



The Economic Impact of Sport in Northern Ireland

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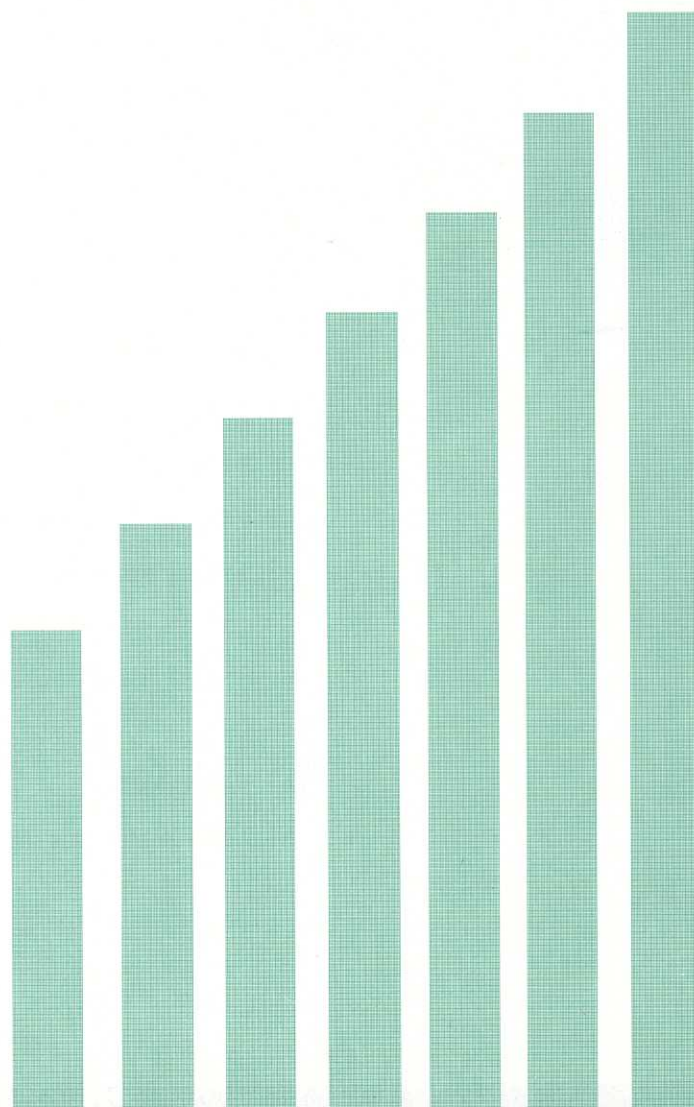
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Activity and Fitness Levels of the Adult Population of Northern Ireland.



The Economic Impact of Sport in Northern Ireland



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- This report on **The Economic Impact of Sport in Northern Ireland** has been commissioned by the Sports Council for Northern Ireland. It represents the first attempt to evaluate the true economic significance of sport, placing it in the context of the Northern Ireland economy.
- The overall structure of the study is provided by the system of national accounts. This allows the critical distinction to be made between value-added by sport and value-added by other sectors which flows from the existence of sport. Within this framework the study takes the form of a detective exercise drawing on data from postal questionnaires, from interviews and correspondence with the appropriate individuals, and from official sources at both a regional and national level.
- The income and expenditure flows between seven sectors are identified. Five are within the Northern Ireland economy: consumer, commercial sport, commercial non-sport, voluntary clubs and governing bodies and local government. The other two are central government and "outside the area", which includes both the rest of the United Kingdom and overseas.
- In making the distinction between "sport" and other broader areas of leisure, we have included travel to sports events, media, gambling and education.
- In addition to income and expenditure, total value-added (the difference between factor incomes and the bought raw materials, services and components) is also measured for the seven sectors of economic activity. The total for Northern Ireland in 1989 was £100.5m with the largest contributions coming from commercial sport (£30.8m) and commercial non-sport (£27.4m).
- Consumer spending on sports related items amounted to some £184m in 1989, more than total expenditure on either alcoholic drinks (£182m) or tobacco (£150m). The largest items of sports spending are on clothing and footwear (£59.6m), gambling (£53m) and subscriptions and fees to sports clubs (£20.6m).
- The importance of sport in terms of employment can be seen from its total of 7,600 jobs, only slightly less than in energy and water supply or in electrical and electronic engineering, and exceeding sectors such as paper and printing (6,000) and timber and wooden furniture (5,400). These jobs are almost equally split between men (51%) and women (49%).
- A high proportion of sports-related employment is highly skilled with almost 32% classified as professional and managerial.

- The high level of participation in sport, particularly of the indoor variety, is illustrated by the high proportion of value added (14%). accounted for by voluntary sports clubs and organisations compared with previous studies. The comparative figure for Wales, for example, was 8%.
- A number of important policy implications emerge from this study. One of these is the huge potential for the sports sector to develop. A present high level of participation in sport and a young population, who are likely to display similar characteristics, will place major demands on the provision of sports facilities. This will be both in terms of expanding capacity but also in terms of upgrading facilities for an increasingly sophisticated consumer as the present high participation groups (the young) move through the age structure.
- At present the Northern Ireland economy is failing to fully capitalise on this high level of participation and the associated high level of expenditure. Compared with past studies, sports-related employment in Northern Ireland is low in relation to its population. This appears to be due partly to the Province's small size which inevitably increases the proportion of economic activity resulting from sports expenditure going outside the area but also due to poor linkages between the commercial sport and commercial non-sport sectors.

chapter one

It has long been recognised that “sport” can make a significant contribution to the social fabric of a locality, region or nation. At a general level, the sports that people play or watch help one to define the characteristics of a community - in effect, to contribute towards an understanding of the community’s “culture” and to identify points of difference between cultures. For individuals, sport provides widespread opportunities for promoting health and fitness, developing the sense of identity, and deriving pleasure.

This report considers a separate contribution made by sport: the **economic** impact of sport in Northern Ireland.

Until the mid 1980s, relatively little research on the economic impact of sport had been undertaken in the UK. The 1986 report published by the Sports Council - **The Economic Impact and Importance of Sport in the United Kingdom** (Henley Centre, 1986) - was the first attempt to place the role of sport within the general context of overall economic activity in the UK and thereby to ascertain its relative importance in the generation of spending and the creation of employment.

The success of this study prompted the Sports Council to commission and publish a second study, which focused on the local economic impact of sport: **The Economic Impact of Sport in Two Local Areas: Bracknell and the Wirral** (Henley Centre, 1989). This, in turn, was followed by **Sport and the Welsh Economy** (Henley Centre, 1990), commissioned by the Sports Council for Wales. (We shall subsequently refer to these three reports as the “UK”, “Local” and “Wales” studies respectively).

The principal aim of the Northern Ireland study has been essentially the same as that underlying the research on the impact of sport in the UK, Local and Wales studies:

- To provide a “snapshot” of the role of sport in the economy and thereby to raise general awareness of that role

As will be seen in Chapter 2, the analytical framework used to undertake the Northern Ireland study is very similar to that adopted in the previous studies. However, it is essential to emphasise that the background to this research is inevitably different, given the particular economic and social circumstances in Northern Ireland.

Of course, in many respects, the dynamic nature of the economic and societal change in Northern Ireland does reflect similar patterns in the UK as a whole. At the aggregate level, the economy is seeing a relative decline in its manufacturing sector as a source of employment and its attempted replacement by new areas of economic activity and employment generation (which are usually found, often misleadingly, under the umbrella heading of “service” activity). At the same time, the trends towards a shorter working week, longer holidays and earlier, more active retirement have encouraged the idea of a more “leisured” society.

In this context, the economic potential of one sector of the leisure industry - sport - is justifiably attracting increasing attention, not least in terms of the role which it might play in economic regeneration and job creation in areas undertaking structural readjustment. In addition - and in contrast to most of the remainder of the UK - there are characteristics of the economy and society of Northern Ireland (higher unemployment, a younger average age, and so on) which suggest that sport has a potential role to play that, if anything, is even more pronounced in the region. We explore the implications of this in Chapter 3 below.

In this document we present the results of the Northern Ireland study in a format which is very similar to that adopted in both the local study on Bracknell and the Wirral and the Wales study. The principal results concerning the economic impact of sport in Northern Ireland are given in the third (and last) of the main chapters with the detailed discussion of the data sources and the data collection and analysis presented in the Appendices.

The analytical framework for the study is discussed in Chapter 2. As in the earlier reports, the overall structure within which the study has been conducted is that provided by the system of national income accounts and the chapter summarises the benefits this provides.

In the UK study seven separate sectors of economic activity were identified - “consumer”, “commercial sport”, “commercial non-sport”, “voluntary clubs and their governing bodies”, “local government”, “central government” and “over-seas”. In the Northern Ireland study, of course, one is interested in the economic impact of sport **within the region**, and hence the first five of these sectors apply within Northern Ireland only. There are two other sectors: “central government” and “outside the region” (which represents a combination of the rest of the UK

economy and the overseas sector). This again gives seven sectors between each of which there are flows of income and expenditure. As a consequence, one is able to draw up a set of "accounts" for each sector.

The use of the national income accounting procedures in this study provides an excellent example of how the established body of economic principles can be adapted to examine a particular issue of public policy. Nonetheless, it is inevitably the case that certain conceptual and data problems remain. We therefore conclude the analytical discussion of Chapter 2 by addressing the treatment of fixed investment and by raising the crucial issues of the boundary of sport and the criteria which have guided our assessment of where "sport" ends and where broader areas of leisure (and other) activity commence.

As already noted, we present the results of the analysis ahead of the detailed discussion of the analysis itself. Chapter 3 therefore assesses the contribution of sport-related activity in the Northern Ireland economy by examining sport's contribution to output (or "value-added") in the region, its effect on employment levels and structures, and its contribution to consumer spending.

It was stated in each of the previous studies that, although national income accounting provided the framework for the analysis, the published national accounts themselves were too general as sources of information. The data had to come from elsewhere and indeed - once the national accounts framework was in place - the nature of the study essentially took the form of a detective exercise in which a large number of potential sources of information were investigated. Indeed, at the local level (for Bracknell and the Wirral), the published information was even scarcer and even more detective work - albeit in a different form was appropriate.

For the study of sport in the Northern Ireland economy four types of data source have been used: detailed postal questionnaires to targeted sources in the areas (which are discussed in Appendix 1), interviews and correspondence with appropriate individuals in the localities, official statistics at the regional level, and national data. Appendix 1 also contains examples of two (of the several) types of questionnaire: those sent to sports goods retailers and to voluntary sports clubs.

Appendix 2 describes the collection and analysis of the data on the role of sport and outlines the practical problems which were encountered. The data collected here are then re-presented in Appendix 3, which examines the flows into and out of the seven relevant sectors of the economy which were identified in Chapter 2.

As in the Local and Wales studies, the use of the postal questionnaire and the individual contacts enables a more detailed and precise analysis of certain sport-related expenditure flows than was feasible in the national report. This

particularly applies to the voluntary sector's income and expenditure series, about which the official statistics in the published national accounts provide virtually no information.

There is one other important point to emphasise in this Introduction. The use of national income accounting procedures enables a coherent and consistent framework to emerge for the study of sport in the Northern Ireland economy **as a whole**. In this sense the project has been ambitious and, certainly, unprecedented in the region. Having referred to this ambition, however, it is relevant to note (as in all the earlier studies) that again there are issues connected with sports activity which are judged to have fallen outside our terms of reference and are therefore not discussed. These include the relationship between sport and health, the "environmental" impact of sport, and, following the remarks in our opening paragraph, in its widest sense, the undoubted impact of sport on the culture, identification and self-esteem of Northern Ireland. The report represents the Henley Centre's central and independent estimate of the economic impact of sport in Northern Ireland and is based on a significant input at its director and senior analyst level combined with a detailed and knowledgeable contribution from the Sports Council for Northern Ireland. At the Centre the study was undertaken by Dr. John Rigg (Director of Policy Analysis) and Alan Gibson and Stephen Radley (Senior Economic Analysts). At the Sports Council for Northern Ireland the project has been the responsibility of Dr. Shaun Ogle (Research Officer).

Finally, it is appropriate to recognise that the success of studies of this type depends crucially on the ability to draw on local expertise. A grateful acknowledgement should therefore be made to those many respondents to the postal questionnaires. The response to these was particularly good with a much higher ratio of those sampled returning questionnaires than in previous studies. Around half of the respondents took up the option of remaining anonymous. Those that did not are listed in Appendix 1.

Appendix 4 provides a bibliography of references and sources.

chapter two

2.1

Introduction

The analytical framework underpinning the Henley Centre's analysis of the role of sport in the economy was described in detail in Chapter 2 of the UK study. The methodological approach adopted for the local study on Bracknell and the Wirral followed an entirely consistent set of principles, which were also repeated in the study of the role of sport in the Welsh economy.

This chapter discusses the principal features of the approach. Not surprisingly, there is a strong overlap with the issues discussed in the corresponding chapters in the earlier reports. However, in our view, the risk of repetition is certainly worth bearing for two reasons:

- It is the establishment of a rigorous analytical framework which constitutes the most crucial stage of the entire study.
- This report on the economic impact of sport in Northern Ireland will be of interest to many people who have not read any of the earlier reports.

Accordingly, four important methodological issues are raised here: the use of national income accounting, the derivation of the sectoral accounts, the treatment of investment and the definition of sport.

2.2

National Income Accounting

The principles of national income accounting were discussed on pages 11-15 of the UK study, where it was noted that the GDP of a country can be added up in three different ways - by calculating total income, output and expenditure. (GDP - or gross domestic product - is a measure of the money value of the total flow of goods and services produced in an economy over a specified period of time).

The benefits which the system of national income accounting provides at the aggregate level also apply at the regional level and are certainly relevant in a study of the economic impact of sport in Northern Ireland. The main advantage is that it enables one to avoid the common pitfall of **double-counting**, which can manifest itself in two ways.

First, consider the example of someone who buys a squash racket, takes a bus journey to a sports centre, pays an admission fee, plays a game and then goes for a drink in the bar afterwards. One might argue that all his **expenditure** is on sport in the local economy.

However, on the **output** side, value-added is being created in a number of output sectors - manufacturing (of sports equipment and drink), retailing, transport and distribution. The problem of double-counting arises if one seeks to attribute all the expenditure as being equivalent to the output of the "local sports sector", but one then seeks to repeat the exercise for other sectors of the economy (for example, drink and equipment manufacturing, distribution, and so on). The sum of the estimates of the output, expenditure and incomes of the component parts of the economy would greatly exceed the total national (or regional) level of output, expenditure and income.

It is therefore crucial to define the boundaries of the sports sector (see section 2.5). Having done this, it is perfectly legitimate and valuable to point out the dependence of other sectors of the economy on the sports sector for their value-added. Indeed, this should clearly comprise a large section of any study of this type. Various forms of capital expenditure on sports facilities, consumer spending on alcoholic drink and the employment of transport operatives carrying people to sporting events are just three examples of this. But for intellectual credibility it is very important to make the distinction - as the national accounts force one to do - between the estimates of value-added by sports and value-added by other industries which flows from the existence of sports.

The second contribution which the accounting framework makes is to differentiate between the **types** of income, output and expenditure flows which one observes and measures. It will be seen in the data collection and analysis presented in the Appendices to this report that these are several and include:

- Final expenditures eg. consumer spending on "sports spectating".
- Inputs from non-sport producers eg. sponsorship of sports events by the non-sport private sector in the economy of Northern Ireland.
- Transfer payments eg. voluntary clubs' income from grants provided by the Sports Council for Northern Ireland and funded by central government
- Non-monetary expenditures e.g. consumer sector expenditure on "voluntary work for sports clubs".

It is essential to emphasise that it is **not** legitimate simply to add up such numbers to arrive at the economic impact of sport. Some of the numbers will be relevant to this issue, but not all. Other numbers will be relevant to other

2.3

Sectoral Accounts

In addition to the distinctions of economic activity which may be made by type - income, output and expenditure - the division into sectors is also a feature of the national accounts system. Conventionally, the main elements are:

- The personal or household sector, showing primarily the transactions of individuals in their capacity as final consumers
- The corporate sector, which accounts for the transactions of productive enterprises
- The government sector (central and local)
- The overseas sector, which records international transactions

The use of sectoral accounts in the study of sport at the national level was discussed on pages 15-19 of the UK study. Seven sectors were identified:

- Central Government
- Local Government
- Commercial Sport
- Commercial Non-sport
- Consumer Sector
- Voluntary Clubs and their Governing Bodies
- Overseas Sector.

It was noted in the UK study that the number and choice of sectors should be the subject of detailed scrutiny:

- The sectors should be exhaustive - ie. they should, in combination, cover the whole economy.
- The sectors should be mutually exclusive - ie. an economic unit (such as the consumer or the firm or the voluntary sports club) should not be located in more than one sector.
- The boundaries of the sectors should be drawn according to the types of income and expenditure flows in which one is interested and the nature of the issues one is seeking to examine. (This is the reason for the separate identification of the voluntary sector which, where it is covered at all in the conventional national income accounting procedures, tends to be incorporated in the personal sector).

- It should be recognised that for each increase in the number of sectors there is a disproportionate rise in the number of **flows** to and from other sectors. For each of the seven sectors noted above there are six sectoral sources of income and six destinations of expenditure ie. there is a total of 84 sectoral flows to be identified. Had eight sectors been identified, the number of sectoral flows would have risen to 112.

In the Northern Ireland study - by definition - one is seeking to distinguish between those parts of the UK economy which lie inside and outside the region being studied. Accordingly, we identify five sectors **within the Northern Ireland economy** and two outside. The local sectors are "local government", "commercial sport", "commercial non-sport", "consumer", and "voluntary clubs and their governing bodies". The two other sectors are "central government" and "outside the region".

There are a number of important general points of clarification to make here. First - as in all the earlier reports - it is again necessary to distinguish between "commercial sport" and "commercial non-sport" within the commercial sector as a whole. Commercial non-sport represents that part of the commercial sector which falls outside the "sports industry" identified and discussed in section 2.5 below. Hence - to give an example - the sponsorship/advertising revenues which football clubs receive from manufacturers of domestic electronic appliances would represent a flow to the commercial sport sector from the commercial non-sport sector of Northern Ireland.

Second, there are important definitional issues to be raised concerning the voluntary sector. To begin with - in a way analogous to the economic activity of housewives and gardeners - much of the voluntary sector is simply not captured in the national income accounts. (As we shall see, an attempt to quantify this unmeasured output can be made by using data on the participation and frequency of time-use in voluntary sporting activities and applying a suitable price for the time). Furthermore, as noted above, in the UK national accounts the activities of the voluntary sector are incorporated in the personal sector. This is on the grounds of practicality rather than principle; sufficient information is not available for reliable separate accounts to be compiled on a regular basis. However, in a study of the impact of sport on the economy of Northern Ireland, it is clearly important to treat the voluntary sector separately.

A further problem might be thought to exist with the "central government" sector which is difficult to conceptualise at the regional level, particularly when one has to decide whether or not the sector is "inside" or "outside" the region. Is "central government" pervasively and uniformly distributed over the whole country (including Northern Ireland), or is it located outside the region in Whitehall?

In practice, for our purposes, the issue is irrelevant. We are interested in that part of central government income which accrues from sports activity in Northern Ireland and that part of its expenditure (including that which is raised from general taxation and transferred through the central government machinery) which is directed at sport in the region, and it is these flows which we have attempted to measure. In other words, a “central government” sector can also be identified separately.

The external sector - corresponding to the “overseas” sector in the national study - is defined as “outside the region” and includes both the rest of the UK economy and the overseas economies. As in the Local and Wales studies, we did consider whether or not it would be appropriate to identify these two sectors separately. Our judgment was that, as the focus of attention was on the impact of sport on the region, we would not do so. We were therefore able to avoid the creation of an eighth sector.

The principal purpose of the sectoral accounts, of course, is to identify the flows of funds between the sectors, as illustrated (for the consumer sector’s expenditures and incomes) in Table 2.1. A “double-entry” system has been adopted. Thus, for example, spectators’ expenditure on admissions to football matches is included under “spectating admissions” on the **consumer sector expenditure** page and would be given as “admission fees” on the **commercial sport income** page; the VAT component on this expenditure would be included under “VAT spectating” on the **central government income** page. In general, therefore, expenditure in one sector appears as income in another and vice versa.

2.4

The Treatment of Investment

The conceptual difficulty presented by investment in sport in the Northern Ireland study is analogous to that addressed in each of the earlier studies. It centres around the aim of estimating the economic impact of sport in a “representative” year. This problem does not arise with most items of current income and expenditure, where fluctuations from year to year over a short time period are unlikely to be so large as to make any one year “unrepresentative”. However, investment spending is much more volatile and a false impression could be given by basing estimates on, say, the latest year for which data are available.

The problem is overcome by collecting data over a period of more than one year. In this study we therefore sought information on investment expenditure (on the construction of new buildings and on capital equipment) in the three most recent years in order to smooth the “lumpy” nature of investment data.

**Table 2.1 An Example of the Sectoral Accounts:
The Consumer Sector**

Expenditure	Destinations						
	Total	CG	LG	CS	CNS	VOL	OA
Spectating admissions	x	x		x		x	x
Participation							
<i>subscriptions and fees</i>	x	x	x	x		x	x
<i>equipment</i>	x	x	x	x		x	x
<i>clothing</i>	x	x		x			x
<i>skiing</i>	x	x			x		x
<i>cleaning and repairs</i>	x	x		x			
Travel:							
<i>cars</i>	x	x			x		x
<i>buses</i>	x	x	x		x		x
<i>rail</i>	x	x					
Books & magazines	x			x			
Newspapers	x			x			x
TV licence fee	x						x
Public school fees	x				x		
Gambling:							
<i>pools</i>	x	x					x
<i>on-course</i>	x			x			x
<i>off-course</i>	x	x			x		x
<i>gaming</i>	x	x		x		x	x

Income	Sources						
	Total	CG	LG	CS	CNS	VOL	OA
Net wages & salaries from							
<i>commercial sport</i>	x			x			
<i>voluntary sector</i>	x					x	
<i>commercial non-sport</i>	x				x		
<i>local government</i>	x		x				
<i>central government</i>	x	x					
<i>outside the area</i>	x						x

Key for principal sources/destinations:

CONS	Consumer	CNS	Commercial Non-Sport
CG	Central Government	VOL	Voluntary Clubs and their
LG	Local Government		Governing Bodies
CS	Commercial Sport	OA	Outside the Area

2.5

The Definition of Sport**(i) Sports Activities**

The UK study also outlined a common definitional problem which confronts researchers on sports expenditure and financing: what constitutes sport? In that report, we remarked that Gratton and Taylor's (1985) statement of the problem summarises the difficulty and this is certainly worth repeating here:

"There is general agreement that a leisure activity is something different from work and in particular takes place in non-work time....

The main question to be answered.... is how do we distinguish between active sport and recreation and other, more general, leisure activities. Obviously certain activities fall easily into one category or the other: squash, badminton and marathon running are sport and recreation whereas going to the cinema, visiting a stately home, or going out for a meal are "pure leisure activities". It is at the margin that problems arise. Are darts and snooker sports or leisure pursuits?" (op. cit. p5)

The defining characteristics of sport in the Northern Ireland study are based - as in the earlier reports - on the **European Sport for All Charter** (Council of Europe, 1980), which had been used by Rodgers (1978) to provide a case-list of sports. It should be noted again, however, that to some extent the definition of sport is outside our control: the primary data sources on which we rely employ their own definitions and these tend to vary from source to source.

(ii) Sports Final Expenditure

Having defined which activities are to be included as "sport", one can move on to address two other issues concerning the "definition" of sport: the boundary between sports and non-sports final expenditure, and the nature of the sports "industry". Although these issues were discussed in the earlier reports, they remain crucial to the whole methodological approach adopted in this study and are therefore again worthy of re-examination here.

Final expenditure comprises consumers' expenditure, government current consumption, gross investment and exports. The relevant data under each of these expenditure categories can be assembled, although there are a number of cases where the boundary between sports and non-sports final expenditure is unclear and a judgment is required.

Where a participant or spectator incurs costs to undertake a sporting activity we have included these as sports expenditure. This includes not only buying equipment or paying admission fees but also any travel costs. In the case of

holidays the criterion is whether or not the primary purpose of the holiday is for sport. Thus the air fare and hotel bill for a skiing holiday would be included as sports expenditure, but only the participation cost would be counted of, say, a casual game of squash on an otherwise non-sporting holiday.

With respect to the media, the following are included: spending on sports books, magazines and specialist newspapers, a share of spending on general newspapers and a share of the BBC licence fee, to reflect their sports content.

Gambling on sports events (i.e. the football pools and virtually all bookmakers' receipts) represents a very large volume of sports-related consumers' expenditure. Although it is arguable that at least part of this expenditure is undertaken by people who have no interest in sport at all and for whom any similar event would do, no attempt has been made in this study to share out gambling expenditure on sports events. However, we do identify it separately as a category of consumers' expenditure and, hence, in the comparison with other areas of personal sector spending (presented in Chapter 3 below) one can choose for oneself whether or not it is relevant.

Finally, a judgment has to be made on the sports content of education. Expenditure on education contains an element to provide for school sports and physical education. There is a conceptual problem as to whether all PE counts as sport or whether part is of a "general educational" nature. We have not attempted to distinguish between these two principles and have included the whole of this expenditure within sport.

Jones (1989) has reported on the treatment of these (and other) sport-related expenditures in the various national studies of the economic impact of sport across Europe, which are being co-ordinated by the Committee for the Development of Sport at the Council of Europe. (The Henley Centre's report on the **Economic Impact and Importance of Sport in the UK** has been the lead study in this programme).

Table 2.2 summarises the inclusions and exclusions of these items of expenditure across the Council of Europe programme. It should be emphasised that there is no "correct" answer as to whether each of these series should be included. However, it is incumbent on the researcher to state the relevant assumptions as clearly as possible.

Table 2.2. Inclusions/Exclusions on the Boundary of Sport in National Studies of the Economic Impact of Sport

	Travel	Food & drink	Sports media	Education
Belgium: Flemish	Included	Included	Included	Included
French	Included	n/a	n/a	n/a
Denmark	Excluded	Excluded	Excluded	Excluded
Finland	Included	Excluded	Included	Excluded
Germany	Excluded	Excluded	Excluded	n/a
Iceland	Excluded	Excluded	Excluded	Excluded
Netherlands	Included	Included	Included	Excluded
Portugal	Excluded	Excluded	Excluded	Included
UK	Included	Excluded	Included	Included

Source: Jones (1989, Table 2.3)

(iii) The Sports “Industry”

Sports final expenditure generates value-added across a number of different industries. The conventional industrial classification separates entertainment services (including spectator and participant commercial sports clubs) from the manufacture of sports goods, and the latter in turn is distributed between the clothing, footwear and “miscellaneous” categories of manufacturing industry.

However, in order to give any meaning to the concepts of value-added or employment in sport, it is necessary to define a sports “industry” and extract its constituents from the various categories of the conventional classification. The choice of what is included in the sports industry is somewhat arbitrary and depends on how far down the chain of suppliers of inputs to the final sports product one decides to go. Precisely where the line is drawn is not crucial: it will not affect the total value-added attributable to sports final expenditure, but only the division of this total between that retained in the sports industry and that distributed elsewhere in the economy.

As noted above, the definition of the sports industry used in this study includes commercial, local authority and voluntary sports clubs, those parts of manufacturing industry which produce sportswear and equipment (but not their suppliers), retailers of sportswear and equipment, and the sports departments of the media.

Chart 2.1 Final Expenditure and the Distribution of the Associated Value Added across Industries

		FINAL EXPENDITURE (=C+I+G+X)							
		SPORT				NON-SPORT			
		Spectators' fees	Equipment purchase	Newspaper (sport share)	Building sports hall	Newspaper (other)			
V A L U E A D D E D	Sports Industry	Retail Clubs Manuf Media	X	X	X				Sports sector value added
	Non-Sport		X	X	X	X			Non-sport value added
	Outside the Area		X	X	X	X			Value added outside the area
TOTAL		Total sport FE				Total non-sport FE		Total Final Expenditure	

Chart 2.1 illustrates the relationship between final expenditure and the distribution of value-added. The horizontal axis represents the division of final expenditure into sport and non-sport categories, and some examples of sports consumption and investment are shown. The vertical axis represents the division of production into sports, non-sport and “foreign” suppliers, where the latter - in the context of the economy of Northern Ireland - include those elsewhere in the UK as well as those overseas. The value-added which makes up a given type of final expenditure is distributed between the sports sector and its suppliers.

The chart helps to clarify the question of where to draw the boundary for sports activities. In fact there are two separate boundaries to be drawn. The first concerns which expenditures are to be counted as “sports final expenditures”. This requires a decision on whether, for example, darts is a sport and therefore whether purchases of darts are to be included in the total for consumers’ expenditure on sport. As discussed above, the issue of whether gambling on sports events should be included is also involved in setting the boundary to sports final expenditure. In Chart 2.1, this boundary is represented by the vertical line separating “sport” and “non-sport” within the “final expenditure” box.

Once this boundary has been set it is possible, in principle, to calculate total sports final expenditure. This expenditure generates an equivalent value of incomes among the suppliers of the sports goods and services and, in turn, among their suppliers, including firms elsewhere in the UK and overseas: this is the distribution of value-added associated with the final expenditure. A second boundary must then be drawn to determine which types of business are to be classified as belonging to the sports industry in the region. In Chart 2.1, this boundary is represented by the horizontal line separating the “sports industry” from “non-sport” within the “value-added” box.

The chart also helps to clarify why (as in the earlier studies) we have once again avoided using the terminology of “direct” and “indirect” economic impacts of sport. The problem is that although these terms have an intuitive appeal, they give rise to too many ambiguities to provide a definition precise enough for economic analysis. For example, using the industry classification of sport one could regard the value-added generated within the sports industry as the direct impact and that generated in the rest of the economy as an indirect effect. Alternatively, the terms direct and indirect could be applied to final expenditure to distinguish, say, consumers’ expenditure on admission to sporting events

("direct") from the related travel expenditure that part of consumers expenditure on non-sport goods and services which flows into sport (eg. spending on cigarettes which supports sponsorship of sports events). The framework adopted in this study permits us to identify all these effects without banding them all together under the umbrella heading "indirect" and hence obscuring the important conceptual differences between them.

chapter three

3.1

Introduction

The detailed discussion of the sport-related income and expenditure flows in Northern Ireland is given in Appendices 1-3. In this chapter we describe the study's main findings and discuss some of the important policy implications.

We examine three measures of the economic impact of sport in Northern Ireland : both in total and also by sector. These measures are the creation of value-added, the level of employment, and its contribution to consumer spending. Our ability to do so is made possible -as noted in Chapter 2 - by applying the national income accounting system to provide a coherent and consistent framework. Before examining value-added and employment, however, we summarise the results of the data collection exercise by giving the gross income and expenditure series for each of the seven identified sectors of economic activity. This is done in Table 3.1.

Table 3.1 Sport-Related Income and Expenditure Flows in Northern Ireland

(million, 1989 prices)

Sector	Income	Expenditure
Consumer	51.6	183.5
Commercial sport	76.6	69.6 [1]
Voluntary	19.3[2][3]	13.5 [1][2]
Commercial non-sport	59.0	51.1
Central government	53.7	21.2 [1]
Local government	16.1	28.6 [1]
"Outside the area"	100.2	3.2

- Notes:
- 1. Includes capital expenditure
 - 2. Excludes non-monetary income and expenditure
 - 3. Includes net bar receipts

Source: Appendix 2 below

The figures in the table above provide an indication of the relative and absolute sizes of the various sectors of the sports economy. It is, however, important to emphasise that one cannot simply add up the sector totals to derive a quantification of the role of sport in Northern Ireland as this would involve serious errors of double counting. The gross income and expenditure series represent a collection of payments to factors of production, transfers, capital and current expenditures, and so on.

Hence, for example, sport-related consumers' expenditure totals £183.5 million. We will see (in Appendix 2) that the principal components of this spending are clothing and footwear, gambling, fees and subscriptions, and bar purchases. Appendix 3 illustrates that the receipts of sports retailers in Northern Ireland (net of VAT and excluding gambling) are estimated to be £66 million, or just over one-third of total consumer spending on sport, the same proportion as in Wales.

A large part of the estimated income of voluntary clubs and organisations comes from the sale of drinks and food. Net bar receipts account for just over £5.7 million out of a total income of £19.2 million, almost 30%. The unpaid hours put in by members and officials of sports clubs, which we have valued at half average manual male hourly earnings and classified as non-monetary income, is also significant, accounting for one-seventh of monetary and non-monetary income combined for this sector.

The income and expenditure flows to and from government (central and local) can be expected (as in the national and local studies) to be the subject of political debate. As in the national study, we note that the central government taxation figures include items such as VAT payments, income tax and corporation tax, the use of which to finance non-revenue funded spending on, for example, health, education and defence is widely regarded to be reasonable.

Central government in Northern Ireland receives £53.7 million from sport-related economic activity of which VAT, excise and gaming duties at £33.6 million are the largest sources of revenue accounting for almost two thirds, the rest being mainly attributable to income tax and national insurance. The most important element of the central government spending total of £21.2 million is on net wages in education (£11.7 million).

By contrast, local government spending on sport exceeds its income from it by some distance. The expenditure of £28.6 million is largely composed of direct spending on labour and other running expenses related to the provision of local sports facilities. The largest part of local government income from sport (£16.1 million) is in the form of transfer income, mainly in the form of rates and grants.

3.2

Value-added

As stated in Chapter 2, a sector's value-added is the difference between total factor revenue and the cost of bought-in raw materials, services and components. It thus measures the "value" which a firm "adds" to these bought-in raw materials. (As will be seen below, it is of considerable importance in the estimation of the employment effects of sport-related economic activity).

The sectoral accounts of Appendix 3 provide the information required as the value-added in each output-creating sector is given by the **sum of wages and profits** (factor surpluses) or, equivalently, factor income minus non-labour factor expenditure. The value-added - or "output" - in sport-related economic activity in Northern Ireland is summarised in Table 3.2 and is visually represented in Chart 3.1.

Chart 3.1 The Distribution of Sport-Related Value Added by Sector in Northern Ireland

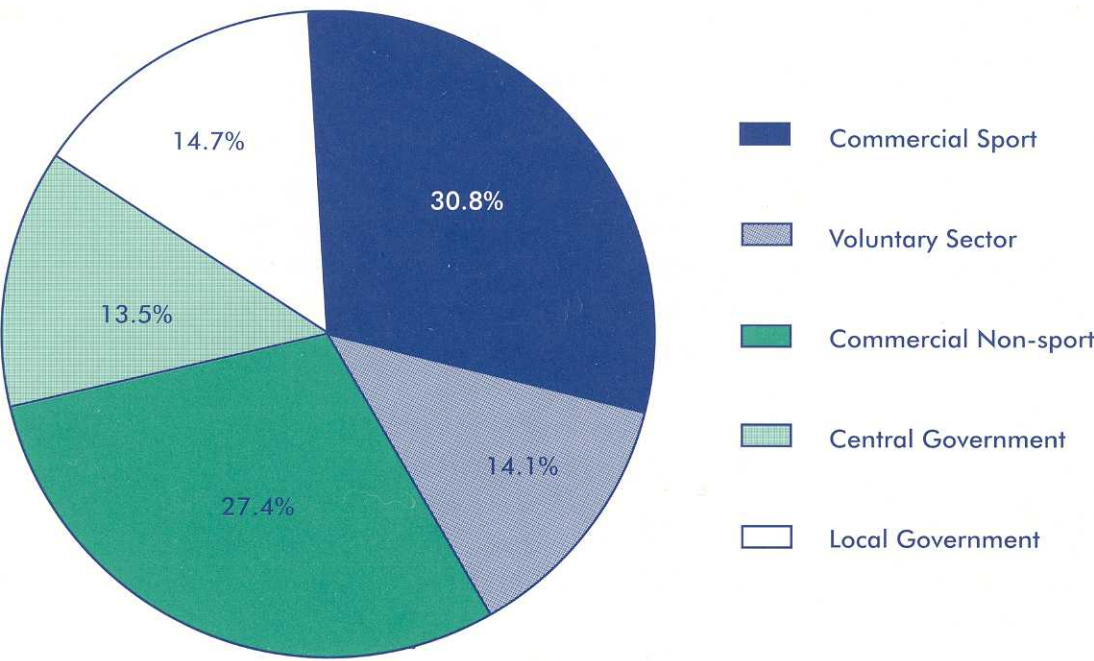


Table 3.2. Value-Added by Sport-Related Economic Activity: by Sector

(million, 1989 prices)

Commercial Sport:	
<i>Wages</i>	16.1
<i>Surplus</i>	14.7
Total	30.8
Voluntary Sector:	
<i>Wages</i>	5.8
<i>Surplus</i>	8.3
Total	14.1
Commercial Non-Sport:	
<i>Wages</i>	15.9
<i>Surplus</i>	11.5
Total	27.4
Central Government:	
<i>Wages (education)</i>	11.7
<i>Wages (sports council)</i>	0.4
<i>Wages (transport)</i>	1.4
Total	13.5
Local Government:	
<i>Wages (sports facilities)</i>	14.4
<i>Wages (transport)</i>	0.3
Total	14.7
<hr/>	
TOTAL VALUE-ADDED	100.5

On the basis of Census of Production data, the order of magnitude of value-added in sport-related economic activity - in relation to other manufacturing sectors - can be shown, as in Table 3.3 below. Value-added in the sports sector is around one-half of that in the clothing and footwear industry, worth slightly less than electrical and electronic engineering and more than rubber and plastics. In comparison with Wales, sport in Northern Ireland generates around half of the value-added total. Since the Welsh economy is roughly twice the size of that of the Province, it is clear that, by this criterion, sport in Northern Ireland is roughly of equivalent importance to sport in Wales.

Table 3.3 Value-Added in Northern Ireland in Selected Sectors
(miliion 1989 prices)

Food, drink and tobacco	442
Clothing and footwear	180
Textiles	155
Mechanical engineering	148
Non-metallic products	127
Paper, printing and publishing	126
Electrical engineering	120
Sport-related economic activity	100
Rubber and plastics	84
Timber and wooden furniture	70

Source: Henley Centre analysis of Census of production data

A word of caution should be introduced here with respect to the interpretation of Table 3.3. It is to be emphasised that its use is simply to put the size of sport-related value-added in perspective for **comparative** purposes. Several of the categories of manufacturing output themselves contain some element of sport value-added - "clothing and footwear" is an example. Given this double-counting, one therefore cannot add together the constituent lines of Table 3.3 to obtain an aggregate measure of output. In addition, it should be noted (from Table 3.2) that sport-related economic activity includes contributions from both the commercial sport and commercial non-sport sectors. The other categories in Table 3.3 are defined by industry and **not** by type of expenditure: for example, the value-added generated by spending on wooden furniture is only partly captured in the "timber and wooden furniture" sector.

The distribution of value added by sector in Northern Ireland is shown in Chart 3.1. 31% of the output of sport-related economic activity is in the commercial sport sector and 15% in local government. A further 27% of sport-related output is generated in the commercial non-sport sector and another 14% in the voluntary sector.

At the national level, 53% of value-added in sport-related economic activity was shown to be in the commercial non-sport sector with 31% contributed by commercial sport and only 13% by local government (Henley Centre, 1986, Table 6.2) which reflects the larger area and subsequent reduction in leakages. The primary difference from the situation in Wales is the comparatively small size of the commercial non-sport sector (36% in Wales) and the larger size of the voluntary sector (only 8% in Wales). We refer to both in the Policy Implications section (3.5). There are also differences in the shares contributed by local and central government but this is because of the different allocation of functions in each region; there is virtually no difference in the total public sector contribution for Wales and Northern Ireland.

The estimates of sport-related employment may be made by employing three broad types of methodology:

- Calculating aggregate expenditure on labour costs and dividing the average cost per employee into the total paybill (as, for example, with the commercial non-sport sector).
- Deriving information from the questionnaire responses, which give data on the extent and nature of employment - by skill and by sex - in spectator clubs, participation clubs and the voluntary sector.
- Obtaining specific employment data from individual sources such as, for example, from the Sports Council for Northern Ireland on its employment structure.

The estimates of three types of sport-related employment were obtained from the more aggregate data. First, retailing. We have estimated the total labour costs in retailing (in Appendix 3) after allowing for non-wage labour costs such as employers' National Insurance contributions (based on figures given by the OECD, 1989). We also know the employment structure in retailing in the UK as between male and female, full-time and part-time employees (as given by the 1989 Census of Employment and reported in the **Employment Gazette**, April 1991 p217). This structure of retailing employment is given for clothing, footwear and books as well as non-food specialised retailing and, of course, all retailing. From the **Regional Trends, 1990** we know the average earnings of full-time male and female employees in Northern Ireland in "distribution, hotels and catering" (SIC 6). These various pieces of information can then be used to calculate the appropriate allocation of the total wage bill (from Appendix 3) between the various types of employee, thereby deriving the retailing employment structure in Northern Ireland attributable to the sports economy.

The same methodology that we used for the calculation of retailing employment has also been used to derive the sport-related job estimates in the commercial non-sport sector, given our knowledge of the total wage bill for this sector in Northern Ireland (from Appendix 3), average earnings in the region for males and females (**Regional Trends, 1990**), and the employment structure in the country as a whole (rather than just the retailing component) as given in the **Employment Gazette**, April 1991 (p219).

This method was also used to calculate the level of sport-related employment in teaching. The average salaries of male and female teachers in Northern Ireland in 1989 were obtained from the Department of Economic Development. This information was applied to the total sport-related salary bill for teachers (from Appendix 3), assuming an equal split between males and females, giving a total of 925 teachers. This is close to the Department of Education's estimate of an average of 3 PE teachers at each of the country's secondary and grammar

schools, with an additional 100 at primary and special schools and further education establishments, (which gives a total of 880).

Table 3.4 summarises sport-related employment in Northern Ireland. Our calculations suggest a total of just over 7,600 sport-related jobs in the Northern Ireland economy.

Table 3.4. Sport-Related Employment in Northern Ireland

	Male		Female		Total
	Full-time	Part-time	Full-time	Part-time	
Commercial sport:					
<i>spectator clubs</i>	40	256	1	30	327
<i>participation clubs</i>	207	94	47	46	394
<i>retailers</i>	555	137	473	681	1846
Voluntary sector	228	307	42	337	914
Central government:					
<i>teachers</i>	463		462		925
<i>transport</i>	29	1	4	1	35
<i>Sports Council for Northern Ireland</i>	14		22		36
Local government:					
<i>sports facilities</i>	577	263	404	481	1725
Commercial non-sport	707	61	388	291	1447
TOTAL	2820	1119	1843	1867	7649

	Professional /managerial	Routine non-manual	Skilled manual	Semi-skilled /unskilled	Total
Commercial sport:					
<i>spectator clubs</i>	29	13	1	284	327
<i>participation clubs</i>	144	120	69	61	394
<i>retailers</i>	93	646	93	1014	1846
Voluntary sector	186	230	210	288	914
Central government:					
<i>teachers</i>	925				925
<i>transport</i>	2	4	11	18	35
<i>Sports Council for Northern Ireland</i>	19	17			36
Local government:					
<i>sports facilities</i>	577	404	263	481	1725
Commercial non-sport	452	339	248	408	1447
TOTAL	2427	1773	895	2554	7649

Chart 3.2 The Distribution of Sport-Related Employment by Sector in Northern Ireland

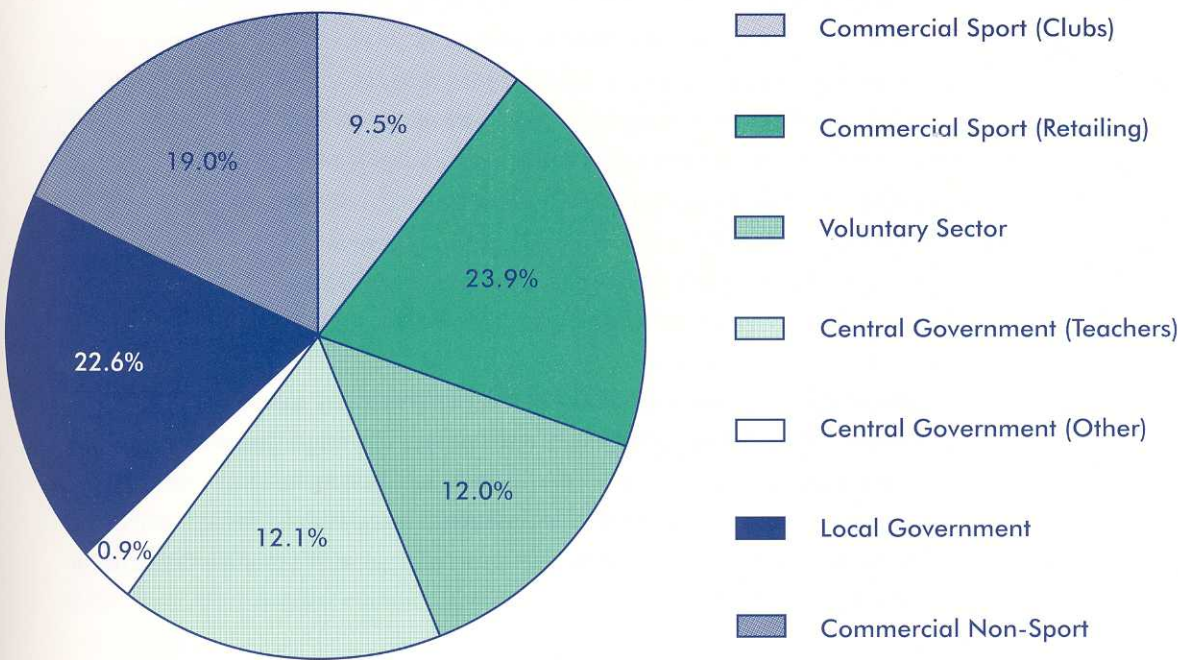


Chart 3.2 shows the distributions of sport-related employment by sector. As one would expect, the distribution is similar to that for output, but not identical due to variations in relative wage levels and the shares of wages in output. For example, the commercial non-sport sector has the second largest share of output at 27.2% but only 19% of employment, reflecting higher profit margins in this sector. In contrast, local government has a far higher share of employment than of output.

Despite not including education (unlike in the rest of the United Kingdom) local government still accounts for close to 25% of sport-related employment, which was the proportion reported for Wales. It would have a higher level of employment if it were not for the fact that services, such as catering and security, are often contracted out. Commercial sport, primarily retailing, is the largest employer, accounting for a third of employment, a slightly higher proportion than in Wales. By contrast, the relative importance of non-commercial sport is somewhat less than in Wales, accounting for less than 20% of total employment, compared with over a quarter in Wales. This probably reflects the existence of fewer large firms with the resources to devote to sport in Northern Ireland.

The male/female employment split is estimated to be 51:49, whilst the full-time/part-time division comes out at 57:43. Part-time employment, following the standard definition, refers to jobs involving no more than 30 hours per week.

The proportion of employment classified as professional and managerial is 31.7%, somewhat more than the Wales figure of 24.7%. This partly reflects the fact that teaching accounts for 12.1% of sports-related jobs compared with 8.3% in Wales. Skilled manual jobs, at 11.7% of the total, occupy a slightly lower proportion than in Wales where the comparable figure is 14.0%. Overall the distribution of the 7,600 sports-related jobs will be broadly similar to that in the whole economy given the wide ranging nature of our study.

These numbers can be most easily put into perspective by comparing them with the Department of Employment data on employees in employment by sector in Northern Ireland. The last survey of this was contained in the 1987 Census of Employment, the results of which are published in the **Employment Gazette**, October 1989 (pp553-558). This comparison is made with a number of sectors in Table 3.5.

Table 3.5. Employment in Northern Ireland in Selected Sectors

	Thousands
Agriculture, forestry and fishing	20.0
Food, drink and tobacco	19.2
Clothing and footwear	17.1
Textiles	10.4
Banking and finance	8.8
Postal services and telecommunication	8.4
Energy and water supply	8.0
Electrical and electronic engineering	8.0
Sport-related economic activity	7.6
Paper, printing and publishing	6.0
Timber and wooden furniture	5.4

Sources: Henley Centre; Department of Employment

As with the other comparison tables in this chapter the list of sectors is not exhaustive, but rather a selection to provide an indication of the role of sport-related economic activity within Northern Ireland as a whole. The same note of caution made with respect to the interpretation of Table 3.3 is repeated here: because the "sport-related" employment total includes jobs created in the supplying industries, the categories listed in Table 3.5 are not mutually exclusive. Thus, for example, agriculture, forestry and fishing could include jobs

related to the provision of facilities for angling. The purpose is simply to locate the sport-related employment figures in perspective.

The overall impact of the role of sport in the Northern Ireland economy should be viewed in terms of the total picture provided by Tables 3.3 and 3.5 combined (together with Table 3.6 below), as the relative “importance” of sport does depend, to some extent, on the particular measure of economic activity which one chooses to examine.

Consumer Spending

3.4

Our figures indicate that in 1989 total sports-related consumers’ expenditure in Northern Ireland was some £184 million (in 1989 prices), excluding bar receipts in sports clubs which contribute a further £16 million. A detailed breakdown is available in Appendix 3 but, to summarise, the largest items of this are: clothing and footwear (£56.3 million), gambling (£53.0 million), subscriptions and fees (£20.5 million) and sports equipment (£16.8 million).

Dividing by the total number of households in Northern Ireland gives an average weekly spend per household on sport-related items of £6.53. This can be put into perspective by comparing it to data from the **Family Expenditure Survey, 1989** on household spending on other goods and services in Northern Ireland. Table 3.6 makes these comparisons, focusing particularly on other forms of leisure spending which compete with sport for the discretionary income of consumers. A less discretionary item such as electricity is included to add further perspective.

The table indicates that sport-related consumers’ expenditure is of the same order of magnitude as spending on alcoholic drinks. This is a very interesting result, as the previous study in Wales had shown sports expenditure lagging behind beer and cider alone, which accounts for less than half of consumer spending on alcoholic drinks in Northern Ireland. As Chart 3.3 demonstrates that the ratio of consumer spending on alcohol to that on sport (excluding gambling), at 1.4 to 1, is significantly lower than in Wales and the UK as a whole where the comparable ratios are 2.5 to 1 and 3.1 to 1.

The Northern Ireland weekly average of £6.53 per household on sport compares with the national study which showed sport-related consumer spending in the UK averaging £3.95 per household per week in 1985 prices, while in Wales it was found to be £5.53 in 1988 prices. In the local study, the comparable figures were £5.05 in Bracknell and £4.72 in the Wirral (both in 1987 prices).

Chart 3.3 Ratio of Consumer Spending on Alcohol to Sport

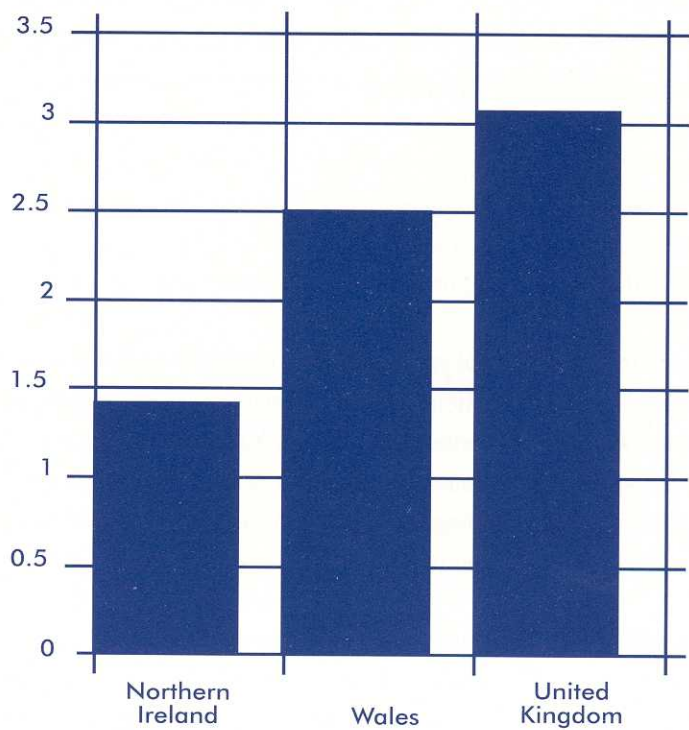


Table 3.6. Selected Categories of Northern Ireland Consumers' Expenditure

	£ million per annum (1989 prices)
Furniture and floor covering	281
Sport, including gambling	184
Alcoholic drinks	182
Electricity	168
Tobacco	150
Sport, excluding gambling	131
Hotels and holiday expenses	114
Non-alcoholic drinks	53
TVs, videos and audio equipment	42
Books,magazines,newspapers and periodicals	29
Cinema admissions	1

Source: Henley Centre analysis of FES data

The economic aspect of the Council's role - "the furtherance of sport and physical recreation in Northern Ireland" - is important but is only one amongst several dimensions. In this report, self-evidently, we have focussed on the economic impact of sport and not the other impacts (for example in the social and health fields) which will have indirect economic benefits. It is also the case that by following the various broad paths of economic impact we, inevitably, stray into policy areas which, apparently, have only a tenuous link to the Council. Similarly, most of the implications mentioned below are not within the scope of the Council to directly act upon but are rather aimed at the chief protagonists in each sector. However, the Council occupies a uniquely central position in promoting all aspects of sport within the Province and, as such, the implications are equally relevant to it.

The policy implications arising from the assessment of the economic significance of sport in Northern Ireland are based not simply on the study findings themselves. We have also drawn on our analysis of the Province's economy, the main conclusions reached in our earlier studies at a national and regional level and other Henley Centre work on related themes of regional economic development and market/consumer change.

Self-evidently, from the preceding analyses, the economic impact of sport impinges on many other sectors and cannot be seen in isolation from other features of the Northern Ireland economy and wider society. Policy implications should also be seen in such a context. Clearly, it is neither possible or desirable to identify all those aspects of the economic environment which may enjoy a link, however tenuous, with sport. Rather, we set out three sets of relevant characteristics: economic, demographic and behavioural. First, therefore, we set out the principal economic factors which impinge on our findings.

Economic Characteristics

The economy is, relative to the UK as a whole, highly dependent on the service sector, especially its large public sector component. With the privatisation of Shorts and Harland and Wolff (and the impending privatisation of the Northern Ireland Electricity Board) virtually all of the public sector is classified within the service sector. The public sector accounts for approximately 38% of total employment compared with around 25% for the UK. As elsewhere in the UK, the most dynamic section in the economy has been financial and business services which grew by an average of 8% per annum between 1981 and 1989.

As a corollary of the above, the manufacturing base and the private sector in the Province are small relative to the UK average. In 1989, manufacturing accounted

for 20.0% of employment in Northern Ireland versus 23.1% for the UK as a whole. If London is excluded, proportionally, Northern Ireland has the smallest manufacturing industry in the UK. The record of the private sector has recently been the subject of a report by the Northern Ireland Economic Council (Northern Ireland Economic Council; Report 82; "The Private Sector in the Northern Ireland Economy"; April 1990). Its principal conclusion succinctly summarises the sector's condition.

"The main conclusion of this report is that the private sector in Northern Ireland is relatively underdeveloped. All of the indicators looked at suggest that its performance in terms of employment, output, productivity and external trade has not only been poor in absolute terms, but especially so in relation to the private sector in GB."

The lack of private sector development in the Province, and the broader symptoms of depressed economic activity, have prompted a comparatively high level of government assistance to private industry and justified a more corporatist stance than in the UK as a whole. Even though the Industrial Development Board's (IDB's) contribution to project costs reduced from 50% in 1983-84 to 21% in 1989-90, industrial aid in Northern Ireland in the late-1980s continued to be much higher than in GB. In 1987-88, according to the same Economic Council report mentioned above, industrial aid per capita in Northern Ireland averaged almost 5 times higher than the GB average. In the manufacturing sector, government assistance accounted for around one-fifth of gross value added. The efficacy of the industrial development strategy, however, has been increasingly questioned. Some have even suggested that the high levels of assistance awarded actually encouraged dependence (Northern Ireland's estimated trade deficit is equivalent to 25% of its GDP) rather than self-sustainability. It is not appropriate to delve into the minutiae of this debate here but it is clearly the case that the new policy thrust - as summarised in the IDB's document "Forward Strategy 1991-93" - is firmly towards developing greater self-reliance and competitiveness in the Northern Ireland economy. Three specific aims - business development, inward investment and value for money - will be pursued through a range of policy measures. These will still include capital grants but greater emphasis will be placed on "softer" forms of assistance - for example product development, marketing development and export advisory services - but financial assistance will be used more selectively than in the past.

A number of indicators suggest that poverty is much more prevalent than in GB. Despite recent improvements, generally reflecting the comparatively slight impact on the Province from high mortgage rates, Northern Ireland's unemployment rate is, historically, between 6 to 8 percentage points above the UK average. Long term unemployment, defined as being unemployed for more

than 12 months and a useful proxy for poverty, also accounts for a higher proportion of the unemployment total, approximately one-half in the Province compared to just over one quarter nationally, ie Northern Ireland's long term unemployment rate is 3.0 to 3.5 times that of the UK as a whole.

High unemployment and relatively low earnings (ironically, the Province's high public sector dependence helps to raise average earnings since most public employees are tied into UK wage scales) give Northern Ireland the lowest level of household income in the UK - in 1989 standing at 81% of the national average. Further, evidence from the 1987 Continuous Household Survey conducted by the Policy Planning and Research Unit of the Department of Finance and Personnel illustrates the extent to which incomes are polarised: at that time, 42% of households lived on incomes of less than £5,000 per annum - only 31% lived on more than £10,000. Although lower prices - especially housing may close much of this apparent difference in spending power, lower average incomes does reinforce the poverty induced by long term unemployment. Of course, there are mitigating factors. Most importantly, housing costs are much less expensive in Northern Ireland than in GB. The large government expenditure on housing in earlier years does appear to have improved conditions significantly. The average number of persons per household has reduced to 2.96 and average house prices are, according to the Department of the Environment, only around 53% of the UK average (1990 figures). Official statistics are not sufficiently detailed to allow us to compare average discretionary incomes (ie after housing costs) but we can say with confidence that the income differential between the UK and Northern Ireland - though still substantial - is not quite as vast as indicated above for household incomes.

Demographic Characteristics

Second, the demographic characteristics of Northern Ireland are significantly different to that of the UK as a whole. Tables 3.7 and 3.8 below show the forecast age structure of Northern Ireland and the UK in 1991 and 2001. This shows that the Northern Ireland demographic profile is considerably younger than the UK average. The Province has a higher proportion of people in the youngest three age bands than in the UK but, thereafter, primarily because of emigration, the UK has higher proportions. Overall, the Northern Ireland population is forecast to grow by 3.5% between 1991 and the year 2001; in the UK as a whole 2.9% growth is foreseen.

Behavioural Characteristics

Third, there is some evidence that sports participation in indoor sport is higher in Northern Ireland than in the UK. Support for this assertion comes from a study

commissioned jointly by The Sports Council, The Sports Council for Northern Ireland and Belfast City Council and undertaken by Professor Roberts and a team of researchers from the University of Liverpool, published in January 1989. The report **Community Response to Leisure Centre Provision in Belfast** sought, among other objectives, to assess the change (if any) in sports participation resulting from new leisure centre investments (and a low user-tariff policy) in the late-1970s and early-1980s. The results are unambiguous: indoor sports participation in Belfast is higher than the UK average as measured in the General Household Survey in 1983. This is especially the case in the 16-20 age cohort where participation was found to be 27% higher but the rate continued to be higher in all age categories. To the extent that the leisure provision policy was pursued throughout the Province (and, to a considerable degree, it was) participation at least in indoor sport, can be said to be higher in Northern Ireland generally relative to the national average and active interest in sport to be proportionately stronger.

Table 3.7 The Age Structure in Northern Ireland and the UK, 1991

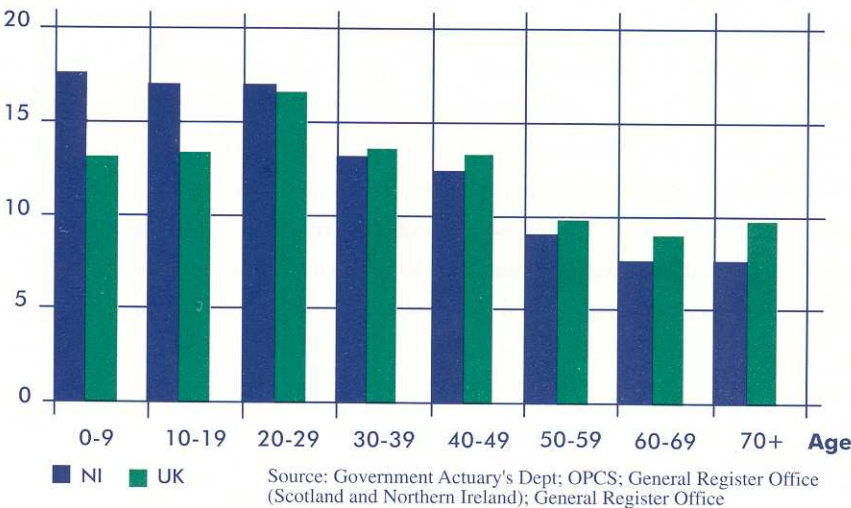
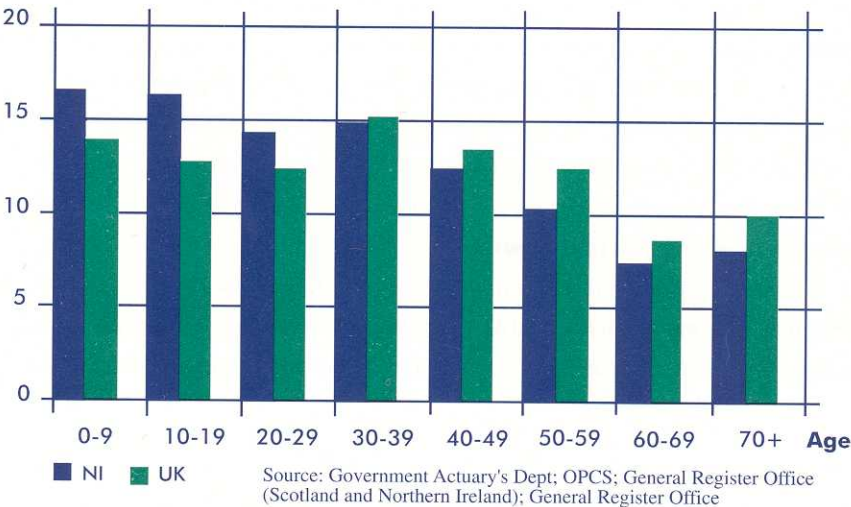


Table 3.8 The Age Structure in Northern Ireland and the UK, 2001



Consumer Expenditure on Sport

The above factors shape the overall context in which we should view the study's main findings. From a policy perspective, there are two main points of significance to emerge. First, Northern Ireland consumers appear to spend more on sport-related items per head than the UK average. The primary explanation for this lies with the last two points above, namely the comparatively young population of the Province and the high indoor sports participation rate. Figures from Textile Market Studies (TMS) show that spending per capita on sports clothes and footwear - two of the most important items in sports consumer expenditure - is greater in the younger age bands. From this expenditure perspective, therefore, sport is of more economic importance in Northern Ireland than at a national level. The high value-added in the voluntary sector (at least relative to Wales - in the Welsh study the voluntary sector accounted for 8% of total value-added; in Northern Ireland the figure is 14%) supports the view that people play more and spend more on sport.

Second, despite the high consumer expenditure on sports, the value-added and employment measures of impact (the best indicators of indicated wealth), are comparatively low. In short, high consumer expenditure is not matched by similar development elsewhere. While the Welsh study estimated employment in the sports sector at 19,091, in Northern Ireland, employment is only 7,630, far below that which might have been expected from a comparison of populations. The ratio of Welsh to Northern Ireland sports-related employment is 2.5 to 1 compared with a population ratio of 1.8 to 1. This appears to stem from a combination of poor linkages in the commercial non-sport sector, the previously mentioned underdevelopment of the private sector, relatively low wages (wages account for two-thirds of value-added) and the Province's small size which, inevitably, increases the proportion of economic activity resulting from sports expenditure which goes outside the area (ie leakages).

Pervasive Importance of Sport

Prior to setting out the general policy implications stemming from the analysis, as in previous studies, an immediate if obvious impression which is formed is of the sheer pervasiveness of sport-related value-added throughout the economy. More than one-quarter of the impact of sport is to be found in the commercial non-sport sector. Charts 3.1 and 3.2 show the diversity of sectors which benefit from sport. Sport is not simply of peripheral significance for Northern Ireland - as a market and as a generator of wealth and employment, it represents an area of, perhaps surprisingly, widespread importance. That fact should, in itself, be known to decision-makers in the private and public sectors. One should be careful, however, about making comparisons with other, broad areas of

economic activity or expenditure. In Northern Ireland, for example, the Northern Ireland Tourist Board has calculated that visitors spend £138m in the Province and that this creates 10,000 full-time jobs (**Tourism in Northern Ireland: An indicative plan, 1990**). Can these figures be used as a sensible basis for comparison with, say, the £184m which is spent on sport, including gambling (Table 3.6) or the 7,600 people employed in the sports sector (Table 3.4). In our view, they are not. First, expenditure is not an accurate indicator of economic worth - it does not, for example, give an indication of the extent of leakages outside the area. Second, while, theoretically, employment offers a more reliable indicator of true economic importance, without knowing more on the definition of tourism (there may possibly be an overlap with the definition of sport used here) and the methodology used in the calculation, any comparison is unlikely to offer a meaningful insight into relative economic impact.

Future Impact of Sport

Despite the unquestionable existing importance of sport, a more pertinent and urgent implication of the analysis is the potential for a greater impact in the future. The demographic structure of Northern Ireland - its comparative wealth of young people - and the relatively high consumer expenditure and interest in sport, represent a large and generally unfulfilled potential for further development. For both private and public sector decision-makers, this potential offers an opportunity for new initiatives. It is not the purpose of this report to state what these should be; rather it is to indicate the general direction which they might take.

Region of Excellence

The first point is that the sizeable potential conferred by the above factors offers the opportunity for the Province to develop itself as a "region of excellence" in sports. Excellence, of course, is a qualitative concept. For excellence to be achieved it will be necessary for all those involved in the sector to aspire to the highest standard of quality of service. A key area of the Henley Centre's social research in recent years has been on the nature of "service". As reported in the Wales study, for the economic potential of sport to be effectively realised, its "offer" must meet consumer requirements and these, with real incomes continuing to rise, are becoming increasingly sophisticated and exacting. In sport, as in other areas, the "connoisseur consumer" is increasingly apparent. By this, we essentially mean that as consumers' income rises, their expectations become more complex and demanding. The product offer that was previously acceptable is rejected and they take their demand and their discretionary income elsewhere. In general terms, if local authorities and commercial sports centres are to attract a greater or stable proportion of consumers' rising discretionary income then they

must regard themselves as being in a competitive environment with other potential uses for this income and improve their attractiveness to consumers accordingly. A complacent instinct that chooses to presume that “what is now can always be” is likely to doom any activity to failure in the sports environment as elsewhere.

Connoisseur Consumer

The phenomenon of the connoisseur consumer is worthy of further exploration in Northern Ireland given the uniquely high indoor participation rate recently achieved in the Province, especially in Belfast. As the age group where greatest progress has been achieved moves “through” the age structure, and as more young people follow them into a high rate of sports activity, increasing demands will be placed on sports facilities, most obviously in a quantitative sense but also qualitatively. (The “unsophisticated public” referred to in the Roberts report will not remain so indefinitely) ie, the demand will be for **more** and for **better** facilities. The most immediate implications of this are for local authorities. The core of Belfast’s success in instigating a tangible behavioural change towards the “sport for all” ideal is the previously mentioned substantial investment in new sports and leisure centres, the proper maintenance of these and a policy of low user-tariffs. It is a policy which, as the Roberts report showed, has been successful but it is also one ridden with subsidy. It is our view that the relatively generous central government spending environment which sanctioned the original large investment in facilities will not be replicated in the 1990s. At a local level, there will also be increasing (related) pressure on spending. For local authorities, inescapably, the dilemma between maintaining a high subsidy and a low user-tariff and charging more for facilities will become particularly pressing. According to the Roberts report, the subsidy per head in Belfast was £28; our own analysis of the local government sector shows expenditure to be 77% more than income (in Wales, the difference was 54%).

The existence of such a dilemma is undeniable; it is one faced by all local government providers of sports facilities in the UK, though since the provision of such facilities is a statutory responsibility in Northern Ireland (unlike the rest of the UK) and the economic environment is less favourable, it is one with a harder edge than elsewhere. The dilemma is made even more starkly difficult by another, very different social phenomenon to that of connoisseur consumers but one which is of growing significance and public attention. The increasing polarisation of incomes in the 1980s has engendered greater recognition of the existence of a large low income group in the UK. This “class” constitute a second market for many consumer goods and services and are characterised by a disproportionate reliance on social security and unemployment benefits, low earnings and a range of less favourable social, educational and health indicators.

No exact figure can be placed on the size of this group - research by the Henley Centre has suggested it may be as much as 30% of the population - but, given the much higher level of long-term unemployment in Northern Ireland, it is likely that it is a more widespread problem in the Province than in GB. Not only does the provision of sports facilities for them meet a social objective - which the public sector, at least, recognise - but, in doing so, demand is created for other sports goods. Without this, they will remain, to a large degree, outside the "normal" sphere of opportunity and their economic potential for the sports sector underdeveloped.

Entry into the social and political arguments on subsidies is outside the function of this report. It is our view, however, that, in the debate between subsidy and charging to reflect the true cost of usage, the scope for pursuit of the former is diminishing.

Policy Implications for local government

Notwithstanding this debate - or its result - several implications for local government emerge. Most prominent, is the need for greater efficiency and professionalism in the management of sports facilities (the Government's requirements on competitive tendering are also, clearly, relevant here). The Roberts report referred to substantial spare capacity and the Local Government Audit **Value for Money Study on Leisure Facilities** (March 1989) pointed out the considerable scope for saving in the management of the Province's leisure facilities. In order to achieve this, better training will be required.

Training is now regarded by many (including the Henley Centre) as a factor of central importance in determining the competitive position of UK business (hence the recent - and additionally planned - re-organisation of training in the UK). The arguments used in support of greater resources being directed at training - namely, for example, the increasing demands of consumers, technological progress and the higher standard of workforce training evident in other countries - are just as valid in the sport/leisure industry as in other sectors.

Related to the theme of greater operational expertise and an improvement in their offer, local authorities should also begin to assess their users, the public, from a more formal market-oriented perspective. Self-evidently, it is a market which is not homogenous, which is fragmented and which may require a similarly non-uniform sport "product". Given rigid financial constraints, flexibility is essential if high participation is to be maintained across different market segments. The differentiated market may also offer opportunities for commercial sport sector involvement - conceivably in joint ventures with local authorities.

Policy Implications for the Voluntary Sector

In many ways, the situation facing the voluntary sector is similar to that described for local government. Voluntary organisations will be confronted by the same market trends (the demand for more of and better of) and the need to improve their offer, especially through training, is equally relevant. Although the sector was in "surplus" in 1989, it too cannot escape financial pressures. For example, the increase in VAT to 17.5% will raise costs and without a concomitant increase in its own revenues - perhaps from increased charges - its ability to maintain, let alone improve its activities will be hampered.

Policy Implications for Commercial Sport and Commercial non-sport

The next major point is focussed specifically on the commercial sport and commercial non-sport sectors. It is clear from the figures on value-added and employment that these sectors are comparatively underdeveloped. This is manifested in a relative lack of sponsorship, of commercial sports activity (especially spectator sports) and of manufacturing linkages with sport (the retail sector benefits directly from high consumer spending). Given the small size of the Province, it is inevitable that leakages outside the area will be more substantial than in larger regions but the extent to which the commercial aspect of sport in Northern Ireland has failed to match the potential of the Province's characteristic high spending and high participation is not solely due to problems of size. Rather, the underlying reason for the commercial sector's poor performance lies with the general weakness of the Province's private sector, to which we referred earlier. The performance of the Government's new approach towards industrial/business development, to which we referred earlier, in helping to regenerate indigenous entrepreneurship will impinge directly on the prospects for the sector. Should it prove successful, the sports industry could expect to be one of the major areas of entrepreneurial interest. Certainly, the rise in VAT may cause a slight dent in consumer spending (though the fall in rates, which should be equivalent to the £140 fall in the GB poll tax, should mitigate any adverse effect from this) but, generally, from its high spending pattern, young and rising population and strong participation rates among consumers who now wish a higher quality service (and may have the money to pay for it), Northern Ireland offers considerable commercial opportunities for the public sector.

The blunt implication is that if the commercial sector does not act to take advantage of this, the economic aspect of sport will remain underdeveloped. This is also of relevance to local and central government who have, thus far, taken the leading role in sport facility development. It may now be contingent on the public sector to play an additional, catalytic, enabling role to entice more interest from a (certainly, until now) reluctant private sector.

Finally, though the focus of central government policy is beginning to shift towards firms in-place in the Province, attracting inward investment is still one of the principal aims of the IDB's approach. Indeed, internationally mobile investment moving to particularly deprived areas within the Province may receive up to 50% of project costs in capital grants. It is clear that the criteria employed by companies in deciding upon the location of investment have departed considerably from the rather rigid imperatives of business location theory. Though aspects such as labour resources, transport infrastructure and proximity/access to raw materials and markets are still important, companies now consider factors - perhaps once considered only tenuously relevant to be of great significance. One of these is the "quality of life". This is a broad notion, engulfing within it a range of different considerations such as housing, the "greenness" of the environment and educational facilities. Increasingly, the quality and variety of sports amenities and the frequency of major sporting events is being regarded as a central element of an area's overall quality of life and is used prominently by inward investment agencies in their marketing efforts to woo potential investors. The scope to improve the economic impact of sport in Northern Ireland extends to the Province's ability to lure investment in sectors which, outwardly, may have little apparent relevance to sport.

appendix one

A1.1

Introduction

In both the national and local reports the data collection for the study of the role of sport was described as a detective exercise. Data collection for the Northern Ireland study can be similarly described.

The empirical information has been derived from four sources:

- Detailed postal questionnaires to targeted sources in areas of sport-related economic activity (including sports clubs and governing bodies) and the commercial non-sport sector.
- Interviews and correspondence with appropriate individuals.
- Official government statistics at the regional level.
- Data at the national level, as published in reports, articles or journals, official statistics, or the original report on the economic impact of sport in the UK (Henley Centre, 1986).

A1.2

The Postal Questionnaires: General Points

i) Populations and samples

As in the Wales study, the questionnaires constituted the most important source of original data. They were targetted at specific groups of respondents, all of which were prospective providers of information on sport-related income and expenditure flows in Northern Ireland.

There are many problems associated with the use of postal questionnaires to derive information (as noted in A1.2iii below). Furthermore, this study presented a particular difficulty, which centres on the different types of income and expenditure flow associated with the different types of respondent. This produced a huge variation in the nature of the data which we were attempting to uncover, which precluded the use of a standard and uniform questionnaire.

The groups to which the questionnaires were distributed are listed in Table A1.1.

Table A1.1 Distribution of Questionnaires

Commercial sport

Spectator clubs

Commercial participation clubs

Sports goods manufacturers

Retailers of sports goods

Local newspapers

Local independent radio

Television companies

Private schools

Commercial non-sport

Sample of largest companies in Northern Ireland

Voluntary sector

Sports clubs

Sports organisations and governing bodies

Local government

Local authority sports centres

Some points of clarification of Table A1.1 are necessary here:

- There was no questionnaire to consumers. The information on this sector comes from either the regional Family Expenditure Survey, 1989 data (as discussed in A2.2ii below) or from the other side of its balance sheet (notably income to the voluntary sector).
- By definition, the commercial non-sport list includes nearly all companies in Northern Ireland. These typically produce non-sport goods and services, of course, but they may also contribute to the economic impact of sport by providing sports facilities for their employees and/or sponsorship funds for sports events. The top 100 companies were surveyed.
- The inclusion of local radio and television, private schools and colleges stems from the "boundary of sport" definition of sports expenditure (discussed in Chapter 2) which is deemed to incorporate certain aspects of the media, travel and education. (It also includes gambling, data on which we obtain from H.M. Customs and Excise).
- Some sports spectator clubs outside the area also received questionnaires. In particular, attention was focused on the major British Football League clubs, who receive regular supporters from Northern Ireland (Liverpool F.C., Manchester United F.C. and Glasgow Rangers).

In general, it was not necessary to take samples of the populations in each group; the questionnaires were distributed to the total populations. There were, however, two exceptions:

- The first exception was obviously the commercial non-sport sector. Questionnaires were sent to the largest companies, with the intention of drawing conclusions from their returns (after allowing for their total weight in the local economy and the bias induced by the skewed size of the companies being contacted).
- It was also prudent to sample the voluntary clubs, rather than send questionnaires to the whole population of clubs. (All the relevant associations received questionnaires as did all the sports centres).

A total of 491 companies, clubs and organisations received questionnaires, as shown in Table A1.2. The mailings took place between August and October 1990.

Table A1.2 The Sample of Voluntary Sports Clubs and Associations

Sport	Clubs	Associations
Aeromodelling		1
Archery	3	1
Angling	5	3
Athletics	35	5
Badminton	10	1
Basketball		2
Billiards/snooker	8	1
Bowls	24	4
Boxing	1	1
Camogie		1
Camping		1
Canoeing	7	1
Caving		1
Cricket	20	4
Croquet		1
Cycling	14	2
Darts	5	1
Equestrian	8	7
Fencing		1
Flying		1
Football	26	4
Gaelic Football	30	1

Sport	Clubs	Associations
Gliding		2
Golf	54	3
Gymnastics	13	1
Handball		1
Hockey	7	2
Hurling	1	1
Ice Hockey		1
Ice Skating		1
Karting	1	1
Keep Fit		5
Martial Arts	8	6
Motor sports	7	3
Mountaineering/walking		2
Netball	9	2
Orienteering		1
Rowing	2	1
Rugby	32	1
Sailing	25	2
Skateboarding		1
Skiing		1
Squash	8	2
Sub-aqua	1	1
Surfing		1
Swimming/diving		2
Shooting	8	6
Table tennis		1
Tennis	2	1
Ten Pin		1
Trampolining		1
Tug of War		1
Volleyball		1
Water Polo		1
Water Skiing		1
Weightlifting		1
Wrestling		1
Other	2	10

ii) The content of the questionnaires

As already noted, a uniform questionnaire was not possible due to the variations in both the information required and target group. Instead, each group had a specially tailored questionnaire as determined by the particular data required of it. In effect, therefore - as in the Local study - there were variations on a theme.

We give examples in section A1.3 below of the questionnaires sent to sports goods retailers and voluntary sports clubs. There are some clear areas of commonality between these two examples (and also between these and the other variations). Although it is a time-consuming exercise to construct a dozen or so marginally different questionnaires, it is a much better alternative than attempting to derive a standardised questionnaire of three or four times the length in which over half the questions will be meaningless or irrelevant to many respondents.

The examples given are good illustrations of the questionnaires' overall format and content.

iii) The use of postal questionnaires

The difficulties associated with postal questionnaires are well-known - see for example, Moser and Kalton (1975) - and will not be discussed in detail here. Briefly, the most important problems concern the size and selectivity of response. It is therefore crucial that all the factors which will encourage respondents to complete the questionnaire as fully and accurately as possible (and return it) are recognised and taken into account.

Hence, the purpose of the questionnaire should always be carefully stated: in our case this was done in the introductory remarks at the beginning of the questionnaire and in the accompanying covering letter (from the Sports Council for Northern Ireland). The questionnaire should be succinct and brief: the longest in this study was six pages and most of the variants were three or four pages long. The questions themselves should be clearly stated and unambiguous: most of our questions were pre-coded and required the respondent to mark the appropriate answer in a set of exhaustive, mutually exclusive possible responses. In addition, where possible, the questionnaire should be personalised: we therefore attempted to find out the name of the relevant person (e.g. shop manager, golf club professional, company secretary) to whom each questionnaire was to be sent.

The questionnaires (and the covering letter) emphasised the confidentiality (and, if required, anonymity) of individual replies and the opportunity to contact Henley Centre personnel if any questions required further elaboration. Respondents were asked, where necessary, to give an estimated number (and state it as such) rather than not answer a question because of the time required to find out a precise number; for our purposes, any information was better than none.

The Postal Questionnaires: Two Examples

NIB: Sports retailers

NIN: Voluntary sports clubs

Ref: NIB.

THE ECONOMIC IMPACT OF SPORT IN NORTHERN IRELAND:
SURVEY QUESTIONNAIRE TO RETAILERS OF SPORTS GOODS

Before completing the questionnaire please note:

- All replies will be treated as confidential
- Our interest is in the role of sport in the economy of Northern Ireland only. We therefore ask that the answers you give apply only to Northern Ireland and do not cover other branches which lie outside Northern Ireland.
- Where necessary, please give an estimated number, rather than not answer a question because of the time required to find out the precise number. For our purposes, any information is better than none.
- If a question is not relevant for you, please answer as N/A
- Please feel free not to answer a question, should you so wish

The first few questions are general ones, concerning the size and nature of the company. The questions then attempt to get an indication of the links between the company and the rest of the Northern Ireland economy. Finally, there are a couple of specific questions on sports expenditure.

Turnover

1.	a) What is your (latest) annual turnover?	Please tick
	Under £10,000	_____
	£10,000-£20,000	_____
	£20,000-£50,000	_____
	£50,000-£100,000	_____
	£100,000-£200,000	_____
	£200,000-£500,000	_____
	£500,000-£1m	_____
	£1m-£2m	_____
	£2m-£5m	_____
	£5m-£10m	_____
	£10m-£20m	_____
	£20m-£50m	_____
	£50m-£100m	_____
	£100m-£200m	_____
	Over £200m (Please specify)	_____
	b) To which year does this apply?	_____

2.

What is your rate of profit on turnover?

%

Sales

3.

What proportion of your sales are of sports goods and equipment?

%

4.

What proportion of your sales of sports goods are to:

%

- Customers from Northern Ireland

- Customer from elsewhere in the UK

- Customers from the Republic of Ireland

Total = 100%

Employment

Number

5.

How many people does the company currently employ?

6.

How many employees are:

- Full-time male

- Full-time females

- Part-time males

- Part-time females

Note: Part-time is defined here as less than 25 hours per week

7.

How many employees are:

- Professional or managerial

- Routine non-manual

- Skilled manual

- Semi-skilled or unskilled manual

8.

How many employees are on seasonal or temporary contracts (i.e. six months or less)?

9.

How many employees live outside Northern Ireland?

Current Expenditures

10.

What is your annual expenditure on:

£

- Wages and salaries (gross of tax and National Insurance contributions)

- Rent

- Rates _____
- Gas, water and electricity _____
- VAT _____
- Corporation Tax _____

11. What proportion of your purchases of sports goods and equipment are from: %
- Companies in Northern Ireland _____
 - Companies elsewhere in the UK _____
 - Companies in the Republic of Ireland _____
 - Companies overseas _____
- Total = 100%

Capital Expenditures

12. a) What is your annual expenditure on capital equipment? _____
- b) What proportion of this capital expenditure is on items manufactured by: %
- Companies in Northern Ireland _____
 - Companies elsewhere in the UK _____
 - Companies in the Republic of Ireland _____
 - Companies overseas _____
- Total = 100%

Specific Expenditures

13. What - if any - is the company's annual expenditure on the sponsorship of sports events (including promotion costs): £
- In Northern Ireland _____
 - In the Republic of Ireland _____
 - Elsewhere in the UK _____
14. What - if any - is the company's annual expenditure on advertising at sports events: £
- In Northern Ireland _____
 - In the Republic of Ireland _____
 - Elsewhere in the UK _____
15. What - if any - is the company's annual expenditure on sports facilities for its own employees? £ _____

Other

16. Are there any major items of sport-related income and/or expenditure which have been omitted from the questionnaire? YES/NO
- If YES, please specify.

17. Would you be willing for your company’s contribution as a data source to be acknowledged in the report (to be published in 1991)? YES/NO

Name of company:
Name of person completing questionnaire:
Position in company:
Date:

Thank you for completing the questionnaire. Please return it in the pre-paid envelope to: The Sports Council for Northern Ireland, House of Sport, Upper Malone Road, Belfast, BT9 5LA.

Ref: NIN.
THE ECONOMIC IMPACT OF SPORT IN NORTHERN IRELAND:
SURVEY QUESTIONNAIRE TO VOLUNTARY SPORT CLUBS

Before completing the questionnaire please note:

- All replies will be treated as confidential
- Where necessary, please give an estimated number, rather than not answer a question because of the time required to find out the precise number. For our purposes, any information is better than none.
- If a question is not relevant for you, please answer as N/A
- Please feel free not to answer a question, should you so wish

The first few questions are general ones, concerning the size and nature of the club. The questions then attempt to get an indication of the links between the club and the rest of the Northern Ireland economy. Finally, there are a couple of specific questions on sports expenditure and receipts.

Status

- | | | |
|----|------------------------------|-------------|
| 1. | What is your present status? | Please tick |
| | Partnership | _____ |
| | Private limited company | _____ |
| | Public limited company | _____ |
| | Non-profit making body | _____ |
| | Other (Please specify) | _____ |

Turnover

2.

a) What is your (latest) annual turnover?

Please tick
- Under £5,000

£5,000-£10,000

£10,000-£15,000

£15,000-£20,000

£20,000-£30,000

£30,000-£50,000

£50,000-£100,000

£100,000-£200,000

£200,000-£500,000

Over £500,000
- b) To which year does this apply?
3.

[If applicable]

What is your rate of profit on turnover?
- %

Paid Employment

4.

How many people does the club currently employ?
5.

How many paid employees are:

- Full-time male

- Full-time females

- Part-time males

- Part-time females

Note: Part-time is defined here as less than 25 hours per week
6.

How many paid employees are:

- Professional or managerial

- Routine non-manual

- Skilled manual

- Semi-skilled or unskilled manual
7.

How many paid employees are on seasonal or temporary contracts (i.e. six months or less)?
8.

How many employees live outside Northern Ireland?

Current Expenditures

9.

What is your annual expenditure on:
- Wages and salaries (gross of tax and National Insurance contributions)
- Rent
- Rates
- Gas, water and electricity
- VAT
- Corporation Tax

10.

What is the annual expenditure by the club on the purchases (for re-sale at the club's bar/restaurant) of:
- Food
- Alcoholic drinks and soft drinks

11.

a) What is the annual expenditure by the club on the purchases of sports goods and equipment for re-sale to its members?
b) What proportion of this sports goods and equipment is manufactured by:
- Companies in Northern Ireland
- Companies elsewhere in the UK
- Companies in the Republic of Ireland
- Companies overseas

Total = 100%

12.

a) What is the annual expenditure by the club on:
- Travel
- Ground hire
- Ground maintenance (excluding wages and rent)
- Printing
- Hire or purchase of gaming machines
- Interest payments
b) What proportion - approximately - of these expenditures are to individuals/companies/ institutions:
- Companies in Northern Ireland
- Companies elsewhere in the UK
- Companies in the Republic of Ireland
- Companies overseas

Total = 100%

Capital Expenditures

13.

a) What has been your average annual expenditure on the construction of buildings during the last three years?

b) What proportion of this expenditure is to:

- Companies in Northern Ireland

- Companies elsewhere in the UK

- Companies in the Republic of Ireland

- Companies overseas

Total = 100%

14.

a) What has been your average annual expenditure on capital equipment during the last three years?

b) What proportion of this capital expenditure has been on items manufactured by:

- Companies in Northern Ireland

- Companies elsewhere in the UK

- Companies in the Republic of Ireland

- Companies overseas

Total = 100%

Receipts

15.

a) What is the club's annual income from club members and guests for playing and/or watching sport?

b) What proportion of this income is from:

- Annual membership fees of individuals

- Annual membership fees of companies and other institutions

- Members' running charges for playing sport (e.g. match fees)

- Non-members' running charges

- Other (please specify)

Total = 100%

16.

What is the club's annual income from:

- Lotteries and raffles

- Gaming machines (gross of hire fees)

- Interest receipts

57

21. What are the annual receipts from the sales of sports goods and equipment by the club to its members?

Voluntary work

23. What is the total number of hours - per week - spent on voluntary work on the club's affairs by the remainder of its membership (e.g. on bar duty, gardening etc.)

Other

24. Are there any major items of sport-related income and/or expenditure which have been omitted from the questionnaire? YES/NO

If YES, please specify.

25. Would you be willing to send a copy of the club's latest accounts? YES/NO

If YES, please enclose with the completed questionnaire

26. Would you be willing for your club's contribution as a data source to be acknowledged in the report (to be published in 1991)? YES/NO

Name of club:
Name of person completing questionnaire:
Position in club:
Date:

Thank you for completing the questionnaire. Please return it in the pre-paid envelope to: The Sports Council for Northern Ireland, House of Sport, Upper Malone Road, Belfast, BT9 5LA.

The Postal Questionnaires: Response and Respondents

A1.4

(i) Response

Table A1.3 gives the number of respondents to the postal questionnaires. The response was particularly encouraging with almost 200 completed questionnaires returned. This compares with 123 in Wales where a larger population was involved.

Table A1.3 Response to the Postal Questionnaires

Commercial non-sport	39
Private schools	3
Spectator sports clubs	5
Commercial participation clubs	10
Manufacturers and sports services	5
Retailers of sports goods	12
Local newspapers and radio	2
Voluntary sports clubs	73
Voluntary sports organisations	30
Sports centres	17

(ii) Respondents

Just under half of respondents to the postal questionnaire requested to remain anonymous when asked whether they would be willing to be acknowledged as a data source. Those who were willing are listed here.

Adria Ltd
 Agivey Anglers Association
 Anderstown Leisure Centre
 Annadale Striders Athletic Club
 Association of Northern Ireland Car Clubs
 Avoniel Leisure Centre
 Ballymena and Antrim Athletics Club
 Ballymena Ji-Jitsu Club
 Ballymena Rugby Football Club
 Banbridge Rugby Football Club
 Bangor Castle Leisure Centre
 Bangor Golf Club
 Bangor Grammar School
 Bangor Netball Club
 Barn United Football, Social and Recreation Club
 Beechmount Leisure Centre
 Belfast Superbowl
 Brook Activity Centre
 Bushfoot Golf Club
 CPPM Golf Promotions
 Calor Gas NI Ltd
 Camco Ltd
 Carrickfergus Leisure Centre
 Causeway Coast Kayak Association
 City of Derry Golf Club
 Clandeboye Golf Club
 Cliftonville Football Club
 Coastal Container Line Ltd
 Coleraine Yacht Club
 Derg Valley Leisure Centre
 Derriaghy Cricket Club
 Derrytesk Gaelic Football Club
 Devenish Canoe Club
 Donaghadee Rugby Football Club
 Downpatrick Race Course
 Drummond Cricket Club
 Dundonald Angling Club
 Dungannon Swimming Pool

East Down Athletics Club
Finlay Packaging plc
Fintona Cycling Club
Four Seasons
Grosvenor Rugby Football Club
Herdmans Ltd
Hollywood Football and Social Club
Hollywood Rugby Football and Cricket Club
Irish Amateur Rowing Union
Irish Football Association
Irish Horse Trials Society
Irish Indoor Bowling Association
Irish Table Tennis Association
Jenkins Promotions Ltd
Keep Fit Association of Northern Ireland
Killyleagh Football Club
Killymoon Golf Club
Kircubbin Sailing Club
Kirkstown Castle Golf Club
Lee Ards Cycling Club
Lough Cuan Bowmen
McCormick Physique Health and Fitness Club
McVicker Sports
Mid Antrim Motor Club
Milk Marketing Board
Mivan Construction Ltd
Newtownards Sailing Club
Newtownstewart Golf Club
Northern Ireland Airports Ltd
Northern Ireland Association of Aeromodellers
Northern Ireland Amateur Fencing Union
Northern Ireland Council for Physical Recreation
Northern Ireland Karate Board
Northern Ireland Martial Arts Commission
Northern Ireland Schools Football Association
Northern Ireland Schools Netball Association
Northern Ireland Ski Council
Northern Ireland Volleyball Association
Norbrook Laboratories Ltd
Old Bushmills Distillery Co Ltd
Omagh Leisure Centre
Omagh Subaqua Club
Omagh Town Football Club

Phoenix Cycling Club
Portadown Rugby Football Club
Portora Royal School
Portstewart Golf Club
Queens University Ji-Jitsu Club
River Faughan Anglers Association
Robinson Centre
Rotary Ltd
Royal Yachting Association
St Anne's Athletic Club
St Peter's Gaelic Athletic Association
Shandon Park Golf Club
Sparta Athletic Club
TBF Thompson Ltd
Tyronne Brick Ltd
Ulster Coarse Fishing Federation
Ulster Federation of Rambling Clubs
Ulster Provincial Council of Irish Boxing Association
Ulster Squash Racquets Association (men)
Ulster Sports and Recreation Trust
Ulster Sports Council
Unidare Environmental Ltd
Vaughan Engineering Group Ltd
Willowfield Harriers

appendix two

A2.1

Introduction

Having established the conceptual framework within which the analysis of the economic impact of sport in Northern Ireland can be conducted (Chapter 2) and outlined the principal data sources (Appendix 1), we now seek to provide empirical estimates of the sport-related income and expenditure flows. Accordingly, in this chapter we systematically go through the seven separately identified sectors of the economy - consumer, commercial sport, voluntary, central government, local government, commercial non-sport and outside the area - and provide estimates of the financial flows. These are given as totals; the allocations to and from other sectors are provided in Appendix 3 below in the sectoral accounts.

Of course, expenditure in one sector's accounts will appear as income in another and vice versa. In order to avoid unnecessary repetition, the discussion of each series in the data collection will appear only once, in what we consider to be the more appropriate place. Hence, the sources used for the data collection on the consumer sector's expenditure on sports goods are given in A2.2ii Consumer sector expenditure, but not repeated in A2.3i Commercial sport sector income.

There is one further important issue to clarify with respect to the data collection, which echoes a point made in previous studies. The general principle has been to use the most recent available data to provide a "snapshot" of the economic impact of sport. However, the most up-to-date information on sport-related financial flows covers a range of years. For example, official data on regional household spending (from which one obtains sports participation fees and charges and expenditure on sports goods) are available for 1988-89, but the most recent detailed information on employment, labour costs and gross margins in the retail sector is for 1987. Not surprisingly, data from the voluntary sports clubs and organisations tends to refer to one of their most recent sporting seasons, usually 1989 or 1989-1990.

We have, therefore, identified the relevant income and expenditure flows in two sets of prices:

- Current prices ie the prices pertaining in the year for which the most up-to-date information is available - 1988, 1989-90 or whenever.
- 1989 prices.

It is the latter figure which permits the use of a consistent unit of account and allows the adding up of income and expenditure flows across years. The estimates provided in both this Appendix and Appendix 3 giving the sectoral accounts (and the findings of which are discussed in Chapter 3 above) are therefore given in 1989 prices.

Of course, the expression of the estimated income and expenditure series in a single year's prices requires estimates of the relevant price deflators. Table A2.1 summarises the two most important indices used in the study: consumer and producer (factory gate) prices.

Table A2.1 Price Deflators 1985-90 (1985 = 100)

Year	Consumer prices	Producer prices
1985	100.0	100.0
1986	104.4	104.3
1987	108.4	108.4
1988	113.8	113.2
1989	120.0	119.0
1990	125.5	126.0

Source: Henley Centre, Framework Forecasts for the UK Economy, February 1991.

There is a further point relating to the collection of data which it is appropriate to mention at this stage: the relative paucity of official data specifically on Northern Ireland. For example, both the National Travel Survey and the New Earnings Survey only cover Great Britain, not Northern Ireland. While we do not consider that this reduces the validity of the results presented within the report, the comparative absence of statistics collected directly in the Province has meant that, in places, the methodology employed has had to be modified from previous studies (as is indicated below). In general, greater reliance has had to be placed on the interpretation of GB or UK data for the Northern Ireland context.

A2.2

Consumer Sector

(i) Consumer Sector Income

Consumers derive income from sport principally in the form of the wages and salaries paid to employees in occupations captured by our definition of sport, including retailing sports goods and equipment, television and newspaper sports journalism, running sports centres and the sport-related component of teachers' salaries.

In this study, no attempt has been made to survey the consumer sector directly (because of the very high costs which would have been involved) and its incomes, therefore, flow from other sectors' accounts. Hence, the derivation of wage payments is explained in the expenditure sections for each of the other sectors and here we simply present the results of our analysis. Table A2.2 shows that Northern Ireland's consumer sector income exceeds £50 million in 1989 prices.

The figures are presented net of income tax and National Insurance contributions. These deductions are estimated by calculating the ratio of employees' disposable income to total income from employment and self-employment for the economy as a whole (the "retentions ratio") using data in Table 4.1 of the United Kingdom National Accounts "Blue Book", 1990. This figure (73.5%) is then applied to the gross wage payments calculated for each of the sectors.

Table A2.2 Summary of Consumer Sector Income
(£000s, 1989 prices)

Net wages from:	
Voluntary sector	4242
Commercial sport	11858
Commercial non-sport	11660
Local government	10762
Central government	13121
<hr/>	
TOTAL INCOME	51643

(ii) Consumer Sector Expenditure

On the expenditure side, one obviously has to estimate the various types of cost (including travel, equipment and clothing) associated with playing and spectating. The former includes skiing and the latter includes an assessment of the sports share of the BBC licence fee. We also include the sport-related components of spending on books, newspapers and magazines and public school fees.

Two other important forms of spending should be noted. First, we include net gambling expenditures on the pools, on-course and off-course betting and gaming machines. Second, we note (in the sectoral accounts given in Appendix 3), the expenditure by consumers on alcoholic drink in commercial participation clubs and voluntary clubs. Our parentheses in the relevant sectoral accounts indicate that we do not consider this series to be part of the sports economy: it is shown for information only.

The principal data source used for the consumer sector expenditure is the **Family Expenditure Survey, 1989** (FES). This is actually comprised of two surveys - the Great Britain FES and Northern Ireland FES - but since the same forms are used in both they may be treated as one and this is the form in which the results are published in this report. The FES provides uniquely detailed information on household expenditure and income at a national and regional level. For the purposes of this report, our main concern is with the expenditure series. The FES we used covered expenditure in 1988-89 but - as noted in A2.1 above - all the figures have been converted into 1989 prices using the consumer price index. The regional expenditure data in the 1989 FES are derived from 7,410 households of which 124 (1.7%) - selected from the 578 co-operating households to the Northern Ireland FES in the Province - were in Northern Ireland.

Taking the main items in the sector - as shown in Table A2.3 - one at a time, sports equipment is comprised of three separate components: sports goods, boats and bicycles. The first is listed separately in the FES but in 1989 no figure was available because the sampling error was more than 50%. However, on the assumption that the relationship between sports goods expenditure in Northern Ireland and the UK is the same as that for "leisure goods" as a whole (the commodity group within which sports goods is included) then we can assume household expenditure per week at 39p in 1988-89. For 1989, this is equivalent to £11.270m.

For the last two product categories, the situation is more complicated. Boats and bicycles are included in an FES category called "purchase and maintenance of other vehicles and boats" (accounting for more than half in 1989). We can separate the two expenditures by applying the relative magnitudes at the national level in 1984, (the choice of year being governed by the fact that boats expenditure is no longer available as a Central Statistical Office (CSO) consumer spending series in its own right).

Having done this, we need to take account of the fact that bicycles are not solely purchased for a sporting (or even recreational) purpose so some assumption has to be made about what proportion of this expenditure is sport-related. (The same qualification is also made of boating expenditure, although one would expect the

sport-related component to be much larger). We therefore assume, as we did in the national study, that 20% of bicycles are purchased for sports use. For the Welsh study, the above method generated proportions of total spend attributable to boats and sports bicycles of 34.6% and 15.9% respectively.

Again, the 1988-89 Northern Ireland figure for purchase and maintenance of other vehicles and boats is not available and we have to pro-rata from the UK figure using the overall relationship for that category of expenditure to generate a household expenditure estimate. Converting into 1989 prices gives a combined total for spending on sports equipment of £16.77m, composed of sports goods (£11.27m), boats (£3.7m) and bicycles (£1.73m).

The FES data on consumers' expenditure on sports participation is given for "participant sports, subscriptions and ad hoc admission charges" at the national level. However, at the regional level, this category is subsumed in "theatres, sporting events and other entertainments". Regional differences in sports participation cannot, therefore, be identified from the FES.

Given this, we have used the figures derived from the questionnaire returns from the voluntary clubs, that part of the commercial sport sector which receives fees from consumers and from information on local government income from admission fees. The picture thus built up from the other side of the balance sheet indicates a total of £20.54m to be appropriate.

The national FES statistics indicate that spectator sports admission charges account for 9.5% of "theatres, sporting events and other entertainment". However, given the relative lack of major-sized spectator sport events in Northern Ireland, we do not consider it appropriate to use this proportion here. We assume that the proportion of expenditure on theatres, sporting events and other entertainment accounted for by spectator sports admission charges is three quarters of the UK level (ie 7.1%), giving a total of £4.85m.

A large share of this expenditure will go to sporting events outside Northern Ireland. We contacted a number of sporting clubs and organisations outside the Province - Rangers FC, Liverpool FC, Manchester United, the Irish Rugby Football Union and the Gaelic Athletic Association - and, on the basis of information received from them and from the questionnaires, estimate that around 70% of total spectating admissions are for events outside the area. We assume that one quarter of this is in other parts of the UK and the remainder in the Irish Republic.

The source of data on expenditure on sports clothing and footwear was Textile Market Studies Ltd. Using their data, we can generate the average UK household spend. From the FES the relationship between all clothing and footwear in

Northern Ireland and the UK is shown to be 1.24:1. Applying this to sports products gives a total of £56.30m in 1989 prices.

Consumers also spend money repairing their footwear. The FES tells us that households in the UK spend on average £5.89m a year repairing their footwear, a sum equivalent to 4% of total footwear spending. However, it seems reasonable to assume that much sports footwear is not susceptible to repair. This being the case, we assume the repair bill to amount to only 1.5% of total spending on sports footwear. Cleaning of sports clothing will generally account for a greater proportion of spending than repair to footwear. "Laundry, cleaning and dyeing" costs in Northern Ireland amount to 2.2% of the total clothing market figure (as given in the FES). For sports clothing, we make the assumption that the proportion is 10%. Spending on the repair and cleaning of sports clothing and footwear is, therefore, estimated to be £3.31m.

To derive estimates for spending on sports magazines, we took the appropriate portion of the FES "books, newspapers, magazines and periodicals" category - 16% at the national level - to arrive at household spending on magazines in Northern Ireland. The figure was £23.90 per household per year in 1989 prices. If one adheres to the assumption made in the national study (and based on Business Monitor data) that 37% of this is the "professional and technical" market, one derives the "general" market in each area. If one then assumes that 20% of this market represents sports titles (as we did in the national study on the basis of information provided by the Audit Bureau of Circulation Review), one derives an estimate of consumer spending on sports magazines of £1.64m.

A significant element of consumer spending on newspapers is sport-related. Assuming that spending on newspapers is a consistent proportion of expenditure on "books, newspapers, magazines and periodicals" across the whole country, expenditure on newspapers was £1.61 per household per week in Northern Ireland in 1989. From previous studies, we have estimated that local newspapers, on average, devote 10% of their column inches to sports coverage. We, therefore, take this proportion of expenditure on newspapers as being sport-related (and also this proportion of the costs of newspaper production), the spending total thus coming to £4.55m.

The amount spent on sports books is much smaller. We have assumed that the national share of sports books in all books (approximately 0.5%) also holds at the regional level and that expenditure on sports books in Northern Ireland is, therefore, £110,000 in 1989 prices.

A portion of the BBC licence fee that consumers pay is in order to watch sport on television and listen to coverage of it on radio. (We ignore sports coverage on commercial television and radio, as these are financed out of advertising

revenue which is not an item of consumers expenditure). From the FES, we can discover the proportion of households that have televisions in Northern Ireland (97.5%) and that the average national weekly expenditure on the TV licence fee in 1988-89 was £1.06. Taking into account the lower ownership levels in Northern Ireland and converting to 1989 figures, the average household spend on TV license fees is £1.09.

Using the proportions of television (14.4%) and radio (3.3%) hours devoted to sport used in the national study (taken from the BBC Annual Report and Handbook, 1988), we can calculate the proportion of this expenditure which is sport-related. This assumes, of course, that the number of hours of sport on television and radio reflect consumer preferences and that the costs of sport are typical of broadcasting costs. With Radios 1-4 accounting for around one-quarter of BBC costs and television the other three-quarters, we can calculate the sport related component of the licence fee expenditure in Northern Ireland: £3.29m.

Spending on skiing holidays is treated as being sports expenditure within our definition, although getting a regional picture posed some problems. The Ski Club of Great Britain (which covers Northern Ireland) did provide us with an estimate of total spending on skiing holidays in 1987 and the numbers of people going on skiing holidays since then. These figures indicate that skiing holidays accounted for a greater proportion of total expenditure in 1989 than in 1987. The FES "hotel and holiday expenses" category indicates a total holiday market of £8.9bn in that year; the Ski Club figures imply that skiing holidays represent around 5.5% of the total market. Applying this to the total holiday spending figures for Northern Ireland suggests that Northern Ireland consumers spend £6.28m on skiing holidays.

Gambling is also included within our definition of sport-related activity and here we face a major methodological problem. Neither the Customs and Excise Annual Report, 1989 nor the FES provide a regional breakdown of gambling expenditure. Further, the Henley Centre's Leisure Futures, which has previously been used to make regional adjustments, does not cover Northern Ireland. In the absence of authoritative data on Northern Ireland betting habits, we have, therefore, taken the household figures calculated for the Welsh study and applied them to Northern Ireland, adjusting them to 1989 figures. Total pools expenditure is put at £15.86m; on-course betting at £4.04m and off-course betting at £30.99m.

There is one other form of gambling to consider: the net losses on gaming machines and raffles in sports clubs. Our information on this came from the questionnaire returns of the voluntary clubs and the commercial sport participation clubs, the data suggesting net expenditure of £2.11m.

To obtain data on the travel costs incurred in sports participation and spectating, we used the Department of Transport's National Travel Survey, 1985-86. The regional breakdown for this does not cover Northern Ireland but by applying the national analysis of "stage lengths" travelled by mode for sports travel to FES data on household travel expenditure in Northern Ireland, we arrive at an estimate of expenditure by mode.

We estimate that sports travel accounts for 2.8% of journeys by cars and other private transport in Northern Ireland, 2.2% of travel by buses and coaches and 1.5% of travel by rail. We can, therefore, apply this information to the FES data on average weekly household spending in Northern Ireland in 1988-89 on the maintenance and running of motor vehicles (£14.34), bus and coach fares (£1.03) and railfares (19p). By this method sport-related travel in the Province is estimated to be £12.44m in 1989 prices, of which £11.69m is on car travel.

Finally, given the inclusion of sports education in our remit, it is appropriate to consider that part of expenditure on public school fees which is sport-related. Again, the estimates are based on the response to the questionnaires, given the proportion of paid teaching time - generally about 8% according to the questionnaires - which is devoted to the coaching of sport. Of course, as far as the consumer sector is concerned, we are only interested in local inhabitants' spending; however, we assume that there is a balance between non-Northern Irish inhabitants being educated in Northern Ireland and Northern Irish schoolchildren receiving private schooling elsewhere.

Table A2.3 summarises the various series of consumer sector expenditure, which totals over £180 million in 1989 prices.

Table A2.3 Summary of Consumer Sector Expenditure (£000s, 1989 prices)

Admissions	4850
Sports equipment	16770
Subscriptions & fees	20569
Clothing and footwear	
<i>Sales</i>	56300
<i>Repairs and laundry</i>	3310
Travel:	
<i>Cars</i>	11693
<i>Buses</i>	660
<i>Rail</i>	83
Books,magazines and newspapers	6329

BBC licence	3286
Skiing holidays	6280
Sports component of school fees	407
(Bar purchases)	(18401)
Sub-total	130537
Gambling (net expenditure):	
<i>Football pools</i>	15857
<i>Horseracing</i>	35031
<i>Gaming machines</i>	2109
<hr/>	
TOTAL EXPENDITURE	183534

A2.3**Commercial Sport Sector****(i) Commercial Sport Income**

We define the commercial sports sector as being principally comprised of three parts:

- Private organisations which stage spectator sports events, mainly financed by the admission fees charged. For our purposes, this includes the major rugby union football clubs as well as association football clubs and other professional sports clubs.
- Private “participation” sports clubs run for profit.
- Those parts of the retailing sector concerned with distributing sports goods, clothing and literature.

The greater part of the income flows to this sector represent consumers’ expenditure on sports goods and services, with appropriate deductions for VAT. This is, of course, deducted at the rate of 15% applying in 1989 rather than the new rate of 17.5%. The starting point for these flows is Table A2.3 in A2.2ii above which summarises the spending of the consumer sector.

The analysis of retailing represents a problem in the context of the Northern Ireland economy that was not encountered in the national study (although it was in the Welsh report). In most regions, a certain proportion of consumers’ sports expenditure takes place outside the region. However, our view is that as sports equipment and clothing is essentially non-specialist equipment (with the exception of boats), as Northern Ireland is geographically distant from other regions and is adequately endowed with sports and bicycle retailers, it is reasonable to state that virtually all consumers’ expenditure on sport-related items takes place within the region: we assume 95%.

The questionnaire returns from sports equipment retailers indicated that 10% of sales were made to residents of the Irish Republic. We assume that 3% of clothing and footwear sales are similarly made.

As in previous studies, the three types of retailers are treated differently in calculating VAT payments. We deduct 15% from the whole of spending on sports goods, boats and bicycles. However, only 75% of expenditure on clothing and footwear is subject to VAT (the other 25% being our estimate of children's clothing and footwear and, therefore, not subject to VAT). Nothing is deducted from expenditure on books, magazines and newspapers - for which we give the retailing component only - as VAT is not levied on these.

The data on the sports clubs' receipts of sponsorship and advertising is derived from the questionnaire returns. As we discuss in the next chapter, a high proportion of this income (40%) comes from outside Northern Ireland.

Table A2.4 shows that the commercial sport sector in Northern Ireland receives £76.6m in income in 1989 prices, of which by far the largest proportion - almost two-thirds - accrues to clothing and footwear retailers.

Table A2.4 Summary of Commercial Sport Sector Income (£000s, 1989 prices)

Spectator clubs:	
<i>Admissions</i>	1030
<i>Sponsorship/advertising/lotteries/donations</i>	290
<i>Corporate entertainment</i>	50
Participation clubs:	
<i>Subscriptions and fees</i>	3752
<i>Sales of equipment</i>	5060
<i>Interest</i>	30
<i>Gaming</i>	448
<i>Bar receipts</i>	(1127)
Retailers (net of VAT):	
<i>Equipment</i>	9760
<i>Clothing and footwear</i>	49892
<i>Books, newspapers and magazines</i>	6329
TOTAL INCOME	76641

(ii) Commercial Sport Expenditure

The central aim in this section is to analyse expenditure to the level of detail necessary to estimate value-added and to identify important flows to the other

sectors. The commercial sport sector's turnover is derived from the income side described above and it is from this turnover that we derive expenditures on inputs and calculate value-added (and hence employment).

To a limited extent, one can make use of information gleaned from the questionnaires to those sports clubs which we have defined as constituting part of the commercial sport sector (or from the relevant company accounts available for consultation in Companies House in London). More generally, however, these sources are not sufficient and, therefore, we make use of the relevant proportions discovered at the national level from Business Monitor data. The methodology was described in detail in the national study and we repeat it here only for retailing which - as Table A2.4 shows - dominates the commercial sport sector.

The Business Statistics Office's Business Monitor (SDO 25) provides some data on turnover, employment and purchases for various categories of retail outlets, including those selling clothing and footwear, books and sports goods. The Business Monitor data permit calculation of the share of turnover going to purchases and that retained as "gross margin". However, no information is given on the share of labour costs in gross margin.

To estimate this we began by calculating an average annual labour cost per worker in each type of retailing activity. Figures for average weekly earnings in retailing for full-time males and females are given in the New Earnings Survey, 1989 whilst the Employment Gazette, (October 1989) provides the numbers of male and female, full-time and part-time workers in retailing as derived from the 1987 Census of Employment. With an additional allowance for employers' National Insurance and pension contributions (14.7% according to the OECD, 1989), we estimate the average annual labour cost per worker employed in each of the three relevant branches of retailing. Multiplying employment by average labour cost gives an estimate of total labour costs, which can be expressed as a percentage of turnover and gross margin.

As we mentioned earlier, the New Earnings Survey does not cover Northern Ireland. However, our purpose here is to establish the proportions of turnover attributable to labour costs, other inputs and profits at a UK level. We then apply the same proportions to Northern Ireland.

The Business Monitor does give information on purchases of inputs. We can, therefore, subtract the combined costs of wages and inputs from the income of the commercial sport sector to arrive at profits.

With respect to taxes paid out of gross profits by the commercial sport sector, we have applied the same method as in the national study. Corporation tax is

estimated by applying a ratio of 15.1% of tax to total incomes (based on Table 5.4 in the United Kingdom National Accounts, 1990). Rates are assumed to be paid in proportion to the sector's value-added: a ratio of 3% was calculated in the national study and has been used again here. This method is not entirely satisfactory as business rates are levied on property and not related to profits or the wage bill, but we assume, in effect, that each industry's rates payments are in proportion to its share of GDP.

The final item of the commercial sport sector's expenditure to consider is investment. Once again, our starting point is the detailed methodology for estimation first undertaken for the national study. This involves examining the data provided for recent years in the United Kingdom National Accounts, 1990 on the ratio of investment to GDP by industrial sector (using the producer output price index to convert volume series into current prices). This satisfies the important principle - outlined in section 2.4 above - that one should use data over several years to obtain an estimate of a representative year's investment. The relevant ratios of investment to value-added which emerge for the relevant commercial sport activities are 11% for sports clubs in the commercial sector and 12% for retailing.

The appropriate investment/value-added ratio was then applied to the estimates of value-added for each of the categories of commercial sport to derive "representative" investment in each category. (The value-added estimates are described in the sectoral accounts of Appendix 3 below). These investment figures are shown - together with the other expenditures of the commercial sport sector - in Table A2.5.

Table A2.5 Summary of Commercial Sport Sector Expenditure (£000s, 1989 prices)

Current factor expenditure

Spectator clubs	
Wages	1631
Other inputs	1023
Participation	
Wages	2161
Other inputs	5528
Retailers	
Wages	12328
Other inputs	39838
<hr/>	
TOTAL FACTOR EXPENDITURE	62509

Total wages	16120
Total other inputs	46389
Total factor surplus	14703
Total value added	30823
Current transfers	
Corporation tax	2220
Rates	925
Capital expenditure	
Investment	3969
<hr/>	
TOTAL EXPENDITURE LEAVING SECTOR	69623

A2.4

Voluntary Sector

(i) Voluntary Sector Income

Two definitional points should be made concerning the voluntary sector. First, we do not follow the strict legal definitions where these seem inappropriate. For example, a major spectator event for which admission fees are charged is regarded here as “commercial sport” even if the organisation responsible is technically non-profit making or the players are amateur. Second, we wish to include in the voluntary sector the sports clubs run by employers for the benefit of their employees. Insofar as these are not self-financing, their deficits represent, in our classification, a subsidy from the employers (largely the commercial non-sport and public sectors) to the voluntary sector.

The voluntary sector data collection and analysis undertaken in Northern Ireland constitutes an important element of originality in the study. As discussed in Appendix 1, the response to the questionnaire mailing was excellent and the data retrieved from the questionnaires provide us with a great deal of information. (Of course, as with all data collection exercises of this type, there will be inevitable errors of estimation associated with the choice of sampling base and the errors of sampling response. The general use of questionnaires is also discussed in Appendix 1 above).

As in the data collection for the Welsh study, it was not necessary to send questionnaires to all the voluntary sector sports clubs and organisations in Northern Ireland. A sample was taken, with the numbers scaled up to obtain figures for the whole sector. The key point to note is that this scaling up was done at the level of the individual sport in order to obtain estimates for the total of all clubs participating in a particular sport, and then adding up all the sports to

give totals for all voluntary clubs and organisations. This avoids the potentially large biases that could occur from simply taking those clubs that replied to our questionnaires as representative of all clubs. An example of this could be caused by golf clubs, which are much larger than the average voluntary sports club. If the number of their replies were low - so that they accounted for a lower proportion of returned questionnaires than they did of all clubs - then scaling up directly from the replies would seriously underestimate total voluntary clubs' income and expenditure flows.

Table A2.6 shows that the principal sources of monetary income to the independent voluntary clubs in Northern Ireland are players' subscriptions and match fees (£8.70m), raffles and gaming machines receipts (£1.66m), sponsorship and advertising (£1.58m) and bar receipts. We have treated bars as a non-sport activity undertaken by the club, rather than as a completely separate enterprise. Bar receipts are, therefore, shown gross, with purchases included as an expenditure item, rather than net of purchases as is common in club accounts. We have distinguished "factor income" (payments to the club for goods and services supplied) from "other monetary income" (grants and subsidies) and "non-monetary income".

The paucity of data on sports facilities at the workplace was reported by Gratton and Taylor (1985, Chapter 6) and noted in the national study. At the local level, we were able to obtain a clearer picture as a result of the questionnaire returns from both the commercial sport and commercial non-sport sectors. The series is shown in Table A2.6 as "employers' subsidies" and described in A2.5ii below.

With respect to non-monetary flows, the category of inputs which is most important to the voluntary sector is the voluntary work of members, club officials and coaches. The basic data on voluntary work again comes from the questionnaire returns, which provide information on the number of hours spent on voluntary work by members and officials of clubs and organisations. To provide this work with a monetary value, it is assigned (in the conventional fashion) a "shadow wage" of 50% of manual workers' earnings.

Table A2.6 Summary of Voluntary Sector Income
(£000s, 1989 prices)

Factor income (monetary)	
Players' subscriptions and match fees	8697
Admission fees	233
Sponsorship and advertising	1576
Bar receipts	(15959)

Raffles and gaming machines	1661
Sports Council for Northern Ireland	245
Other factor income (including equipment)	72
Subtotal (factor income)	28443

Other monetary income

Grants	561
Employers' subsidies	162
Interest	346

TOTAL MONETARY INCOME (excluding bar receipts)	13553
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Non-monetary income

Voluntary work	2643
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(ii) Voluntary Sector Expenditure

Most work undertaken for voluntary clubs and voluntary sector governing bodies is, of course, unpaid. However, the principal items of the voluntary sector's factor expenditure are wages (mainly bar staff and cleaners), together with bar purchases, utilities and ground maintenance. Although some of the larger voluntary clubs pay corporation tax and are registered for VAT, we ignore these for simplicity. VAT is, therefore, not reclaimed on purchases and is identified as a flow to central government in the sectoral accounts presented in Appendix 3 below. The data on investment by the voluntary sector was obtained from the questionnaire returns which gave details on average annual spending on construction and capital equipment during the last three years.

Table A2.7 summarises the estimates for voluntary sector expenditure. It includes a series for non-monetary expenditure - payment for voluntary work - which balances the voluntary sector's non-monetary income described in A2.4i.

**Table A2.7 Summary of Voluntary Sector Expenditure
(£000s, 1989 prices)**

Factor expenditure

Wages	5767
Travel	488
Ground hire	172
Ground maintenance	991
Printing and gaming	584
Equipment	110

Utilities	921
Interest	603
Other	248
(Bar purchases)	(10237)
Subtotal (factor expenditure)	20121
Rates	792
Investment	2777
TOTAL EXPENDITURE	13453
(excluding bar purchases)	
Non-monetary expenditure	
Voluntary work	2643

Commercial Non-Sport

A2.5

(i) Commercial Non-Sport income

This sector represents the rest of the Northern Ireland economy after the government, commercial and voluntary sports sectors have been excluded. It is relevant as a supplier of current and capital inputs to the sports sectors and as the recipient of consumer spending on the sport-related components of travel, skiing, gambling and education. The starting point for estimating its income (and hence expenditure) flows is the spending behaviour of the other sectors. Employment and the value added generated in this sector are outside the sports sector but directly dependent on spending within it.

The size of the commercial non-sport sector is dependant not simply on the size of the economy in question but on its industrial structure, particularly the strength of local linkages in key sectors. This will determine the degree to which the chain of added value remains within the region. A central issue, therefore, concerns the proportion of expenditures by the other sectors which accrue to the commercial non-sports sector within Northern Ireland. Our assumptions on this are outlined in the discussion on the sectoral accounts in Appendix 3 below.

**Table A2.8 Summary of Commercial Non-Sport Income
(£000s, 1989 prices)**

Receipts net of tax from	
consumer spending:	
<i>Travel</i>	4749
<i>Gambling</i>	29702
<i>Skiing</i>	1092
<i>Cleaning and repairs</i>	2880
<i>Public schools</i>	354
Sales of current inputs to:	
<i>Central government</i>	397
<i>Local government</i>	5744
<i>Commercial sport</i>	6760
<i>Voluntary sector</i>	2116
Interest from:	
<i>Voluntary sector</i>	603
<i>Commercial sport</i>	444
Sales of capital inputs to:	
<i>Central government</i>	59
<i>Local government</i>	225
<i>Commercial sport</i>	1726
<i>Voluntary</i>	2126
TOTAL INCOME	58977

(ii) Commercial Non-Sport Expenditure

Expenditure by this sector largely comprises the purchase of the inputs required for the production of current and capital goods, which in turn constitute inputs to the other sectors (in Northern Ireland, the rest of the UK and overseas).

In order to estimate the commercial non-sport sector's payments to suppliers of inputs we must rely, as in previous studies, on the rather dated information in the Input-Output Tables, 1979. (The more recent Input-Output Tables, 1984 does not contain the corresponding table). On the basis of the breakdown of value-added in Table G of these tables, we assume that 55% of the commercial non-sport sector's income is paid as income from employment, 20% as profits and 25% goes to imports. The main difference with previous studies comes here: we assume that 50% of the wages and profits (in addition to the import content) accrues to individuals and businesses outside Northern Ireland. This compares with an assumption of 25% for the Wales study but reflects the smaller size of the Northern Ireland economy and the importance of foreign ownership.

With respect to taxes paid out of gross profits, we have applied the same method as elsewhere in this chapter. Corporation tax is estimated by applying a ratio of 15.1% of tax to gross incomes, (based on Table 5.4 of the United Kingdom National Accounts, 1990). Rates are assumed to be paid in proportion (3%) to the sector's value-added.

The commercial non-sport sector is also a purchaser of inputs from sport in the forms of sponsorship, advertising, employee sports provision and hospitality entertainment at sports events. The data sources here are the relevant questionnaires: those for the voluntary sector on sources of income and those for the commercial non-sport sector on the type and destination of sport-related expenditures. The expenditure on sponsorship refers only to direct expenditure by companies and excludes sponsorship in kind such as the hours worked by company employees in this area. This would clearly boost the expenditure but would not then be compatible with the approach adopted in previous studies.

Table A2.9 summarises the sector's expenditures.

Table A2.9 Summary of Commercial Non-Sport Expenditure (£000s, 1989 prices)

Producers of inputs to sport:	
<i>Local wages</i>	15852
<i>Imports and non-local inputs</i>	30550
Corporation tax	1741
Rates	821
Purchases of inputs from sport:	
<i>Sponsorship and advertising</i>	1494
<i>Employees' sports subsidies</i>	162
<i>Corporate entertainment at sports events</i>	139
Interest payments to voluntary and commercial sports sectors	376
<hr/>	
TOTAL EXPENDITURE LEAVING SECTOR	51135

Central Government

A2.6

(i) Central Government Income

As in the national study, the estimation of the principal flows of central government expenditure on and income from sport requires a considerable amount of detective work as the information comes from a wide variety of sources. Income accrues to central government from sport-related economic activity in a number of ways:

- VAT paid by sports participants and spectators in the consumer sector (for example on equipment, admission fees and transport fares) and by voluntary sector clubs on their purchases of inputs.
- Excise duties paid by the consumer sector, for example on gambling and petrol.
- Income tax and National Insurance paid by employees and employers in the commercial sport, commercial non-sport, local government and voluntary sectors.
- Corporation tax paid on the profits earned from the sports economy by commercial firms (in both the sport and non-sport sectors).
- Fares paid for rail transport and tariffs paid for utility provision (including electricity and water). These are (or were at the time of data collection) nationalised industries and are treated here as part of the central government sector.

These flows to central government are derived from the appropriate income and expenditure series of the other sectors described in this chapter (and based on the sectoral accounts given in Appendix 3). They are summarised in Table A2.10. It should be noted that we have allocated the economic role played by the Sports Council for Northern Ireland to the central government sector. Included within Table A2.10, therefore, is the income from the operating receipts of the Sports Council for Northern Ireland. Total income to the UK Government from sport-related economic activity is estimated to be over £50 million.

**Table A2.10 Summary of Central Government Income
(£000s, 1989 prices)**

VAT and excise duties	27280
Betting duty	7025
Income tax and National Insurance	13801
Corporation Tax	3961
Rail fares & utility receipts	1350
Operating receipts for SCNI	276
<hr/>	
TOTAL INCOME	53693

(ii) Central Government Expenditure

Four types of central government spending can be identified:

- Grants to other government agencies, principally via Sports Council for Northern Ireland
- That part of central government support to local authorities which may be attributed to funding local authority expenditure on sport. According to the Northern Ireland Office, central government accounts for approximately 22% of local authority expenditure.

- The current expenditure on wages and inputs associated with the provision of rail travel and the provision of utilities.
- The sports component of education expenditure - education in Northern Ireland being directly funded by central government.

By far the most important of these is the sports component of the education budget. The discussion on the boundary of sport presented in section 2.5 noted that local authority expenditure on education contains an element to provide for sports and PE and that there is a conceptual problem as to whether all PE counts as sport or whether part is of a “general educational” nature. For the purposes of this study, the whole of this expenditure is regarded as being legitimately included within sport.

The Government’s Expenditure Plans (January 1990) provides a total expenditure figure for education in Northern Ireland in 1988-1989. We have assumed that 60% of this expenditure is on teachers’ salaries and (conservatively) that 5% of teachers’ time - 2 teaching periods in 40 is sport-related. By this method the salary bill for teaching sport in Northern Ireland is estimated to be £11.73m in 1989 prices.

It should be noted that this total is net of taxes and National Insurance which, in our accounting framework, is an intra-sectoral flow within the central government sector. The same principle applies to the spending on wages and other factor inputs by the Sports Council for Northern Ireland.

The factor expenditures on rail and utilities are assumed to balance the income receipts from these sources.

Table A2.11 summarises central government expenditure on sport.

Table A2.11 Summary of Central Government Expenditure (£000s, 1989 prices)

Transfer Payments	
Grants via:	
<i>Sports Council for Northern Ireland</i>	446
<i>Department of Education</i>	586
Rate support for local government	
net expenditure on sport	6147
Factor Expenditure	
Education: wages	11733
Sports Council for Northern Ireland	981
Rail & utilities: wages and other inputs	1350
<hr/>	
TOTAL EXPENDITURE	21243

A2.7

Local Government

(i) Local Government Income

Unlike other areas of the UK, where local authority income and expenditure data are collected by the Chartered Institute of Public Finance and Accountancy (CIPFA), there is no central source for such information in Northern Ireland. The fact that education is centrally funded - and therefore information is available - ameliorates the problem caused by this deficiency. Our primary sources of data are the questionnaires and the Sports Council for Northern Ireland Annual Report, 1989-90.

A definitional problem encountered in previous studies also arises here with regard to income from and expenditure on parks and open spaces as this includes sports facilities which are an integral part of a public park. Unfortunately, information on the extent to which the area of urban parks is sport-related is not available from the Sports Council. For the purposes of this study, as in previous reports, this proportion is assumed to be 40%.

Table A2.12 summarises sport-related local authority income. It includes the income which local authorities receive in the form of grants paid by central government for the provision of sports facilities. The principal item here is that part of local government spending which is deemed to be funded through general central government support for local authority expenditure. As mentioned in A2.6ii above, we estimate this to be 22% in Northern Ireland.

Of course, local authorities also receive income from sport in the form of rates paid by voluntary sports clubs and the commercial sport and commercial non-sport sectors (the Uniform Business Rate has not, as yet, been applied to Northern Ireland). For the voluntary sector, our estimate is derived from the detailed analysis of the questionnaire responses, described in A2.4ii above. For the two commercial sectors, we have adopted a more aggregate approach, as described in A2.3ii and A2.5ii. The local transport series captures the use of public bus and coach services by consumers who are travelling to watch or play sport.

Table A2.12 Summary of Local Government Income
(£000s, 1989 prices)

Local authority sports facilities:	
<i>fees and charges</i>	6547
<i>sales of equipment</i>	41
<i>sponsorship & advertising</i>	63
<i>(bar receipts)</i>	(955)

Grants from central government:	
<i>to fund net expenditure on sport</i>	6147
<i>to district councils</i>	471
<i>from Sports Council</i>	25
Rates:	
<i>voluntary sector</i>	792
<i>commercial sport</i>	925
<i>commercial non-sport</i>	821
Local transport	287
<hr/>	
TOTAL INCOME	16119

(ii) Local Government Expenditure

As with income, our main source of data here is the questionnaires supplemented by information from the Department of the Environment Statement of Accounts. We again assume that the proportion of urban parks which is sport-related is 40%. Table A2.13 summarises local authority direct sports expenditure.

Table A2.13 Summary of Local Government Expenditure (£000s, 1989 prices)

Current expenditure	
Direct gross expenditure:	
<i>Wages</i>	14455
<i>Parks and open spaces</i>	8322
<i>Other current expenditure</i>	5166
Local transport:	
<i>Wages and other inputs</i>	287
<hr/>	
TOTAL CURRENT EXPENDITURE	28230
 Capital expenditure	
Investment	370

Outside the Area

A2.8

The seventh and final sector - “outside the area” - is comprised of two parts:

- The rest of the UK outside Northern Ireland
- Overseas economies.

In general, we do not need to distinguish between them as our terms of reference concern the impact of sport on the Northern Ireland economy. For our purposes,

therefore, the expenditure of a Northern Ireland resident who (say) purchases an item of sports equipment in London is of no more concern than if the item had been purchased in France, as the value-added - including, in this example, the retailing component is accruing outside the region.

The “outside the area” sector is thus largely the residual in our national income accounting framework as a whole and the estimates are generated entirely from the accounts of the other sectors. The framework dictates that Northern Ireland “imports” represent income to the “outside the area” sector, as shown in Table A2.14. Hence, for instance, as it is estimated that Northern Ireland consumers spend £28.27m on sport-related items outside Northern Ireland (as shown in the last column of Table A3.2 in Appendix 3 below), this is also the “outside the area” income (shown here in the first line of Table A2.14).

Northern Ireland “exports” constitute expenditure by the “outside the area” sector and are shown in Table A2.15.

It should certainly be emphasised that one should avoid the temptation to combine Tables A2.14 and A2.15 to obtain a “balance of payments” figure for the sports economy in the Province. This is because we are not comparing like with like. In particular, whilst we have attempted to follow the chain of value-added associated with sports expenditure in Northern Ireland to account for inputs from outside the area, we have not done likewise for expenditures outside Northern Ireland. Thus, whilst the “outside the area” income includes an estimate for the proportion of expenditure by Northern Ireland companies on factor inputs provided from outside Northern Ireland, no attempt has been made to estimate the purchase of Northern Ireland materials/components as inputs to the provision of sports goods and services in Great Britain.

**Table A2.14 Summary of “Outside the Area” Income
(£000s, 1989 prices)**

Consumer spending by Northern Ireland residents	28270
Factor inputs by other sectors	69752
Sponsorship, advertising, CNS	
entertainment & subsidies to company sport	71
Capital expenditure by other sectors	2114
<hr/>	
TOTAL INCOME	100207

**Table A2.15 Summary of “Outside the Area” Expenditure
(£000s, 1989 prices)**

Equipment	2615
Sponsorship & advertising	630
<hr/>	
TOTAL EXPENDITURE	3245

appendix three

A3.1

Introduction

In this appendix an income and expenditure account is presented for each of the sectors in the Northern Ireland economy, using the figures given in Appendix 2. In addition to showing total income and expenditure for each sector, the accounts present the immediate sources and destinations of the flows to and from the sector. In effect these accounts display the main results of our data collection and analysis and provide the basis for the assessment of sport's contribution to the economy of Northern Ireland (in terms of value added, employment and consumer spending) which is undertaken in Chapter 3.

We noted in section 2.2 in introducing the sectoral accounts framework that, from the point of view of the classification used in national income accounting, the income and expenditure flows recorded in the accounts are of several different types. Some care is therefore required to distinguish final and intermediate expenditures, and factor and transfer incomes, in order to extract from the accounts the summary results presented in Chapter 3.

One should also note the distinction - referred to in section 2.1 - between final expenditure at market prices and at factor cost. Hence, with respect to purchases by the two sectors conventionally amalgamated as the "personal sector" in the UK accounts (the consumer and voluntary sectors), total expenditure is shown here at market prices; the indirect tax element which flows to central government must be deducted to obtain expenditure at factor cost.

The key used in the tables for labelling the sectors is:

CONS	Consumer
CS	Commercial sport
VOL	Voluntary clubs and their governing bodies
CNS	Commercial non-sport
CG	Central government
LG	Local government
OA	Outside the area

In the commercial sport, commercial non-sport and voluntary sectors, the expenditure tables include two memorandum items: “factor surplus” and “value-added”. Factor surplus is defined as factor income minus factor expenditure. It differs from profits insofar as the latter include transfer income and expenditure. (It will be seen that this is of particular importance for the voluntary sector).

The calculation of value-added represents a crucial stage in the estimation of the economic impact of sport in Northern Ireland, as reflected in the contribution to output and employment discussed in Chapter 3. It is defined as labour costs plus the factor surplus. While value-added is also generated in central and local government, we have not entered a separate item for this in the sectoral accounts because there is no factor surplus to estimate: the value-added is simply equal to labour costs.

Consumer Sector

A3.2

Consumer income arises from employment in the sports sectors (including the voluntary sector), from jobs dependent on sports spending in the commercial non-sport sector, and from sports jobs in local government and central government (including education and at the Sports Council for Northern Ireland). Income is shown net of deductions for tax and National Insurance. As one would expect to be the case with all consumer goods and services, consumers in Northern Ireland pay into sport more than they receive from it in monetary incomes (£184million compared with £52 million). This ratio of expenditure to income is similar to the Wales study where the ratio was also 3 to 1.

The items of consumer expenditure have already been noted in A2.2ii. An important issue for this study concerns the extent to which these expenditures accrue to the relevant sectors in the Northern Ireland economy rather than passing outside the region. The absence of a consumer survey meant that we could not collect evidence directly on this. However, the relatively small number of large sporting events within Northern Ireland led us to suspect that a high percentage of consumer expenditure would be on events outside Northern Ireland, such as large football clubs on the British mainland and also rugby and gaelic football in the Irish Republic. Responses to enquiries in this area suggest that 70% of consumer expenditure, net of taxes accruing to central government, goes on sporting events outside Northern Ireland. We also assume that 5% of spending on both clothing and footwear, and also sports goods and equipment occurs outside the area.

With books, newspapers and magazines, and clothing repairs and cleaning, we assume that all the expenditure takes place in the locality. This is not to say, however, that all the value-added accrues to the region and indeed, as we shall

see in the commercial sport sectoral accounts, it is principally the retailing component (where appropriate) of these aspects of wealth (and job) creation which are to be found in the region.

Consumer expenditure accruing to central government mainly represent VAT and excise duties as well as rail travel. Of the other travel expenditures, spending on buses and other passenger transport is taken to accrue either to local government or the commercial non-sport sector (both inside and outside the area). Spending on petrol and oil (apart from the VAT and duty components, which account for 60% of the spend) is received by the commercial non-sport sector inside the area as we take it that people will fill up their tanks at the start of their journeys to watch or to play sport.

In the case of skiing expenditures, we can refer to the national study's disaggregation - based on industry sources - of the average cost (after VAT) of a holiday into its component parts. It was suggested that the proportions spent on airfare, travel agent, tour operator, accommodation and miscellaneous incidental expenses are, respectively, 35%, 10%, 10%, 35% and 10%. We attribute the travel agents' and tour operators' shares to the commercial non-sport sector of the Northern Ireland economy with the remainder passing outside the region.

The remaining consumer spending item - gambling - has a sizeable government take, of course, (apart from on-course betting, on which the duty was abolished in March 1987). We apply duties of 8% of off-course betting and 42.5% of pools expenditure as accruing to central government. Aside from this, we assume that all the pools and 75% of the on-course expenditures pass outside the region. Of the net expenditures on off-course betting, we assume all this remains in the Northern Ireland economy.

Table A3.1 Consumer Sector Income: Sources
(£000s, 1989 prices)

	Total	CG	LG	CS	CNS	VOL	OA
Net wages & salaries from							
<i>commercial sport</i>	11858			11858			
<i>voluntary sector</i>	4242					4242	
<i>commercial non-sport</i>	11660				11660		
<i>local government</i>	10762		10762				
<i>central government</i>	13121	13121					
TOTAL INCOME	51643	13121	10762	11858	11660	4242	

Table A3.2 Consumer Sector Expenditure: Destinations
(£000s, 1989 prices)

	Total	CG	LG	CS	CNS	VOL	OA
Spectating: admissions	4850	617		1030		233	2970
Participation:							
<i>subscriptions & fees</i>	20541	1545	6547	3752		8697	
<i>equipment</i>	16770	2180	41	13748		72	729
<i>clothing & footwear</i>	56300	5507		48253			2540
<i>skiin</i>	6280	819			1092		4369
<i>cleaning & repairs</i>	3310	430			2880		
Payments and fees to							
Sports Council for NI	28	28					
Travel:							
<i>cars</i>	11693	7016			4677		
<i>buses</i>	660	86	287		72		215
<i>rail</i>	83	83					
Books, magazines &							
newspapers	6329			6329			
TV licence fee	3286						3286
Public school fees	407	53			354		
Subtotal	130537	18364	6875	73112	9075	9002	14109
Bar purchases	(18041)		(955)	(1127)		(15959)	
Gambling:							
<i>pools</i>	15857	4729					11128
<i>on-course</i>	4044				1011		3033
<i>off-course</i>	30987	2296			28691		
<i>gaming and raffles</i>	2109			448		1661	
TOTAL							
EXPENDITURE	183534	25389	6875	73560	38777	10663	28270

A3.3

Commercial Sport

The questionnaire returns indicate that companies based outside Northern Ireland are an important source of the advertising and sponsorship revenue of major spectator sports clubs, accounting for 45%. In contrast the proportion of spectators coming from outside the region is virtually zero according to questionnaire returns. We assume that 10% of the income of retailers of equipment come from outside the area, the corresponding proportion for clothing and footwear being 3%.

On the expenditure side, the questionnaire responses indicate that there is virtually no employment of non-Northern Ireland residents by clubs or retailers in the Province. By contrast, however, the questionnaires also reveal that a high proportion, some 85%, of sales of sports goods are brought in from outside the region. This applies both to retailers and also to sales of equipment by sports clubs. As in previous studies retailing accounts for the major part of the income and expenditure of the commercial sport sector, with almost 86% of incomes excluding bar receipts and 75% of expenditures represented by this area. These proportions are remarkably close to the proportions for the Wales study of 89% and 78% respectively.

Table A3.3 Commercial Sport Income: Sources
(£000s, 1989 prices)

	Total	CONS	CG	LG	CNS	VOL	OA
Spectator clubs:							
<i>admissions</i>	1030	1030					
<i>sponsorship & advertising</i>	290				290		
<i>CNS entertainment</i>	50				50		
Participation clubs:							
<i>subscriptions & fees</i>	3752	3752					
<i>sales of equipment</i>	5060	5060					
<i>interest</i>	30				30		
<i>gaming machines</i>	448	448					
<i>bar receipts</i>	(1127)	(1127)					
Subtotal: clubs' income (including bar)	11787						
Retailers:							
<i>equipment</i>	9760	8688				96	976
<i>clothing & footwear</i>	49892	48253					1639
<i>books, magazines & newspapers</i>	6329	6329					
TOTAL INCOME (Excluding bar)	76641	73560			370	96	2615

Table A3.4 Commercial Sport Expenditure: Destinations
(£000s, 1989 prices)

	Total	CONS	CG	LG	CNS	VOL	OA
Spectator clubs:							
<i>wages</i>	1631	1200	431				
<i>other inputs</i>	1023		485		529		9
Participation clubs:							
<i>wages</i>	2161	1590	571				
<i>purchases of equipment</i>	4495		586		586		3323
<i>utilities</i>	153		86		67		
<i>gaming machine rentals</i>	436		57		379		
<i>interest</i>	444				444		
<i>bar purchases</i>	(556)						
(Subtotal: clubs)	10899						
(factor surplus)	888						
(value-added)	4680						
Retailers:							
<i>wages</i>	12328	9068	3260				
<i>other inputs</i>	39838		5179		5199		29460
(subtotal)	52166						
(factor surplus)	13815						
(value-added)	26143						
Corporation tax	2220		2220				
Rates	925			925			
Capital expenditure	3969		516		1726		1727
TOTAL EXPENDITURE	69623	11858	13391	925	8930		34519
(excluding bar)							
Wages	16120						
Factor surplus	14703						
Value-added	30823						

Voluntary Sector

A3.4

Information on the voluntary sector comes almost exclusively from the extensive and detailed responses to the questionnaire returns. These indicate that virtually all employees in this sector live in Northern Ireland. We assume that this is also the case for membership and for voluntary work.

The ability of the voluntary sector to obtain revenue from advertising and sponsorship is impressive when compared with Wales. Northern Ireland's

population is only 55% of that in Wales yet its sponsorship and advertising receipts are 70% of the Wales total. This is a good performance given the small size of companies in Northern Ireland, although 40% of its income from sponsorship and advertising does come from companies outside the area.

Grants are clearly also an important source of revenue. The questionnaires indicated a total grant income of £453,000 from the Sports Council, a figure which is very close to the Council's own accounts which showed that the voluntary sector received £446,000 from it in direct grants in addition to a further £245,000 through various schemes and initiatives. Central government grants via the Department of Education are a declining source of revenue, at only £116,000 in 1989 compared with £1.5 million in 1983-84. The voluntary sector also makes a high level of payments to the government mainly in the form of income tax and VAT. Assuming expenditure patterns remain unchanged the new rate of VAT of 17.5% will add just under another £100,000 to this sector's payments to the government.

The largest item on both the expenditure and income is bar receipts, accounting for over half of all receipts. The surplus on bar sales of £5.7 million accounts for almost 70% of the factor surplus of this sector. A large contribution to this sector's income also comes from unpaid voluntary work. If this is valued at one half of the average earnings of a male manual worker in Northern Ireland, voluntary work represents no less than 12% of monetary and non-monetary income combined, including bar receipts.

Table A3.5 Voluntary Sector Income: Sources
(£000s, 1989 prices)

	Total	CONS	CG	LG	CS	CNS	OA
Factor income (monetary)							
Admission and competition fees	233	233					
Player's subscriptions	8697	8697					
Sponsorship & advertising	1576					946	630
Raffles & gaming	1661	1661					
Direct spending by Sports Council for NI	245		245				
Equipment	72	72					
Bar receipts	(15959)	(15959)					
SUBTOTAL							
(factor income)	28443						

Other income (monetary)

Grants: SCNI	446	446		
Dept of Ed	115	115		
Employers' subsidies	162			162
Interest	346			346

**SUBTOTAL (monetary
income excluding
bar receipts)**

13553	10663	806		1454	630
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Non-monetary income

Voluntary work	2643	2643		
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**Table A3.6 Voluntary Sector Expenditure: Destinations
(£000s, 1989 prices)**

	Total	CONS	CG	LG	CS	CNS	OA
Factor expenditure							
Wages	5767	4242	1525				
Travel	488		293			195	
Ground hire	172		22			150	
Equipment	110	14			96		
Ground maintenance	991		129			862	
Utilities	921		520			401	
Interest	603					603	
Printing and gaming	584		76			508	
Payments and fees to Sports Council for NI	248		248				
Bar purchases	(10237)						
(subtotal)	20121						
(factor surplus)	8322						
Other monetary expenditure							
Capital expenditure	2777		361			2126	290
Rates	792			792			
TOTAL MONETARY EXPENDITURE							
(excluding bar purchases)	13453	4242	3188	792	96	4845	290

Non-monetary expenditure

Voluntary work	2643	2643
Value-added	14089	

A3.5

Commercial Non-Sport

The commercial non-sport sector receives income from the sale of current and capital inputs to the other sectors and from consumer spending on the sport-related aspects of travel, skiing, gambling and education. It should be noted that we do not take account of the local commercial non-sport sector's income derived from expenditures on sport **outside** Northern Ireland.

The questionnaires provide part of the information on the commercial non-sport sectors' direct expenditures on sport - sponsorship, advertising, hospitality and entertainment at sports events and sports facilities for employees. They demonstrate that while sponsorship and advertising revenue remains largely in the domestic economy, expenditure on hospitality and entertainment occurs mainly outside Northern Ireland.

As we noted in the previous Appendix, we have attributed the commercial non-sport sector's payments to suppliers on the basis of data from the **Input-Output Tables**. 55% is in the form of income from employment of which, in turn, 50% is assumed to remain in the Northern Ireland economy.

Table A3.7 Commercial Non-Sport Income: Sources
(£000s, 1989 prices)

	Total	CONS	CG	LG	CS	VOL	O/S
Sales of current inputs to:							
<i>central government</i>	397		397				
<i>local government</i>	5744			5744			
<i>commercial sport</i>	6760				6760		
<i>voluntary sector</i>	2116					2116	
Sales of capital inputs to:							
<i>central government</i>	59		59				
<i>local government</i>	225			225			
<i>commercial sport</i>	1726				1726		
<i>voluntary sector</i>	2126					2126	
Consumer spending:							
<i>cleaning and repairs</i>	2880	2880					

<i>skiing</i>	1092	1092					
<i>travel</i>	4749	4749					
<i>gambling</i>	29702	29702					
<i>public schools</i>	354	354					
Interest from:							
<i>voluntary sector</i>	603					603	
<i>commercial sport</i>	444			444			
TOTAL INCOME	58977	38777	456	5969	8930	4845	

Table A3.8 Commercial Non-Sport Expenditure: Destinations
(£000s, 1989 prices)

	Total	CONS	CG	LG	CS	VOL	OA
Producers of sport-related inputs:							
<i>local wages</i>	15852	11660	4192				
<i>non-local inputs</i>	30550						30550
<i>(factor surplus)</i>	11528						
<i>(value-added)</i>	27380						
<i>corporation tax</i>	1741		1741				
<i>rates</i>	821			821			
Purchasers of inputs from sport							
<i>sponsorship & advertising</i>	1494		195	63	290	946	
<i>CNS entertainment</i>	139		18		50		71
Company sports subsidy	162					162	
Interest payments to:							
<i>voluntary sector</i>	346					346	
<i>commercial sport</i>	30				30		
TOTAL EXPENDITURE							
Leaving Sector	51135	11660	6146	884	370	1454	30621

Central Government

A3.6

Previous studies have emphasised the interest generated by the relative sizes of government spending on sport (by the central and local tiers) and of government income accruing from sport-related economic activity. We also

stated that one's view of the **optimal** relative magnitudes of the central government's income and expenditure flows associated with sport requires a political value judgment. As in the past studies of the national and Welsh sport economies, the taxation figures include items such as VAT payments, income tax and corporation tax, the use of which to finance non-revenue funded spending by central government (on, for example, health, social security and defence) is generally recognised as legitimate and reasonable.

Our estimates indicate that the ratio of central government's sport-related income and expenditure flows is approximately 2.6 to 1 in Northern Ireland, the same proportion as in Wales. An important difference with the Welsh study is that education in Northern Ireland is funded wholly by central government.

The Sports Council itself is included in this sector, covering not only its direct grants, but also its expenditure and incomes on its own internal operations and a variety of schemes and initiatives in which the voluntary sector is the main participant.

Expenditures on wages and salaries are given net of income tax and National Insurance payments, whilst other spending is given net of VAT payments. These are intra-sectoral flows within the central government sector.

Table A3.9 Central Government Income: Sources
(£000s, 1989 prices)

	Total	CONS	LG	CS	VOL	CNS	OA
Taxes:							
<i>on expenditure</i>	33586	25278	589	6491	1015	213	
on incomes generated in:							
<i>commercial sport</i>	6482			6482			
<i>voluntary sector</i>	1525				1525		
<i>commercial non-sport</i>	5933					5933	
<i>local government</i>	4541		4541				
Factor income (excl VAT):							
<i>rail receipts</i>	83	83					
<i>utility and other</i>							
<i>factor income</i>	1267		449	418	400		
operating receipts of Sports Council for NI	276	28			248		
TOTAL INCOME	53693	25389	5579	13391	3188	6146	

Table A3.10 Central Government Expenditure: Destinations
 (£000s, 1989 prices)

	Total	CONS	LG	CS	VOL	CNS	OA
Transfers							
Grants via:							
<i>Sports Council for NI</i>	446				446		
<i>Dept of Education</i>	586		471		115		
Education: net wages	11733	11733					
Rate support for							
LG net exp on sport	6147		6147				
Factor expenditure							
Sports Council for NI							
(net of tax and other							
intra-sectoral flows):							
wages and salaries	449	449					
other factor exp	473	71	25		245	132	
capital expenditure	59					59	
British Rail, utilities:							
wages and other inputs	1350	868				265	217
TOTAL EXPENDITURE	21243	13121	6643		806	456	217

Local Government

A3.7

The major share of local government sports expenditure goes on local sports centres and swimming pools. Information on this is taken from the questionnaire responses and from Department of Environment. In addition we assume that 40% of expenditure on recreation grounds and parks is for sporting purposes.

The scale of local government income and expenditure is considerably smaller than in Wales even when allowance is made for its smaller population. This is because education is not included in this sector, being totally centrally funded. Nonetheless the local government sector in Northern Ireland still exhibits a considerable surplus of expenditure(£28.6million) over income (£16.1 million). A significant proportion of this expenditure, almost a quarter, goes out of the region. The questionnaires indicate that 50% of expenditure on equipment by sports centres goes on imports and we assume a similar proportion of expenditure on recreation parks and open spaces is accounted for in this way.

Table A3.11 Local Government Income: Sources
(£000s, 1989 prices)

	Total	CONS	CG	CS	VOL	CNS	OA
Factor income							
Local authority sports facilities:							
<i>fees and charges</i>	6547	6547					
<i>sales of equipment</i>	41	41					
<i>sponsorship & advertising</i>	63					63	
<i>bar receipts</i>	(955)	(955)					
Local transport	287	287					
Inputs to SCNI	25		25				
Transfer income							
Central government grants:							
<i>LG net exp on sport</i>	6147		6147				
<i>to district councils</i>	471		471				
Rates received from:							
<i>commercial sport</i>	925			925			
<i>commercial non-sport</i>	821					821	
<i>voluntary sector</i>	792				792		
TOTAL INCOME	16119	6875	6643	925	792	884	

Table A3.12 Local Government Expenditure: Destinations
(£000s, 1989 prices)

	Total	CONS	CG	CS	VOL	CNS	OA
Local authority sports facilities:							
<i>wages</i>	14455	10633	3822				
<i>other inputs</i>	5166		1121			1798	2247
<i>Parks and open spaces</i>	8322		541			3890	3891
Transport:							
<i>wages and other inputs</i>	287	129	47			56	55
Sports centres' capital expenditure	370		48			225	97
TOTAL EXPENDITURE	28600	10762	5579			5969	6290

Outside the Area

A3.8

The "outside the area" sectoral accounts represent the mirror image of the payments and receipts between Northern Ireland and the rest of the world (including the rest of the UK) which have been identified in the earlier tables. They are included here for completeness.

Table A3.13 "Outside the Area" Income (Imports to Northern Ireland): Sources (£000s, 1989 prices)

	Total	CONS	CG	LG	CS	VOL	CNS
Consumer spending by Northern Ireland residents:							
<i>admissions</i>	2970	2970					
<i>equipment & clothing</i>	3269	3269					
<i>skiing</i>	4369	4369					
<i>TV licence</i>	3286	3286					
<i>gambling</i>	14161	14161					
<i>travel</i>	215	215					
Factor inputs by other sectors	69752		217	6193	32792		30550
Sponsorship, advertising, CNS entertainment & subsidies to company sport	71						71
Capital expenditure by other sectors	2114			97	1727	290	
TOTAL							
CURRENT INCOME	100207	28270	217	6290	34519	290	30621

Table A3.14 "Outside the Area" Expenditure (Exports from Northern Ireland): Destinations (£000s, 1989 prices)

	Total	CONS	CG	LG	CS	VOL	CNS
Payments of individuals, companies and local government outside Northern Ireland:							
<i>equipment</i>	2615				2615		
<i>sponsorship & advertising</i>	630					630	
TOTAL EXPENDITURE	3245				2615	630	

appendix four

A4.1

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