

Mid Wales Regional Committee MID 01-02(p1)

Date: Friday 1 February 2002

Time: 10.30am to 1.00pm

Venue: Tabernacl, Museum of Modern Art, Wales, Machynlleth

MID WALES PARTNERSHIP

National Assembly for Wales: Mid Wales Regional Committee

1st February 2002

THE IMPACT OF FOOT AND MOUTH DISEASE ON TOURISM IN MID WALES

The rural nature of Mid Wales and its dependency on small businesses, tourism and agriculture has resulted in Foot and Mouth Disease having a greater impact on the economy and social structure of the region than other areas.

In Wales almost 1 million animals were slaughtered at a public cost approaching £60 million, the majority of affected farms were in Mid Wales. The outbreak was prolonged in the region, it covered a wide geographical area and it kept re emerging. Although the effects on agriculture are considerable, it was the dramatic and ongoing impact on tourism and other related rural businesses that has had a more significant effect.

Impact on Tourism

Tourism in Wales accounts for some 7% of GDP earning revenues in excess of £2 billion. In Mid Wales, although a relatively small area in terms of economic contribution, the importance of tourism to the regional economy is more significant, accounting for 9% of GDP and some £235 million in revenues.

National estimates suggest a 14% drop in spend by tourists in the first six months of 2001 in Wales compared to 2000. In Powys alone, the hardest hit area in Wales with more than 60% of confirmed FMD cases, it is estimated that a 21% drop in spend has occurred over the same period, equating to a loss of 400,000 visitors and £10 million into the economy. An aggregated estimate for the Mid Wales region for the first six months of 2001 shows an overall drop of 10% in spend, equating to a loss of some 550,000 visitors and £17 million in revenues. A more recent report undertaken by the University of Wales, Aberystwyth on the Economic Impact of Foot and Mouth Disease on the Rural Economy of Wales, has revealed that the longer term loss to tourism beyond six months in Mid Wales is estimated at £23 million equating to a 1%

drop in GDP.

The direct impact of the outbreak on tourism dependent businesses in Powys is clearly evident from 850 businesses (receiving Rural Business Recovery Fund support) who have declared losses in actual turnover (against expected turnover) of more than £46 million, and in profits of more than £13 million since February 2001.

National figures for September have shown a degree of recovery over the summer period and although activity did pick up in the coastal and non-infected areas the downturn is still expected to be significant in the region as a whole

The above statements are pertinent to the economic impact on tourism in Mid Wales. The social impact in terms of stress, disconsolation and frustration has been overwhelmingly evident from the hundreds of calls made from all sectors of the business community to the FMD Helplines and to the Special Grant Helplines set up by the local authorities.

Impact of Recovery Initiatives

Since the confirmation of FMD in Mid Wales more than £5 million has been allocated to the region by the NAW in Special Grant Hardship Relief (£4.75 million to Powys and Ceredigion and a proportion of the £3.3 million to Gwynedd). An initial £1.15 million was also allocated for national and joint marketing initiatives undertaken by the WTB, Local Authorities and the Regional Tourism Company to restore business. Although welcomed, considerable areas of Mid Wales were initially unable to benefit because of substantial restrictions on outdoor activities and attractions that remained closed until well into the main tourist season. Twelve months on there are still footpath restrictions in parts of the Brecon Beacons as a result of DEFRA regulations.

The launch of the Rural Recovery Plan in July included a further £4.2 million for the marketing and development of tourism businesses and £5 million to support integrated tourism, leisure, and environmental projects. A list of these programmes is attached in Appendix 1. Local authorities have also undertaken a range of additional activities which include for example: free advertising rates for 2001 advertisers, and reduced rates for new advertisers in the Mid Wales and Brecon Beacons main Marketing Area brochure for 2002.

Barriers to Recovery and Regeneration

The positive effects of these measures may, once again, be more limited in the Mid Wales region than in other parts of Wales.

- The public perception of Mid Wales, particularly Powys and Brecon Beacons, will be linked to the negative images of burning pyres for some significant time.
- The financial ability, the will and confidence of the large numbers of small and micro businesses will need to be built up to enable them to make a significant contribution to their own recovery and development.
- The plethora of initiatives and strategies being developed in response to the crisis and identified

business development needs brings with it the possible danger of lack of vision for the area. It could also lead to duplication of effort, and confusion in funding responsibilities.

- The lack of clarity in terms of exemption from State Aid rules applied to FMD support funds has been restrictive and has had an impact, in some cases, on the degree of support that public authorities have provided in hardship assistance, and potentially in the provision of financial support for new development projects.

The Way Forward to the revitalisation of the industry post FMD

At a recent meeting of the Mid Wales Partnership the need for greater integration of strategies and programmes by all public agencies was recognised as being the key to moving forward.

The need for a seamless delivery of benefits to businesses and communities is seen as crucial.

Combined and complementary marketing and promotional activity needs to be undertaken providing clear messages to visitors and effective use of combined resources

In terms of tourism, the future development of the Mid Wales Regional Tourism Partnership, charged with the implementation of the regional tourism strategy, will be pivotal to the task of working with all agencies, and co-coordinating and driving forward activities that together will facilitate the recovery and development of this vitally important economic sector in Mid Wales.

In order to assist the development of an integrated and co-operative approach, the Mid Wales Regional Tourism Partnership and the Mid Wales Partnership are in the process of establishing a joint Task Group to serve both bodies.

Edgar Jones, Chair, Mid Wales Partnership Tourism Working Group

Dee Reynolds, Regional Strategy Director, Mid Wales Regional Tourism Partnership

Appendix 1

WTB Scheme of activity – Rural Recovery Plan

| Note | | NAW Allocation | 2001-02 Forecast Outturn | Allocation 2002-03 Onwards |
|-------------|--|---------------------------|---|---|
| | | | | |

| | | | | |
|------------|--|--------------|--------------|--------------|
| | Marketing Replacement Fund – ADFER | £1m | £1m | - |
| | Allows tourism businesses to apply for replacement advertising funding | | | |
| | Marketing Advantage Scheme | £200k | £200k | - |
| | Marketing initiative providing tourism businesses with subsidised advertising space in newspapers | | | |
| | Area Marketing Fight Back Fund | £500k | £500k | - |
| | Available for Area Marketing groups for joint marketing activity, match funding for additional campaigns | | | |
| I | Rural Marketing Initiative | £500k | £500k | - |
| | One-off rural campaign for Spring 2002 working with key partners e.g. National Parks | | | |
| ii | Rural Development Fund | £2m | £400k | - |
| | An integrated product based development fund to carry out and implement product development strategies. This was envisaged as medium/long term strategy. | | | |
| iii | Investment Replacement Fund – ReAct | - | £1m | - |
| | Available for tourism business to support immediate reinvestment needs to maintain quality | | | |
| iv | Grading Fee reduction | - | - | - |
| | WTB is awarding a 50% reduction on grading fees | | | |
| | Integrated Tourism, Leisure & Environmental Projects | £5m | - | £5m |
| | A joint scheme with CCW – seeking to increase opportunity for rural development | | | |
| V | TOTAL | 9,200 | 3,600 | 5,000 |

Notes

i The Rural Marketing Initiative is planned for the Spring, with £500k committed, although not yet spent.

ii The Rural Development Fund was intended to assist product based development over more than one year. This fund will assist WTB in commencing work linked to the £5m joint scheme

with CCW (Integrated Tourism etc).

iii Approvals and allocations of ReAct are currently being made, although there will be a time-lag before the cash is spent.

iv No allocation was made against grading fee reductions, although WTB will fund £149k to assist with a 50% grading reduction next year.

v £600k remains in 2001-02 to reappportion over one or more of the above schemes, given flexibility by NAW.