

Thursday, 11th May 2000

(10.30 a.m.)

THE CHAIRMAN: Good morning and welcome to this seminar on the impact of hunting on the rural economy.

We are very grateful to have the draft report and welcome to Barry Moore and his colleagues. Welcome also to other members of the seminar. I hope you both find it interesting as well as being able to help us with your participation.

A number of people I come across think this inquiry is mainly about the economic effects, no doubt partly because of my involvement in this and some other Members of the Committee. But as veterans of the process will know our remit goes much wider and we have been discussing a lot of other issues. Nevertheless this does remain an important issue.

We have been following a reasonably well defined process in these seminars so far, although today I propose to make some changes. This is not merely to keep people on their toes and to create a bit of uncertainty, but reflects the nature of the report.

We will have the opening presentation as usual.

In other seminars we have then had a period for dealing with questions of fact and interpretation and then moved on to more general questions. Given the nature of the report I thought maybe today we probably should do it the other way round; we should begin with some general questions about the approach that has been used and get people to comment on that. Then we will move on to going through

the report almost assumption by assumption and issue by issue to see how people feel about the building blocks of it and the various assumptions that have been used. Then we will come back after that to some of the more general issues. I hope that people are content with that approach and do not think I am changing the rules as we go along.

I will now turn to Barry Moore and ask him to introduce his team and then we will get on with the presentation. After that I will be looking for observations in terms of general remarks about the approach that has been taken before moving on to some of the more specific and detailed questions of the assumptions that have been used and the way in which it has been done. Barry.

MR MOORE: If I can just introduce the team to you. To my immediate left is Professor hervey gibson Professor hervey gibson from Glasgow Caledonian University in Scotland. He has been primarily responsible for the development of the social accounting matrix, which forms the heart of the methodology and the approach. To his left is Mark Cox, who has done a marvellous job managing this project in a relatively short time; a matter of a few months. Mark is a Director of Public and Corporate Economic Consultants who are responsible for the draft report that you have.

I suppose one point I would like you to bear in mind that this is very much a first draft report and I would hope that the meeting here will lead to constructive criticism, ruthless criticism, knowing Terry and I hope as a result the report will be improved

significantly when we move towards the final draft report.

Mark Cox will give the presentation and we will make our contribution when the questioning starts. Mark, over to you.

MR COX: Thank you. Thank you, your Lordship, for the opportunity to come along today and present our report. As Barry said, it is very much a first draft report and in some places we would readily accept that the supporting text in particular needs to be developed so the derivation of some of the calculations we have made is clear.

I am going to have to ask you to excuse me if from time to time during the presentation I turn round to reassure myself that what I am talking about is actually what appears on the screen. There has been more than one technical problem this morning and we have had trouble linking our computer up to the system and getting our slides in a presentable shape. So if we could just hit the first button. Next one please.

What I shall do is present a very brief digest of our draft report, starting with a reminder of the aims and objectives of what we were asked to do, then proceed to a summary of the previous research that we looked at and describe our overall approach and methodology. I will then talk about the direct effects of hunting and then switch attention to the indirect and induced effects of hunting at which point I shall probably ask Harvey Gibson to contribute because he is much more of an expert on that side than I am.

Finally we will talk about the scenarios for the possible effects of a ban on hunting with dogs, to see how that affects our calculations of the size of the hunting economy and its relationship with the rest of the economy. If we could have the next slide please.

The overall aim of our work was to measure the size of the hunting economy and to see what would happen if hunting live quarry with dogs were to be banned. What we actually did was to undertake two of the research contracts, which we rolled into one. One of the research contracts was concerned primarily with the direct economic effects of hunting and the second one was concerned mainly with the indirect and induced effects, but it was, in our view, a good decision to run the two contracts together, because it was a much more coherent approach to doing the work.

Reviewing the specific objectives: we were asked to look at earlier research on the economic effects of hunting and possible effects of a ban. We were asked to closely examine the survey data that had been collected earlier this year from the hunts by the Countryside Alliance. We were then asked, mainly using the Countryside Alliance dataset, to estimate the direct expenditure income and employment of the hunts. We undertook our own original research to estimate the expenditure and the direct employment of hunt followers, and we also undertook original survey research to enable us to calculate the indirect and the induced economic effects of hunting.

One area where we have not perhaps taken the work

as far as we will ultimately want to, is providing estimates of the urban rural split in economic effects and also providing estimates of the regional breakdown of economic effects. So if we could have the next slide please.

The review of earlier studies that we undertook focused mainly on major national studies, particularly but not exclusively those that involve some primary research, and the three main ones were: first of all a study in 1997 by Cobham Resource Consultants for the Stanning Conference on Countryside Sports; a 1997 report by Segal, Quince, Wicksteed for the IFAW and a 1998 study by Produce Studies for the Countryside Alliance.

In the table shown on this slide we summarise estimates from those three major studies alongside estimates of direct effects by McKenzie, which is from the 1980s, and the estimates that have been published by the IFAW, although we were not able to examine the IFAW's own work and examine it critically in the same way as we were able to examine the other work. Going straight to the bottom of the table, it is evident that there is quite a distance between the highest estimate of total employment and the lowest estimate of total employment attributable to hunting.

The difference is a factor of six.

However, looking at the estimates for direct employment by hunts, they are tolerably close together. There is only a difference of a factor of three between the highest estimate and the lowest estimate. The striking differences, and the real bones of contention, I

suppose, are to be found in the estimates of direct employment by hunt followers. You will see from the summary table that the difference between the highest estimate and the lowest estimate is a factor of 20 and I will talk about some of the possible causes of that major difference shortly.

We also summarise the indirect employment estimates and the induced employment estimates. They tend not to vary as much as the estimates on direct employment by followers. So in summary, previous estimates of total employment in the hunting economy have varied from just below 4,000 to almost 23,000. If we could have the next slide please. We carefully examined the methodologies that were deployed to produce the various estimates that I have just been talking about and it soon became clear that there were a host of discrepancies and problems, particularly affecting, as I suggested, the estimates of employment and expenditure by followers and to a lesser extent the indirect and induced economic effects of hunting.

We list on this slide some of the problems that became apparent when we examined the methodologies alongside one another. There is, for example, no agreement on how jobs should be standardised into full-time equivalents. It was evident that there had been some double counting of expenditure by hunts and by their followers. There was clearly, in our view, some survey bias towards followers who are more than averagely involved in following the hunt and that tended to distort some of the expenditure and employment

estimates.

There were problems in allocating horse expenditure for all purposes to expenditure on hunting horses in particular. There were, on a number of occasions, in two of the studies that we have mentioned, some quite unsound or meaningless calculations used to calculate employment and indirect employment from followers' expenditure. We found, for example, in two of the studies that followers' expenditure had been divided by GDP in the equestrian sector and it is really a meaningless calculation. It is a bit like dividing the amount of chalk by the amount of cheese. You cannot do it; they are two entirely different things and you do get very false estimates when you do that.

If you could move to the next slide. The approach we decided to use was an input/output approach. We decided to do that because building input/output tables requires accounting for all flows, income and expenditure in the hunting economy, within the hunting economy and between the hunting economy and the rest of the hunting economy.

The discipline of building input/output tables means that double counting is avoided. It ensures that all relationships are treated consistently.

Input/output tables are also extremely useful devices for calculating multipliers and they are robust and powerful frameworks for the evaluation of scenarios, questions of the sort: what if such and such were to happen?

The data collection and original survey work

that we undertook was driven mainly by the need to feed data in to the input/output tables and that involved cleaning of the data that was supplied to us by the Countryside Alliance and developing it a bit further on the basis of the follow-up survey of Hunt Masters and Treasurers which we undertook, a survey of hunt followers and a survey of suppliers of hunt related goods and services. Having undertaken that original survey work, we then constructed our basic input/output tables and calculated the indirect and induced effects. We then developed scenarios and tested them using the input/output table.

On the next slide, we illustrate, in a fairly simple form, how the input/output approach works and, in essence, inputs, which take the form of expenditure by hunts and by followers, create outputs in the form of employees' wages, goods and services purchased which are then turned into employment, both direct and indirect. Both the direct employment and the indirect employment have a knock-on effect creating an induced economic effect.

What happens when we test scenarios with the input/output tables is that the inputs change, so that changed inputs will feed their way through this flow diagram so that a different total figure for direct, indirect and induced effects employment will result, and we will come on to describe which of the scenarios we used and how we specified them.

If I could talk now about the direct effects of the hunts on income, expenditure and employment. The

first stage of our work was to clean and validate the data from the very large majority of registered hunts in England and Wales that had been covered by the Countryside Alliance survey. We had to remove some non-eligible hunts, because they were Scottish. There were also one or two duplicates. There were one or two completion errors. But by and large the quality of the data in our view was good and it was evident that not only had the hunts supplying the data taken due care and used their best endeavours to supply good information but also that the information had been treated properly and had been processed accurately.

Then from that raw clean dataset we produced grossed up estimates of income, expenditure and employment, because although we had 279 observations, we were missing 23 and we had to take account of those missing 23.

Having done that, we made adjustments to the grossed up Countryside Alliance data, on the basis of the follow-up survey work we did with the hunt Masters, where we were also able to identify some gaps in the data that had been supplied. We were able to correct some completion errors and perhaps most importantly, we were able to obtain a much finer level of detail, particularly on employment, types of employment, job titles, for example. We were able to disaggregate hunt's income into many more categories than the Countryside Alliance survey managed. We were able to break down revenue or operating expenditure into much greater detail. So on the basis of that work, we produced what we

choose to call our preferred estimates of income and expenditure and employment of the hunts in England and Wales, and those estimates are summarised in the table at the bottom of the chart here. Very briefly, it shows that the hunts employ directly about 710 full-time equivalent employees. Their collective income is a little bit less than their revenue or operating expenditure. One thing in particular that we did, that the Countryside Alliance survey did not do, was to collect information on the income that the hunts received from the collection of fallen stock and it is evident from this final two lines in the table that collection of fallen stock, far from covers its cost from the income it derives.

If we could turn now briefly to the direct expenditure and employment estimates of hunt followers on the next slide.

We encountered some of the same problems that earlier research encountered in that our survey response was skewed in favour of people who described themselves as more than averagely involved followers, and the reason why that happened was that because of the very short time we had available we were dependent on the Hunt Master supplying us with contact names for our survey.

So in fact more than three-quarters of our sample of hunt followers described themselves as more than averagely involved. However, that did not matter in the end, because when we examined our data we found that there was a very strong linear relationship between total expenditure by any follower or follower household

and the number of horses they kept. So for example one horse kept equated very closely to £2,600 expenditure on all horse activities and 10 horses equated very closely to £26,000.

So the bulk of the survey data from followers, which was from the horse owners, was grossed up to a control total of a number of horses in the population rather than to debatable and contentious estimates of the number of followers or follower households in the population.

On that basis we got an estimate of the total expenditure on all horse related activity and by asking the followers, horse by horse, what proportion of its time was devoted to hunting, we were able to net out the non-hunting expenditure. So we came up in the end with an expenditure estimate for all followers of around £65 million. We were further able to estimate from the information that we got from the survey that the followers employed between them just under 1300 full-time equivalent employees to look after their horses.

If we could turn now to the indirect and induced effects. I think it might be appropriate for me to give way to Harvey at this stage, but simply what we did was to use all the various survey data we had to hand to create an input/output matrix or social accounting matrix for the hunting economy, which we then set into the context of an input/output or social accounting matrix for the whole economy, so that we could trace and estimate the indirect and induced employment

relationships.

The summary matrix we produced is very much a collapsed matrix, as shown in the table there.

Do you want to have a word about that, Harvey?

PROFESSOR HERVEY GIBSONPROFESSOR HERVEY GIBSON: Yes, I think the report rather

than the slides is a better way of setting up the structure that we have used. The main reason for putting it into a matrix, into a table, was to enable us to avoid double counting and also to follow the flows through in the way that is shown on the diagram that you have already seen.

So moving from the direct expenditure on to the indirect then. This is spending by hunts and by followers, some of which ends up in hunt related businesses and some of it ends up in non-hunt related businesses. Broadly speaking about three-quarters is in the kind of businesses that are covered by the equestrian trade surveys and about a quarter is not and of that quarter, pretty well half is to do with vehicles and transport and so on.

We attempted to follow up the survey that had been done on the suppliers to the hunt and had a number of useful and interesting conversations with hunt suppliers. However, we found they were a very coy lot. Only about half of them were able or willing to disclose their turnover and in the end only, I think, 22 were able to talk about their costs and half of those were in the retail or wholesale sector, so their costs were not really terribly relevant to the economic impact of hunting.

So we were reduced to using national sources to get at the cost structure of these industries and the main national source was this document, the input/output tables for 1997, which is published by the Office of National Statistics and is the basis on which the UK's national accounts are put together.

Well, unfortunately, the next slide I think, can we try -- yes, the next slide you will need to refer to the page in the hand-out, which is what I call the declining skyscraper. What this shows is in the first column the effect measured in jobs. We turned expenditure into jobs by looking at the industry that was receiving it and dividing by sales per employee and essentially that is the figure taken from here of the employment statistics for the UK.

So you can see on here the rural indirect and urban indirect producing in the first about 1000 jobs: roughly speaking three quarters of those are in equestrian trades and hunt related trades and about a quarter in other jobs, in other trades. Then as those businesses spend the income they receive, we move into the second round, where you can see the indirect goes to about 300 and then into the third round about 100 and in the fourth round about 50 and so on. So fairly rapidly declining as money leaks out of the hunting economy into the rest of the economy.

So that is the direct and the indirect. The induced takes into account a third factor, which is what happens when all these supplying businesses and indeed the employees directly involved spent their income. Now

that leaks out of the rural economy and out of the hunting economy much more quickly because if an employee buys a car then it gets made at Longbridge or Dagenham or somewhere; it does not get made in rural England. But as you can see, nevertheless in terms of the total economic impact the induced is a significant amount and it extends the tail of these declining skyscrapers.

I think probably that is the point to hand back to Mark.

MR COX: I think it would be useful now to summarise the various estimates we produced for direct, indirect, induced and total employment and compare them with the previous estimates that I talked about earlier. If we could have the next slide.

In each case our estimate is shown at the bottom of the cell. So on direct employment by hunts we estimated 710 full-time equivalent employees, which is about the middle of the range of previous estimates. Our estimate of the direct employment by hunt followers is towards the bottom end of the range of previous studies and it is 1,291 employees of hunt followers. Our estimate of indirect employment by suppliers of hunt related goods and services is just under 1700 and, as you will see, it is lower than any of the estimates produced previously.

Our estimate of induced employment is just under 1300, and it is a bit difficult to compare it with previous studies, partly because not all of them have estimated it, and one of the other two concedes that

the estimate they have used might well be an underestimate. So in total we estimate that the total employment in the hunt economy is just under 5,000 full-time equivalent employees.

I think we can turn now to the subject of what might happen in the event of a ban on hunting with dogs, our scenario analysis. If we could have the next slide. What I would like to emphasise here is that what we are presenting are not predictions of what will happen, but they are demonstrations of what would happen to outputs if certain assumptions are made about the changes in inputs under different scenarios. We developed three different scenarios, each of which has different implications for inputs into the hunting economy and hence for outputs from the hunting economy. The first scenario was summarised as "the collapse Scenario", where we take at face value the views expressed to us during the survey work that we undertook about what would happen, for example, to the point-to-points, hunter trials, puppy shows, et cetera, which are closely related to hunting and from which hunts derive quite a considerable proportion of their income. The views of the hunt Masters and Treasurers we surveyed were that those activities will very quickly cease. They also told us that in the event of a ban on hunting with dogs they would very, very quickly cease their collection of fallen stock, which implies that they would not switch to drag hunting or hunting with bloodhounds.

The followers we surveyed indicated that by and

large they would not switch to alternative forms of hunting and they would not keep most of the horses they currently keep. However, they also made it clear that they would not immediately dispose of their horses because there would be no market for them; they would simply not replace them when they had reached the end of their working lives and that enables us to time profile changes in outputs under this scenario. The suppliers we surveyed also indicated that their staffing levels would be reduced.

The second scenario which we examined is the one we called "the partial replacement scenario", where we are assuming that there would be a replacement of one third of the existing live quarry hunts by drag hunting and hunting with bloodhounds; that the closely related activities, such as point-to-point, would all continue in the short-term, but would then tend to fizzle out over time to one third of their previous level and that the drag hunting and the bloodhound hunts that replace the live quarry hunts would have lower expenditure and employment than the live quarry hunts, partly because packs tend to be smaller, certain employees for example, terrier men are not required in alternative forms of hunting and because the literature suggests that the people who follow drag hunting and hunting with bloodhounds spend less and tend to have fewer horses than the people who follow fox hunting.

The third scenario which we examined is what we call "the full replacement scenario", where all existing hunts are replaced by drag hunts and bloodhounds; that

all related activities would tend to continue, but as in the previous scenario the hunts have lower expenditure and employment and the followers spend less money.

We can then show in the next three slides what happens to the overall estimates of employment in the hunting economy if we apply the scenarios. Under the scenario number one, the collapse scenario, as compared with the baseline, the status quo of just under 5,000 employees, employment in the hunting economy, we believe, would fall very rapidly to a very small fraction of its current level, down to just 666 employees altogether or in other words 87 per cent of the employment would disappear.

Most of the fall in employment would happen within the first three years. There would be a tapering off because, as I suggested, although the hunt followers would tend to withdraw their involvement, they would still have their hunting horses which they would not necessarily dispose of immediately.

In the second scenario, the partial replacement scenario, employment eventually falls to just over 2000 or 58 per cent fewer than are employed currently in the hunting economy. Again, there is initially a rapid fall in activity, in employment, followed by a more tapered reduction.

In the final scenario, the full replacement scenario, there is still some reduction in employment because, as I was suggesting, there is evidence that draghound hunts and bloodhound hunts do not need to be as large and employ as many people as fox hunting, for

example, and that the followers of these alternative forms of hunting do not quite spend as much on the hunting as followers of live quarry hunting do.

So there is a reduction in employment, but it is very modest, an overall reduction of 7 per cent after 10 years.

If I could, finally, talk about how we could put those scenario analyses into context. Clearly, the three different scenarios all imply some loss of employment and it implies a loss of employment of anything from just a handful of jobs to many thousands of jobs; in the worst case the job loss would be over 4,000.

In this table what we show is that any job loss that might be associated with a ban on hunting with dogs would be small in comparison with the employment growth that has happened in rural areas in England and Wales, and which is predicted to happen in the rural areas in England and Wales. So we show, for example, that in the 1980s employment in the rural areas grew by nearly 600,000. In the 1990s that was repeated. In the first decade of this millennium we are predicting, using our own forecasts, that employment in rural areas will grow rapidly, but not quite as rapidly as before, but still we are talking about a 500,000 increase in employment compared with a possible loss of 4,000 jobs if we take the worst case scenario that we looked at.

Even in the remote rural areas, where a lot of the current hunting activity is concentrated, there has still been considerable growth in employment. Nearly 190,000 in the 1980s, 130,000 in the 1990s and we are

forecasting employment growth of 120,000

in the current decade.

These figures for employment growth in rural areas might welcome as a surprise, given that there has been tremendous media coverage of what has been called "rural decline". What has actually happened in rural areas is that the traditional rural industries have declined and are still in very considerable distress and are likely to decline further.

But there has been a very rapid growth of non-traditional rural industries in rural areas, and it includes businesses in a very wide range of industrial sectors, but the sort of businesses we are talking about are very often lifestyle industries where people are taking the opportunity to leave the city, set up a business and work from home very often or very close to home.

We would not want to, however, minimise any pain that might be associated with a loss of employment from the hunting economy because, clearly, loss of hunting employment will not be painless, even though there has been very rapid growth in rural employment and although we are forecasting that this rapid growth will continue. The reasons why we say it is not going to be painless is because the job losses from the hunting economy are likely to be very localised and it does not follow that the growth in rural employment will happen in exactly the same localities that are affected by a loss of hunting employment.

It will be painful for the individuals concerned

because the skills and occupational profile of the people who will lose their jobs in the hunting economy are unlikely to match the skills and occupational profiles of the new employment opportunities that are emerging or are going to emerge in the new rural economy.

We know, for example, that in terms of the Government's standard occupational classification, most hunt related employment is in what is described as "other occupations". In the rural economy as a whole the forecast is that employment in that occupational group will decline, but the job creation will mainly happen in occupational groups such as professional occupations, associate professional and technical related occupations, in clerical and secretarial occupations and in personal and protective services occupations. So there will be an occupational mismatch between the jobs lost and the jobs that are going to be created.

Finally, on the issue of redeployment, we believe that even when former hunt employees can compete for new employment opportunities, their reabsorption into employment will tend to be a protracted process. Previous research we have done, examining the effects of large scale redundancies, has suggested that two years down the line only around half of the people who lost their jobs are in some form of employment. A considerable proportion two years later are still unemployed and a considerable proportion become discouraged and quite often cease to become

economically active.

I am sorry if that has taken rather longer than hoped for or anticipated at the outset but clearly there is a lot of meaty figure work there. May I simply conclude, my Lord, by saying that we do want to do further work on the report; it is just a draft report, and in particular what we want to do is to develop the text in the report to make it clearer where some of our numbers came from. We will be doing more work to breakdown our estimated effects between rural and urban areas and we will want to do more work to provide a regional breakdown in the various estimates that we have produced. Thank you.

THE CHAIRMAN: Thank you very much. I think we can all agree that there is a lot of figure work. We appreciate that it is a draft report. We also appreciate that the report had to be written in a very short time but I am afraid that was governed the timetable that we had.

I would now like to take some general points. For example, anyone who wishes to comment on what the report says about the literature and the other studies; the whole question of the accounting matrix approach and whether or not it is sensible and how far that takes us; and any general points or criticisms any members of the seminar seated around the table wish to make.

DR RICKARD: Thank you very much. May I make some brief general observations.

The first point is that we agree that input/output analysis is the correct way of approaching this problem and we have no problem with that. However, like

any methodology or any tool, it is really only as good as the data that goes in, or indeed only as good as the skill with which the model is used.

By Professor Gibson's own admission a lot of the data that has been used is biased upwards. Your data on hunt followers, you have more or less admitted, is biased upwards and I am not sure, but I believe that you have not fully recognised that in your report. I only make a general observation rather than detailed one at this stage. I think it is probably and I apologise if I have missed this, that VAT has not been taken out of hunt follower's expenditure before calculating the effect on the economy.

The next point is that the multiplier used of 1.84 is a bit high and it would appear high by reference to other studies.

When these two factors are put together we are in danger, I think, of considerably exaggerating the impact on employment. I appreciate there is no definite data; I appreciate that one is never going to get it, but I do think in this report you might allow for that by perhaps putting forward either some greater attempt to adjust the data or show what would be the effect of perhaps slightly lower figures.

Finally, I come to the point about the longer term impact of unemployment within rural areas. You spent a fair amount of time at the end of your presentation talking about changes between jobs, et cetera.

Unfortunately you do not in your report spell out exactly how you arrived at these sort of effects and I

do think that it is important here when we are talking about the economic consequences of a ban on hunting, to put it in context of the rural economy and make very clear that we are talking about the net effect after a number of years on unemployment.

I am aware of the fact but agriculture, for example, has shed something like 7,000 full-time jobs a year for 25 years and we do not see mass unemployment in rural areas and I feel you have not really given the correct weight to how quickly these jobs will actually be absorbed back in rural areas and therefore the net effect within a two or three year period might, I suggest, -- subject to further work on it -- be a great deal lower than you just implied at the end of your presentation.

THE CHAIRMAN: What I think I will do is collect a few points together, if I may, before calling upon you to respond.

MR CORBETT: My Lord, Sean has raised the point that a model is as good as the data that goes into it; I think we all would agree with this. Mark Cox also made very real point that the real bone of contention in the difference between the figures really arises out of the work that has been done in the follow-up survey of hunt followers. Broadly the numbers match amongst the hunts themselves. Where they do not match is amongst hunt followers and I suppose I am correct am I, in saying that from what you were saying, that really there is an absence of trade data because you hit so many problems in the trade survey that you have actually had to use

another technique.

Now on the hunt followers could I ask one or two quite specific questions about the methodology that has been used for this sample?

We are talking about --

THE CHAIRMAN: Sorry, could I just interrupt? At this point I would rather not get too much into the detail of the particular assumptions that have been made. I would like to come to that next, by going through the report bit by bit.

I am happy to have your general observations on this but I would want to take those issues which are more detailed in turn a little bit later.

MR CORBETT: I think the general observation, my Lord, is that this would have to be a very robust sample in order to be able to make the projections that have been made and as we are talking about 115 subscribers or members and a further 60 supporters, really the bulk of expenditure is on these 115 people. I think we do need to look very carefully at how a sample could be robust enough to represent the entire hunting sector of these approximately 115 people and maybe I could return to this later on.

THE CHAIRMAN: Yes, I am very happy to do that.

MR WAKEHAM: My Lord, can I ask one question about the dataset, the actual source of information. It appears that the work that we commissioned from Produce Studies in 1998 when the field work was done and published in 1999, which included a number of questions about hunting

not previously included in the 1995/1996 survey was not used at all and I just wondered why.

PROFESSOR GEORGE PETERS: Thank you. My name is George Peters. I do not know whether this is a point of detail or a point of principle, but first of all I think the methodology is broadly correct; it is obvious that this is plainly the only conceivable way of tackling the estimation. But I am still worried about some of the details.

The first point is that some of this is not very "rural". The loss of a job in Littlewood Pools in Liverpool (say) because employees of hunts can no longer afford the stake money is the loss of a job, but the spread is important and you have a method which has the widest possible range of effects. I realise that you know this, but nevertheless, it seems like a rather fundamental difficulty.

The second point is that I cannot understand your Table 1. Social accounting matrixes are supposed to have rows and columns which add up and these do not. It is a very mysterious item. For example, if you look at the table, (it was on the slides that were put up), you see it immediately from the last column, (employees), where employees pay to the rest of the economy £41.2 million and total expenditure is then said to be £54.9 million. Then if you go to the previous column, the rest of the economy to the rest of the economy, there is a figure of £175 million and the numbers only add up to £120.4 million. Now there is some technical manipulation going on here, which I do not quite understand and which should be sorted out.

THE CHAIRMAN: I agree.

PROFESSOR GEORGE PETERS: Can I perhaps stop there and come back at a later stage?

THE CHAIRMAN: Yes, I think there are a lot of us who tried to add up these figures and had some difficulty.

MR COBHAM: My Lord Chairman, a number of allegations or Critical comments have been made about the earlier work undertaken by Cobham Resource Consultants on behalf of the Standing Conference on Countryside Sports and I have to express more than mild surprise by a principal statement relating to the direct participant employment where we are alleged to have derived that by applying an average wage factor related to total follower expenditure.

At no time have we undertaken or prepared any estimates relating to direct employment, based on expenditure figures. In every case we have either ourselves or through secondary data prepared by other consultants counted or attempted to count heads.

Quite a lot of the critical comments that are made by PACEC in this Section of their report are not well founded. I have to say that if the consultants had come to see us there would have been a full explanation covering each of the detailed items. I have to request, please, that

they liaise closely with us before the report is finalised.

MR BURKE: A simple question, Lord Burns, that perhaps Mark Cox might be able to dispose of immediately. Mark said that he was not able to examine the IFAW work, which is summarised in the first table. Did he request it? Was the data forthcoming?

THE CHAIRMAN: Would you now like to deal with the range of points that have

been made?

MR COX: The range of points?

THE CHAIRMAN: In whichever order you want.

PROFESSOR HERVEY GIBSON: Sean Rickard, I think, started with three points: one was that 1.84 is high and a third of the (inaudible) split. On that, yes, this is potentially an issue but one of the things that became very clear is that the hunting economy is a pretty informal one and one would not be entirely sure that every penny of that due to Customs and Excise has necessarily reached them and of course indirect taxes are treated within the input/output tables and for the followers expenditure, those were used. So their impact will have been taken account of.

Perhaps I should say a little bit more about the models; a particular table that does not add up. The problem is going from Excel which has to add up to Word, which is made to look pretty on the page, and there are balancing items which would have made it look really ugly for you, Lord Burns. We are really sorry, but in fact we have, I can perhaps set up the other computer over lunch and we can show you the tables proper.

In fact there are really three versions of the social accounting model. One of them has about 30 sectors for the hunting economy and about three or four or five for the rest of the economy. One of them has one sector for the hunting economy and 123 for the rest of the economy and that is basically based on the input/output tables. One of them is the condensed one that you have seen in the paper, but the ones that we

actually use for doing the sums are the much bigger ones.

Then thirdly on the rural urban split, well, this has been said, this was originally two contracts let over a six week period and the indirect induced necessarily have to follow after the direct, so that left on a straight timespan about a week to do the indirect.

The rural urban split was done by inspection on the industries and that seems to me to be not at all unreasonable. We did, when we were talking to suppliers we asked them about how many of their employees lived in the countryside and so on, but the sample was far too small for that to be of much use but it does seem reasonable expenditure on farriers -- clearly expenditure by hunts and followers is rural, expenditure on farriers is rural. Expenditure on vehicles and vehicle maintenance, at least initially, is going to be rural because you go to the garage down the road. Other expenditure will be split between urban and rural, but by the time you have taken account of those, the amount that you are splitting arbitrarily is really quite small.

A word too about leakages. There is quite a lot of, the figures would be quite a bit higher if you included non-UK employment in here, because for example 56 per cent of the clothing consumed in the UK is imported and 57 per cent of the leather or some figure of that order of magnitude and while these figures might be a little bit lower for hunting, inspection suggests

that they are not enormously low. Clothes tend to be imported, hunting clothes tend to be imported just as much the clothes that we wear in our day-to-day lives. That was it. The fourth point was: is 115 a big enough sample of followers? Well, the interesting thing there is the 100 odd -- it seems to be a big enough sample of horses, because when we broke down the sample by the number of horses owned in the household there was really remarkably even results; variation between households once that was taken account of was really quite small, and so therefore, I think we would say that as far as the followers is concerned, the standard errors are reasonably within control.

The fact -- there was a point about bias, well, that clearly does have to be acknowledged. The fact is that the very devout followers with lots of horses actually spend a little bit less per horse and we get economies of scale in their stabling and they tend to have their own transport facilities rather than having to go and hire a horse box. So some of the bias tends to diminish, and it is of course true that when you are looking at the figure from an expenditure point of view, as we are, rather from a number of people point of view then the bias is automatically less.

MR CORBETT: Can I ask Lord Burns on that particular point, was this 115 sample of actual followers representative of all 302 hunts?

MR COX: Some hunts were not able or not willing in the time available to supply us with contact names of their subscribers and supporters, so we were not able to cover

all hunts.

MR CORBETT: Why I ask this is, of the 302 packs, only 69 per cent of them would actually be mounted packs, so our -- if it was proportional, our 115 people would come down to 79 people. We know from earlier data that actually, of people who hunt mounted, only 81 per cent have horses at home, so logically we would be down to 64 people who actually had horses at home. If you have a pure sample only 46 per cent of people who have horses at home employ labour, so we would be down to 29 people actually employing labour, and only 22 per cent of those actually employ full-time labour, which is six and a half people.

THE CHAIRMAN: Again, there will be an opportunity to go into each of these in more detail as we go through them in order. But thank you for registering the point.

What I do not think you dealt with was the question about the BETA horse survey and whether there is consistency or inconsistency with that.

MR COX: I cannot answer that question immediately. I would have to check exactly what was written and I am not sure I fully understand the point that was made. Could we return to that?

THE CHAIRMAN: I am more than happy to look at that later. Is your impression, Mr Wakeham, that there is a significant difference between the numbers coming out of this and the numbers that came out of your survey?

MR WAKEHAM: I think there is my Lord. I think the point I wanted to make was that the second survey included questions about hunting, specifically in the context of

the use of horses.

THE CHAIRMAN: And do you have anything to say at this stage about the comment from Ralph Cobham, and the criticisms you made of their work?

MR COX: Again, I would have to refer that.

MR ANDREWES: Lord Burns, could I say I am obviously trying to look at this issue in general. It is very interesting to note that where there is clearly a very good sample which there is in the actual employment by hunts, the figures that have been produced previously, and these figures are really not hugely different within the sort of general context.

When we come to the area where the sampling inevitably was much weaker, which is the employment by followers, there is a huge difference. I tried to see what might have caused some of these differences and I hope this is not too detailed, but I do think, in particular, that the question of multiple hunt participation, which has an enormous impact on the numbers needs to be reconsidered. It was taken, very

properly, from the survey that was done in west Somerset, which is where I think the 1.5 number comes from.

However, one should recognise it is the only part of Britain where there are two forms of horse hunting going on together; that is to say you have got both stag hunting and fox hunting going on in the same area. I have no statistical basis, unfortunately, for saying what multiple hunt participation is, but I believe, across the country as a whole, it would be very small.

A lot of people will hunt with other hunts, but they will tend to do it by the day by paying a daily

cap, and they would not be regarded as members of that hunt. So there is a good statistic that people hunt with, I think, 2.26 hunts per season. I do not have any problem with that, but I suspect that it comes from people doing so by the day and that gives quite a major difference. I am not criticising the methodology at all, but it does have quite a big impact on the way the numbers come out.

The second point is this question of multiple horse use which, again, is a question of principle; it has a big impact on the numbers as this was taken at 51 per cent.

Again, this inevitably is somewhat subjective; but the nature of the way people keep horses is that if they have them for something like hunting, they will use them for lots of other things as well. It is very difficult, I believe, to determine what is the proper proportion of that expenditure to be ascribed to hunting. The key thing is what would they do if there was no hunting; would they keep the horses at all or would they go? I accept that this is speculative, but I think that if the main purpose of the horse is for hunting, then really all of its expenditure should properly be attributed to that particular activity, because it is its first activity. This is given some weight by the figures in the BETA survey which was done by the Trade Association, because that actually did look at the total number of horses and the numbers that were kept primarily for hunting. There we do see much higher numbers, and if you walk these numbers through then it also begins to resolve

this issue of one groom looking after 17 horses, which seems reasonable.

I accept entirely where the number has come from. I am not trying to attack, as it were, the integrity of the matter, but I just think that with those assumptions we do end up in a rather odd position.

MR COBHAM: Lord Chairman, I should like to raise a point of principle as somebody who, I will not say pioneered, but was early in the field in estimating full-time equivalents. I have consistently and been delighted that others have followed that methodology, albeit that there is some doubt about what constitutes a full-time employee or equivalent.

I would urge that we do not lose sight of the fact that we are actually talking about human beings within full-time equivalents, and that actually there are a total number of jobs made up of full-time, part-time and casual workers which need to be investigated and considered. My observations and experience in the rural economy is that, certainly over the time period where we have been researching countryside sports in a generic sense, there has been a move from full-time employment to part-time and casual employment in the hunting sector. We have, what might be termed, a pluralistic rural labour market, where a significant number of people have more than one, more than two and in some cases more than three jobs. The loss of a part-time job or a casual job can, to that person, be just as important as the loss of a full-time job. I have brought estimates with me to try to amplify this whole direct employment issue later

in the day, if I may please, these estimates are based on some ongoing primary research work in Scotland, undertaken on behalf of BFRS. I should like to draw attention to jobs as well as full-time equivalents, and would ask the Committee, please, if they would in their deliberations do likewise.

THE CHAIRMAN: Thank you very much. I think we have already reached that conclusion. But thank you very much for making the point and we will come back to it later in the day.

At the moment we are collecting up points.

This is very useful to highlight the ones which we would wish to spend more time on.

Are we finished with that part of the process?

DR CRABTREE: My Lord, perhaps I can make a few general points.

I might introduce myself as an independent, although I am sitting with the ally here. I am undertaking --

THE CHAIRMAN: You are sitting between them!

DR CRABTREE: I am undertaking a study for the Scottish Executive, a somewhat parallel study of the economic impact of the Scottish bill in Scotland which impacts on more than fox hunting, but part of the study is on fox hunting; but a few general points.

First, I sympathise with the consultants over a lot of the difficulties, which in some cases seem to me somewhat intractable.

But one of the fundamental problems which the gentleman on my right raised was the allocation of

expenditure problem. If you go to the followers and say: tell us about your expenditure associated with hunting, you have some arbitrary allocation problem which is very difficult to do in any exact sense.

It seems to me that the better way to do it is to have a policy on/off questionnaire, where you actually ask about current expenditures, and then say: how would these change with the bill introduced? That is the policy on, as it were, with policy off currently, which is the point raised on my right here.

It seems to me that gives more secure results but not relevant to the present study because, I guess, it is much too late to contemplate that sort of approach.

PROFESSOR HERVEY GIBSON: There is a quick answer on that.

We effectively asked that question and the answer that we received from the hunts was that 90 per cent would disappear, and from the followers was 70 something.

MR COX: 90 per cent of horses would disappear if there was a ban.

DR CRABTREE: But this is 90 per cent of the horses they have allocated to hunting?

THE CHAIRMAN: Those are the horses presently owned by the hunt.

MR COX: No, by the followers.

THE CHAIRMAN: I thought you said the lower figure.

DR CRABTREE: Anyway, a point on interpretation which picks up some other points.

I think it would be very helpful to the reader, ultimately, for some of the figures in your matrix to be explained quite fully, particularly the ones that link

to the rest of the economy, what do the numbers mean, what is the rest of the economy; all that, which is not at all transparent at present.

Another point about FTEs and jobs, which seems to me quite crucial in this study, the way the conversion is made and the way the results are presented.

At present, in some of the paragraphs you talk about jobs, and it is not clear whether actual jobs or FTEs, and I think that is rather important to be absolutely precise on that. But the conversion of part-time jobs to FTEs seems to me quite critical, because we are in a sector where a large number of employees are paid at very low wage rates. They work long hours; low wage rates. If you converted on a per hour work basis to a full-time basis, you end up with full-time jobs where a lot of individuals are being paid not a living wage, well below the minimum wage.

So there is something that seems inappropriate about that, if that is the method. One has to think of alternative methods that give results that are more coherent, in some sense. We have done it by using the minimum wage, actually, as a way of converting between the two, which we preferred.

One final point is a point about re-injection, which seems to be omitted from the study. That is -- I may be wrong there -- that is expenditure that particularly relates to the followers who are the source of final demand for all this activity, the expenditure that they do not make after a ban, what happens to that expenditure? Some of that is going to be re-injected

into the economy and the rural economy. It is very important to determine what percentage that is. The alternatives are saving, which of course might mean later re-injection, or expenditure outside the economy you are interested in. But clearly the re-injection has direct, indirect and induced impacts which may be small, I do not know, but should be included in the study.

MR ANDREWES: Could I make one other point about collection of data from followers, which is the slight problem we have been struggling with for years. I think I am right in saying the followers were interviewed on the telephone?

MR COX: Yes.

MR ANDREWES: Did you get a chance to then go back to part of that sample and give them the chance to really work out what they spend, because our experience has been if you ask people on the telephone what they spend on their horses, you get an enormous underestimate. I have had to do this in various studies, not particularly concerned with this at all. People just do not know what they spend on their hobby and indeed they very often choose to not be entirely honest with themselves. If you then go back to them a week later and say: "Now come on, I really want to go through these numbers with you -- we have done this with one or two people -- we have come across remarkable differences".

I do not know whether anybody else's experience has been similar, but I think it might just be worth raising.

THE CHAIRMAN: I can vouch that if you asked me the same question about golf expenditure I would do the same, particularly if my children are listening.

MR ANDREWES: In horses it's one's wife.

MR COX: Could I reply to that point? We did in fact find that a fair proportion of the followers, when we asked them to break down their total stated expenditure into categories, actually said: "well it is not £5,000 is it? It is actually £8,000" and they expressed surprise and alarm that it was that much.

So we did actually arrive at a total expenditure figure in two ways, first of all asking; "how much in total do you spend?" Then: "how much do you spend on the subcategories?"

MR MOORE: May I make two small points: one is that the figure of expenditure per horse that we have obtained does seem to square quite well with other estimates -- the figure of about 2,600, and I think that does square quite well.

I think the other important point to mention, bearing mind the problems with followers, and that is that we decided that the best way to use the expenditure figures was to gross up the figures on the basis of expenditure per horse, rather than expenditure per follower. Given that the expenditure per horse seems to be in the right ballpark, and given that we grossed up on the basis of the number of horses estimated to be involved in hunting, making due allowance for the time spent hunting, which I admit is difficult to estimate, I do not think we should perhaps put quite as much

emphasis on the followers expenditure as we are putting at the moment.

MR ANDREWES: I agree the overall expenditure per horse does look remarkably sensible and particularly compared with other studies. I think, though, it included what the family was spending on the hunt; that is to say their subscriptions were included in the expenditure per horse, whereas I think when you compare these numbers with the horse economy as a whole, of course that expenditure would not be included, because they would not have to incur that expenditure, that is to say it would only include money spent on actually looking after the horse; food, shoeing, vet, saddlery etc.

Whereas I think your equivalent number per horse, which I thought was a good number, included some extraneous expenditure which would have caused it to be boosted on average, that is the expenditure on subscriptions to the hunt and that sort of thing, because you include all of that expenditure.

MR MOORE: The implications of that would be that we overestimated rather than underestimated.

MR ANDREWES: No, because if the other point is right that people do underestimate their expenditure, your figure comes back to what did look like, overall, a sensible figure but only by adding that extraneous expenditure which would not apply to people keeping horses if they were being kept for point-to-pointing, polo or hunter trials etc.

MR MOORE: I am happy to show the figures.

THE CHAIRMAN: We will come back to that.

MR MOORE: Lord Burns, one point that I did want to raise

was the question of capital expenditure which was apparently omitted from the figures, for reasons which we understand, but I think that we are able to show from our work that there is a way of calculating the prime use of a horse, the main purpose for which the horse is kept. I think that number was omitted because they felt that that was not possible.

THE CHAIRMAN: Any comment at this stage?

PROFESSOR HERVEY GIBSON: Well, yes. I am actually not speaking on behalf of the team, but I have discussed this aspect with the team, but I think, from my reading of what I have seen, there is a difference between the prime and the proportional use.

It is possible to have a horse that is primarily kept for hunting, but actually only used for hunting 70 per cent per cent of its time, and certainly possible to have one that is primarily kept for hunting and only used 60 per cent of its time for hunting. I think that would be a difference in the two horse population estimates, because effectively we have said what proportion of the time is used for hunting.

MR COBHAM: Can we receive further clarification on that please:

when is a hunter not a hunter, and when is it a hunter? Is hacking allied to hunting? Sometimes yes, sometimes no. How did you deal with that point? How are events, point-to-points and hunter trials, and all of the activities associated with training, getting and keeping a hunter fit viewed in terms of your definition of what is or is not a full-time hunting equivalent horse? It does seem very important that that is clarified

and that there is agreement, I would suggest, with the hunting fraternity; that the definition you take is a fair and correct one, reflecting what happens with the horse on the ground.

THE CHAIRMAN: Could I suggest that we move on in terms of my notional agenda and look at the issues in the order in which they appear in the report. I think we are now getting into that territory. It probably makes more sense if we take them in order. Is everyone happy with that?

Could we begin with the question of, what we might describe as the hunt economy, which is the income and expenditure of the hunts themselves, and see if there are any issues which arise from that.

I am looking from page 20 on in the report. This includes the whole question of the income and expenditure, the issues of cleaning of the data, grossing up for the missing hunts, and the question of full-time equivalents. I suspect there are not a lot of issues here. I think most of the comments we have had imply that there is fairly widespread agreement about this, on pages 24, 25 and 26. Could we take the whole section and see if there are any points that people wish to make?

MR CORBETT: Could I raise one point or two points on this, Lord Burns?

First of all, I think a very important issue, of whether the hunt fundraising activities are being treated gross or net. Now this will make a profound difference to the model.

I understand within the report that it is being suggested that, I think, some 80 per cent are actually being treated as gross. I have to say I find this extremely surprising, and I just wonder whether in the answering of the questions the hunts actually realised the significance of what was being asked, because it is quite intriguing that in the questionnaire the question about whether it was gross or net actually came after the question about the numbers. I just slightly wondered, having got all the numbers, what did you then do when you found whether it was gross or net? We are probably talking about some 40 million difference between the two.

Now there are two reasons why hunts treat their fundraising activities as net. First, because it gives the fundraising committee a freedom of their own, so the point-to-point committee, the hunt ball committee, they will all run this little thing themselves and they will then give a contribution to the hunt. Categorically this is typically what happens.

The second reason is that it has been accepted practice and, indeed, it was by recommendation many, many years ago, that this is how hunts should run. So I would ask this question: are you absolutely sure that these were actually gross figures, not net?

THE CHAIRMAN: On a point of clarification for me. Are you referring to an issue that actually comes up later in the report; that is trying to reconcile the figures that are coming from the hunt followers and the figures that are coming from the hunt accounts themselves.

The hunt accounts themselves balance, roughly speaking, although there is a bit of a shortfall which seems to be being made up by some invisible sources.

Are you suggesting that the figures entered here for the actual hunts themselves, in terms of net receipts from these activities, are significantly wrong?

MR CORBETT: Typically, I think the hunt will show there is a 500 pound contribution to the point-to-point. In actual fact the point-to-point probably had £10,000 sales and expenses 9 and a half. This is what I am saying, gross or net.

You are absolutely right, my Lord, that later on, yes, there is this question raised, because hunt followers maintain that they actually spend a great deal more on fundraising than hunts actually receive, which would seem to me to support the fact that actually the figures that you are getting from the hunt counts are net.

THE CHAIRMAN: I had assumed that they were net in this part of the study. I had assumed that that was the way that people were answering the questions because they do not have a lot of other costs which have been identified, for running the social activities?

MR CORBETT: Actually, there are very substantial costs.

THE CHAIRMAN: But this comes from the way Produce Studies collected the data.

MR CORBETT: They were net. We underestimated, Produce Studies underestimated, the total expenditure, absolutely, and the total income. In our view what we were collecting was the net contribution, which is

how the accounts were kept.

PROFESSOR HERVEY GIBSON: I do not think there is any disagreement here, Lord Burns. I think what is reported here is what the hunt said and later on we said, well indeed, what they considered -- and they used the words gross -- that later on we say we think they really meant net. None of the hunts confessed to employing orchestras and it is hard to have a hunt ball without an orchestra, some form of music.

MR CORBETT: This actually omits a significant flow of expenditure into your model, if that is the case.

PROFESSOR HERVEY GIBSON: If that had been omitted from the model, that would be the case, but we do not think that has been omitted from the model, although we are open to advice as to the allowance we made for it in the modelling part, which comes later in the report, as you said.

THE CHAIRMAN: Could we take it later? I can see the point you are making. What you are saying is that these accounts could well have been put together on a gross basis, in which case both the revenues and the expenditures would have looked quite a lot higher. A lot of the expenditures were washed out.

MR CORBETT: Three small points.

In calculation of membership and employment, first of all, have full-time Masters been brought into this, because I do not think they would normally appear in hunt accounts under salaries; they would appear under Masters' guarantees. There are an unknown proportion of hunts that employ full-time Masters, and probably in the

order of about 70 or more.

Also, are farmers included? This is a nightmare in hunts because, very often, farmers, mostly farmers, hunt for nothing, or almost always hunt for nothing, and sometimes appear in members' lists; very often do not.

Finally, is this assumption of two part-timers equalling one full-timer, is this a valid assumption? I do not know.

PROFESSOR GEORGE PETERS: On expenditures, Lord Burns, we perhaps ought to clear up some details.

I have been looking at Table 3.3 which is in the main report, which has the grossed up and adjusted estimates of employment, which is said to be the preferred estimate, for the hunts, for example, you have an income of £14.6 million. (that is the social and accounting matrix) But then on revenue/operating expenditure, expenditure by hunts there is £15.8 million, whereas it appears to be £12.7 million in the matrix.

This is an example of the lack of explanation, which I think Dr Crabtree was mentioning. I think you would find the same sort of thing for follower's expenditure as well. It does not seem to square easily with the number that is in the summary matrix. In fact, at one point you mention employees and an £8,000 wage, and if you multiply both together you do not get £70.6 million; you get something like £100 million.

There is an explanation somewhere, but it

is not entirely obvious to me. So I think all the numbers that appear in the report need to be rather firmly tied into the way they appear there, because, ultimately, the way they appear in the matrix affects the final result that you are generating.

THE CHAIRMAN: Well, there are a number of points there about the economy of the hunts themselves. I think the main one, is whether or not the figures are underestimated because they have missed out a lot of expenditure on social activities which has been netted out for these purposes. This covers the issue of the farmers who do not pay, and the question of reconciling some of the numbers as they appear in this table with the numbers that appear in the social matrix.

MR COX: On the first point, we first asked the hunts what proportion of their income they derived from all of the associated activities, and we specifically asked them not whether they included that turnover gross or net, but whether all the income and expenditure was included in the hunt account; so we asked it in a simpler way which we hoped would not be confused. It is quite possible that there was confusion there, but having asked the question in the simplest way possible, we then, to a large extent, have to believe what we are told.

On the question of paid Masters, we asked how many people they employed, i.e. paid a wage to, so if they paid a wage to a Master, they would have been included as an employee.

MR CORBETT: I think that may be right, but I do not think

they would see it like that. There is a great pride in being a Master and you do not get paid a wage. I sympathise with your problem, but these things do make a difference.

DR CRABTREE: Referring to table 3.3, can I flag up two points which come out of it, but are not directly part of the table, but they might be relevant in later discussion.

One is the question of fallen stock; if the hunts stop doing this after a ban, what happens? And if knackers take over, there is some employment generation potentially there, so there is a net effect, not a gross effect. Similarly with the foxes, I know hunts are incredibly inefficient on a cost basis in catching foxes but farmers, presumably, either have to use other methods in the future or potentially lose out.

There may be quite small economic effects there, but maybe one should at least cast one's eye over them.

MR COBHAM: I had a question earlier in connection with income.

Could you clarify please, does that 14.6 million include the Master's guarantee as such, because that is normally a standard method by which the difference between operating expenditure and income is covered. You would not expect, in reality -- these hunts to be in "queer street", i.e. they are not generally in debt to the banks.

So hence my question.

THE CHAIRMAN: I think that is mentioned in the report.

MR COX: It is dealt with expressly in the report. We say on

page 23, for example, that it is evident that hunts collectively incur a loss, and it was explained to us, when we spoke to a number of the Masters and treasurers, that the losses are often covered by the Master out of his pocket or from some other supporter, but also from accumulated bank balances.

We were looking for recorded flows of expenditure that we could examine, and clearly within the hunting economy there are an awful lot of unrecorded flows of one kind or another.

THE CHAIRMAN: I think there is a question here about the non-market economy which figures in this, in terms of its impact upon the rural economy, in a general sense. But obviously it is quite difficult to capture within this framework. I think we are well aware of this.

Are there any other points on this first section about the direct effects on the hunts?

MR OLIVER-BELLASIS: Lord Burns, could I just make one point in relation to Dr Crabtree's point about fallen stock.

My experience is that if hunts were not taking fallen stock, currently there are very, very few knackers left and, therefore, there would be a question mark as to how fallen stock would be dealt with.

Secondly, whether that would be an on farm solution or an off farm solution. There are some quite serious environmental difficulties currently if it were to be an on farm solution. There would be a cost for that if it was a question of the replacement of the incinerator that the hunt currently uses for that

product which is not consumed by the hounds, as to whether those incinerators would, firstly, move and, secondly, would get planning consent were they to move.

THE CHAIRMAN: Do we have any other points on this section of the report? As someone said, this is the area where the data is probably at its best and therefore it has been necessary to make fewer assumptions, at this stage than it has elsewhere.

In that case, let us move on to the next chapter.

First of all this gets us into the question of the number of followers. There is a point that was mentioned earlier, how to deal with this whole question of people saying that they attend more than one hunt. There is the issue about mounted followers who are non-members, et cetera. This takes us to the question of the number of followers there are of both types. I think the point was mentioned earlier that this is quite a difficult area. People will say they have attended other hunts, where in fact they have just been casual attendees, rather than actually having been members.

I think the suggestion was made that, therefore, the number of members and supporters has been understated by this method. I think that was the implication.

MR CORBETT: I think this is right and, indeed, has been admitted, that the question was not actually asked as to whether people belonged to more than one hunt. It was asked as to whether they had attended another hunt; an

awful lot of people do visit other hunts, that is known, and particularly supporters.

So I think we are also in a situation where we cannot produce any contrary evidence to say that people categorically only belong to one hunt, but actually belonging to a hunt is quite expensive; I cannot see that people would, in most circumstances, actually choose to belong to more than one.

MR COBHAM: In terms of the earlier research that we did, primary research back in 1981-82, with a large sample, sample of both hunts mounted followers including subscribers, we actually identified that multiple following with hunts was of the order of 12 per cent. That was an actual estimate that we derived from questionnaire responses.

MR CORBETT: That would not necessarily be membership, would it?

MR COBHAM: No, that was actual followers.

MR ANDREWES: The idea of 10 per cent dual membership, from a commonsense point of view, sounds to me sensible I would not reject that from our general experience. I do not have any statistical evidence to back it up, but it does not sound unreasonable.

THE CHAIRMAN: Do you have any comments on this? What impact would this have? The suggestion is being made that you have discounted the figures that have been given by the hunts for the number of mounted and unmounted followers, but you have discounted them too far by taking the numbers of the people going to multiple hunts too literally.

Indeed, I made earlier the point if I was applying

this to golf. If I was asked how many golf clubs I visit in a year, it would be a good deal larger than the number of golf clubs that would have me down in their books, even though that is actually too high a figure. But that is another problem.

MR COX: In terms of the number of followers, we acknowledge in the report, and we acknowledge now, that neither the estimate produced from grossing up the Countryside Alliance data, nor the estimate that is produced when you adjust that estimate for what the followers surveyed said about the number of different hunts they had followed, is satisfactory.

We suggest a compromise estimate, which we were able in some way to validate, by then estimating, on the basis of that population estimate, the total amount of payments by followers to hunts. We concluded that the compromise estimate that we had reached was not wildly wrong, because the figure you get when you gross up what the followers say about how much they paid to hunts and compare it with what the hunts say they got from the followers, they are not too very different from each other, bearing in mind that the two figures are not defining quite the same thing.

THE CHAIRMAN: Does it follow that if you had taken a higher figure for subscribers, members and other supporters, that you would then have had a bigger gap to explain between what the hunt said they were being paid by their members and what the members themselves said that they were paying to hunts. Would there have to be some form of reconciliation between those?

PROFESSOR HERVEY GIBSON: I think we also would have been at the high end of the horse population estimates as well. I think we probably are quite still near the high end of the hunting horse population estimates, once you have taken care of these definition issues.

So, both on the payments to hunts and on the number of horses --

THE CHAIRMAN: Involved in hunting?

PROFESSOR HERVEY GIBSON: -- involved in hunting, we would have been higher.

I think I would also say that on statistical grounds, taking an arithmetic mean of this kind of distribution also would tend to exaggerate the figure, and one would quite often take a geometric mean for these things, which would put us down at somewhere like 35,000 instead of 40,000.

MR ANDREWES: I think if we go back to this question of the sums adding up, we need to understand how the accounts work.

Usually within subscriptions there are two elements; there are subscriptions that people pay annually, and maybe a part-time subscription or a full-time subscription, and then there is the field money which people pay when they come to visit.

Now I think the reason that the numbers add up financially is because within subscriptions you would get both of those elements, but the people who pay field money would not be listed in the list of subscribers and followers as individuals.

So I take the point entirely that the money adds

up, but I think it is still grossly underestimating the numbers of people who come hunting regularly and who have horses, and it still does not invalidate the financial check; I think that is still right. I would ask that before the final report is published you do get a chance to have a really good look at the work done by BETA, because coming at it from a completely different point of view, if you do take the figure of something like a 10 per cent overlap as opposed to a figure -- I think you have taken a mean of 2.88 and 1, which is 1.7 or something. I think if you were to scale that back to 1.1 you would find that your numbers tie up extraordinarily closely with the work done independently by BETA and their horse population numbers. You have got a remarkably good fit, and I do feel that the subscriber numbers are just very much too low.

THE CHAIRMAN: There would then be a problem of reconciling the figures that the hunts say that they have received, in terms of subscriptions in their accounts, and the figures that the followers themselves say that they are paying to hunts. If you had a lot more people, by taking your figure for the total, then that would generate for you a series of payments to hunts that was a good deal higher than the figures that the hunts say that they have received in terms of receipts. So it would exaggerate that problem of reconciliation and I think you need an answer to that.

MR COX: Also, if you take the higher estimate of the number of followers, we then get a population of hunting horses that is very much bigger than other estimates that have

been produced.

THE CHAIRMAN: It is being suggested that you would get an estimate for hunting horses that is the same as the figures that BETA have put forward. Could you reconcile these two positions?

MR WAKEHAM: My Lord, we came up with a figure based on the 1998-99 survey, which showed that 7 per cent of horses were used primarily for hunting.

THE CHAIRMAN: What would that mean in total?

MR WAKEHAM: That comes up to 56,000 if you accept the 800,000 total, which was the number we based all our work on. That was the primary use. We then also asked about secondary and third use, which brought the figure up to 14 per cent, so we are only using the primary use number to reach that 56,000 figure.

THE CHAIRMAN: How many horses do you have?

MR COX: 43,000.

THE CHAIRMAN: Why do you say that is at the top end of the range?

MR COX: I think I meant that it was broadly in line with the figures.

PROFESSOR HERVEY GIBSON: I would say it is quite near the top of the range if you make this distinction between primary and full-time equivalents that we were discussing earlier. If you take the horse as 51 per cent or something hunting, which I think is the figure we had from the survey, then your figures, I believe, would come down closer to 40,000.

MR WAKEHAM: I do not accept that.

PROFESSOR HERVEY GIBSON: I thought you said 70 per cent primary?

MR WAKEHAM: I said 7 per cent primary, then 4 per cent secondary, and 3 per cent tertiary. So we are looking at 14 per cent in total, but we only use the 7 per cent number, which is the number that people said they used their horse for as their main use. Now we have to accept obviously --

THE CHAIRMAN: Could you turn those into numbers, rather than percentages?

MR WAKEHAM: 56,000.

THE CHAIRMAN: How many primary, how many Secondary would there be by?

MR WAKEHAM: There would be 32,000 secondary and 24,000 tertiary making 56,000 in total. Another 56,000 that are used for other things, but not primarily for hunting. The point that we do need to bear in mind, of course, is that all hunting horses are used for other things anyway, because they go exercising. The numbers do not take that into account.

PROFESSOR SIR JOHN MARSH: Are there some people who follow, but do not pay subscriptions, farmers particularly, and where do they figure?

MR CORBETT: And a number of people who just attend hunts on a cap basis, not necessarily full members of any particular hunt.

THE CHAIRMAN: But the cap should be in these figures for monies received from people?

MR CORBETT: Yes, but they would not actually account in the calculation of members.

LORD SOULSBY: Just a point of clarification. In some areas,

it would seem to me, that there are the subscribers to the hunt, the supporters, which clearly you have got, but in the fell packs, for example, in the north of England, there appeared to be a substantial number of people that were neither, that came into the area as tourists, merely to occasionally watch a hunt, but expended an enormous amount of money, it seemed to me at least, on local industries, shops and bed and breakfast and things like that. Did you capture that population in your figures?

MR COX: Only in as far as the names of such people were supplied to us by Masters of hunt.

MR CORBETT: My Lord, exactly this point was borne out in the survey of hunts which the Alliance did, that amongst supporters, I think, I cannot remember the exact figure, something like 40 per cent at any given hunt were casual visitors. So, yes, all over the country there are a great number of people that follow hunts who do not actually belong to anything particularly.

THE CHAIRMAN: Right, so the figures that they have paid to the hunt are included in this matrix. But that particular type of person would not have found their way into this calculation. Basically the type of people who have been included here are people who are local visitors, to the extent that they are included in the figures.

DR RICKARD: Thank you my Lord. I will perhaps come back to one or two of these points.

I feel we ought to remind ourselves that we can argue about the number of horses and there will be

different figures. What really matters is the amount of expenditure that is spent. We are not going to argue about proportions; nobody has any firm figures. We do seem to have some, perhaps, slightly better figures where the hunt is concerned on the expenditure, and it strikes me that is what is important here.

THE CHAIRMAN: That is one of the things that is important. I think what we need to do is to go through and test the various assumptions that have been made in this whole matrix. I do not think we would be doing our job today if we did not do this.

DR RICKARD: If I might come back, my Lord. Unless I am completely misunderstanding what is going on here, we were just moving on from the direct expenditure to the indirect, and I have quite a lot of points to make on that later on. I was just trying to get over the first two or three paragraphs of the opinion which is in danger of trying to work out how many horses would dance on a pinhead.

Turning to the far more fundamental point, it strikes me, that this is not in any way a statistically reliable sample. If I go to a group of people and ask them for the names of my sample, I have not got an unbiased sample. This is fundamental.

THE CHAIRMAN: I think that is a point that obviously does occur in this whole chapter. Indeed, I would have expected you to have raised that just slightly further on. At the moment we are dealing with the numbers of followers, which is the section 4.2. This leads to section 4.3 where we get the breakdown of the expenditure of the hunt followers.

Where we had got to was that we were trying to test the assumption, in terms of the numbers of subscribers, members and other supporters. We were trying to test if that assumption should be changed and what it would mean, in terms of the number of horses, and whether that then seemed to be consistent with other estimates of the number of horses.

We have also tried to test how we would reconcile the fact that that would then produce figures for payments to hunts that were larger than the payments that the hunts seem to have received.

We cannot solve this today. I think all we can do is expose these issues today. As has been pointed out by people making the presentation, this is an exercise which one hopes is going to balance, in terms of rows and columns. At the end of the day reconciliations have to be made. I think it is our job to try and see to what extent alternative assumptions could be used at different stages. Then we will have to consider that as a whole afterwards. That is how I see this discussion proceeding.

MR CORBETT: My Lord, if I may just make one final point on horses, really establishing agreement on this; that the Produce Studies primary data on this produced 36,000 horses owned by hunt members were used solely, or primarily, for hunting. If you adjust those used by non-hunt members, this would be remarkably close to what Anthony Wakeham is talking about.

THE CHAIRMAN: Well it sounds to me to be lower; his figure was 50,000 for those used primarily and this is 35,000 for those

used primarily.

MR CORBETT: This is just hunt members; fully paid up. Then on top of that you have got hire horses; this would actually include any horse they owned.

MR ANDREWES: I think, Lord Burns, that that is the key Point. As well as horses owned by members, there are an awful lot of people do rely on horses from livery stables, as you will have seen, and that would account for the 20,000 difference between the numbers

PROFESSOR SIR JOHN MARSH: It really is quite aside from this; clearly the main expenditures relate to horses, but a substantial number of people follow who are not mounted. Some of the funding activities, of course, are not horse related. I was just wondering where they fit into the story here?

MR CORBETT: Well, in fact 31 per cent of the hunts are unmounted hunts.

THE CHAIRMAN: Unless you have an answer quickly, I suggest that we break for lunch. I have been reminded that I have already overrun by five minutes and we have tried to keep these sessions running to time.

Maybe we will begin this afternoon with your answers to the outstanding questions? Could we be back, please, at 1:30, to begin the next part of this discussion. Thank you.

(Adjourned for lunch).

THE CHAIRMAN: Thank you all for getting back from lunch. I will start by taking the opportunity to see if there is anything that you want to say either in response to outstanding questions from this morning, or whether there

is anything that you want to say more generally.

PROFESSOR HERVEY GIBSON: I think certainly what I think both Mark and I want to say will fit in quite nicely as you continue to go through the report. We have not really responded -- other than to say you ought to see the model -- we have not really responded to the points on reconciliation, so at some stage we would like to turn all that electronic apparatus on and play with the model.

THE CHAIRMAN: That is something to keep us on the edge of our seats! We will move on to the next section which we were, in a way, dabbling with before lunch. This was 4.3, Expenditures on Horses and Hunting. This section, includes the figures that it costs approximately £2,600 per horse. We then get the number of households. We then get the Breakdown of followers' expenditure on horse-related activity, the Breakdown of the followers' expenditure on hunting on page 32 and Employment by followers. So I am looking for comments on this whole section, 4.3.

DR RICKARD: Sorry to make the point for the third time, Lord Burns, I feel it is so important it needs to be made. This whole section here is based on a sample of people whose telephone numbers were provided by the hunts themselves and, as far as I can see, mostly kept their own horses. You are nodding, yes.

Now, what you have here is a bias sample and we know which way it is going to be biased; it is going to be biased upwards. The people sampled are not idiots. They will have worked out why you ask these questions and, at any rate, they are

likely to be at the top end of people spending money on hunting and, therefore, to take their figures and gross them up must be, I submit, a gross exaggeration.

MR COX: But they are estimates that do have internal and some external consistency checks. We are, for example, internally able to compare what the hunts say they receive in payments from followers with what the followers say they paid to hunts. There is a difference between those two, but they are close.

Similarly, we can estimate the size of the horse population. It is different from some other estimates, but not wildly out of line.

THE CHAIRMAN: If anything this is slightly lower than we were hearing this morning, and the figures on expenditure per horse are --

MR WAKEHAM: £2,100 in our survey for 98/99. That would be perfectly consistent; we were looking at the whole horse population.

MR CORBETT: Could we clarify on that 2,600, is that the total expenditure by the follower on everything or just on the horse itself?

PROFESSOR HERVEY GIBSON: It is just on the horse and I will quote a figure here from a tabulation. One horse households. 3,285 mean expenditure of which 485 payment to hunts, 188 on hunt related and social, so if you knock that 600 off, then you go from the 3,285 down to 2,685. Now that is for one horse households and you do similar sums for two horse, three horse, four horse households.

DR RICKARD: I am sorry. You are not suggesting, are you,

that everyone who is a follower owns their own horse?

MR COX: No.

DR RICKARD: Presumably, if I may go on, a fair proportion are out of livery, they are hired for the day and, therefore, applying these expenses for these horses again will exaggerate your final figure and I have no idea what the proportion is and I am waiting for you to tell me, but clearly people who own their own horses spend more on them; of course they do. I might seriously doubt your linear relationship as the number of horses goes up.

MR WAKEHAM: My Lord, on the question of horses used for hunting kept at livery, our survey showed about 10,100 horses kept at livery or in riding stables and used for hunting.

MR MOORE: And there are some economy of scale. As the number of horses kept rises the expenditure per horse does fall. We have taken the mean position.

THE CHAIRMAN: Is there --

MR COBHAM: Whilst I can see in figure 4.2 quite a lot of the items that I would expect to see, I am not actually clear as to whether everything has been covered. Are the consultants happy that this reflects the full spectrum of expenditure by followers? For instance, are things like insurance and heat and light and secretarial and rates, fencing, equipment, horse purchase, are those things covered somewhere?

MR COX: They are included in other --

MR COBHAM: All of them?

MR COX: We asked for their total expenditure and we asked

For that figure to be broken down.

MR WAKEHAM: But not capital expenditure.

PROFESSOR HERVEY GIBSON: Not horse purchase, no.

THE CHAIRMAN: How should capital expenditure be dealt with?

PROFESSOR HERVEY GIBSON: Capital expenditure on stables or horses?

THE CHAIRMAN: Horses.

PROFESSOR HERVEY GIBSON: We included later in the counting framework. The capital expenditure on stables we have not included and I would have thought, if you were thinking about expanding hunting, then that might be a very good question, but since you are not, then I do not think it would be industrial in terms of the economics.

PROFESSOR SIR JOHN MARSH: It is part of the flow of expenditures within the economy; people are maintaining stables and presumably those who supply those services --

PROFESSOR HERVEY GIBSON: Maintenance--

PROFESSOR SIR JOHN MARSH: -- Receive an income for that.

PROFESSOR HERVEY GIBSON: Maintenance is in, and you will see there is expenditure to the construction industry, and so on. I think it would be true -- maybe we could report somebody of the 115 who was building new stables, but I would be surprised if that figure was counted, so possibly there is an omission there.

PROFESSOR SIR JOHN MARSH: While I have the floor at the moment, how did you calculate the capital charge of horses?

MR COX: We were able to estimate the aggregate annual expenditure on horse purchase by asking the followers

for each horse when that horse was bought, for how much, and from those figures I think we estimated, if I recall correctly, that the annual aggregate capital expenditure on horses by followers is about £3 million. We were also able to profile the purchase pattern, how long a horse is kept for, and our estimate is that about one horse in 8, or 12.5 per cent of the stock is replaced each year.

PROFESSOR SIR JOHN MARSH: So it is a depreciating figure

DR VICTORIA EDWARDS: Can I clarify that? Are you depreciating the horse over eight years to nil or did you deduct sale of the horses?

PROFESSOR HERVEY GIBSON: It depends where you are asking the question. There is a general point here on the tables. This is essentially the data collection part of the study and so what we are doing here is reporting deductions from the survey and we go on to do the modelling, then we do some additional reconciliation, but the depreciation would not enter into these figures unless the horse owners counted it themselves, which seems unlikely. Depreciation would not enter into these figures unless the horse owners themselves counted it, which seems unlikely, but the capital expenditure was counted later as a purchase by horse owners from the livestock industry.

MR COBHAM: Chairman, the same question would apply, I suggest to vehicle purchases, such as horse transporters to Land Rovers and so on, plus the stabling and other associated buildings. Was there at a subsequent stage an allowance made not just for maintenance, as you said, but actual depreciation of those capital items?

PROFESSOR HERVEY GIBSON: Again, not for depreciation, nor for purchase of vehicles, though maintenance of vehicles would be included.

MR COBHAM: Even if the vehicle was purchased specifically for a hunt related activity?

PROFESSOR HERVEY GIBSON: Were there any where that was said to be the case? There is a figure for horse transport and I do not know how much probing with individual horse owners went into that.

MR COBHAM: Thank you.

DR CRABTREE: It seems to me, and I think this is what you have done, what is important here is to quantify the cash net expenditures. So the depreciation should not come into this at all. It is actual cashflows we are interested in and for vehicles or horses it should be the purchase price less any trade-in and that is the figure and I suspect that is what you have done.

LORD SOULSBY: I am just wondering if -- I am not sure I have heard an answer to the livery situation. I may have missed it, and what is the cost of hiring a horse from livery to hunt and is it comparable to keeping a horse full-time? I presume that -- I do not know what it costs to keep an individual horse in livery, but livery stables have to make a profit, presumably. So if you have to take your horse from livery, is it more expensive or less expensive to participate in hunting by taking your horse by the 10,000 livery horses that are used for hunting?

MR ANDREWES: The cost of a horse at livery, to hire from a livery stable, by the day would range between £75 to

£130 in different parts of the country, according to the quality of the horse, broadly. If somebody were to have all their hunting hiring a horse, let us call that two days a week - 40 days a year, then it is costing them more than keeping their own horse, but for somebody who is only getting ten days hunting a year, it is economic because they just have that expenditure. The other form of livery that is important are people who have their own horses kept at livery. These days one is looking at probably £80 to £110 a week, that sort of spread, if the horse is kept by a third party, and that, £3,000 a year. If you take off the payment for the hunt, we can cost the horse at £2000, if you keep it yourself. Livery is expensive, but for a lot of people it is the only thing to do. It is probably at livery for 30 weeks a year at that sort of price, so that it is costing them £2,600 - £3,000 as opposed to £2000, purely for keeping the horse themselves before they have their expenditure for the hunt.

THE CHAIRMAN: I thought the figure £2,600 was before the expenditure for the hunt?

PROFESSOR HERVEY GIBSON: Yes, but I think your multiplying by 50 was a bit low as well.

MR ANDREWES: By 50?

PROFESSOR HERVEY GIBSON: When you multiplied by 50, I think you were a bit low.

MR ANDREWES: No 30, because you would not have it there in the summer. If you would they would keep it to grass for £20 a week, so it is a lower number of weeks. I do not know where that comes in the model, but that would be a

fair approximation of what actually happens.

THE CHAIRMAN: If you go hunting and hire horses, can you get away with having one horse, or do you sometimes have to have two?

MR ANDREWES: Depends where you are. Mostly one horse, but if you were hunting in Leicestershire or parts of Cheshire the probably they would not hire you a horse unless you had two.

DR RICKARD: If I may, of course, that only accounts for if a horse that is kept solely for hunting, many out of livery will be kept for other purposes.

MR CORBETT: Horses kept at livery actually belong to the owner, not a livery yard.

MR ANDREWES: Sometimes.

MR CORBETT: Or they may be hired from a livery owner -- two situations.

DR RICKARD: They will not solely be used for hunting; some will.

MR CORBETT: No horse can be used solely for hunting; you have to exercise the thing in order to be able to hunt it. So there is always a definition problem here that a horse has to be brought fit and may even be kept fit and it requires exercise.

MR ANDREWES: The horse has to be trained. When you first take a horse out it sees the fence and looks startled. If you want to get him to jump you take it to hunter trials in order to get him going. The multiple use issue is complex.

THE CHAIRMAN: I can see that. Basically we are dealing here with some concerns that we have been asking

people who are heavy users. That is one side of the argument.

On the other side of the argument, there is a discrepancy in terms of the number of horses from the BETA survey and the number that you are using.

As I understand it, there is not much discrepancy in terms of the cost per horse. Fundamentally the approach that is being adopted here is to try to reconcile them by looking at them in different ways and seeing whether the numbers add up when you look at them from different perspectives.

Are there any other points on this section.

MR MOORE: Lord Burns, we have probably slightly underestimated the number of horses at 43,000. I would suspect it is going to be somewhere closer to 50,000 and we have probably slightly overestimated the expenditure on the horse, 2,600 when we are hearing 2,100, so it may be that there is a compensation here, slightly underestimate the number of horses and slightly overestimated the expenditure.

MR WAKEHAM: My Lord, I do not accept that. We are talking about horses, including ponies, at 2,100; it is all horses and therefore hunting horses, I would have thought logic would be on our side, they must be more. If it is any help the average price paid in the BETA survey for a horse was £2000, but that excludes ponies, that is horses, and the price for ponies is 850. That, again, is across the whole of the equestrian industry

MR SWANN: Lord Burns, thank you. If I could just make one point on this, throughout the Alliance submission to this inquiry the point has been made that it is not

necessary to have a horse of the calibre of the finest hunters to go hunting with and this point has been stated on numerous occasions, that many people go with lower quality horses and horses that would not be considered as prime hunters so I think those figures are true, as you have put them for the best hunters, but I would not necessarily think they apply to all horses that go hunting.

MR WAKEHAM: I think I have an answer to that one. We also did ask a question of people as well as horses and there are 240,000 people go hunting once a year perhaps, so that is perfectly a fair point, but there are very many more people than the numbers that we are talking about who go mainly hunting.

THE CHAIRMAN: Could I move on to the --

MR ANDREWES: Are you finishing this chapter?

THE CHAIRMAN: I was coming on to section 4.4, unless there are points before that.

MR ANDREWES: I just did have, yes. I have one point. I think we have dealt with the question of the number of hunts people belong to, not to go back on that, but in 4.3.1 are you talking about the number of people in a household following the hunt. I do not know exactly how this question was asked, but would that include children and people following in a car, because they would not, again, be shown as subscribers? Although you say a mean of 2.2. people followed the hunt, I suspect what would normally happen is that the husband and wife, as it were, would be listed as subscribers, but there might well be an older relative who followed in a car;

there might well be children who went hunting which would account for the difference, and I think or rather I suspect that those numbers would not tie up. In looking at the subscribers, and in trying to use that number to get back to the households, which is, I think, the methodology that was used, there would be an overstatement.

MR COX: The question put was how many people in your household follow the hunt rather than subscribe to the hunt.

MR ANDREWES: And they would, I think include those other generations, but they would not be listed as subscribers which would distort the number that when you then used that 2.21 to come back to the number of households.

MR COX: We were given to understand though that most hunts offer some kind of family membership.

MR ANDREWES: They do, but they list them as "Mr and Mrs", usually, and then the children hunt for nothing; yes, they certainly do and it would be included in the money, but the numbers would be wrong.

THE CHAIRMAN: Okay.

MR COBHAM: I am at a complete loss to understand, and I should welcome please, explanation of the right-hand columns in table 4.1 on page 30. I cannot understand how other supporter households actually have expenditure on tack and riding clothes and other and wages to employees; they have quite a large expenditure on hunt related social and recreational activities and payments to hunts, but nothing on anything else, and I do not understand what these people are.

THE CHAIRMAN: Are they not the people who are hiring horses?

MR COBHAM: Are these mounted followers?

THE CHAIRMAN: Yes.

MR COBHAM: Exclusively?

THE CHAIRMAN: It is not for me to answer the questions.

MR COBHAM: Are they exclusively? I will rephrase the question for the consultants.

THE CHAIRMAN: It says at the top of the table, "Horse related expenditure". Sorry, that was the only way I could make it add up. But it is not for me to answer, I am sorry. I will leave it to the team.

MR COX: On the question of tack and riding clothes, that is also intended to include clothing that is purchased for the purposes of attending or following a hunt, so it might include Reebok trainers, or all weather clothing that people follow the hunt in, so it is not necessarily riding tack and riding clothes per se, apparel for either riding or following the hunt.

MR COBHAM: So we have a combination in these columns of people on foot and people on horses; is that right? If the people are on horses, there is nothing here at all for stabling and livery and there is nothing for keeping their own horses at home that I read, so I concluded that these were foot followers and then I said to myself, why on earth are "we" estimating the cost of foot followers, because by and large they are incredibly small by comparison with people who are mounted?

MR COX: By and large they are foot followers and by and large they do not own horses, but some of them do.

THE CHAIRMAN: Where do the people who hire their horses come into this?

MR COX: It depends whether they own horses and hunt with those horses or whether they do not own horses and still hire.

THE CHAIRMAN: Maybe we will try to establish that. We cannot look at that now.

MR CORBETT: Would it be possible, Lord Burns, do you think at some time after this for us to have sight of the actual questionnaires? I think this would be extraordinarily helpful, because I am aware that your sampling is based on the raw questionnaires from the Alliance survey and if we could actually see them back there, 115 or 166 of the followers' surveys, I think it would give us a much better idea of what the sampling base is and how many are responding and all the rest of it?

THE CHAIRMAN: I think we need to see the questionnaire and we also need to see the full matrix, as we were promised.

PROFESSOR HERVEY GIBSON: I am not quite clear. I originally thought the question was, "Can we see a questionnaire, a blank questionnaire?", and then I thought it was, "Can we see the completed questionnaire?"

MR CORBETT: It is the completed questionnaire, yes questionnaires.

PROFESSOR HERVEY GIBSON: Would that breach any agreements made on the telephone?

THE CHAIRMAN: Let us sort that out.

MR COX: It might be problematic.

THE CHAIRMAN: Could I move on, if there are no more points on that, I would like to move on to section 4.4 and the

question of the employment by followers. This raises this question of the 16.9 horses per full-time equivalent employee per year, which has been questioned. I think this is an area where there is also a difference between the answers that the Produce Studies Study of followers and your numbers. I think we just need to explore a little bit more the basis for this. Does anybody wish to comment on this section?

MR ANDREWES: Could we --

THE CHAIRMAN: What is BETA's view about how many people it takes to support a horse?

MR CORBETT: This is actually the basis of measuring employment. I believe I am correct in saying this, that we start off with the base of horses, we divide it by 16.7 and that gives us the number of employed staff. That is what I am understanding; am I correct?

MR COX: No, it is worked out the another way: Number of horses in the sample, number of employees in the sample gives the number of horses per employee.

MR CORBETT: So the sample is being used to extrapolate the number of employees?

MR MOORE: Yes, this is a derived figure.

MR CORBETT: But within the sample out of the 115 followers, how many of these actually had horses at home? There must have been a very small number.

PROFESSOR HERVEY GIBSON: 300-odd horses in among the 115 followers. There were 300ish horses among the 115 followers. About 300 horses owned by the 115, and also about 20 something employees, yes?

MR COX: 38, I think.

PROFESSOR HERVEY GIBSON: That is right, 38 employees but not full-time equivalents.

MR CORBETT: So these followers only came from mounted hunts; they did not come from unmounted hunts, which would be a third of the sample in theory?

MR COX: They came from both types of hunts, some owned horses and some used them to hunt; some owned horses, but did not use them to hunt; some neither owned horses nor hunted on horseback.

MR CORBETT: What I am trying to get down to is the unweighted base, because that is the critical factor you are going to extrapolate. What unweighted base are we talking about within the sample of actual respondents who employ somebody? Because the Produce Studies indicates that only 46 per cent of people who actually keep horses actually employ anybody.

MR COX: In our sample it was, if I recall correctly, 35 of 115 within the sample who kept horses.

MR CORBETT: 35 kept horses or 35 people?

MR COX: 35 people.

MR CORBETT: Employed?

MR COX: Employed somebody to keep the horses. 35 people out of 115 who kept horses employed someone.

MR CORBETT: So we are extrapolating from an unweighted base of 35 respondents to produce our employment data?

MR COX: No.

THE CHAIRMAN: I think you should have another go at explaining it.

MR MOORE: This is not the figure that is used to derive the employment in the social kind of matrix table. The

figure was derived and accepted by Professor Gibson.

PROFESSOR HERVEY GIBSON: It is the figure that is used to derive the followers. It is exactly the same as the figure for the employment by the followers. I think there is a clue to this, if you look at figure 4.2, which is the one that shows the breakdown to columns of expenditure which (a) gives you this more or less linear relationship between these expenditure items of which all except the top two are taken as horse related, and (b) it shows that wages to employees really only kicks in when you get into four, five and six horse owning households. So the pattern you can see in these figures is -- and clearly it is a small sample -- that the livery, stabling and livery fees are there right through the range through one, two, three, four horses and then disappearing in the sample at five, but the employees are barely there until we get to three, up to three horse households and then they become quite substantial at four, five, six. So you have actually got a switch, people with a small number of horses put them at livery I would guess and people with a large number of horses employ someone. That seems rational to me but, like you, I am just a consumer of the survey data, not a producer.

THE CHAIRMAN: I think it is paragraph 4.4.1 that we are struggling with; whether or not the people in the survey who employ people are employing people on the basis of one full-time person per 17 horses; or whether the survey shows that for the number of horses, the ratio of the number of horses in the survey divided by the number of people employed comes to an average of 17.

MR COX: Precisely that.

THE CHAIRMAN: I think the words in that case which say "on average", are slightly misleading. This is like the person drowning in the river that was on average three inches deep.

MR CORBETT: Maybe I am being particularly thick about this, but, Mark, I think you said that there were 35 people out of your 115 who actually employed--

THE CHAIRMAN: No, there were 35 employees out of--

MR COX: No, I think it is actually 38 employees amongst 35 followers.

MR CORBETT: But okay, out of the 115 followers you interviewed, how many of them actually in raw data terms have actually employed anybody?

MR COX: 35.

MR CORBETT: So what I have said is right. So the --

THE CHAIRMAN: They employed 38 people.

MR CORBETT: The unweighted base for our extrapolation is 35 people and I do suggest that trying to produce a national universe of, or national figure of 35 people is stretching the bounds of multiplication.

MR COX: No, the unweighted base is not 35, it is 115. It just so happens most of the 115 employ zero people.

MR CORBETT: Within that segment it is 35

DR VICTORIA EDWARDS: This could be an extremely stupid question, but it might be very pertinent -- I have no idea -- my hypothesis is on the figures you have given us, does it not tell us that if it looks as if one groom is looking after 17 horses, in fact what it is telling

us is there is an awful lot of unpaid labour, volunteer labour and do-it-yourself in horse keeping because one person cannot do it and the employee will look at what, three or four --

MR COX: Typically about 70 per cent of people who own horses and follow the hunt do all the horse care themselves. 30 per cent employ someone to do it.

THE CHAIRMAN: If we take the total number of horses divided by the total number of people who are employed at hunts 17 to 1.

DR RICKARD: Victoria Edwards actually made the point I was going to make. I just want to clarify something: there are three separate groups that we are putting together. Those who own their own horses probably look after them; those that put their horses at livery and those that hire horses for the day. My point is that taking your sample and raising it, you have still biased it towards people employing people, and there are a lot of people out there who hunt who either look after their own horses or who rely on livery yards with young girls who do it for free.

MR CORBETT: I think we have to make one point clear, Lord Burns, it is totally illegal to run a livery yard with young girls doing it for free and everybody running livery yards is having very serious problems with it.

THE CHAIRMAN: Of the four categories, there are people who have horses and do it themselves; there are people who have their horses at home and employ somebody to do it; we have people who have their horses at livery and we have people who hire horses. There are four groups

and the question is whether, in this sample you have the balance between those four right. What you basically have is about a quarter of them employing people to look after horses.

MR COX: Yes.

MR MOORE: I should say a member of your own committee Professor Winter who wanted to validate this figure of 17 horses he also produced the figure of 17 horses.

THE CHAIRMAN: That has put him on the spot

PROFESSOR MICHAEL WINTER: Can I respond to that? If we did and it was a long time ago I am sure the explanation is precisely the point that Victoria has just made. There are very few people who say, "Right, I am going to have nothing to do with my horses. I am employing someone or I do it myself". There are lots of people in the middle who do a lot themselves and employ help as and when they can and I am sure that is the answer, I am sure.

MR ANDREWES: Lord Burns, I looked at this last night. I was quite interested in that and I think what that number reflected, was the total number of horses owned by the people who employed that number of grooms, which worked out as the 17 per employee. You see that I am sure when you look in detail at the BETA numbers, for every horse that is rideable, there is some other one, either a pensioner or a two year old or a brood mare kicking about the place. I think that if you ask most people how many horses they own and how many can be ridden and it is about 50 per cent. So I think that is what you are actually looking at. Then you have the effect that Victoria is talking about, which is that not all of them are

looked after by somebody else, so the final number would seem to me to tie up with the commonsense view.

Whereas in the study we are actually looking at 15/17 rideable horses per employee and trying to equate this with your 35 employers. I find the 35 out of 115 very credible; that seems to me to tie up with about a third of people employing somebody to look after their horses; that feels about right.

On that basis, what I do not quite

See is , how we get back to 1,291 employees, or even given that this represents

full-time equivalents, when we are looking at a figure of at least 16,000 households, and let us assume the employment is by household because I think that is probably right as well. If we are looking at 16,000 households and about a third of them employ somebody, it seems to me that we are looking at a rather higher figure, nearer 5,000, which begins to tie up fairly closely with the numbers that the Produce Studies produced unless I have obviously missed some point there.

MR CORBETT: Just continuing from what Bill is saying, it should tie up. Of course, in fact the ratio of employees accords also with the Produce Studies work. We show that 81 per cent, only 80 one per cent of followers actually keep a horse at home, of which 46 per cent employ somebody so that would come to about a third of the sample, so we are not disagreeing on this, but if we agree on the base figures, what worries me about it is why we do not agree on the number of employees actually coming out at the end of the system, because we are

talking about the same number of horses; we are talking about the same ratio of employees, but you are showing about a third of the number of gross employees than we are on the Produce Studies.

THE CHAIRMAN: That may be something you wish to go away and examine or it may be something for which you have an answer now.

PROFESSOR HERVEY GIBSON: (Pause) I think we require a conversation at full volume!

THE CHAIRMAN: Could I suggest that we park that for the moment, and maybe you can have your conversation whilst the rest of us are having some tea.

Can we move on to the next chapter, indirect and induced effects. The first point I have down here is the question of reconciling participants other expenditure and the hunt income. There is a question of the difference between the number that you get from what the hunt produces and what they think they have received from followers; and what the followers think that they have paid. There is the question of how you have dealt with that. I do not know if anybody has any observations to make on this subject. (Pause).

Whilst you are thinking about that, the second one, is the area which we touched upon this morning. That is the question of social activities and this issue of net and gross expenditure, and what you have done to reconcile this by using half and half.

PROFESSOR HERVEY GIBSON: We have effectively said that what the followers told us was the gross expenditure, was the gross expenditure, and what the hunt said they received

was by and large the net receipts, and that gives you, roughly speaking, a ratio of 2 to 1 which struck us as not unreasonable, but we did not do -- we understand the point-to-point in particular expected things to mount and we did not do an analysis of the costs of point-to-point.

MR CORBETT: I think most of the functions are actually -- the hunt ball, the margin you actually make on a hunt ball is certainly more than 10 per cent and other social activities -- hunts do run lots of social activities, as we see from the research that has been done by the Alliance this year, and there is quite a lot of expenditure does go out. I mean, I would suggest that we are talking -- the difference between net and gross is probably about another 40 per cent of expenditure and income.

THE CHAIRMAN: You are saying that the gross expenditure that is necessary to deliver a net income to the hunt of, say, £100 is higher than is implied by these calculations. You say that the gross figure would have to be much higher to create a bigger margin.

MR CORBETT: We are all slightly struggling, Lord Burns, in as much as we have not got hard facts on it, but the proceeds from fundraising activities account, I think, by your figures about 45 per cent of the hunt income. Now, that we will not disagree with because that is the net effect, but in order to get that extra 45 per cent they have expended probably for every £10 raised they have probably spent 100.

PROFESSOR HERVEY GIBSON: The question then has to be who,

because the supporters more or less say they spend the same on social functions as they do directly to the hunt?

MR CORBETT: But that is exactly the challenge, of course, that when you are running a hunt, when hunts are running activities they do not want to bring in just their supporters, because they are soaking them anyway. The whole challenge for a point-to-point is to get the general public in and get some money out of their pockets.

PROFESSOR HERVEY GIBSON: And, indeed, the banks and Land Rover and everybody else.

MR CORBETT: I think it is a significant figure; we should not ignore it.

THE CHAIRMAN: If we had more followers to follow, the conversations we had this morning imply that would generate a higher level of gross expenditure. We know what the net expenditure is on social items. This would be nearer to the answer you are looking for. But then we would have a bigger discrepancy in the first half of this section. We would have a bigger discrepancy between what people say they have paid to the hunt and what the hunt say that they have received. You can deal with the second part of this by having a larger number of followers, as we discussed earlier in the day. But it actually makes one of the other problems of reconciliation greater.

MR CORBETT: Most of the activities that fall into this category are geared to provide -- to service non-hunt members, sponsored rides, hunter trials. The majority of

the entries actually come from non-hunt members, so you would not pick it up in there.

THE CHAIRMAN: Private taxation.

MR CORBETT: As I said, getting money out of the general public.

MR COBHAM: At this stage I should like to say that I think it is confusing to talk about other supporter households, because there is the Hunt Supporters Club whose prime function is to raise money for the hunts, as distinct from the people who are foot followers. The foot followers incur expenditure and are involved in recreational activity. They contribute a little money to the hunt, but generally not in the same proportion as the majority of the hunt supporters club members. The activities of these two distinct groups of people seem to have got wrapped up together and there is possible confusion as a result.

THE CHAIRMAN: Well, that may be a helpful comment to consider.

PROFESSOR HERVEY GIBSON: They are not confused in the survey, but what -- and the reason the figures are presented this way in the report is because quite plainly horse ownership is the big determinant of expenditure and we wanted to break the expenditure into two groups. The survey makes the distinction between several categories of follower and that is one we can reasonably make from the survey, but if you wanted a simple grossing up basis, then quite plainly per horse was the way to do it and that is why the report has presented it in that way.

DR RICKARD: Lord Burns, is there not one possible

explanation over and above all the others, and that is that in trying to reconcile horse owning followers with what the hunt say they receive, might that not also be a product of bias in the sampling? As we do not know the extent of that of course we do not know how much of that discrepancy is actually explained by that.

THE CHAIRMAN: I think that must be a point. Although I had assumed that the bias in the BETA survey was likely to be rather less because that was not really the focus of the survey. This survey has been focused at hunting and people know it is focused at hunting. We can see there may be an element of bias. However the BETA survey was not focused on hunting. It was focused more generally. As you say it has worried me all along about asking people questions about hunting at a time when hunting is on the agenda. It is just a very difficult thing to do, but unfortunately we cannot change it. No more points?

MS JAMES: Following on from the discussion about indirect and induced effects, forgive me if I have missed it, but I am under the impression that the report has not paid a lot of attention to the whole issue of hunting tourism, people who travel from their home base to visit other hunts and do not just go for the day but stay away, and also people who come to visit this country specifically for hunting, which brings into question the effect on specific local areas; for instance, where that happens to a greater extent.

THE CHAIRMAN: Lord Soulsby made this point. I do not think they would have fallen into the sample of people, and I think that is another thing we

need to think about.

DR CRABTREE: Lord Burns, we are still on indirect effects?

THE CHAIRMAN: We are. I am just about to turn to 5.3, hunt related business.

DR CRABTREE: I have a point on 5.3.8. I wondered if you have got there or not.

THE CHAIRMAN: We were about to move, if no one has got anything before that. Maybe I am the only person who knows where we are in these discussions!

DR CRABTREE: Shall I make a point on 5.3?

THE CHAIRMAN: Yes, we are now dealing with 5.3.

DR CRABTREE: 5.3.8. It was a methodological query really which I imagine in the final text would be explained more clearly because the appendix will contain details of the method. But it seems to me quite a lot of the points you have made, you have calculated some of the indirect jobs from your survey of suppliers and the supply sector you have the expenditure of the hunts, the followers and the social activity as a sort of collective injection, and you have calculated 950 jobs somehow because of those expenditures going into the supply sector. That is my understanding of it. As you point out, that is only part of the indirect effect. I just wonder how you get the rest and I assume you get the rest from the UK output total, but that gives you the total in some sense and then you have to knock off the 950 or make sure you did not double count and if you get the total from the input/output table, the 950 almost becomes irrelevant in the calculation because you end up with a total for the indirect and I am just

curious as to how you did it.

PROFESSOR HERVEY GIBSON: My cue to go to the machine, Lord Burns.

THE CHAIRMAN: Yes.

PROFESSOR HERVEY GIBSON: We could easily have written a 200 page report, I think, if we had tried to set out all the possible wrinkles of the model. So when this warms up I will demonstrate it. There are really three models. One is a fairly detailed model of the hunting economy with the rest of the economy on in a sketchy kind of way; another is the full 123 industry model of the whole economy with a little bit added on for hunting and the third is the--

THE CHAIRMAN: I would have said that that was far from being warming up!

PROFESSOR HERVEY GIBSON: I think probably, and the third is what I would call a toy model which just summarises the hunting one and that is the one that can actually answer this point about the 900 becoming a bigger figure. This looks similar to the table in the report. There are a number of important differences which relate to some of the discussions we have had today. There is the balancing item, which I hope answers all of the questions about income and expenditure not adding up, and so on. So that features in various ways. There is a balancing item in hunt expenditure; there is a balancing item in employees, in that employees in this particular version receive 16 million in income, but only make £12 million worth of expenditure. That is because of National Insurance, income tax and possibly some savings

have to be deducted, and so here is a figure like the 950; there are small differences between the more detailed model and this one, but that is a figure like 950, and that is, as I said, a multiplier type. There is no multipliers in there, so this is, broadly speaking, a reference style version of the expenditures that were reported in the survey.

Now, if we start to look at the indirect. In the jargon one multiplier just looks at the purchases of the businesses. It does not look at any impact of expenditure, and we can look at that in different rounds, so if you press the button once the expenditures change and then the employment changes in the first round and in the second round and in the third round and in the fourth round, and then it carries on going up by smaller and smaller amounts as we go down that declining rate of skyscrapers. So we then get to this figure of a total of 3,692 employees, which is the direct and indirect number of employees.

Now, if we want to look at the induced ones, the jargon, that is the type two multiplier, and we can see the second rounds of that and, again, you can see the figure stepping up. What is happening there is as each category is spending more money, it is becoming more income per employees and you can see these figures have been changing fast enough. I have done that too quickly. It is very easy to go back and look again.

So we start again from the base, and so here we have expenditure by the rest of the economy, including its expenditure on wages. We have the total wage income

received there being 16 million and then 12 million of that is getting spent.

So there we can see more money being spent in the economy, more people being employed in the economy, or more people being employed and then, again, there are more, and again, and again, and the wage income is going up and up and up and then when we start to look at the impact of that wage income, then it is 38 million, but people start to spend their wages, that creates more wages for other people, so it is up to 44, 47, 49, 50, 52, and it keeps going. So you end up with these multipliers which are relatively high, in terms of the general literature and the type one multiplier was 1.8 and the type two multiplier was 2.5, and I think there are a couple of these. One is that these are, generally speaking, low income jobs and we have made a low wage assumption all the way through. The second is that when we used the input/output tables, the employment figures we used include self-employment, and that is a very important point in the restructuring and, particularly, in the rural economy. Most of the people that work on farms count as self-employed, so anything that is going into the agricultural sector that does not take account of that is going to have underestimated multipliers and the fact of the matter is that most of the multiplier evidence in the literature, generally dealt with in the literature, are not much to do with these kind of economies at all. They are more to do with industrial economies. So we do have quite high multipliers. So starting from our base we end up with what I would

consider to be quite a high figure for employment.

Now, perhaps I should have done this first, but this was just to show you what the 35 industry -- what the categorisation is there. So the model that we have used to generate the multiplier distinguishes between the two types of followers, as you have seen, and hunting comes. There is flesh collection and other; there are four types of associated social and sporting events, balls and other social, point-to-points and other animals. There is a whole series of businesses which are similar to those covered in the BETA survey and then we, at the end of that, begin to roll over into the more general businesses, so there is animal feed, incinerators, which is cash equivalent but was counted, vehicles and running costs and so on. These are figures that you can see that are featuring here in the hunt expenditure.

We have taken some account of the indirect taxes, rates is in there, national insurance and surpluses and deficits, and, again, if we go back I hope that adds up. If it does not, relatively small amounts, but with all of this we are building a structure and trying to put it into sensible parameters.

I think if you look, sorry, could we turn on the other projector at the front. What this has done is takes the surveys that are mentioned in the report and looks at the employment by in each of the categories. Just to make a couple of points: One is the direct by hunts, as we have said many times, is pretty much the same across all four of them, at least as far as the eye

can see. Secondly, as we have seen in the discussion, there is this factor of -- well, five in one direction between expenditure by followers in the CRC and the PSG figures and our figure, and the factor of five in the other direction between ourselves and the IFAW and SQW figure.

Then on top of that there is the indirect which we are speaking about now, and you can see there a multiplier of 1.84 quite clearly comes out of the shape of our column on the far right. I am quite surprised at the very high multipliers that there are implied in the IFAW and SQW figures, and I wonder whether they have also included induced jobs in theirs, but also I think it is interesting to note that the indirect for both CRC and PSG, and even though we have some disagreements about methodology, the ratio of indirect to direct is pretty much the same in theirs and in ours. The crux of disagreement is the direct expenditure by followers.

THE CHAIRMAN: So the area of biggest disagreement is in the green. The blue follows on from the green, is what you are saying?

PROFESSOR HERVEY GIBSON: The blue broadly seems to me to follow on from the green, even though we do not agree with the way the other guys came to the blue. The blue. Now that is between CRC, PSG and PACEC. We really do not understand how IFAW and SQW could have got such a high blue from such a low green. That might be something to do with these questions about livery stables.

MR CORBETT: Part of the difference of course on the PSG and the PACEC difference is that PSG is not a full-time

equivalent, that is jobs.

THE CHAIRMAN: On the methodology of this section, the hunt related businesses, as I understand it, this is where the survey did not prove to be of very much use. You had to use figures which were more economy wide. But you argue that in most cases there was not that much difference between them?

MR COX: That is right.

THE CHAIRMAN: To the extent you had figures from the survey?

MR COX: Yes.

THE CHAIRMAN: Any points on this?

DR RICKARD: I feel I must make the observation that a multiplier of 2.49, and I realise that one can estimate a wide range of values, is incredibly high compared to every other study I have ever seen. I draw your attention to the rural multiplier calculated for Wales of 1.4, by probably one of the better known experts in this area and 1.5 for Scotland. The multiplier used here is staggering; this is way out of the range that most other people--

PROFESSOR HERVEY GIBSON: Those are regional multipliers, not national ones, which are part of the story.

THE CHAIRMAN: Because the leakages are much bigger?

PROFESSOR HERVEY GIBSON: The leakages from regions are much bigger. For example, in Scotland pretty much a third of expenditures in England, a third in Scotland and a third in England and a third in the rest of the world, broadly speaking, so at a national level you have a much higher multiplier, plus if you are talking about two

multipliers, then the self-employment is really quite important.

PROFESSOR HERVEY GIBSON: There is another point to make here, that the last time the last full input/output table for the UK was done for 1990, and we have used these 1997 balances, which do not distinguish in detail between imported and domestically produced goods, and we have generated, not specifically for this project but in our general work, a domestic use table; in other words, a table which shows only those goods produced in Britain which has certainly changed between 1990 and the present. In particular, the economy has become more service oriented and therefore in some ways that will tend to have increased the multipliers, because the multipliers in service are bigger than the multipliers in goods because you cannot import a haircut and you can import a computer or a car.

PROFESSOR HERVEY GIBSON: Those are some of the reasons. Having said that, I think we are probably near the top of the multiplier figures, but not wildly out of line.

THE CHAIRMAN: Other than noting this point, I am not sure that we are going to be able to take this section very much further.

MR CORBETT: Could I make one more point while we have the comparisons up? I have not raised a point at all today on the comments that were made about the Produce Studies surveys 1997/98 which has really been the basis of the Alliance projections on employment. We at that time were asked to present a plain English report and a lot of discussion about this, and this is the reason why we

concentrated on identifying jobs and there is a fairly detailed analysis within that description of jobs of the extent to which they are full-time and part-time and what the actual earnings were. Those data were drawn from a sample of just over 1300 hunt members, which is a pretty substantial survey and I think it is a very robust sampling procedure. There is a suggestion that by sampling 24 hunts, it was a very small sample. I would argue against that, because what we were trying to avoid was the variance within hunts, which is exactly the point that we have been hearing time and again of bias within the hunt and we actually had a 52 per cent response rate of all hunt members within the hunts that we were interviewing, so this was a quite deliberate decision that we had a pure random sample. I say "a pure random sample" for the selection of hunts and every hunt member was contacted and we had a 52 per cent response rate, so we are talking about a large and robust sample. Now, the final point that we have to come to is the use of GDP which has been ridiculed and mocked and all the rest of it. Again, we were aware that as soon as you start getting to any sort of multiplier effect, you end up with the sort of debate that we are having today, which really has no beginning and no end. This was the reason for using GDP and we would be quite willing to accept that the figure that we have set might in fact be too low. All I would say is that it is quite interesting that the rural tourism calculations, which is produced by the Economic Impact of Recreation and Tourism in the English Countryside, give a figure of 12 billion

supporting 380,000 jobs, direct and indirect, which is £31,580 per job. The sports economy as a whole, with an expenditure of 11 billion, supported 369,000 jobs, which is £29,810 per job. This was by the Leisure Industry Research Centre at Sheffield University, commissioned by Sport England. So I would submit that we are not totally alone in being in this sort of area of indirect and direct job relationship. We use 23,000 here; they are talking about 29,000 and, of course, we did do the work three years ago, yes.

THE CHAIRMAN: And what is the implicit figure in your calculation? Is there one?

PROFESSOR HERVEY GIBSON: Too many numbers in my head, I am afraid.

PROFESSOR GEORGE PETERS: Could I ask one question, please, because I am beginning to get very confused? I can understand the calculations that we have just seen, which are done in a standard format. I would not give you very much for the induced effects, because it is very difficult to cover them and it may not be entirely relevant because they could be spread anywhere within the economy rather than in rural areas, but that is acknowledged and you say so very explicitly. But when one has rather large discrepancies of this sort one wonders, for example, with reference to the Produce Studies work, how it is possible to get from the low base, To this huge indirect effect. Are we still talking about input/output analysis of some sort? Or is there another methodology? In which case, if you are trying to look at this type of comparison, you ought to look in some detail at the type

of methodology which has been employed. I cannot think of any better way of doing it than the input/output way, because then you have a certain amount of checking and you have figures which, in my view, look reasonable.

Now, I know that Produce Studies have been criticised for having multipliers which are too high, but if their estimate is too large, the other one must be way out of contention.

DR RICKARD: Not impossible.

PROFESSOR GEORGE PETERS: We appear to be talking about a multiplier which is very

large indeed. Basically someone needs to try to reconcile these numbers in some way and possibly to look at the methodology which has been employed to get them. It is a very puzzling set of estimates and I am just completely puzzled about the way in which they were derived.

THE CHAIRMAN: I thought it was simpler than that.

The interpretation I had taken from this was that the big difference was the green bar. And that the ratio of the blue to the green plus red is not that different in the case of the present calculations from the PSG Study of 1998. And so the multiplier side of it, I understood, was much the same. The thing that we have to reconcile, and which we have spent quite a lot of time on today, is why the green is so different. This is the direct employment by followers where there does appear there to be a very big difference. I think a number of things have been raised. I hope we might be able to pursue it, but I had interpreted it that the size of the multipliers was not the issue of concern.

PROFESSOR SIR JOHN MARSH: Can I just confirm that the PSG study is of jobs, whereas this one is of FTEs?

MR CORBETT: Not the FTEs.

PROFESSOR SIR JOHN MARSH: Yours is jobs. So that would account for a significant part of the difference between these two green areas.

MR MOORE: I was just going to say I thought there were two reasons why there is a big difference. The one is the difference between FTEs and jobs and the other is a use of derivation using GDP per head rather than expenditure per head, and if you were to use expenditure per head you would get a significantly lower figure, and I am really asking you why you did not use expenditure per head to go from expenditure to jobs? So those are the two things that I focused on.

MR CORBETT: You are talking in the blue sector?

MR MOORE: I am talking in the green sector as well, in the green sector.

MR CORBETT: There seems to be very much less argument about measuring jobs than about measuring expenditure and then converting it back to jobs. We actually asked people what they employ; who they employed; how long they employed them for and what they paid them, which seems to be fairly simple.

PROFESSOR HERVEY GIBSON: So the jobs in both cases are direct questions, direct questions plus grossing up?

MR CORBETT: Yes, you have full tabulations and full data sets, are they not, and it is a very clear straightforward, very clear drawn up questionnaire which was not completed over the telephone, and --

PROFESSOR SIR JOHN MARSH: This goes back to a point Ralph Corbett was making earlier of the nature of the rural economy and the placement of long-term employment within the rural economy and the impacts which may be actually to some extent difficult to interpret, if you are taking out a part-time employment as distinct from the normal aggregate measures of full-time employment in this situation, and it is a point you have picked up yourself from the presentation when you explained that the situation for individual people and individual places might be very difficult than that which is implied in these aggregated numbers, but I think it is an important point which we should not lose sight of in that context.

MR ANDREWES: Lord Burns, I have to say most of this last point has left me standing, not being an economist, but, as I understand it, if the jobs were calculated by reference to the total £60 million expenditure, which you have calculated by taking a percentage of the £100 million, Obviously it is going to be a matter of judgment for you and your committee as to what is the proper percentage that should be attributed to hunting, but I think it would be quite interesting possibly to run the model again but with the 100 million in; that is to say assuming that all those horses that were there were used for hunting are included. I accept it is not exact, but it is another way of looking at it and then somebody has to take a judgment, subjective judgment, as to what is the greatest approximation of reality and I have a feeling that would also help to bridge the gaps, if I have understood it right, which I may not have

done.

THE CHAIRMAN: Could I ask a question too? If you were doing these in terms of total number of jobs rather than FTEs, would you not expect the multiplier to be lower? This is on the basis that as you go into the second and third round effects you were going to be dealing with industries where there are a greater proportion of full-time jobs. Therefore, the fact that the multipliers between PSG 1998 and your figures are the same, is the result of two offsetting factors. One is that one is using actual jobs rather than FTEs. And the second is that there must be implicitly a higher multiplier on the basis of the other. Because I would have anticipated the multiplier to have been lower than when you were looking at actual jobs, because there would be more part-time work in the rural and immediate employment than in the multiplier stages of generating employment.

PROFESSOR HERVEY GIBSON: I think that is completely the case.

THE CHAIRMAN: I am tempted to say we are in danger of flogging a dead horse here, but

MR CORBETT: Very appropriate!

THE CHAIRMAN: It has been very helpful and I think we have made quite a lot of progress in terms of identifying some of the differences and raising some of the issues I want to get on to the question of the next Chapter. But if there are any issues on these indirect and multiplier effects let us finish them off.

DR RICKARD: Someone mentioned running the model for Alternative scenarios. I, for one, would welcome,

given that it is already set up, running one or two different assumptions and seeing the sensitivity to the outcome to that, such as slightly different multipliers and different expenditures. It is not a great difficulty given the model, and it is one way of testing how robust the model is.

THE CHAIRMAN: I agree. I think that is something that we need to consider. One of the conclusions that may well come from the discussions is that we need to look at a wide range of assumptions for some of the more contentious issues. Indeed, in some ways that may be more productive than looking at alternative measures of the effects of a ban, where we have to get into even greater levels of uncertainty. Having said that, I would like to move on to that topic.

I have been very conscious throughout, in thinking about this, that the question of how many jobs are currently supported by hunting and the size of the hunting economy is a rather different question from the question of what would happen to those jobs if there was to be a ban. You discuss that in your presentation this morning, so I think we are all well aware of that.

The next chapter goes into all this and looks at three scenarios and I would like to begin the discussion of that before we have our tea break. I ask for comments on this whole chapter, chapter 6?

DR WARD: Just a general comment. I know that by the time we get to this stage of the report it becomes most speculative, but I just sense from reading the text that

perhaps the question of alternative types of hunting, like drag hunting and bloodhound hunting, has been a little bit overplayed in terms of being a determinant of offsetting. The issue should actually be closer to what Dr Crabtree said earlier in that if there were a transfer of expenditure to any other activity then some form of offsetting would kick in.

MR OLIVER-BELLASIS: Lord Burns, could I make two points? The first is to agree with the contractors over this business of the, if I can call it, switch ability of jobs. I do think there is a real issue about however many people it is, and we are, as Ralph Cobham said, talking about individual jobs. The skills that they might have are not able to be demonstrated as skills that would fit into these new businesses in the countryside, so that is point number one.

The second thing is that it is entirely true, as Sean Rickard pointed out earlier, that there has been a continuing drop in numbers employed in agriculture over the last 20 years. I do not think that is in dispute, but I do think that a fair proportion of those jobs have been natural wastage, whereas in this particular case were something to happen to jobs involved with hunting, it is unlikely that the same proportion, whatever that is, would be natural wastage and could therefore be said to be people retiring out of their particular employment. I think the other one is that increasingly farmers are having -- if we called their whole working day a folder, there are different compartments in that folder which will involve maybe livery, maybe things to

do with hunting, and if you take a part of that folder away, what are they going to replace that with, and have they skills to transfer that to that proportion of the part-time work which they currently have? I think that that could be quite significant in terms of farmers who are failing to make a satisfactory living from producing off the land and have taken to other jobs which are only part-time.

MS JAMES: Lord Burns, following on from that discussion of uptake of jobs from agriculture, one of the things that I have been involved with is Objective 5B programmes and similar projects that have been involved in regenerating rural areas and the question that arises about uptake of these jobs is what cost implications that has for European funding and social regeneration projects, et cetera.

These jobs are lost from hunting either immediately or gradually over a period of time. Similar projects in other areas, for instance the coalfield areas where objective 2 funding has been in operation to replace the loss of employment from the coalfield areas, the cost of replacement of those jobs, particularly when you are talking about jobs that do exist and will continue to exist if hunting continues. So it is a question that do we know what the cost of replacement of those jobs would be?

DR RICKARD: On a general point, Lord Burns, I find myself over here really talking about net unemployment and net loss of jobs, as opposed to gross loss of jobs, which is really what these scenarios have painted. One

should not lose sight in looking at this in the round that if, for the sake of argument, £150 million had been spent on hunting, if hunting came to an end, I do not believe for a moment that is going to be put in a tin under a bed or burnt; is going to go back into -- it may not all go back into the rural economy; that is a fair point to try and debate, but it is different from coalmining where we switched our demands overseas. Here we are really saying people are going to switch expenditure from doing one thing to another and the net employment or net loss of jobs on that basis would of course be very different from the proposed loss within the rural environment.

THE CHAIRMAN: I think the point you make is very much the same as was made this morning.

I was tempted to ask what it would look like on the assumption that the money that was being spent on hunting, was spent in a way which represented general expenditure across the economy. You could try to trace through what the effect of that would be, both in terms of net jobs but more particularly rural verses urban jobs. Presumably, if that expenditure was distributed generally in terms of consumer categories rather than on hunting, then the outcome of that would be a large proportion of urban jobs than is the case with the rural economy jobs that are currently accounted for. Presumably as you get into the multiplier effects and as you go down your lines, they are not going to be very different as a result of hunting expenditure and as a result of the replacement

expenditure. The big differences are going to be up in the direct effect both of the hunt and in the direct effects of the followers. I would not have expected the multiplier effects and the induced effects to be so different. My starting point would be that we would not see that much difference between the jobs indirectly created by this expenditure as opposed to jobs indirectly created by the replacement expenditure. But that is a starting assumption.

PROFESSOR HERVEY GIBSON: I think there is a point which is a very large amount of money in terms of households. If really £6,000 or 7,000 per household is going to be released, then it may not be reasonable to assume that gets spread across all other parts of the expenditure and there might be things that would be attractive to householders in that income bracket.

THE CHAIRMAN: Like homes in the Algarve, or wherever.

MR ANDREWES: I think particularly skiing. I think an awful lot of people who hunt, because it is such a large part of their expenditure either do not have foreign holidays at all or do not have winter holidays. If you are going to model this, I think it would be interesting to see a version of that model where a significant part of the free expenditure is spent on winter sports, because it is a hypothesis.

The other point I would just like to make on scenario one is this. I think very properly you talked about people not actually getting rid of their horses; they will not be able to sell them. They are unlikely simply to have them put down -- I think that is probably right -- but you have shown the expenditure

falling off in a curve. What will people do? They may keep the horses in stables, but I believe, Lord Burns, they are much more likely to keep them at grass in a New Zealand rug rather than keep them in and being looked after; they will not be clipped; they will not be fed the same way and there will not be anybody looking after them, so, yes, they will keep them but the level of expenditure would be dramatically lower, even though I accept the basic proposition.

THE CHAIRMAN: That is very helpful.

MR WAKEHAM: Lord Burns, I think this is also related to the question of migration to other equestrian activity and, again, I am sorry to keep going back to the 1998/99 survey, one of the reasons that we employed Produce Studies was because of their knowledge of the agricultural sector and therefore the equestrian sector. One of the things we asked them to do was to look at the age profile and the gender profile and also the socio-economic profile of all these various activities, and hunting was significantly different to the other activities. For example, you have a much older profile for hunting; you have fewer children; you have more in eventing, younger in eventing than in hunting and so on; more men by comparison with the riding economy as a whole. So what I want to ask really -- I do not know if there is an answer -- is it right for us to use that as an example of what might happen if hunting was banned? Would people because they are older simply stop riding because they have nothing else to do? They cannot go eventing because they are too old.

THE CHAIRMAN: I think that is part of the discussion that we are having about where the expenditure goes if it is not to go on hunting. Some of it may go in other forms of horse activities; some of it may go on skiing holidays; some of it may go on expenditure more generally.

MR WAKEHAM: Absolutely. We are coming to the point of view

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THE CHAIRMAN: Most of it will be spent in one way or other.

MR WAKEHAM: But we want to keep it in the equestrian economy as best as we can.

DR RICKARD: I think in some respects this does go back to our discussions this morning. People, for the sake of argument, who currently hunt still continue to ride and engage in other horse activities? Of course a lot of expenditure goes more or less back to horses, the two things are tied up. We need a better idea as to what extent people who currently hunt really are going to pack it up.

MR OLIVER-BELLASIS: Lord Burns, I think there is a real problem here, because we are trying to look at something nationally when, as we have had in others of your seminars, the answer is going to be incredibly different between local and regional and I think the difference between Rosemary's example of a (inaudible) and, for instance, mine in Hampshire, the two answers will be completely different because the mix is different. I think that it is extraordinarily difficult to put a general overlay on something which is affected by custom in that particular part of the country

MR SWANN: Thank you, Lord Burns. This seminar is a first; it is the one at which I have had least to say and one in which Hugh Oliver-Bellasis has said something with which I totally agree.

I think the point is that throughout the whole of the inquiry submissions, one thing that has become apparent are these local differences and throughout the Alliance submission, on the social grouping of people who go hunting, it is evident that in some regions we have to look at the difference in what is actually described by hunting. We have some of the hunts where we have a very wealthy population locally; we have high value horses which require a lot more to keep and there is much more expenditure going into livery, much more expenditure going into employment because people can actually afford to employ people to look after these horses, but then you can look at other regions of the country where the type of horse -- I made this point earlier -- is not as expensive. The hunt is attended by people from a much wider group. I believe this is the norm in a majority of hunts, but others may choose to correct me, and what is lacking here is an accurate differentiation between these people who keep their horses for multiple use; they are just your ordinary types of horses people like to ride and will go hunting with, but they are going to carry on all other activities and they are going to continue to look after the horses in exactly the same way. We need to differentiate that group from what I believe to be a very small group of people who keep horses predominantly for hunting and I think these are

the more expensive horses, the ones on which most expenditure is put and I think that is the minority, but I think they are dominating your figures and that is just an observation as an economic layman, but I think one which I believe is valid.

THE CHAIRMAN: Are they more likely to be people who go skiing?

MR SWANN: Absolutely not, apart from the top end. They are also perhaps the ones who might go to Ireland and hunt, but for the majority people who hunt I do not think things will change dramatically.

DR CRABTREE: Could I make a comment on an aspect there has not been any discussion before? 6.3.2 talks about the time pattern of the economic impacts and it implies that, I think it actually says this would not happen overnight, in other words the implication is it will be slow, this will cushion the blow, people will have more time to adjust and so on. I think there are a number of things to pull out of this. One is if the legislation gave a fairly immediate date when hunting with dogs had to stop, then for the hunts and the followers, there would be very rapid adjustment. It clearly depends how the followers adjust. That might be a bit slow, the huntsman will have to adjust overnight. So that this slow time pattern of change is perhaps not quite as it would appear. But there is a difference here. If the Bill said the legislation, the ban, comes into effect in two years time or something like that, then that would give two years for adjustment to start and perhaps here it is not

entirely clear what scenario is being assumed, because I think if the Bill is coming in very quickly, then there would be quite a an abrupt reaction that had to take place and not much time to cushion the blow, particularly on employment by the hunts and some of the followers.

PROFESSOR GEORGE PETERS: I think Lord Burns made a key point in discussing alternative scenarios. The obvious starting point is to distribute expenditure in the way that general expenditure is distributed, and then you cover Bob Crabtree's point as well. But I am wondering really how detailed one needs to make this exercise. There is a report on growth in rural areas -- this is in Table 6.3 -- which has a projection of 590,000 jobs being created in rural areas in the decade. Now, lots of people are saying, but the people who are now employed in the hunting economy cannot possibly take those jobs because there is a mismatch. Well, this is not necessarily true because if there are 520,000 jobs created in rural areas, a lot of those jobs are going to be jobs servicing people who are coming in. If you are tele-cottaging you want someone to do the garden, let us put it that way for illustration. So it seems to me that if there is this rather vibrant rural economy - contrasting with the agricultural economy - one does not have a really great employment issue to deal with. The thing that would worry me is whether there is more credibility in the larger estimates than in the Cambridge ones, and that seems to be the crux of the issue. If we are talking about orders of magnitude at the lower lever of this

amount, we are not frankly talking about much. It sounds like unsympathetic "economists speak", but this is the truth of the issue.

The other point about it, of course, is that if people lose their jobs nowadays there is normally some sort of compensation. For example, BMW is going to have to put up half a billion for the potential compensation fund for whatever happens to Longbridge. Farmers get compensated for reductions in farm gate prices. Most of the common agricultural expenditure is now compensation. So if we make an economic change in which some people lose, and in which other people, presumably, gain, (they get a satisfaction from not having to contemplate the hunting of the fox), how should the losers be compensated? It is not going to take a lot of money, because there are not many people involved. I would suggest that with the sort of numbers that we are dealing with, the type of growth that is likely to occur in the rural economy and the possibility of compensation, that we should not be worrying all that much about the economic consequences of a ban. I think I have said enough!

THE CHAIRMAN: Possibly too much!

I think we should now have a cup of tea and just take ten minutes and then come back. Then I would like to give each person a chance to have their final say about this whole subject in the way we have been doing these seminars. I will start with Bill Swann after we have had our cup of tea and go round the table in that way, ending up with the speakers and see

what they have to say in the way of final points. Thank you very much.

(Short break).

THE CHAIRMAN: Thank you all very much. I think we are now ready to have our final statements on this, but before we do that, Victoria has a question she is going to put and that will give Bill time to collect his thoughts, which I have to say he does not need. And then we will go around the table

DR VICTORIA EDWARDS: Can I pick up more or less where we left off before tea, and that was the discussion regarding re-employment of people that might be made redundant if there were a ban. You quote in 6.4.7 some survey based research that you have done and I wondered if you could give us a bit more detail about that; I am particularly concerned about its relevance in terms of timing. It looks like it was done towards a year when we were coming out of recession, the extent to which large bodies of people might have been made redundant in one location, really whether the data involved in that survey is relevant to this scenario?

MR MOORE: It is 6.4.7? Oh yes, right. Yes, this was a study carried out by PACEC for the DFEE at the beginning of the 1990s, which attempted to assess the probabilities of re-employment of those workers made redundant in large-scale redundancies, and the survey was based on around 3,500 employees made redundant at the beginning of the 1990s. What it did was to track their route through the labour market following the redundancy for a period of about two years and a survey was done at the

point of redundancy and then subsequently, and you are quite right, the survey was done when the economy was not at perhaps the deepest point in recession, but it was still a relatively depressed economy in 1992/1993. I think the probabilities in the timing of redeployment therefore tend to be rather pessimistic, say by comparison with what would be likely to happen today should the same study be undertaken. The estimates of the probability of finding alternative employment were based on two main groups of factors: Firstly, the characteristics of the individuals who were made redundant, most importantly their age, their gender, their skill and, indeed, whether or not they received redundancy payments, et cetera, and, secondly, the nature of the local economy in which the redundancy occurred. What we did was to compute on the characteristics of the individuals and the characteristics of the local economy. We computed the probability of finding employment, becoming active or going into training, or whatever, and we also looked at the timing at which redeployment would take place. So that is the basis of these figures and the parameters used in them, developed in that exercise. They are, I believe, still being used by the DFEE in assessing the profile and the impact of large scale redundancies. So that is the nature of the figures, how they are computed. I accept that the two year period is probably on the long side in terms of over half of them eventually finding a job. Today we might shorten that period of redeployment, but, equally, the displacement

figures are likely to be lower as well.

Do I need to say any more?

THE CHAIRMAN: No

DR VICTORIA EDWARDS: Just one quick question: I suppose I am particularly interested in the more disparate nature of people directly employed by hunting and your reference to large-scale employment. Are we talking about a large number of people in one location?

MR MOORE: We are talking about, I think, six different locations and the large number of redundancies, sometimes spread over a period of time, so we are talking about closures of coal mining in Mansfield; we are talking about closure of Ravenscraig; we are talking about bank closure and ICI closure and so on, British Aerospace closure and I would expect that the parameters in terms of the redeployment potential are likely to be very similar if one were to do the study for a number of other types of redundancy. The key things are clearly the skill, the age and the gender. They turn out to be those attributes that critically determine your potential for redeployment.

DR RICKARD: It does occur to me that in this case here perhaps one might find some useful data provided by studies of agricultural people who have been made redundant or left their jobs. As has been pointed out, many thousands of them, and how quickly did they find re-employment, and I think that would provide you with quite a good guide if (inaudible).

THE CHAIRMAN: Have there been made such studies? We certainly do not have time in the next fortnight.

DR RICKARD: Off the top of my head, yes and I can let Professor Hervey Gibson have details.

MR MOORE: I think it has to be recognised that one of the key parameters here is displacement. It may well be if you track a particular individual they find employment, but they do so at the expense of somebody maybe taking their job. The displacement ratio would depend on the local economy which, in turn, depends on the national economy.

MR SWANN: Thank you, Lord Burns, these are our wrapping up statements.

THE CHAIRMAN: They are.

MR SWANN: On behalf of Deadline 2000, which for those that are unsure is the RSPCA IFAW and the League Against Cruel Sports, I would like to, first of all, welcome the study that we have heard today. I think I found it extremely useful for several reasons: One is it has helped to explain why there are such apparently great differences between previous studies and it is now possible to see why that might be the case. I think the methodology that you have developed is extremely useful in that it does allow us to have a look at a number of "what if" situations in order to look at difference in areas related to those things that it is just absolutely impossible to quantify and, in that respect, I think its use is still to be fully exploited.

We have always accepted at Deadline 2000 that there would be some loss of jobs and Sir John Marsh brought this point up in the oral submissions in that the least skilled workers, those who are directly employed by hunts, are going to suffer some degree of

short-term hardship and it would be inappropriate of us to state otherwise.

I would point out, however, that one area that has not been discussed today is the potential for re-employment in farm waste disposal and I flagged this up previously, but it is an area where there is considerable interest in the problems of disposing of waste from farms, both toxic waste, animal waste and plastics waste. Consultations are under go at the moment. It is at an early stage, but the likelihood is there will be jobs in those categories for which displaced people may find suitable employment.

Drag hunting has been difficult because we cannot say how many people will convert to drag hunting, but even if a percentage do, then this will also take up some of those jobs that are lost from direct employment.

I think the final point that I would like to say is that hunting has been described to us and it is my belief that this is quite correct, it is a cosmopolitan activity in that the people who hunt are not a small elite, they are not a small elite who will go to Ireland to hunt or go to the Bahamas or go skiing and doing all these other displacement activities we have heard about. These are ordinary people who farm or work in the rural economy, who enjoy riding horses, and hunting is but one small part of that enjoyment. I think the numbers of horses in the event of a hunting ban that will go out of the economy is very, very small.

As most of the expenditure is generated by horse ownership, I think the effect on the economy will be

proportionately small. Money will stay in the economy and many of the indirect effects, although there will be some, will take place over a longer period of time and there will be adaptation and there will be readjustment. I think that is perhaps stating the obvious for somebody who is not an economist but, nonetheless, I do believe that the impact of a ban on hunting, although there will be short-term hurt for a small number of people, the overall effects will be much less than may appear. Thank you very much Chairman.

DR RICKARD: Lord Burns, I will try not to be repetitive. Can I say that I sympathise with the report. This is an almost impossible thing to do to produce an accurate measure of the outcome of the, if I might say so, without upsetting anyone, such a small sector of the economy.

Let me try and be a little positive. It strikes me there are three elements as far as the impact on the rural economy is concerned. There is the shock, if you like, to those who are directly employed by hunts who undoubtedly would suffer unemployment as a result of a ban on hunting with dogs and, in some respects, our data on that is pretty good. There seems to be large-scale agreement on the numbers who will be affected. Turning to the induced effects I find myself in agreement with Professor George Peters. A lot of this expenditure is going to go back into the economy. Such expenditure can be taken out of the equation as in effect we are taking money from both sides of the account. So where is the main focus? It is on the expenditure by the hunt followers and we have heard a lot of

discussion today about how biased or not the data are and exactly how much these people spend at the moment on hunting and exactly how much they might spend on equivalent activities, or indeed other rural activities, in the event of a ban. If I might suggest, this is going to be an area where no one is going to be able to provide you with a definitive answer. There is much to be said for providing a limited number of projections around variations of the key assumptions and I think you would be almost as well off to fall back on an amount of expenditure and apply normal multipliers to it including employment multipliers. When you have done that, of course then the last issue becomes how long, how likely is it that these people will be re-employed and for that I fall back on the other points I made a few minutes ago. Thank you very much.

DR CRABTREE: Thank you, Lord Burns. I still have the same points I have made during the proceedings. I will try and not repeat them all.

I certainly agree with Sean, I think he implied the hunt data is in a sense pretty clear cut and what happens after a ban to the hunts is clear cut. It is the followers that are the difficult area, both in surveying and in the analysis of their behaviour following a ban, so I think any additional effort should go there. I suggested there should be greater clarity in the methodology so it is more transparent, which would avoid a lot of the sort of queries that I think have come up today. On the FTE and job figures, it seemed to me that that certainly needed

more explanation, and I thought it would be more helpful if you did not present results which mixed up FTEs and jobs on the same diagram, because they are fundamentally different in this context or part-time and it seems to just add confusion because the reader does not immediately see that this is what is happening and make straight comparisons.

The point I raised before about re-injection, that I do not think is in here, of the saved expenditure, particularly by the followers. A lot of expenditure there. Lord Burns assures us that they are all going to spend this rather than save it, so even if you have no survey evidence you could make some assumptions about whether they might save it and what impact this could have on the economy. We have actually estimated that in Scotland, but I think the results will not be out in time for you to pick those up as to what people say they are going to do.

THE CHAIRMAN: Tell us.

DR CRABTREE: I am not able to tell you, no.

The point about the farmers I raised, that is what is going to happen if there is a ban in terms, particularly of fox catching, in terms of their costs and output, and also in summary, it would be helpful to know where the impacts are going to be and what the sort of groups in society are going to be most affected. I think that is in the report already. What sort of businesses, what sort of employees and where in England -- and I am not very clear on the English geography of foxhunting but maybe in Somerset or some part of England

the effects are going to be major and other parts not. I think that would add a little context in terms of the spacial effect. Thank you.

MR ANDREWES: Really two questions. The factual issues: I think it is encouraging that where the quality of the data and the scope of the samples has been good, we have a strong measure of agreement between the various studies. Where because of time or people's willingness to respond we have a smaller sample or less exact data, the numbers are very different. I mean, it just seems to me inherently unlikely that there are only 50 per cent more people employed by all of the followers of hunting compared with those employed by the hunts themselves. Just look at the numbers of people around the country. It just looks to be too low a figure and I think there are areas where we could get nearer the facts on things, like multiple subscriptions, the numbers of hunters per household etc. This will have a big impact on the final number. But they are susceptible to research; they are questions of fact.

I would make two further points, please. Could you try to reconcile in the final report the figures that came out of the Cobham and the Produce Studies surveys, which were exacting and expensive surveys carried out over a substantial period; there are some very valuable facts to be got at. Secondly, could you try to include the question of the tourism expenditure, the expenditure by non-hunting individuals, some of the areas which we have identified and which do seem to have been slipped through the net.

The second category are areas of judgment; what percentage of expenditure on horses should be related to hunting if they are used for other things; what will people actually do if hunting is banned? I do not think these are subject to factual analysis; I think they are questions of judgment and all, again, I would say, let us see what the figures tell us with the number of different assumptions. At the end of the day it is going to be your subjective view as to what is appropriate. I do not think any of us can suggest a proper line of fact. We need to recognise that. Thank you.

MS JAMES: Very briefly one or two points to make. I think there has been some useful discussion about using the methodology and the model established in this research for evaluating the potential outcomes of a ban on hunting. One of the issues that I think has not been brought out in the discussion so far is, out of all the scenarios, if hunting is banned after 10 years when we have been discussing things like flesh collection et cetera. If the hunts do not exist in some shape or form, who will actually organise and pay for that activity. That brings me to questions we have mentioned previously about alternative employment in things like flesh collection activity and the integration between the hunting and farming economies which is clearly very close. I do not think that has perhaps been addressed in sufficient detail in the research.

Finally, on the consideration of the growth in the wider rural economy and the employment trends that we have been discussing, I think talking about things on a

national basis still masks considerable regional and even smaller than regional differences and specific areas of high unemployment and economic deprivation. I think there has to be a more detailed examination on a regional basis, but also on specific localities to evaluate the potential outcomes in very small areas.

PROFESSOR GEORGE PETERS: Very quickly. This is good stuff, given the time that was involved in doing it. It is very interesting and I think the basic ideas are right. It needs a bit of tidying up. The figures in the text are not easily reconcilable always with the figures in the matrices and I would like to see the matrices balanced out and the balancing item explained. But this, I feel, is relatively trivial technical stuff at this stage of the game.

The most important point I think is the one that Bill Andrewes was making. There are slightly puzzling differences still between the three sets of estimates that are represented in this room and I think a little bit of effort might go into sorting that out. In essence the survey of previous work is a little bit thin, needs some filling out of detail.

Again, I do not see that this is a fantastic point of principle, but it is another tidying up exercise.

The final point is that the numbers are not large, provided they can be reconciled and defended against numbers which are larger. Thank you.

MR WAKEHAM: Lord Burns, I think I probably come from a slightly different direction to most people around this table in that we are interested in the equestrian

economy, not just in hunting. It just so happens that hunting happens to be part of the equestrian economy. We made a decision five years ago to allocate substantial funds to try to find out the size and nature of the equestrian industry. £145,000 over four years, and we did not spend that money lightly. We went through a pretty rigorous procedure to establish who would be the best people to do this work for us, and we came to the conclusion that Produce Studies were the people, and we have not been disappointed. All the work that has been done subsequently on behalf of the Alliance with whom we have no connection at all was as a result of that first study that they did for us. So I think a lot of the answers to some of the problems that have been discussed around the table today are actually contained in that work and we would be very happy to make it available to the researchers. I did say that it was going to cost them £295, but I might even throw in a little bit of a discount if I was feeling generous.

Anyway, there it is. That is all I really want to say. I do think there is a lot of information there which actually none of us around this table know enough about.

MR CORBETT: Lord Burns, may I thank Anthony for his very kind remarks.

THE CHAIRMAN: It is commercial!

MR CORBETT: I will pay afterwards. I would just like to concentrate upon the two areas where we are in -- contention is possibly the wrong word, but where the really big differences lie. That is, first of all, in

direct employment. In both of these cases my problem is actually not with the model; it is with the data collection mechanism and the data that is going into them. On the direct employment we are not arguing about the 711 directly employed by hunts and this is, as Bill was saying, this is four people per hunt. What is then unbelievable is that the hunt members are only collectively employing 7.5 full-time persons within each hunt, all the hunt members in each hunt and there are actually an average of 93.8 families, groupings, members, in each hunt, each of the 178 foxhound packs in the UK, and if each of those groups of 93 are only employing 7.5 employees, that means that there is only one employer in each 12.5, only 8 per cent of people who are hunting employ somebody to look after their horses. Well, frankly, I do not believe this. It is just not credible.

In the Produce Studies Survey it shows that 46 per cent employ some labour, albeit some of that is part-time and 22 per cent of hunt members employ full-time labour. That compares to the 8 per cent if we take this. So I do feel that we have a serious problem in this employment data coming from this survey and I am afraid that in a very modest way I remain convinced the Produce Studies employment data is fully sustainable. On the indirect employment side we have produced a far less sophisticated methodology than we have heard about today, and I would be quite prepared to accept that there should be modifications to this. However, I would stick to the fact that expenditure by hunt members, other than direct employment, is around the 200 million

a year mark. In my simple mind you then can divide that by what you like; you take the GDP figure which everyone tells us is wrong; that came to 8,700 people. If you take the Sports Council figure which I mentioned a bit ago, 30,000, that comes to 6,600 FTEs. If you want to go up to £60,000 per full-time job, that comes down to 3,300, so I would accept that there could be modification here, but all those though are significantly more than is being suggested from the study today.

Thirdly, I think the point has been made before, we still have to remember whenever we talk about FTEs and placement that there are people behind these figures. Thank you very much.

DR WARD: I think it has been an interesting day and I think I get the sense that the longer time goes on the more this debate about the economic aspects of hunting becomes more detailed and sophisticated and the areas of agreement become more numerous, so I think that is a good thing.

I found the report helpful and there were some interesting new thoughts and findings in it to my mind. It has been about two and a half years since I last concentrated in any detail on the debate about the hunting economy, and that was initially to do some work for the BBC and then to do the wider critique for IFAW. I have never come across the point about multiple hunt membership before. That was a new one to me and I thought that the discussion that took place was quite useful in refining the parameters of the significance of

that point or not.

I thought that the model was very interesting and I was happy with the way that the model had some checks in it for cross-checking these two different components of estimates which I think is an improvement on some other figures.

I still remain mystified about why two part-time jobs Then equals one FTE. I have always been a bit mystified by that. I do not know whether there is the scope actually in the in the next week or so to look in a little more depth there at the robustness of that assumption.

But still, at the end of the day, to me the point that I was keen to make two years ago still stands. There is a world of difference -- the point you have made today, Lord Burns -- in identifying the number of jobs associated with hunting and then using that figure to assert that all of those jobs would automatically be lost if there were a ban. I think that is being claimed less and less now. That is all.

MR COBHAM: You will not be surprised that at the end of the day much as I applaud -- and I say that sincerely -- the work of the consultants in developing the model and the methodology, I find myself very disappointed. The reasons for the large discrepancies between the PACEC Estimates and those generated by earlier studies have not been pin-pointed. I did not necessarily expect the full explanations/reconciliations To be provided today, but I consider that it needs to be done on three counts.

Firstly, on the count of the number of Participants: mounted followers, foot and car borne followers; secondly, on direct employment by participants;

and thirdly, in terms of direct expenditure by mounted followers.

Now, if you will allow me, Lord Burns, I have been involved for the past year on some primary research relating to seven hunts in the borders of Scotland and I wish to bring to the consultants', the committee's and everyone else's attention some preliminary results that have emerged from that. The level of sampling and response has been good and there has been quite a sophisticated approach to its analysis. There is no input/output assessment at this stage. We are dealing purely with direct expenditure and direct employment at this stage.

First of all, bearing in mind that there was some question about the impartiality of CRC's work earlier, I would like to display here, as I do right at the outset, this has been taken undertaken, this work, for the Borders Foundation for Rural Sustainability and, as in the case of the standing conference for countryside sports, fox hunting is not the main focus of the research; it forms actually a small component of a much bigger study that is related to diversification and the generation of jobs in the rural economy, particularly relating to the fall-out as a result of declines in agricultural turnover and profitability. The researchers addressed all of the typical problems that have confronted our consultants, all of our consultants here today.

Now the purpose of this exercise, Lord Burns and committee members, is just to do a broad raincheck, nothing more, on the earlier extrapolation and grossing

up exercises done by Produce Studies and ourselves, and try to apply that to England and Wales as a whole.

If we extrapolate on the basis of those seven hunts we end up with a grossed up figure of participant expenditure of between 175 million and 225, and that is broadly in accordance with, (a) the work that we have previously done, and likewise Produce Studies.

If we look at the full-time employment, the direct employment, you will see that we end up with similar methodology between 4 and a half and just over 5,000 FTEs which is lower -- and I fully acknowledge that -- than the earlier estimate which the CRC was responsible for before, and I give a range of job estimates of between 11 and 14,000 in very broad terms. Now, it does seem to me, Lord Chairman, that on the basis of this we have further evidence of the need for reconciliation. I have sort to help in that respect because it is important. Consistent with the fact that PACEC have made recommendations. I should just like, if I may, to Request, in terms of the focus for future research that rather than basing their model on a 0.5 per cent sample of participants, can we please have a full survey of participant's direct expenditure and direct employment, so that there can be no doubt about what is actually taking place on the ground. I am not talking about small samples. I am talking about providing reliable estimates, which will presumably have to be done after the Committee reports. Thank you.

THE CHAIRMAN: We had a rule about the seminar that one

could not to introduce papers more than -- I think two or three days in advance. I have only let you go on because it is the final statement. It is not a matter for discussion and all I can do is ask the team to have a look at it, as it does relate directly to one of the issues that has been raised. I do not propose to discuss it further.

MR MOORE: I suppose, firstly, in terms of the expectations of what we thought this meeting would yield, the fruits of this meeting, I think to a considerable extent they have been met. I think we have all found the meeting extremely valuable and what we have done is I suppose two very important things. One is to identify the areas of uncertainty which form the basis of the estimates, and we have been able to do that in the context of a methodological framework which I sense, listening to what people said, is broadly acceptable, so I think what we have achieved is, firstly, some understanding of where we differ and why we differ and we have done so within a framework of analysis which enables us to try to reconcile and perhaps further understand where those differences occur and do more work before we finalise the report, and I think that in itself is very encouraging.

I think the second point is that I think we recognise at the outset that this was a very small sample and there were good reasons for this. Most importantly, the timespan over which the study had to be undertaken, and we know that the sampling errors were

likely to be quite large, and I think that what we would like to do in the next stage of the work in producing the final report is to use the evidence in the larger sample; perhaps not to pay the £295, but to use that evidence, and on the basis of the larger sample to begin to understand where we should pitch what we might call the mean value of this critical parameters that we have talked about today and then to re-run the model and to set the outputs of the model in terms not of point estimates perhaps, but in terms of ranges which we believe are plausible, given the differences that remain when we have looked at the larger samples. That is one thing I would like to see done before the final draft report comes out.

I think the other thing I think is important as well is that I think there are one or two methodological flaws in the way in which we have developed the scenarios and I would like to correct those, but also perhaps to take your views on whether you think the scenarios that we have set down -- we will not presumably do this in writing, Lord Burns -- are in a sense plausible scenarios to be considering, so that is why I find the whole day really very encouraging and I hope we could converge and no doubt we will continue to differ, but at least we will understand why more clearly when the final draft report is produced.

PROFESSOR HERVEY GIBSONPROFESSOR HERVEY GIBSON: I have two small technician points

really. One is, and I have forgotten where it has come from, somebody suggested we use the model as a way of looking at the different individual assumptions of the

scenario and that seemed to me a very useful thing to do, and particularly some of the full-time horses, full-time people, full-time employees and all of those assumptions, they can easily be accommodated in the model. Secondly, the whole point of having a model is that you can explore things and play with it, and it would be most helpful to have suggestions from the Committee and the other advisers as to the games we ought to play with the model as a way of helping us understand the real world.

MR COX: I would only reiterate that, yes, it has become very clear that perhaps the best way that we as the research team can use the remaining time available to us is to try and help everyone to understand why there is the big difference in estimates of the direct effects attributable to followers and also in our own work to show how sensitive estimates are to different assumptions, different data inputs.

THE CHAIRMAN: I am very grateful to everyone. Thank you to the team for the paper. I have also found the discussion encouraging. I am very grateful to everyone for handling it in a positive way. I think we have gone some way in identifying some of the differences between various studies and the points where the assumptions become important. It is going to be interesting to try to look just a little bit further at a range of assumptions on one or two things. But I felt that a lot of good and interesting points have come out of the discussion.

Once again, I am very

grateful for the way in which everybody has conducted the seminar. I can only apologise for the extraordinary time pressures that are involved in all of these things. I can merely say that we are terribly conscious of this ourselves. This is a case of mutual suffering, as far as the pressure is concerned, but thank you.

Thank you very much.

(The hearing adjourned)