans who had never heard of Wales before know it now because of the Ryder Cup 2010. The WDA, Wales Trade International and the Assembly as a whole are working up plans to use the fact that we have the event to promote Wales. The Sports Council has raised its all-Wales commitment to golf development and will invest around £1m in the sport this year. The Wales Tourist Board already had sports tourism initiatives with more planned, as mentioned previously, but recognise that we must improve the golf product in Wales if we are to maximise the benefits. To that end the Tourist Board are working with the Sports Council to develop the golf product across Wales.

Other events offer the chance to secure long term investment in Wales. The Network Q Rally for example could facilitate design and testing facilities in Wales and development of perhaps a Motorsport Visitor Centre which the Motorsport Industry Association may create.

Television coverage of events is vital. The Network Q rally is an interesting case. On the one hand the daytime coverage allows us the opportunity, as the cameras pan around the countryside, to sell the beauty of Wales. However, night-time coverage showing little other than the glare of headlights could be anywhere in the World. This raises the question of how events are used to market Wales on the world stage. The Republic of Ireland has been successful in only providing funding for events which attract television coverage. For example, one stage of the Tour de France was covered which allowed them to sell the "Emerald Isle" image.

Events are only one part of a UK sports industry. The sector also includes sports related travel, health and fitness, sports equipment and clothing, manufacturing and retail, and research and consultancy. Wales, with its reputation for staging events and high-class facilities, such as the athletics centre at UWIC, should be well placed to exploit the sector to the benefit of communities across Wales.

Welsh sport must be promoted for its health value, and for its economic value - and sport for sport's sake. Sport has the potential to affect every community in Wales - we must be pro-active to realise that potential.

Driving Prosperity: The Economic Value to Wales of Hosting the Ryder Cup

Ian Hargreaves, Cardiff University, and Steve Hill, Glamorgan Business School.

"This tournament provides Wales with its first opportunity for a number of years to reach a truly global audience, but more particularly those in North America and the Far-East, with their massive centres of population and potential for visitors. We have a unique opportunity to demonstrate to the world what Wales is about and to raise our profile abroad." Creative Future: A Culture Strategy for Wales

The decision to hold the 2010 Ryder Cup at the Celtic Manor in Newport, South East Wales, provides a significant economic development opportunity, as well as a substantial challenge in maximising its positive impacts. This unique golf event brings three types of benefit:

- Direct, measurable, cash benefits to the economy arising from the event and related activities
- Indirect, and less easily measured benefits, such as post-event tourism
- Unquantifiable benefits in terms of the host country's global image.

A conservative estimate of the direct impact of hosting the Ryder Cup (based upon the experience of Valderama, Spain, in 1997) suggests a direct cash inflow in excess of £45m and a total spending effect of almost £67m, adding £24m to Welsh GDP. In addition, the improvement of Welsh golf facilities and a subsequent rise in golf tourism are estimated to be worth £5m to £7m per year in spending within Wales. This would generate approximately 200 jobs per annum.

These are significant benefits, though it may be objected that the type of jobs

created will be in the tourism/service sector of the economy and at relatively low wage levels. Against that, the strategic need to diversify the attraction of Wales as a tourist destination is well recognised, and golf tourism certainly represents untapped potential. Although Wales has 163 golf courses, its success in attracting golf tourists from outside Wales has been very low. This suggests that a boost to Wales's profile in the golf world may have exceptionally beneficial effects, especially when coupled with a message that Wales has used the Ryder Cup to enhance the quality of its golf facilities. Golf tourism is potentially of especially high value to rural Wales.

The most powerful arguments for exploiting Wales as a venue for the 2010 Ryder Cup arise not from either the measurable direct or indirect economic benefits involved, but from the much harder to quantify value in developing Wales' image as a business and cultural centre.

- **The America Effect and the New Economy.** The US, one Ryder Cup protagonist, is Wales's most important source of foreign direct investment, exceeding the contribution of the whole of the rest of Europe, in terms of numbers of firms and jobs. As Wales seeks to develop its strengths in "new economy" areas such as information technology, biotechnology and communications services, the American connection is likely to increase in importance. The US is also a vital player in the venture capital industry, which is in turn of great importance to high technology entrepreneurs. Wales needs to constantly work hard to improve its profile in the US and to accentuate its competitive advantages.
- **The Europe Effect.** Europe, which unites in a unique way to compete against the US in the Ryder Cup, is vital to Wales's political and economic future. This competition offers Wales a perfect stage to display itself as a small, determined, go-ahead and outward looking European nation, drawing attention to its enhanced political autonomy and growing self-confidence.
- **A Better Place to do Business.** Wales is proud of its heritage and its natural environment, but it is dogged by external perceptions which can be confined by these references, especially when combined with the association of rugby, coal and heavy industry. Golf is more than most a "sport for successful people" - it is an

aspirational game. At the same time golf is breaking out from its social, gender and ethnic confines. Golf today is therefore both aspirational and open to all - the precise combination of modern business values that Wales needs to project. The Ryder Cup offers a chance to combat out of date industrial images and, by developing golf infrastructure, to change the substance of what is on offer. This will help make Wales a more attractive environment for business and professional people.

- **The Terry Matthews Factor.** Terry Matthews, founder of Newbridge Networks and numerous other companies, and owner of the Celtic Manor golf resort, is Wales's best-known and most outstanding high technology entrepreneur. As such he personally represents a hugely important role model within the Welsh business community. Such entrepreneurial role models are exceptionally important in areas of the new economy such as software, internet and new media.
- **The Power of Television.** Golf is, almost more than any other, a television sport. As such, the Ryder Cup offers Wales a chance to be seen globally on television, which remains the most powerful and persuasive of mass media. Just as the Rugby World Cup generated large numbers of media side-effects, from Sunday newspaper features about property in Cardiff Bay to a spate of tourism articles, the Ryder Cup in Wales would boost general interest as well as attention from the world of golf.
- **World Class Wales.** The Ryder Cup is a world-class event.
- **Network Wales.** Wales has a stronger electronic media and information technology sector than many realise. The delivery of a global television event, especially if done in an innovative manner, would reinforce and draw attention to this. There are also opportunities to use information technology in innovative ways to communicate about the Ryder Cup across a wide range of media. The event should be seen as a show-case for Welsh ICT and media expertise. This showcase would, in turn, help to galvanise adoption of state of the art ICT within Wales.
- **Surprise and Enterprise.** It is precisely because Wales is not seen as a major centre of golf that the Ryder Cup offers a unique opportunity to challenge

entrenched perceptions and to show that Wales is capable of surprises. For Wales to win and host the Ryder Cup is a triumph of enterprise in its own right.

- **Green Golf, as well as Golf Greens.** Wales is justly proud of the quality of its natural environment. A focus on developing environmentally sensitive golf infrastructure in Wales could offer significant wider benefits.
- **Golf is a Growth Industry.** Wales needs to have its stake in a UK growth industry worth £765m (in 1998) in equipment and golf club memberships alone. Some 3.8m people in the UK (7.9% of the adult population) play golf. Of the UK's 2,400 golf clubs, 500 have been built since 1985. As more women (currently 22% of players) and young people (currently 10% of players) take up golf, this growth is likely to accelerate. In the US, the number of golfers has increased by one third since 1986.

The Ryder Cup will put on global display a Wales that is confident, urbane and changing, but only if successfully combined with other marketing, promotional and economic development activities. Just as the Barcelona Olympics in 1992 was crucial in transforming that city's image from one of a troubled industrial giant to a city of culture, and the 1995 Rugby World Cup announced South Africa's emergence as a player in world-class sporting events, so the Ryder Cup offers Wales a chance to make a breakthrough, building upon the success of the Rugby World Cup in 1999. The Rugby World Cup showed that Wales could create a world-class stadium and run a major event in its own favourite sport. To host the Ryder Cup will demonstrate a more surprising, and noteworthy, versatility and enterprise.

Sydney successfully used the 2000 Olympics, to project a wider image as a "can do" location and a place where the world could escape acute geopolitical and commercial tensions to enjoy itself. As such, it was widely perceived to have done better from the Olympics than either Atlanta or Los Angeles. Wales is capable of getting more from the Ryder Cup than previous host countries.

The Ryder Cup as an International Event

The Ryder Cup is a bi-annual golf tournament between a team from the US and one drawn from European countries. It is amongst the largest of international golfing events, and alternates between European and North American locations. The 2002 Cup was

held in England, with Ireland as the European location in 2006. The 1997 Ryder Cup was hosted by Valderama in Spain, and was a major international television event, with 288 hours of coverage and 435 million viewers in Europe, Scandinavia and the USA alone.

Golf has a very high profile in the United States, with an estimated 26 million active golfers and some 17,000 courses. Golf-related expenditure is estimated at more than \$16bn per year. Whilst decision-makers form a significant proportion of the number of active golfers, the sports' social foundations are significantly wider, with, for example, almost half of golfers aged under 40. Since 1986 the number of women taking up golf has risen by a quarter, whilst the number of juniors (12 and under) has risen by 50%. Hence the reality of golf in the United States is much more inclusive than its image. Golf players in the United States present two mutually reinforcing market opportunities for Wales:

- the opportunity to open doors with senior executives in US companies, as a source of both trade and inward investment,
- the opportunity to market Wales as a visitor destination, building upon the prospect of playing golf in Wales but widening this to encompass the other attractions of Wales as a visitor destination (heritage, culture, environment etc).

In addition the Ryder Cup is much more than an American-orientated event. Over half the spectators at the 1997 Cup in Valderama came from Britain (helped by the familiarity of Spain as a UK visitor destination), with a quarter from the US, just under 10% from Ireland and the rest from across Europe. Hosting the Ryder Cup in Wales will attract many visitors from the rest of the UK and continental Europe, providing new marketing opportunities for investment and visitors from these areas.

The Cash-Flow Consequences

This brief analysis is necessarily speculative, based on a combination of previous experience and reasoned judgement. All figures are in terms of current prices. Wherever possible data has been derived from estimates provided for the Valderama Ryder Cup (VRC) event held in Spain in 1997. This analysis refers only to the immediate cash-flows associated with the event. There are a number of other impacts, such as on the image and marketing of Wales that may well be more important than these direct cash-flows.

Information from the VRC event included average visitor spending data, and information about typical entry fees

and on-course visitor expenditures. Using this data combined with an assumption of 40,000 visitors as a result of the 2010 Ryder Cup, (of which 30,000 spectate at the Ryder Cup with the rest being non-golf orientated family and friends), gives a direct impact on the UK economy of £55m, whilst spending in Wales would increase by an estimated £45.2m.

However this spending would have indirect or multiplier consequences as a result of both supplier and induced income effects. Supplier effects are the consequence of local sourcing as spending on the event and beyond leads to increased demands upon suppliers to the event, accommodation etc. Induced income effects are the result of some of this spending adding to local incomes and hence further increasing local demands. Adding together the direct and the indirect consequences allows estimation of the final or ultimate impact of the event (in cash-flow terms). The indirect effects have been estimated using the Input-Output Tables for Wales, developed at Cardiff Business School in an on-going research project.

The indirect consequences of the Ryder Cup associated spending would add an estimated further £21m to spending in Wales, resulting in a final spending impact of £66.8m. A significant proportion of this spending would find its way into the disposable income of Welsh residents, while the event would add almost £24m to GDP in Wales.

In addition to the cash-flows associated with the event itself, there will also be spending in the build-up to the event, such as marketing and course preparation. Similarly there would be Ryder Cup associated spending after the event. For example, raising the international profile of golfing facilities in Wales would result in greater numbers of golfing visitors to Wales. Irish estimates suggest that golfing visitors to Ireland would double as a result of Ireland hosting the Ryder Cup.

Conclusions

Bringing the Ryder Cup to Wales will have significant direct economic benefits and will help to secure for Wales a greater share of a growing sector of the sports/leisure market. But more important than these direct benefits are the indirect benefits. This event can raise Wales's global profile; help to shift its image away from out-of-date associations; make it more hospitable to business and professional people and emphasise its growing political, economic and cultural self-confidence.

Who needs the environment anyway?

Phil Park, Property Manager, The National Trust

For many people the National Trust conjures images of stately homes, gardens, cream teas, and pot pourri. While it is all these things, it is also the largest private landowner in the UK; managing 1,000 square miles of countryside, 500 miles of coastline and over 20,000 buildings.

The Trust was set up 107 years ago as a charity by a group of late-Victorian social activists to acquire land as "green lungs" for the benefit of workers in Britain's industrialised cities. The first property acquired by the Trust was in Wales at Dinas Olau, 22 acres of land overlooking the estuary near Barmouth.

At that time, access to land was severely restricted by its owners to themselves and their friends. The benefits of countryside access, that are now taken for granted, were not available to the common man. As a result, the National Trust was set up to protect and preserve areas of outstanding natural beauty or historic importance for the benefit of the nation.

Over the years, these objectives have widened to include historic houses and gardens, and the Trust has continued to widen its remit into education and social inclusion, for example. Earlier work to protect historic houses has broadened from stately homes to include modern architecture and the houses of those now making history, such as ex Beetle Sir Paul McCartney. However, notwithstanding these developments, the guiding principal of access has not changed, and remains key to the Trust's existence and its major work.

The National Trust has identified a number of countryside leisure activities including visiting houses and gardens, dog walking, photography, bird watching, orienteering, falconry, caving, canoeing, sailing, horse riding, climbing, shooting, fishing, and cycling. These popular activities may cause damage to the extent that they need regulation. However, aside from these physical impacts, there are measurable economic impacts arising from these activities and the employment of staff to manage them.

A quarter of Wales is designated as National Park or Area of Outstanding Natural Beauty (AONB). Sites of Special Scientific Interest (SSSI) occupy one tenth of Wales, with proposals to add a further 400 sites to the existing 105. Two fifths of the coastline and a significant proportion of the coastal waters are designated as special areas

of conservation. There are 36 areas on the Register of outstanding historic interest and a further 22 areas included in the register of landscapes of special historic interest in Wales.

The most recent 'Visitors to National Parks' survey undertaken in 1994 demonstrated that people gave importance to the following: scenery and landscape, clean air, peace, lack of people, walking, wildlife, and attractive villages. In the same year, there were 3.6 million day-visits to the Brecon Beacons, each spending an average £6.90. A fifth of visitors to the Park were holidaymakers staying outside the park, who spent an average of £8.80. The third category, representing 40% of park visitors, were holidaymakers staying inside the park, whose average daily spend was £13.50. While these figures excluded the cost of visitor accommodation, they demonstrate the importance of the Brecon Beacons for inducing visitor expenditure to Wales.

In 2001, The National Trust and a number of other organisations commissioned an economic assessment of the natural and built environment of Wales. The study '*Valuing our Environment*', estimated that 117,000 jobs and £1.2bn of wage incomes were directly attributable to the 'management and use of the Welsh environment'. These included those activities which were dependent on the quality of the environment such as tourism and leisure, intensive users of the environment such as agriculture, forestry and fishing and public transport, and over 26,000 full-time equivalent (fte) jobs engaged in protecting and enhancing the environment, for example those conserving the built environment, some 800 voluntary fte jobs, waste management and landscape services (http://www.nationaltrust.org.uk/main/conservation/valuing_environment.html)

Walking and mountaineering alone were estimated to contribute £55m and £22m of GDP respectively in rural Wales, supporting an estimated 4,250 jobs. However, the environment is fragile and needs careful management to withstand the pressure of visitors.

The National Trust in Wales spends over £12m a year on wages, services and supplies on its properties. Meanwhile, visitor spend is an estimated £7 million per year. The charity employs more than 500 people and is helped by over 4,000 volunteers giving a third of a million hours annually. This activity is considered to support another 450 fte jobs.

These directly related activities, of which the National Trust is part, trade

with other sectors within the economy, which then generate further wage income and outputs. Once these multiplier effects have been taken into consideration, the overall impact of the environment of Wales was estimated to account for 169,000 fte jobs or 17% of Welsh employment, and 10% or £1.8bn of wage income in Wales.

The relationship between the land and its occupants goes beyond what can be estimated in economic terms. The health and welfare advantages of taking part in sporting activities are well documented; physically active people report less stress-related illness, better health and psychological well being. However, these benefits are likely to have economic knock-ons as individuals can increase their self-reliance in terms of health needs. The welfare impact of the estimated 76 million visits to National Parks in 1999, was probably substantial.

Rugby in the Community

Phil Davies; Communications Director, Newport Rugby Club

In 1999, Tony Brown, one of the UK's 300 wealthiest individuals, and the man behind Bisley Office Equipment, became owner and benefactor of Newport Rugby Club. Tony's goal was to put Newport Rugby Club at the very centre of the community.

Together with Tony, Keith Grainger, the chief executive, and a committed on and off-field team, the club has helped to revive the sleeping giant of Welsh Rugby. Giving Newport a team capable of taking on, and beating, Europe's finest, is the most visible part of the club's vision. However, just as important, in the objective to become Europe's No. 1 rugby club, is that the club uses its position, influence and resources to benefit the community.

The Rugby Club's community schemes lie at the very core of this strategy and the foundation for the outreach programme into south-east Wales is the Gateway Rugby project which provides coaching support, on a fortnightly basis, to schools all over south-east Wales. By June 2001, 90 primary schools, 16 comprehensives and 2 private schools had been fully integrated into the system, and as a result 2568 sessions have been delivered with a "children coached" figure of just under 80,000, with some of those included as many as 14 or 15 times. The project has come face-to-face with over 10,000 different boys and girls in the age range 9-16.

Gateway Rugby is based on fortnightly visits, allowing the development of relationships between the school, the

head teacher, the staff, and the children. The club works hard to lift both the skills and self-esteem of the youngsters. The fortnightly visits, and the relationships that arise from them, allow club coaches and officers to emphasise the importance of good citizenship concepts such as healthy living, self-discipline, teamwork, taking responsibility and respect for and working with others. Every effort is made to point the children in the right direction through social messages, such as *'don't hang around the street corners'*, *'say no to drugs'* and *'don't hang around with older kids'*.

These messages are delivered each day by five full-time community development officers (CDOs) who, whilst being trained coaches, have extensive experience of working with young people and are dedicated to pastoral care. The CDO's are accompanied by the Newport players on the second or third sessions and the players are encouraged to use their privileged position to reinforce these messages.

Newport Rugby Club takes its corporate conduct very seriously. The goal is to help motivate youngsters to strive for the best, provide them with focus and positively influence the south-east Wales community. Gateway Rugby has created a very broad base and has helped to establish the club's integrity, professionalism and ability to deliver in a way that has exceeded expectations, allowing a consideration of other ways in which the club can best benefit society. Excellent working partnerships have been created with three local education authorities and, with their assistance, a second project called 'The Second Half' has been conceived, building on the success of Gateway Rugby.

From May 2002, a full-time club Education Officer will, each year, host visits from more than 6500 nine and ten year-old (year 5) pupils. Each weekday throughout the school year, a class of children from schools participating in Gateway Rugby will spend five hours at Rodney Parade taking part in 'The Second Half' and enjoying education with a difference. Aimed at raising standards in the basic key skills of literacy, numeracy, and information technology, The Second Half complements the work of teachers and helps motivate young people by encouraging their aspirations and by increasing their confidence and desire to learn. The project helps pupils to engage in a variety of group and individual activities in order to develop their creative and learning skills.

On arrival at Rodney Parade, children are presented with a copy of our 40

page Tommy the Tiger's Work-out Book, which contains work modules with a Newport Rugby theme while fully conforming to Key Stage 2 requirements of the National Curriculum. The work-out book has been designed to give 45 hours of activity, of which only four hours are completed by the children while at Rodney Parade. During their time at the club the children work in a 'classroom' directly overlooking the pitch and, in addition to Tommy's Work-out Book, they can use laptop computers to experiment with a number of tasks such as report-writing, number-work and electronic communications.

The experience also has some 'never-to-be-forgotten champagne moments'. For example, as part of their literacy activities, the children have the chance to meet and interview players. Prior to meeting a player the children are briefed to role-play as journalists working for a local newspaper and to prepare some questions. Following the interview, the children prepare reports, send them for 'marking' and can view excerpts of their work published either on the club's website or in match programmes.

Another 'champagne moment' is provided by the Virtual Changing Room Experience, which is part of the childrens' stadium tour. This interactive video show takes place in the Black & Ambers dressing room and includes an action promotional video, followed by a 'team-talk' from Newport's captain, Simon Raiwalui. The team-talk is designed to focus the children on behaviour, effort, and aspiration.

Jane Davidson, the Welsh Assembly Minister for Education, officially launched The Second Half on 22nd May 2002, marking the dawning of a new era for Newport Rugby Club, when the role in the field of sport is matched with that in the education and social culture of south-east Wales.

The club is also planning two further initiatives aimed at the 14-17 age range; an after-school homework club called 'Extra Time' and 'The Sport of Learning', which will focus on disaffected youngsters who have either been excluded from school or are in danger of being excluded.

Role models and key individuals entering a youngster's life at a critical moment can make all the difference. The plan, especially with 'The Sport of Learning', is to use Newport's star players as mentors to provide the naughty children of society with a different kind of input that will jolt them into considering the direction their lives are taking.

Throughout the development process

the club has ensured that projects are educationally sound so that they will make a substantive contribution to the lives and education of young people. But with "building relationships" given such high priority, it is inevitable that the community projects will also have a positive effect in ensuring the Black & Ambers support base continues to grow rapidly. Community activity makes Newport Rugby Club relevant to a potential fan-base, maximising the social as well as commercial benefits.

Season ticket sales have increased from 412 to 4671 in three seasons, and the average gate has increased by nearly 800% to 8302 in the same period. Newport is Wales' best supported club and, currently, British rugby's fourth best - after Zurich Premiership outfits, Leicester, Gloucester and Northampton. Community activity has already succeeded in increasing the club's catchment area from the 133,000 people of Newport to 368,000 across the whole of south-east Wales whilst at the same time, ensuring a positive image that has dramatically changed the way in which Newport is perceived by the business community, local authorities, the media and the public.