

# **NOGOE**

**No to Greenwich Olympic Equestrian Events**

Greenwich Park, Application Nos 09/2598 and 09/2599

## **ANNEX E**

to letter dated 27th January 2010

# **SOCIO-ECONOMIC CONSIDERATIONS**

# Economic and social considerations

## 1. Scope

This is a commentary on the permissions sought by LOCOG to use locations in Greenwich as a venue for the Equestrian and Modern Pentathlon events of the 2012 Games with particular regard to LOCOG's application Environmental Statement Vol 1 Section 14 and the related Appendix. It does not refer to the other proposed Olympic venues in Greenwich for which completely different socio-economic factors apply.

There is one basic point to be made at the outset. If the Equestrian events were to be located elsewhere, Greenwich would still remain an Olympic Borough for the 2012 Games because of the venues in Woolwich and North Greenwich. Therefore, certain benefits related to Olympic development, such as funding for the DLR extension to Woolwich, have no relevance to consideration of the Equestrian and Modern Pentathlon locations.

## 2. Summary

With regard to the economic and social effects of its proposals for Greenwich Park, LOCOG makes two claims both of which are unsustainable when analysed in detail.

These mistaken claims are:

1. That Greenwich Park is a "cost effective" venue.
2. That holding the equestrian events there would have a positive net economic benefit to Greenwich.

This commentary says:-

- Greenwich Park is *not* the most cost-effective venue and, of the alternatives considered, Windsor is the most obvious cost-effective venue.
- The holding of the Olympic equestrian events in Greenwich Park would not have a positive net economic benefit to Greenwich but, to the contrary, would result in severe short-term economic damage to Greenwich town and deliver no long-term economic benefits.
- Modern Pentathlon requirements are modest, are not tied to the equestrian stadium and can be efficiently catered for elsewhere in the Borough.
- From LOCOG's figures, holding the Equestrian events in Greenwich would result in the loss of a number of existing jobs, while generating few, if any, construction job vacancies within the Borough and provide no more than 200 temporary paid jobs for local people on arena days.

- The post-event demolition of the facilities proposed for Greenwich Park will leave no social or economic legacy for the people of the Borough.
- Moving the Equestrian events elsewhere would, in contrast, create a net economic benefit to Greenwich during 2012.

### **3. Greenwich Park would not be a cost effective venue**

- There has never in living memory been horse riding in Greenwich Park, and there are no suitable facilities there of any kind. Everything would have to be erected from scratch. Unforeseen problems and issues are certain to arise, eating into contingency funds and delaying construction.
- The post-event demolition of the facilities will give Greenwich no physical legacy and will probably prove a focus of growing criticism from the press and public as perceived waste of money.
- Ticket revenues for a brand new location cannot be predicted with any accuracy, whereas an existing equestrian event location would permit more reliable estimation, and more tickets could be sold.
- At Greenwich there would be major social and environmental costs that would be avoided in another less sensitive and more suitable site.

### **4. Other venues would be more cost-effective**

The 1908 and 1948 London Games used Aldershot/Tweseldown as the location for equestrian events (bar a very limited polo competition in 1908). The early military character of these events made this a natural choice as did the military facilities then available. However, equestrian sport has changed radically as has the character and facilities of Aldershot since 1948. By 2012, the main equestrian facilities of the Army will be in Woolwich (King's Troop RHA) and Windsor (Household Cavalry).

The premier venues for cross country equestrian events in Britain are Burleigh and Badminton. Both are a significant distance from London.

The premier venues for dressage/show jumping are Hickstead and Windsor. Neither has cross country facilities to the required standard at present (although it is understood that cross country events have been held in Windsor Great Park). Both are accessible from central London in less than one hour, and could

easily accommodate a cross-country course of the required standard. Windsor has plenty of accommodation of all standards.

In terms of convenience and facilities, Windsor stands out from the others. It is an existing 2012 Olympic Borough, has very good public transport facilities from London, two potential sites for an Olympic equestrian venue plus an “iconic” backdrop and, with the permission of HM The Queen and the Crown Estates Agency, a spectacular potential cross country venue in Windsor Great Park.

The two potential sites in Windsor are the Racetrack/Showground site which is close to the Olympic Rowing venue and the location close to the Castle which is the site of the Windsor International Horse Show.

HLM George VI gave permission for an Olympic event to be held in Windsor Great Park in 1948 when it had to be relocated from a Royal Park at short notice due to “insuperable legal problems<sup>1</sup>” (1948 Games Technical Report).

The issue for a Windsor venue, therefore, would be to expand the capacity of an existing venue rather than to create a new venue from scratch. The International site can be easily expanded by extending facilities into the areas normally occupied by commercial equestrian stands and the car park.

When KPMG conducted a study into alternative Olympic locations, they restricted their study to reviewing LOCOG decisions based on information LOCOG provided. A comment on Windsor was that it would be too expensive to provide a satellite Olympic Village. This is an unsustainable argument. It would not be necessary to build an Olympic Village. Windsor has a vast amount of University of London campus accommodation to a higher standard than the Stratford Olympic Village, plus a number of large 4\* conference-type hotels of 400+ capacity.

*Windsor meets the specifications for an Olympic equestrian venue and could provide the facility at a much lower cost and with fewer objections and difficulties than Greenwich. When other factors are also taken into account, any objective comparison of Greenwich with Windsor would have to conclude that Greenwich was not at all a cost effective venue and reach the inescapable conclusion that Windsor should be the location.*

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<sup>1</sup> Neither The Royal Parks nor the DCMS has so far demonstrated that the 1948 legal problems in using a Royal Park have been resolved

## 5. Modern Pentathlon considerations

The LOCOG Summary Statement asserts on p 5 that

“Greenwich Park is, however the only venue within sufficient proximity to the Olympic Park to enable the Modern Pentathlon to take place over one day and the Equestrian and Modern Pentathlon athletes to be accommodated in the Olympic Village. This avoids the need to build or take over duplicate facilities for the fencing and swimming stages of the Modern Pentathlon Event. Overall this is a cost effective, technically compliant venue and was therefore selected as the preferred location.”

The following is a general advice note issued by the Union Internationale de Pentathlon Moderne (UIPM) – the international governing body – as guidance for Olympic candidate cities.

“The 2 days of Modern Pentathlon require the use of a standardised sport hall for shooting and fencing combined, of the Olympic Swimming Pool twice for one hour, and of an open grass area for the riding and running events, these three venues being at walking distance from each other. This is a challenge that all modern Olympic bidders can easily achieve without unreasonable or excessive cost. The question of temporary stables for the horses can be answered easily”

For the equestrian segment, the UIPM rules require only a playing area and a warm-up ring out of sight of each other.

With its points accumulation system, Modern Pentathlon is not the most dramatic sport to watch but it is appreciated by a modest-sized audience who go for the “five-sports-for-one-ticket” offer. The very large Modern Pentathlon audience in Beijing was almost certainly false – bussed in by the Chinese authorities to fill an unnecessarily large stadium. The usual Olympic Modern Pentathlon audience is about 5,000 at maximum.

With the modest requirements of Modern Pentathlon it would be quite feasible to retain the event in LB Greenwich when the equestrian event is moved. The temporary scaffolding grandstands intended for the cross country day could be moved elsewhere in the Borough, if necessary, and a temporary arena built at low cost.

Logical sites for a cost-effective Modern Pentathlon relocation would be:-

- **Woolwich Common** - already an Olympic venue. By 2012, the King’s Troop RHA will have moved to Woolwich, giving an equestrian facility on site, and there is even a derelict stadium site on the Common.
- **Eltham College** - extensive existing grounds and facilities plus a strong historical Olympic connection.

- **Any other football or sports stadium** with a 5,000 plus capacity.

## **6. Holding the equestrian events in Greenwich would not benefit the local economy**

LOCOG claims that there would be a net benefit to the Greenwich economy if the equestrian events are held in Greenwich. This is unsustainable, for the following reasons:

1. The “baseline” calculation is incorrect. In any calculation of this sort, it is fundamentally important to be clear about the situation that would obtain in the absence of the proposed new policy. Section 14 assumes that in the absence of the equestrian events, the numbers of visitors to Greenwich and to the Park would be based on average growth figures over a run of years. However, if Greenwich Park were not being used by the equestrians in 2012, it would be a marvellous place for visitors to the Olympics to come on days when they did not wish to be in the main arenas. Large scale TV screens could be provided; and the Park would be fuller than normal. Local shops, hotels etc would all benefit. This means that the loss from excluding visitors is far larger than in LOCOG estimates.
2. Other primary errors in LOCOG’s reasoning are:-
  - a) that mitigation will enable Greenwich to retain a large proportion of its normal non-Olympic Summer tourist traffic;
  - b) that a substantial proportion of Olympic visitor spend will be captured by the local economy.
 Neither of these assumptions will stand up in practice, as is demonstrated below.

## **7. Host city benefits**

Those promoting Games often make ambitious claims as to social and economic benefits for host cities. They include:-

- Putting the host city “on the map”, thereby encouraging inward investment and future economic growth;
- Boosting a host city’s economy through employment on Olympic construction projects;
- Boosting a host city’s economy through tourism during the Games;
- Improving a host city’s economy through the development of long-term tourism as a result of the staging of the Games;
- Improving a host city’s economy through improvement of transport infrastructure, etc, linked to the Games;

- Regenerating decayed urban areas by the construction of Games venues.

Many of these claims, though ambitious, have proved accurate in specific instances. However, this has not always been the case.

The classic textbook for host city benefits is the Barcelona Games of 1992. Coming at the peak of Barcelona's emergence from half a century of social and economic repression under Franco, the 1992 Games proved a superb catalyst and opportunity for the city, halving unemployment from 18% to 9%, increasing hotel bed capacity by 40%, and transforming the public perception of a previously grimy and down-at-heel city into a premier short-break tourist destination.

In contrast, however, the 1976 Montreal Games were an unmitigated financial and economic disaster for the city, for which the people of Montreal are still paying. The scale of the Montreal disaster can be judged by the fact that no city was prepared to bid for the 1984 Games bar Los Angeles with their new economic model based on heavy commercial sponsorship and aggressive sales of broadcasting rights.

Host city economic benefits are therefore not an automatic by-product of the staging of an Olympic Games. It depends very much on how the opportunity is managed. Smaller host cities such as Helsinki, Atlanta or Barcelona have a greater "Olympic effect" than, say, Tokyo, London or Los Angeles because tourism and construction – the particular key areas of Games advantage – are a smaller proportion of large city economies.

Apart from the example of Barcelona, there is no evidence that any general uplift in tourism follows Games media exposure of a host city as far as Summer Games are concerned. (The situation with Winter Games is different – media exposure of a winter sports resort can boost subsequent winter sports tourism).

Regeneration of decayed urban areas is a relatively recent consideration in host city benefits and somewhat problematic. The Parramatta River site (Sydney Games 2000) is possibly the most polluted area in the Southern Hemisphere and, ten years on, is only just starting to pick up. The Olympic Park in Maroussi (Athens Games 2004) is dispiriting with acres of weed-strewn concrete and unused facilities. Fortunately, the more assertive regeneration claims by organisers are centred on Stratford rather than LB Greenwich sites.

## **8. Venue benefits**

Do the benefits which, properly managed, can accrue to an Olympic host city also apply to an individual sports venue within that city?

The question can be posed: what two things do the following places have in common:-

Kwachon, Conyers, Arcadia, Horsley Park, Bitsa, Bromont, Riem, Nymphenbug, Valle de Bravo, Porto Rafti, Shatin?

The answer is that, firstly, the vast majority of people have never heard of these places and, secondly, each of them has been an Olympic equestrian venue.

Therefore, whilst host cities may secure benefits from Olympic publicity, there is no evidence of any kind that a particular sports venue within that city will receive benefits. Looking to London specifically, the 1908 and 1948 main equestrian venues were Aldershot/Tweseldown and the Modern Pentathlon venue was Sandhurst. No economic advantage came to these locations.

Where there *is* a specific venue advantage is where “legacy” buildings remain to be the nucleus of future development. Thus, the Horsley Park equestrian venue for the Sydney Games 2000 was designed as a 20,000 seater sports stadium for western Sydney linked to the conversion of depleted farmland into a new 580+ acre country park and recreation area. The Conyers facility for the Atlanta Games 1996 likewise became the Georgia Horse Park and Conference Centre. In Athens, the Olympic venue at Porto Rafti has become the Marko Poulou Equestrian Centre and the Modern Pentathlon Centre has been converted into a theatre.

Where temporary Olympic facilities were erected, such as the Santa Ana Racetrack in Arcadia, California, or the Real Club de Polo, Barcelona, no legacy of additional economic or social activity is observable.

*Past experience therefore indicates that being an Olympic equestrian venue would prove of no economic benefit to Greenwich in the long term.*

## **9. Section 19 Olympics Act 2006**

Traders with shops and cafes near to the Olympic Park in Beijing had high expectations of profitable trading during the period of the 2008 Games. They were surprised immediately before the opening when officials arrived to cover their shop fronts, signs and, in some cases, windows with black plastic sheeting. The aim was to prevent the display of brands and advertisement of services other than those of official Olympic sponsors and franchisees. The sheeting remained in place throughout the Olympic Games and Paralympics.

It might be thought that this was high-handed action peculiar to China. However, Section 19 of the Olympics Act 2006 gives exactly the same powers in respect of Greenwich irrespective of any previous permissions granted by the Council. Business premises may be entered without the need for a warrant and any

commercial sign covered, removed or destroyed. Private houses may be likewise entered, but only after the granting of a warrant by a magistrate. In addition to the removal or destruction of signs, businesses will be liable to a fine of £20,000 for breaching the Act.

Street trading is banned, including the handing out of leaflets, as is any trading "not in a building", such as pavement cafes, market stalls, pub gardens. Certain terms will also be banned or restricted, such as "2012" "London" "Games" "Olympics" "Gold" "Silver" "Bronze" "Olympiad" and so on. To produce a T-shirt saying "Greenwich 2012" or showing a jumping horse and rider would be an offence as would putting up a sign saying "15% off during the Games" or "Special Olympic Menu".

*To grant permission for the holding of an Olympic event in Greenwich Park without receiving legally binding guarantees as to the extent and operation of Section 19 of the Olympics Act 2006 in Greenwich would therefore be very dangerous.*

## **10. Tourist visitor numbers and spend**

LOCOG calculations on visitor numbers and the value of their spending in ES Volume 1 Section 14 are not accurate.

LOCOG quoting LB Greenwich figures, estimates the current number of visitors to Greenwich at 9.6 million per year (2006 figures) generating £532million of revenue for local businesses, of whom 9 million were day-trippers generating £405million of revenue equivalent to £45 per head per day visitor. This would give a rough average figure of 25,000 per day throughout the year. As anyone involved with Greenwich knows, the day-tripper numbers increase dramatically in July and August so, using Greenwich's figures it would be very conservative to estimate the daily number of day-trippers in July/August at 30,000, spending £45 each or £1,350,000 per day.

During the 16 days of the main competition in 2012, therefore, at a very conservative estimate, Greenwich might otherwise have 480,000 day-trippers spending £21,600,000. The "mitigating effect" of having two galleries of the NMM open, plus the Cutty Sark open while the rest of Greenwich is fenced off for the Olympics will marginally increase the number of non-Olympic visitors maybe from zero to perhaps 500 per day giving a spend of some £22,500 per day. However, it is by no means certain that as many as 500 could be so attracted.

The realistic estimation is that the Olympic visitors would be instead of rather than on top of the regular tourist numbers. LOCOG does not have a basis to claim that Greenwich's regular flow of tourists would be maintained. This has not

happened in other Olympic venues in the past and the tourist drop-off in Greenwich town is likely to be total.

However, if there were no Olympic venue in the Park, but instead large screens on which visitors could watch any Olympic events, this would boost the numbers of visitors. In other words, the visitors who would enjoy visiting Greenwich and who would spend money in their visits on the Greenwich shops, restaurants and pubs, would be far larger than in a normal summer.

Another factor to be taken into account is what happened in Athens. Press reports from the Greek tourist industry indicated a very sharp drop-off in regular tourist numbers in the months before the 2004 Olympics, a peak demand for three weeks during the Games, followed by a sharp drop-off thereafter. Anecdotal accounts indicate that, overall, 2004 was therefore one of the worst years for the Greek tourist industry. If this pattern is followed in Greenwich, the construction phase before the Games (with much of the Park in disarray from early 2010, when work is supposed to start on preparation (and consequential fencing off) of the cross country course) and the tear-down phase after the Games would also see a marked drop in tourist numbers and revenue.

*The situation on visitor numbers is that the Olympic visitors would need to spend some £20 million in the local economy during the Games to counter the likely loss of non-Olympic revenue.*

## **11. Olympic visitor numbers and spend**

LOCOG estimates the number of visitors on each day of the Equestrian and Modern Pentathlon events at “up to 23,000” and 75,000 on Cross Country Day (July 31st). Ignoring the test event and Paralympics for the moment and taking just the estimates for the main 16 days, LOCOG estimates 359,100 spectator visitor days with a daily spend of £48.91p giving a total spend of £17.6 million (table 14.4 p 262).

However, where is LOCOG’s rationale for the size of the audience? At 23,000 the proposed stadium will be the largest ever built for an equestrian Olympic event. The 2004 Athens Games attracted 10,000 spectators for jumping and 8,000 for dressage. The Modern Pentathlon attracted 5,000 for riding and 3,000 for fencing/shooting. How will LOCOG move the Pentathlon from 8,000 visitor days in Athens to the 46,000 they promise in Greenwich? Most Olympic equestrian audiences average 10,000 to 12,000 for jumping to between 3,000 and 8,000 for dressage. How will LOCOG deliver 23,000 per day each and every day?

International horse show audiences for jumping reach their maximum at 5,500 for Hickstead and 8,000 for Windsor. Why do LOCOG believe they can sell 23,000 tickets per day at Greenwich and what are their grounds for so believing?

The Olympic audience, regardless of how big it will be in practice, will have one very big difference to the regular tourist visitor figure for Greenwich – the visitor numbers will not be 359,100 (or 480,000) individuals, but much more likely to be 23,000 individuals who come each day for 16 days. To use a crude illustration, you will not get 23,000 people each buying 16 souvenirs, so the average spend will be way down.

LOCOG acknowledge that a significant part of the Olympic visitor spend will be in the Catering and Merchandise franchises inside the venue but express the opinion that the local economy will be able to “capture” part of the spend as spectators arrive and leave.

The reality will be, as with most large sporting or entertainment events, once in the venue, people will not leave until the events are finished. Therefore, on regular arena days, the audience will arrive between 9.30 am and 10.30 am and go directly into the waiting areas in the Old Royal Naval College. Once in the venue, they will eat, drink and shop there and then leave to go back to hotels at 5.30pm or so. It may be that some passing trade will be picked up as people leave but it is likely that most of Greenwich town will be empty while the events are on.

*The deeply flawed LOCOG figures are also illustrated in table 14.4 by the estimated spend by the press. Table 14.4 estimates that the Press alone will generate 47,250 visitor days with an annual spend of £100 per head per day spend giving £4.7million income. Yet LOCOG’s Transport Assessment, para 6.1.3 pg 30 says as follows:-*

*“ Accredited media, including broadcasters, photographers and the written press will travel from their hotels, mainly located in Central London, and from the Main Press Centre (MPC) and International Broadcasting Centre (IBC) at the Olympic Park to the venue using a separate fleet of dedicated vehicles.”*

*So the press will arrive from Central London along the Olympic Route Network in chauffeured transport, enter the venue through a dedicated access point and then leave in the same way. Their spend in the local economy in Greenwich will thus be more likely zero than £4.7million. it is also the case that very few members of the oppress would be likely to have an expense account which would enable them to spend £100 per day in Greenwich*

## 12. Jobs

The Olympic main site in Stratford estimates the total number employed in construction at 9,000 of whom 4,500 were recruited in London. However, LOCOG estimate the total number of construction and tear-down jobs needed for an equestrian venue in Greenwich will be 100 at most and that most of these will be highly specialised and mobile workers (e.g. steel erectors) and will be brought in from outside Greenwich. It is possible that the local construction recruitment might be as low as 5 or 10 people. It is thus likely that far more people from Greenwich will be employed on the main Olympic Park site than at any site in Greenwich Park, which makes the Equestrian venue of marginal importance to the local economy compared to the main site at Stratford.

Of the 2,000 staffing requirement on arena days at Greenwich, 1,600 of the vacancies will be unpaid. Of the 400 paid jobs, LOCOG estimates that due to “leakage” half of these jobs will be filled from outside Greenwich, leaving 200 temporary paid jobs for some two to three weeks. However, it is not clear how many of these paid jobs will, in fact, be filled by contractors who may bring in their own people rather than recruit locally. Contractors used for specialised tasks, such as putting up jumps, would employ their own staff from outside Greenwich.

One point that LOCOG should be required to provide information on is the number of jobs and working days that will be *lost* in Greenwich as a result of the Greenwich venue proposals. LOCOG have this information but will not reveal it, claiming “commercial confidentiality”. No conceivable commercial advantage or disadvantage could possibly accrue from revealing the figure. They are simply trying to conceal this information fearing the bad publicity that will arise and are instead trying to stress the net gain in employment.

The employment side of the Socio-economic effects of LOCOG’s proposals cannot be evaluated until they reveal the job losses as well as the net gains so that a balanced view can be reached.

In addition, the economic damage caused by traffic congestion, noise pollution, exclusion from the Park, and other restrictions, need to be included in the economic and social assessment.

*In general, the actual equestrian site will generate only marginal temporary employment, the benefit of which would be more than offset by other damage to the local economy.*

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