

Communities and Culture Committee - 'Making the most of Major Sporting Events.'

Purpose

This paper is provided for deliberation by the above committee during its inquiry into making the most of major events for Wales. The author is an academic at Cardiff Business School and holds a PhD in the economics and impacts of tourism and of major events. He has undertaken numerous studies on sporting and cultural events inside and outside Wales including Rugby World Cup, Heineken Cup Final, Brecon Jazz, Wales Rally GB, UEFA Cup Final and Tour de France grand depart

Issues in Assessing the Impacts of Major Events

There is a notable difference between academic and policymaker stakeholders in the appreciation of the size, scope and nature of the socio-economic impacts of major events. National and regional governments have long resourced events (and event bids) based on their ability to lever positive economic impacts (notably through tourism and media attention). More recently (and not least in Wales) the attraction of major events is claimed as having a potentially positive impact upon wider rates of sports participation and on physical activity, thus contributing to wider health and inclusion agendas.

It is therefore a problem that the "academic" evidence on the links between event hosting and either economic impacts or wider behaviour change is extremely limited. For example, there is no single published academic study which finds a causal link between event hosting and longer-term economic growth - in fact, where some relationships have been uncovered, these papers seem to point to a "negative" link. That is, cities which host events (and pro-sports teams) seem to grow rather more slowly than those which do not. This is not to say that there is no positive relationship; there are large methodological difficulties in linking long-term outcomes to a single event, no matter how large. In fact, even the largest major events are, in economic terms, rather small beer.

A similar story arises with health and participation. Studies undertaken in support of the 2012 Games have failed to find any link between the Games and participation or activity levels in the host region/country. Again, here a lack of data means we cannot be definitive about the existence (or otherwise) of such a link.

This is clearly not a problem in situations where events can be hosted at no cost to the public purse. However, where there is a very large public investment in events and associated infrastructure, serious issues arise.

Summary of the Literature

In assessing the difficulties Wales might encounter in maximising event benefits, it is useful to draw some key points from the literature regarding the bidding and hosting processes.

The Bidding Process as an Auction - Peripatetic events are bid for in typically an auction process (albeit with an obscure price) where regions/cities bid against each other to host an event. This is effectively a monopoly market which results in the seller (typically the sports governing body) holding the whip hand and able to retain the key elements of the event which are commercially lucrative, for example the most important sponsorship, image and broadcast rights, VIP packages etc. This means the regional stakeholders end up with elements which, whilst perhaps of short term benefit, are of more questionable value long-term - e.g. gate receipts.

Lack of 'Economic Embeddedness' - In part linked to the above, events do not often involve the development of deep commercial or institutional relationships between regional/local actors and the event itself, either in terms governments, businesses or (arguably) residents. What matters to FIFA is its relationship with Visa, not whether poor South African residents without a credit card account can buy a ticket to the 2010 World Cup (which they cannot). Events will have well-established supply and sponsorship relationships with multinationals, limiting the ability of local companies to 'sell in' to events. Local business involvement is often limited to providing bed, food and transport and few higher value services

No Evidence on Tourism Spillovers - Whilst we might hope that visitors arrive to consume a major event in Wales and then either stay on longer or return to take a holiday here as a result, the evidence is again very limited. Even if this was often the case, the numbers, again are small - contrast the 75,000 capacity of an event at the Millennium Stadium with the 14 million tourist arrivals in Wales annually.

A Lack of 'Opportunity Cost' Cost-Benefit Assessment -Major event hosting is not well placed within wider policy structures. There is almost never a consideration of what else could have been done with the monies that go to support an event. For example, an event like the Ryder Cup will claim to (and may indeed) impact positively on economic and social/health outcomes, but there is no "ex ante" consideration of whether these outcomes can be levered in a more cost effective way, in a poorer part of Wales, or in a way which enables proper monitoring and evaluation.

'Resource Capture' by Local Elites - Major events are unequivocally good for some regional elements, primarily elite sportspeople (who get better facilities) and politicians (who get increased media exposure, the credit for 'putting Wales on the map' and often a new shiny stadium/opera house/sporting event to take visiting dignitaries to). Those who make the decision regarding whether to bid for/host an event (or are in a position to lobby effectively) are therefore the primary beneficiaries.

The extent to which event benefits actually disperse to the wider population is rarely investigated properly "ex post" and with, the cynical may argue, good reason.

Appropriateness of Legacy Infrastructure - For large scale events, the location, type and scale of any new facilities is usually a 'given' and with this potentially not meshing well with what a city/region actually needs for the longer term

Implications for Wales?

The literature suggests that the benefits of major events have often been overstated by event proponents, and by governments which have invested kudos in the attraction and success of peripatetic events. However, a lack of strong evidence on the scale and longevity of these benefits does not mean they are non-existent. For example, work in Wales by this author and colleagues has estimated the short term expenditure related benefits of events such as Rugby World Cup (£45m), FA Cup (£2m in 2005), Heineken Cup (£26m), Wales Rally GB (£4m - £7m) and with these in most cases significantly greater public sector support for that event. Meanwhile, one can argue that benefits gained via media coverage are often (but not automatically) positive and may be significant - but also, that they can never be fully evaluated.

Wales has an undoubted strength in the hosting of major events. Drawing, again from the research, some of the following guiding principles might help us move towards gaining the most benefit.

A Sense of Realism - Wales could successfully bid for and win raft of global events with less impact on the economy than the loss of a single large manufacturer, and perhaps zero impact on longer term activity/participation rates. Events might complement mainstream economic and social/health policies, or act as a catalyst and a focus but they will always, by virtue of their fleeting nature, be of less importance than day-to-day interventions.

Appropriate Monitoring and Evaluation - There must be an established method of assessing (at least) the economic and perhaps the social, cultural and health impact of events which can be applied to any that apply for Assembly support and which has "teeth".

A Fitting Event Mix - WAG should seek to develop a portfolio of events that addresses different outcomes. For example events such as the National Eisteddfod are culturally important, but economically far less so; meanwhile large-scale participation events (e.g. the Dragon Ride; veterans' events) might contribute to both economic and activity goals. A good mix of events would be able to address multiple policy targets and be spread across Wales but be subject, as in the point above, to common (or at least comparable) evaluation.

Pre-Bid Scrutiny - Deciding on whether the Ryder/Rugby World/Heineken Cup was worthy of support after the event is not optimal. There should be the opportunity for wider stakeholders (outside Government and sports bodies) to critically assess the appropriateness of any potential bid in terms of cost, legacy and 'fit' with wider regional aspirations.

Sustainable Events - It is difficult to square moving large numbers of people large distances with regional commitments on SD and carbon descent. Any supported events must evidence a genuinely effective approach to sustainable management - for example through British Standard BS8901. Buying carbon offsets and calling it 'job done' is not sufficient.