

**Statement by Cardiff Council to the Casino Advisory Panel
Response to Specific Questions
August 2006**

Cardiff Council welcomes the opportunity from the Casino Advisory Panel to submit a statement giving its responses to the specific questions that have been raised by the Panel in relation to its submission of 31 March 2006.

Q1. Can you summarise the lessons you have drawn from your experience of casinos so far and what methods did you use to derive these? What empirically based assessment, if any, is available on the impact of existing gambling operations within your area on problem gambling and may we have a copy of any reports?

As the local licensing authority the Council is committed to address and manage these impacts in a proactive manner, working closely with the casino operator, the police and other regulatory and support agencies.

There are currently four small casinos operating in Cardiff. The Council's Licensing section concluded that 'the only lesson we have learnt from the existing casinos in Cardiff is that in general they are well controlled and do not give rise to problems', and South Wales Police have identified that incidences of crime and anti-social behaviour are very rare due to the heavily regulated nature of existing casino operations.

The Police are confident that by locating a regional casino in a destination resort, such as the International Sports Village, as opposed to a city centre or peripheral location, the social impacts will be minimised. The distinct destination location will also allow for the social impacts to be better understood in isolation of other influencing factors that would exist if the development were located in a city centre area.

The Council are fully aware that the operation of a regional casino will be on a very different scale from these existing operations and do accept that the location of a regional casino in Cardiff will inevitably result in some negative social impacts associated with problem gambling.

A commitment has been made by the Council working with the Sports Village developers, casino operator and South Wales Police that appropriate policies or procedures will be put in place to counter any potential negative social impacts of gambling and to optimise any positive social cohesion opportunities. These will mirror the Policy for Identifying Problem Gamblers, Responsible Gambling Programme and Customer Care Code of Conduct that have been successfully put in place by the operator in their existing operations. In addition the Council are committed to undertaking a local Gambling Prevalence Study prior to the operation of a regional casino to establish a benchmark against which problem gambling can be reviewed.

Aspers Group Ltd ('Aspers') is a high quality and respected British casino operator controlled by the Aspinall family and the Packer Organisation (the leading Australian media and leisure group). Aspers is committed to socially responsible gambling and, using the international experience and expertise of its JV partners, it has developed Policies and Procedures for Promoting Socially Responsible Gambling that reflect international best practice.

Aspers Policies and Procedures are designed to ensure that gambling on its premises is conducted in a sustainable, safe and socially responsible manner. At the same time, they do not interfere with the freedom and choice of its patrons to enjoy a safe and enjoyable form of entertainment. A full copy of the Aspers Casino's Policies and Procedures for Promoting Socially Responsible Gambling can be found in **Appendix 1**.

The objectives of Aspers policy for socially responsible gambling are:

- To promote safe gambling practices on its premises;
- To provide appropriate information to customers on problem gambling symptoms, detection and referral for help;
- To support customers seeking help to stop gambling or to moderate their gaming behaviour;

- To implement and support harm reduction initiatives associated with gambling on its premises;
- To advocate community awareness about the need to moderate and control individual gambling behaviour; and
- To work with local community interest groups on activities intended to inform and educate the public about the potential risks of gambling.

This policy is supported by a Responsible Gaming Programme with five action levels:

- A comprehensive staff training awareness programme;
- An effective problem gambler self-exclusion process;
- Use of appropriate signage and brochures on-site;
- Adherence to Aspers responsible gaming policies; and
- A working partnership with relevant community interests.

The primary mechanism for taking forward these proposals will be CARG (Community Action for Responsible Gambling). This body has already been established and terms of reference are being prepared. Funding has been committed from the operator and other bodies that will allow for these policies and procedures to be developed and put into practice.

Aspers is the founder and sponsor of CARG. The forum brings together a cross-section of community representatives to constructively address gambling issues in society. Its membership includes faith groups, the police, Addictions Councils, health workers etc. Aspers first developed the CARG model in Christchurch, New Zealand in 2001 and introduced it into Aspers at the Gate in Newcastle when it opened in 2005. Aspers have now established groups wherever it is active in the UK.

CARG Cardiff was established in 2006 and has met twice already, under the Chairmanship of Aspers, to actively explore harm minimisation issues.

Further details of CARG can be found in **Appendix 2**.

Q2. Why is it that you are so confident that the new casino will benefit the mass of economically inactive people in your council's area?

This project is part of a long term regeneration programme for Cardiff as a whole connecting the bay with the city centre. As a result, it is wholly integrated within a wide range of strategies, structures and networks designed to secure maximum benefit for our communities. This is not an opportunistic initiative. As a result, the Council and its partners are geared to ensure all benefits are realised in a structured and focused way.

Cardiff Council, in partnership with local employment services, has successfully operated Local Training and Enterprise Centres in Cardiff for over 15 years. These centres have a proven track record of providing advice and training to the economically inactive and long-term unemployed to assist them back into the labour market. The centres currently assist over 8,000 people each year.

The Council is also at an advanced stage in the establishment of a Skills Vehicle. The Skills Vehicle is a partnership approach to support skills, training and the recruitment requirements arising from planned major projects in Cardiff and South Wales, particularly in the construction, retail and sports/entertainment sectors in response initially to the International Sports Village, St. David's 2, proposed Cardiff City Football Stadium (CCFC) development and the Glamorgan County Cricket Club (GCCC) development for Series "A" test matches at Sophia Gardens.

This direct response vehicle will be utilised for a wide range of projects from inward investment to more local indigenous business growth. The key aims of the new vehicle will be to:

- Provide regional employment opportunities and reduce economic inactivity.
- Identify and research regional construction and retail industry needs in particular planning ahead to bring in suppliers to these broad sectors up to appropriate kite mark accreditations.
- Raise skill levels across construction and retail sectors and ensure the most disadvantaged communities benefit from the opportunities.
- Assisting training co-ordination through the Capitallearning Initiative.
- Project-manage all skills / recruitment activities against a planned timetable for ISV & SD2.
- Develop a marketing and profile-raising brand to strengthen Cardiff's overall image as an investment location, particularly in relation to NEWCO Marketing & Investment framework.
- Co-ordinate provision of localised training in identified skills.
- Target harder to reach groups, particularly the long-term unemployed, economically inactive and minority ethnic groups.

The Capital Investment Recruitment and Skills Steering Group, established by the Council in 2005, will act as the lead partner body to influence strategic policy direction. Membership of this group includes Cardiff Council, Rhondda Cynon Taff Council, the National Assembly, Careers Wales, CITB Construction Skills, Jobcentre Plus, Capitallearning, St David's 2, International Sports Village and CCFC and GCCC.

A detailed summary of the activities of the Skills Vehicle can be found in **Appendix 3**.

In addition to building upon the successful mechanisms already in place in Cardiff the casino operator have a number of firm commitments aimed specifically at engaging with the economically inactive and long-term unemployed – evidenced from their existing operations. The Council are confident that these measures which include the development of a dedicated training centre for casino staff and specific programmes targeted at the long-term unemployed and economically inactive will further compliment the current Cardiff approach.

In summary Cardiff are confident that a regional casino would benefit the long-term unemployed and economically inactive because we have:

- A strong track-record of partnership working;
- A clear strategy to address the issue through the Skills Vehicle;
- An excellent delivery record;
- Evidence of success from past and current projects;
- Evidenced commitments from the casino operator; and
- A commitment embedded in all Council operations.

Q3. Please give us precise details on how you came to your economic impact assessment.

The summary of economic impacts estimated for the successful development of a regional casino and associated hotel in Cardiff and the direct affect this will have in facilitating the early development of the Cardiff International Sports Village (ISV) are provided in paragraphs 3.3.1 to 3.3.8 of Cardiff's original bid document submitted to the CAP in March 2006.

Cardiff welcomes the opportunity afforded it by the CAP to expand further by way of a detailed explanation of how the assessment of economic impacts was derived. The Cardiff bid document contained a summary of the operational phase of the proposed development on page 10, followed by a separate assessment of the construction and operational phases of the proposed developments on page 11.

Firstly, paragraphs 3.3.1 to 3.3.4 on Page 10 of Cardiff's bid document highlight a summary of the estimates of the operational phase of a fully developed International Sports Village (ISV) in Cardiff that includes a regional casino with associated hotel development. This was conducted by Stevens & Associates. Stevens & Associates were not commissioned to assess the likely economic impacts of the construction phase of development.

The methodological approach taken by Stevens & Associates can be summarised as follows:

- A review of the indicative business plans for the Regional Casino & Resort Hotels, the aquatics centre, and the Olympic Canoeing and White Water Centre;
- A review of previous economic impact studies of proposals for the ISV
- Desk based research of 16 economic impact studies on different projects around the world similar to those proposed for the ISV.

The individual attraction elements included in the assessment by S&A of the overall ISV include the following:

- Internationally branded 4/5 star hotels and regional casino complex;
- A 25m leisure pool with 50m international swimming pool and ancillary health and fitness provision;
- A 4,000 minimum capacity multi-purpose indoor arena;
- A 'Snowbox' with ice and real snow activities;
- An Olympic Canoeing and White Water rafting facility
- An iconic observation tower or rising platform and
- Ancillary food, beverage and leisure retailing.

Stevens & Associates noted that there is relatively little published evidence in the UK of the economic impact of individual leisure and tourism projects and facilities. As a result comparators were few and far between. Consequently the approach taken was to apply a set of reasonable assumptions about the economic activity and appeal (use) of each of the listed components, see above, to derive an estimate of their visitor characteristics, the expenditure of those visitors and the estimates of jobs created or sustained.

Therefore the figures used in making these assumptions were taken from a number of sources including (i) those studies specifically produced for the individual facilities, and (ii) data from similar schemes elsewhere. In addition, typical levels of spending per visitor were applied using 'industry norms' for other aspects of these different components. Likely displacement affects of the proposed developments were considered and factored in to the overall assessment produced by Stevens & Associates.

The result of this analysis was an assessment of gross additional spending (additional economic output) and job creation including indirect multiplier affects in the Cardiff economy due to the development of the regional casino/hotel complex and the other proposed developments on the ISV site.

Cardiff Council's Cardiff Research Centre (CRC) conducted an assessment of the one-off construction phase of development and an assessment of an annual operational impact of the proposed regional casino & associated hotel only, in terms of:

- additional economic output (gross);
- additional Gross Value Added – GVA - (net);
- additional disposable wages & earnings; and
- additional employment (full-time equivalents –FTEs).

The four outputs produced for both the construction and operational phases of development were produced by The Enviro-Economic Model for Cardiff, or E_EMCC. This Input Output based model was produced by the Welsh Economy Research Unit (WERU) at Cardiff Business School in 2005 with assistance from CRC, and replaced an earlier iteration of an Input Output Model for the city produced jointly by WERU and CRC in 1997/8. A thorough explanation of the model, with the methodology and data sources used to construct it can be viewed in the accompanying report produced by WERU¹. The construction of the input – output tables within the E_EMCC mirrors the general methodology used to construct and update the Wales Input Output Tables also produced by WERU².

Assessment of the 'Operational Phase Impacts'

For annual 'operational impacts' The E_EMCC includes an 'Impact Analysis' function which allows users of the model to estimate changes (positive or negative) in the 'final demand' for goods and services in the Cardiff economy resulting from proposed new developments, or the closure of an existing employer or facility. Once the estimate of additional demand for goods and services has been completed, taking careful consideration of displacement and substitution effects, the estimate of final demand is entered into the relevant economic sectors of the Cardiff economy within the model (the model breaks down the Cardiff economy into 33 sectors) depending upon the profile of consumers and their levels and profile of spending. The model then outputs the economic impacts of the 'final demand' for goods and services as the 'initial impact' before applying the following multiplier stages to this initial impact:

- First Round
- Indirect
- Induced

This gives the 'Final Impact' in terms of Additional (gross) Economic Output and (net) Gross Value Added for the proposed development by sector of industry. Additional outputs include the additional FTE employment created within the Cardiff workforce for workers resident in, and those commuting into Cardiff, plus the additional disposable incomes and salaries likely to accrue to the workforce.

¹ The Enviro-Economic Model for Cardiff (E_EMCC), Welsh Economy Research Unit, Cardiff Business School; August 2005. (This publication is provided in Appendix 4).

² Welsh Input –Output Tables for 2000, Welsh Economy Research Unit, Cardiff Business School, May 2004. (ISBN 0-9 02810-09-X) <http://www.weru.org.uk/output.pdf>

Assessment of the 'Construction Phase Impacts'

For outputs that estimate the impact of 'one-off' construction phases of development the 'Impact Analysis' function of the E EMC requires the input of the total estimated capital cost of the development, for example for Cardiff's regional casino proposal the total capital investment is approximately £190 million. Due to the lack of construction and engineering firms with permanent major operations in Cardiff the construction phase impacts for major projects are only a small proportion of the total capital investment figure, as a large proportion of investment goes on purchasing raw materials, pre-fabricated steel and concrete products, and the supply of skilled labour from outside the Cardiff economy – very often from across Europe and beyond, as was evidenced with the construction of Cardiff's Millennium Stadium in the late 1990s.

As with the assessment of operational impacts, the 'construction phase' economic impacts output by the E EMC include

- additional economic output (gross)
- additional Gross Value Added – GVA - (net)
- additional disposable wages & earnings
- additional employment (full-time equivalents – FTEs)

It should be noted that the FTE figure is better understood as 'person years of employment'. So for example, if an FTE figure of 1,300 is output for a one-off major construction project that will take three years to complete, in crude terms there could be 1,999 'person years' of employment in year one, 1,333 'person years' in year two and 1,000 'person years' in year three, because one FTE equivalent is assumed to be worth ten years of full-time employment.

These figures do of course include the final multiplier effects of the development.

It should be noted that the E EMC is not an 'econometric' model, as incorrectly stated on page 12 of the original bid document. The E EMC model and its predecessor IO Model have been used by Cardiff Council to estimate the local economic impacts of the 1998 EU Summit in Cardiff, the Development of the Millennium Stadium and the 1999 Rugby World Cup Finals, the 2001 FA Cup Final and Seven Other Football Matches, the Development of the Wales Millennium Centre and the closure of Nippon Electrical Glass in 2005 to name but a few studies. The all Wales version of the model has been used by WERU for numerous studies listed on WERU's publications webpage:

<http://www.weru.org.uk/public.html>

The headline annual economic results from the E EMC analysis for the Cardiff economy as a whole include:

- Total economic output = £12.9bn
- Total Gross value Added = £6.1bn
- Total Industry Imports = £3.3bn
- Total Industry exports = £6.1bn
- Total Employment (including self employment = 172,000 FTEs
- Total Disposable Annual Income of workforce = £2.9bn

Of Which,

- Residents Income = £1.8bn
- Commuters Income = £1.1bn

The headline annual environmental results from the E EMC analysis of Cardiff industries include:

- Total Greenhouse gases (CO2 Equivalent) = 3.87m tonnes

- Acid Rain Precursors = 12,800 tonnes
- Total Waste = 1.85m tonnes

Q4. How will you ensure a positive take up of job opportunities in the deprived areas?

In order to properly manage the benefits to local people from the jobs that will be created in a number of major projects currently being developed in Cardiff – including the ISV and proposed regional casino, the St David's 2 development in the city centre, the new stadium for Cardiff City FC and the development at Glamorgan County Cricket Club – the Council are actively working to extend the existing Enterprise Centre framework and utilise the existing specialist service in order to successfully engage local people and support their routes into employment and/or training and to sustain their personal and professional development with ongoing support, advice and guidance.

To support this the Council is also at an advanced stage in the establishment of a Skills Vehicle. The Skills Vehicle is a partnership approach to support skills, training and the recruitment requirements arising from planned major projects in Cardiff and South Wales, particularly in the construction and retail sectors in response initially to the International Sports Village, St. David's 2 and proposed Cardiff City Football Stadium development.

This direct response vehicle will be utilised for a wide range of projects from inward investment to more local indigenous business growth. The key aims of the new vehicle will be to:

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- Co-ordinate provision of localised training in identified skills.
- Target harder to reach groups, particularly economically inactive and BME groups.

This Skills Vehicle will work closely with the network of Training and Enterprise Centres to ensure that a constant dialogue is maintained in relation to the employment requirements of major new developments in the city. This will ensure that the model of best practice already successfully operating in Cardiff is able to meet with the demands of major development projects in the city.

A detailed summary of the activities of the Skills Vehicle can be found as part of the Supporting Evidence.

The development of the ISV offers an excellent opportunity to take an innovative step forward in establishing a new Enterprise Centre on the ISV site itself. This centre will enable direct links to be developed between developers and operators on the ISV site. It will link directly into the already established Cardiff South & Cardiff Central Enterprise Centre's existing service provision, whilst at the same time providing improved access for people from areas where employment opportunities are limited and or by providing a more local support for people who may have barriers and hurdles to overcome.

The existing centre in South Cardiff already has well established working relationships with local communities including minority ethnic groups and has also developed strong links with local community organisations and leaders. The development of an Enterprise Centre at the ISV will be able to further engage with people from difficult to reach groups, particularly in the immediate areas of Butetown, Grangetown and Riverside – some of the most deprived in the UK.

The casino operator, Aspers, is fully committed to providing jobs for people from local communities and will work closely with employment agencies and local education establishments to develop appropriate training opportunities. Indeed these commitments are clearly evidenced in their existing gaming operations including the recently opened Aspers Casino in Newcastle. Aspers are committed to ensuring that employment opportunities are made available to those who are long-term unemployed and economically inactive and will establish their own training centre to ensure that local people can develop the skills required to work in the casino. These commitments will enable the locality to develop as a centre of excellence in tourism and hospitality. Aspers have consistently emphasised the importance of a well paid, well trained, motivated workforce with the presumption in favour of employing local people. The success of this approach was also emphasised by trade union representatives in Australia during the selection process.

Local people will be provided with appropriate skills in order that they can take full advantage of the opportunities available. Aspers can clearly evidence the delivery of similar training facilities at current locations in the UK and elsewhere.

Q5. If you are not successful in gaining the recommendation for the one regional casino license, what will happen to your regeneration plans?

The development of a regional casino at the International Sports Village provides an outstanding opportunity for the city to regenerate a major urban brown-field site and create the investment vehicle to deliver a world class, international visitor destination with a range of sports and leisure facilities comparable with any other major city in Europe. This will create a self contained, destination resort providing a unique opportunity to provide a test bed for social impact to be evaluated.

Without a regional casino the critical mass of investment generated to date and the resulting drive will have been lost resulting in severe delays in the ability to bring forward the Sports Village.

Worse, some of the main sports and leisure facilities such as the multi-purpose Arena and Conference Centre, the Snow Box and Leisure Ice plus the Olympic standard canoeing and white water centre could be delayed indefinitely. Also Cardiff's ability to support the London 2012 Olympics as a core UK city and training venue will have been lost forever to the detriment of the whole of the UK.

The inability to develop a regional casino will result in the Council having to completely re-evaluate its site master-plan and development objectives for the site, which will create a further time lag, resulting in delay and a loss of developer confidence in the scheme overall.

Similarly the creation of much needed employment and training opportunities and substantial community benefits in a severely deprived area thereby providing real benefits to the local communities will evaporate. Contributions and improvements to the local community and public realm will be lost and added to this, the loss of the planned sports and leisure facilities will curtail the promotion of health and well-being which are an important part of the Council's vision and an essential part of the Cardiff agenda for all its citizens.

Cardiff's ability to fulfil the Welsh Assembly Government's objectives as a Strategic Tourism Growth Area and implement a six year Tourism Development Strategy will be undermined, the work of the former Cardiff Bay Development Corporation will remain un-finished and the global competitiveness of Cardiff as the capital city of Wales and a European city will have been weakened.

Q6. How would you ensure that your policy on awarding contracts to contractors in SE Wales is in accordance with European Commission Procurement rules?

In setting up and establishing the International Sports Village as a redevelopment opportunity, as required under European Union public procurement regulations, the Council has previously advertised in the Official Journal of the European Union (formerly OJEC), and Contract Notices in compliance with the required procedure were then produced in relation to both the design, development, construction, fitting out and operation of the International Sports Village which included a casino and also the professional services required in conjunction with the redevelopment.

This is the normal course of events for the Council regarding contract procurement. Aspers as the proposed operator for the regional casino have stated that they are keen to foster preferential local supplier networks within the local communities and the Council's role here would be that of raising awareness and the provision of training services to ensure local businesses are fully aware of the opportunities available so maximum benefit can be extracted whilst competitiveness for all parties concerned is achieved.

Q7. In section 1.4 of your proposal you set out your preference for a location in Cardiff Bay. Planning Policy Wales in Chapter 10 expresses the Assembly's preference for leisure uses to be located in town centres. Whilst the remit of the Panel is to advise only on the broad location of casinos, you have chosen in your proposal to identify this specific location as a particular merit of your proposal. What is your justification for choosing a location outside the City Centre contrary to the guidance of PPW?

The Welsh Assembly Government's 'Wales Spatial Plan' sets the overarching policy context for sustainable development in Wales. This highlights the important role of Cardiff as the Capital City and a major driver of economic activity for Wales. Planning policy guidance is supportive of achieving these goals.

The regeneration of Cardiff Bay has been a longstanding commitment of public bodies in Cardiff. It was a key objective of the Cardiff Bay Regeneration Corporation (CBDC) as far back as 1987. CBDC considered that the provision of new homes, jobs, facilities and attractions on previously derelict land in Cardiff Bay would help to enhance the image and economy of Cardiff and of Wales as a whole.

The Council's existing Community Strategy also seeks to promote Cardiff's development and prosperity by building on successful regeneration initiatives in the Bay.

The adopted development plan framework for Cardiff comprises the City of Cardiff Local Plan (1996-2001) and the South Glamorgan (Cardiff Area) Replacement Structure Plan (1991-2011). This policy framework provides statutory support for the regeneration proposals of CBDC.

Objective 3 of the City of Cardiff Local Plan (1996) is *"to support the regeneration of Cardiff Bay and generally maximise the potential for re-using existing urban land in meeting future land use requirements"*. Policy 45 of the Local Plan allows commercial leisure development outside the city centre providing that there is no resultant harm. The committee report for outline consent 01/2617/R has already established that there would be no harm to the city centre as a result of the proposed leisure floor space proposed in the ISV and regional casino.

Policy EV2 of the South Glamorgan (Cardiff Area) Replacement Structure Plan supports the regeneration of land in Cardiff Bay for a range of uses, including leisure, whilst Policy T1 supports leisure development which promotes the role of Cardiff as an international venue or assists urban regeneration.

Locating a significant commercial leisure use at the International Sports Village would support the adopted plan strategy which aims to encourage development, including leisure facilities, as a means of regenerating the Cardiff Bay area. It would also support the Council's existing Community Strategy in terms of continuing the successful regeneration of the Bay in order to generate economic prosperity and create employment opportunities.

Whilst Planning Policy Wales (PPW) states that large scale leisure facilities should *preferably* be located in town centres, the plan led system requires applications to be assessed primarily against relevant policies in the adopted development plan. In fact, PPW states that the first issue that Local Planning Authorities should take into account when assessing leisure proposals in out-of-centre locations is compatibility with a Community or up-to-date Development Plan Strategy.

In this context, the proposed leisure facilities at ISV have a longstanding policy basis, do not impact upon measures to protect and enhance Cardiff city centre, and form a major component of the 'enabling' commercial development that will be necessary to realise the long held regeneration aspirations for this part of Cardiff Bay.

It is also notable that the Welsh Assembly Government's recent consultation document on Draft Technical Advice Note 13 – Tourism (July 2006) states that, "Rather than being located on their own, casinos may be preferable as part of wider ranging tourist/leisure and entertainment developments, possibly on previously developed land". A regional casino development at the ISV site would certainly accord with this emerging national policy statement.

Q8. In what way precisely will the Regional Casino be the catalyst for the Sports Village and what is the proposed relationship that will bring about positive synergy?

The development of a regional casino will be the catalyst that will enable the delivery of the International Sports Village to be brought forward and is critical to the scheme in the following for the following reasons:

Financial

Following a comprehensive and detailed tender and procurement exercise carried out in conjunction with the Welsh Development Agency (now called the Department for Enterprise, Innovation and Networks - DEIN) and the Council's appointed developer for the waterfront Orion Land & Leisure (Cardiff), the operator of the regional casino, Aspers, will provide the Council with a receipt with a capitalised value totalling £76,496,465. This receipt will then be utilised to develop out the supporting sports and leisure facilities that will make up the ISV, namely the multi-purpose Arena, the Snow Box and Leisure Ice plus the Olympic standard canoeing and white water centre.

In addition Aspers have agreed to establish a Community Trust Fund to support local community projects in the area. A Trust Board will be established with representatives of the Council so that benefits to the local community are then managed and maximised when decisions to allocate funds are made. The Fund will receive annual contributions from Aspers of £500,000 plus an up-front payment of £2.5m.

As part of the detailed planning process the regional casino will also be obliged to provide necessary contributions under a S106 agreement towards areas such as transportation, bus infrastructure, identified improvements required to the network, VMS and CCTV.

Also under their agreement with the Council, Aspers will contribute £5.185m towards improving and up-grading the local public realm to provide a sense of place within an international destination. This amount is included in the overall receipt proposed by Aspers as detailed above.

Economy and Resort Destination

The development of a regional casino is the keystone if a true international resort destination is to be created. Professor Terry Stevens of Stevens and Associates (who was until recently Vice-Chairman of the Wales Tourist Board has over 30 years experience of tourism and has advised clients such as the World Tourism Organisation, European Bank of Reconstruction and UNESCO) assessed that annually some 3.26m visitors are predicted to come to the ISV. Detailed projections produced by the casino operator indicate a further 2.6m annual visits to the regional casino.

The Council has undertaken an input-output model produced by the Welsh Economic Research Unit which projects an additional £65m of Gross Value Added in the local economy annually from the operation of the regional casino plus another £26m GVA from its construction. Please refer to the specific responses in relation the economic modelling for further details.

In addition Aspers intend to develop and operate on the site a 500 bed hotel (in one or two footprints) plus conferencing and entertainment facilities, which again add to the range and breadth of attractions at the Sports Village and under-pin it in a regional context.

The regional casino alone will provide some 1,500 new jobs for the area, within the administration and operation of the casino, plus the resort hotel and associated hospitality bars and restaurants. The loss of this potential employment plus the indirect

employment opportunities would have long lasting effects in the city and the region overall – especially in the deprived areas of South Cardiff.

Therefore the regional casino is crucial in supplying the critical mass of visitors to the site in order to establish and provide the economic impact and ultimately create a true visitor destination.

World Class Operator

The appointment of Aspers as the preferred operator of the regional casino provides Cardiff with the opportunity to work in conjunction with a truly world class, casino operator who has a proven track record in the development, management and operation of large casinos in an urban city environment. This is the area within which the positive synergy can be developed in order to develop a superb resort destination and also to produce real benefits for local people and the community itself.

Aspers have had many years experience of working with key stakeholders and local residents in the community and are proactive in addressing the social impact of casino operation. On this point the next meeting of the Community Action for Responsible Gaming (CARG) is due to be held in Cardiff on Monday 21 August. Aspers have experience of working with local agencies to establish training programmes so that the employment needs of the local community are identified and maximised, together with the sponsorship of local events and facilities. In Cardiff this could be enhanced through the Council's involvement with local further education colleges in relation to training opportunities for tourism and hospitality.

Regarding casino operation, Aspers are proactive in the promotion of safe and socially responsible gaming and have a number of policies regarded as best practise which will be utilised for identifying problem gamblers including a Responsible Gambling Programme and Customer Care Code. These policies will be utilised in the regional casino in order to constructively deal with potential problem gambling. Also all staff will receive compulsory training and induction to identify potential problem gamblers and be able to provide help and advice if a problem is recognised.

In conclusion the essential elements to the successful and sustainable development of the scheme are already in place, the site is ready for full regeneration, a unique blend of sports and leisure facilities can be provided, a world class operator is ready and waiting and Cardiff is in the right position to deliver now.

Q9. What would be the outcome if the International Sports Village did not go ahead as planned?

As set out above, if the CISV did not go ahead as planned there would be a loss of momentum and investment leading ultimately to delay in the regeneration of the site.

The Council would have to re-evaluate and re-plan its scheme and ultimately fresh planning applications maybe needed which would knock developer and investor perception of the site and their confidence in Cardiff as a place to do business.

The ability for Cardiff to act as a supporting city and training venue for the London 2012 Olympics would be lost forever together with the ability to promote health and well-being to all the citizens of the city and region.

Similarly the ability to bring forward valuable and much needed job and employment opportunities in the area and region overall would be lost, together with the training opportunities which would have been provided.

Strategically the work of the former Cardiff Bay Development Corporation would remain unfinished, the objectives of the six year Tourism Development Strategy would be unfulfilled and the ability to continue to push Cardiff as an international visitor destination would be diminished, leading to a loss in global competitiveness.

Q10. How would the International Sports Village be financed as it is referred to as fully funded? Is it envisaged that the Regional Casino and associated leisure facilities will be funded by the operator/developer and also contributions to the ISV or are they separate?

As detailed in the Council's original proposal to CAP (see page 10, paragraph 3.2.2.), to bring the site forward in a condition which is suitable for redevelopment, the Council has had to deal with the remediation of the historic contamination and also install a sheet piled perimeter revetment plus Bay-side walkway to create a clean, delineated edge between the site and the Bay plus River Ely.

To then provide access and services to the site, the Council has had to provide a new highway network and supporting infrastructure which is due to be complete in the autumn. These works plus the original purchase price and remediation and revetment works represent an investment by the Council of some £50m.

To generate the funding for the roads and infrastructure, the Council appointed a development partner Bride Hall Developments Limited who in conjunction with the Council have organised and agreed the disposal and development of two of the major retail plots on the site to Morrisons for a major out of town food retail store, and a large scale Toys R Us out of town store.

The waterfront area of the site contains the main sports and leisure and residential areas and in order to bring this area forward the Council appointed a development partner Orion Land & Leisure (Cardiff) Limited (OLLC), a joint venture development company between Orion Land and Laing O'Rourke.

The first stage of the waterfront is the development of a new 50m international swimming pool complex. To generate the funding for the complex OLLC undertook a formal competitive tender exercise for the disposal of the main residential site. This was concluded in April 2006 and the residential site was sold to Bay Pointe Limited which generated the capital receipt to construct the pool complex and works on the pool have commenced and completion is programmed for the end of 2007.

Therefore the works in preparing and cleaning up the site and then providing the necessary roads and services have been fully funded plus the cost of constructing the 50m pool complex is also fully funded. To take the scheme to the next stage of development and deliver the multi-purpose arena, Snow-Box and Leisure Ice, Olympic standard canoeing course and white water centre plus waterfront public realm will require a further substantial investment. This would be provided from the disposal of the site for the regional casino which would in itself include hotels, conferencing facilities plus bars and restaurants.

As mentioned above Aspers have undergone a comprehensive competitive tender for the ability to acquire the site for the regional casino and then build and operate it at their own expense. In return they have formally offered a receipt with a capitalised value of £76,496,465. This would then be used by the Council and OLLC to develop out the main sports and leisure facilities as listed above and would provide a full funding package for the scheme and no further additional funding would be required from the Council or central government so the scheme would be fully funded.

Q11. You didn't wish to consider a large or small casino fallback – what is it about the regional casino that will make such a difference to your area?

Cardiff is the capital city of Wales and has successfully established and developed as a regional and international destination as Europe's youngest capital city.

As detailed in the Council's original bid Cardiff has been designated as a Strategic Tourism Growth Area by the former Wales Tourist Board (now the Welsh Assembly Government's Visit Wales) which also provides evidence of the city's potential to improve the overall competitiveness of Wales as a major tourist destination.

To put this objective into operation requires the development and provision of key projects and Cardiff has a fantastic track record of having successfully achieved this in the city, examples of which include the Millennium Stadium and the Wales Millennium Centre.

To carry on and continue this regeneration work at the ISV it is accepted that the scheme will need to attract projects which have the critical ingredients necessary to provide sufficient status and appeal in an international setting.

The development and operation of a regional casino achieves these objectives and provides the key factors which a large or small casino would be unable to create. A regional casino will generate a critical mass of visitors totalling 2.6m per annum to the casino alone and a significant level of additional £65m GVA in the local economy, it provides massive investment and development opportunities, engenders business confidence plus a full range of employment, training and community benefits for the betterment of the site, the local area and the whole City region overall.

The regional casino will also enable the development of a range of sporting and leisure facilities to be brought forward which will be critical if Cardiff is to act as a key supporting city in the run up to London 2012 and also promote health and well-being to all of its citizens.

Q12. We would like to understand Cardiff's current profile and capabilities in international tourism, as well as the strategies being pursued to develop this and hence how a Regional Casino fits within these existing strategies.

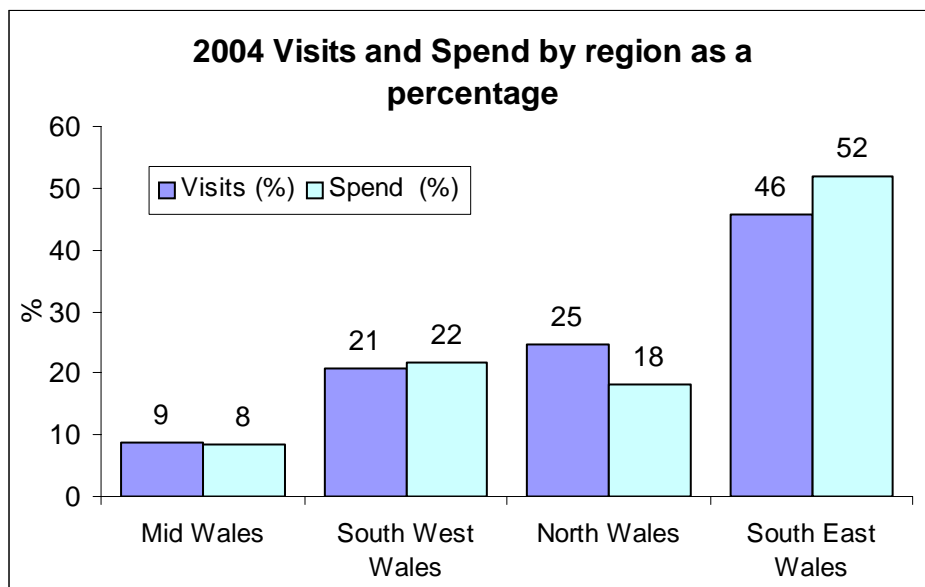
Current Profile

Cardiff experiences minimal affects of seasonality due mainly to its visitor profile of business tourism, events with an international audience and a healthy pattern of year round short breaks.

The Millennium Stadium has had a substantial impact on Cardiff's internationals profile and the city is expected to provide international standard facilities to sophisticated corporate audiences. Links between tourism magnets such as the proposed regional casino, the Millennium Stadium and Cardiff Castle can be made through the increased use of the Taff river corridor. The development of a regional casino and its supporting infrastructure would bring about a further step change in Cardiff's international appeal.

The table and graph below outline the % splits of overseas visits, nights and spend to the four regions of Wales. The South East Wales Region attracts significantly more overseas visits, bed-nights and spend than other regions of Wales. Within the South East region 19% of trips originated from the Republic of Ireland, 9% from Germany and 9% from the USA

2004	Visits (%)	Nights (%)	Spend (%)
Mid Wales	9	8	8
South West Wales	21	24	22
North Wales	25	27	18
South East Wales	46	41	52



(Sources 2004 figures derived from The International Passenger Survey)

Capabilities in International Tourism

Cardiff currently has a Tourism Marketing & Development Service which incorporates a Conference Bureau, Destination Marketing, Travel Trade, Tourism Research and Tourist Information Services.

Cardiff is recognised as the gateway to Wales. Tourism in the city and region benefits from collaborative working, this means that resources are pooled for greater impact thereby avoiding duplication and providing added value. The tourism organisations which work together in this structured way with Cardiff Council are Visit Wales, Investment Wales, Capital Region Tourism and the nine other local authorities in the South East Wales Region. The Council also works proactively with local tourism operators on a number of levels.

However, Cardiff Council has recognised that an enhancement of marketing operations is needed as the city enters its next crucial phase of development as a world class capital city. Cardiff has a reputation for delivering major projects; it has displayed strong economic growth over the last decade and is widely regarded as the driver of the South East Wales economy and increasingly that of Wales as a whole. Cardiff will reposition itself to ensure economic growth is maintained through a New Marketing and Investment Company to take advantage of successful regeneration schemes such as the revitalisation of Cardiff Bay, the Millennium Stadium, the Wales Millennium Centre and the proposals for St. David's 2 retail development and the International Sports Village.

The new Marketing and Investment Company for Cardiff will involve substantial private sector contributions and presents an exciting opportunity to raise the profile of the city in line with the new high quality product and offers being developed. The company will be operational by April 2007 and an international marketing strategy is currently being developed as part of the company's business plan

Strategies Being Pursued

Cardiff's international marketing activity cross-cuts into the key strategies of Visit Wales and Capital Region Tourism.

The key objective for international marketing is to stimulate growth in demand for Cardiff as a must see travel destination and to grow inbound tourism.

The markets for tourism to Wales are global but Cardiff recognises that it has most success in targeting countries where good transport links exist or through established links with inbound tour operators, therefore key European targets currently for Cardiff are: Ireland, Germany, France Netherlands and Belgium. The USA, Canada and Australia are increasingly delivered through tour operators. A regional casino offer would deliver exciting new opportunities to this sector.

Delivery of International Tourism Marketing includes:

- Targeted advertising campaigns
- Up to date research and monitoring capability
- Database and e-marketing
- Production of regional overseas brochure in English, German, French and Dutch with distribution in Canada, USA, Germany, France, Netherlands and Belgium

- Distribution, racking and fulfilment of literature via Visit Britain Offices in Canada, USA, Germany, France, Netherlands, Belgium

- Presence at consumer and trade shows in Belgium, Netherlands, France, Germany, USA, Republic of Ireland and Belfast
- Web sites geared to international consumers with direct booking facilities
- Media relations to generate positive stories.

Tourism marketing and development strategies and plans relating to Cardiff or Wales as a whole, stress the need for the development of a high quality / luxury product, sense of place and integrated partnerships as well the value of tourism in stimulating growth in deprived communities. These values are particularly relevant to Cardiff's proposed casino development and its potential impact as the catalyst for the International Sports Village.

The Wales Spatial Plan – Welsh Assembly

Provide a strategic framework for the next 20 years to guide future policy - the plan contains a commitment to build on the distinctive economic advantages and potential of tourism and to enhance the natural and built environment to support more sustainable tourism activity. There is also emphasis on respecting regional distinctiveness and on strengthening the sense of place in local areas across Wales. The plan identifies a need for the preparation of a Welsh coastal tourism strategy to set an integrated framework for developing the tourism potential of the Welsh coastline to create a coherent network of routes, destinations and facilities.

Achieving Our Potential – Visit Wales

This Strategy relates to the need to tackle poverty and poor health, and to provide people and their communities with opportunities to benefit from a more prosperous and healthier lifestyle. Tourism touches every community in Wales to a greater or lesser extent. Spending by tourists supports the provision of a greater range of services for local people thereby enhancing the quality of life and creating a greater range of opportunities for all sectors of the community. Tourism can help sustain cultural activities, enhance environments and support local services, shops and community amenities that would not otherwise be viable. Tourism also requires a diverse mix of skills which are often easily transferable and, therefore, of high value in the workforce. The overall aim of this strategy is to achieve a more prosperous tourism industry that sustains more and better jobs and generates a higher contribution to the Welsh Gross Value Added total. The achievement of this aim will, in itself, stimulate direct and indirect benefits to all communities in Wales.

Furthermore the strategy identifies future tourism development requirements as forecast by the Henley Centre which include:

- Wanting diverse and fresh experiences
- More sophisticated in their needs - wanting different things at different times
- More polarised between luxury and bargain holidays
- Prepared to spend for the right experience
- Quality will be the over-riding consumer need
- Safety will become more important
- Distribution channels will be dynamic - different for different markets
- More alliances will be likely between developers/operators/franchisers, and between transport and accommodation providers
- Innovative packaging and pricing - differentiated by market segment
- Provision of spa/activity facilities will become the norm
- Commitment to quality
- Product innovation involving the private sector taking risks
- Professional, skilled, trained workforce
- Identifying and working with winners
- Real and effective partnership working

- Commitment to e-commerce and internet marketing
- Strong research base which is market focussed

The Tourism Strategy for South East Wales - Capital Region Tourism

This strategy emphasises the importance of developing urban and business tourism, events, cultural and heritage products as well as golf and luxury breaks.

The Strategic Tourism Growth Area Action Plan – Cardiff Council- Appendix 5

This action plan endorses the need for the development of the International Sports Village and the regional casino as a high quality element of the plan and the catalyst for the early development of the site:

4.4.2

The Sports Village is a major development scheme that offers the opportunity to address the sport and recreational infrastructure of Cardiff and the benefits this can bring for the city and the wider area. The concept has already been identified as a potentially significant contribution to the city's tourism product. The Sports Village site is strategically important. It is a major brownfield peninsula site in Cardiff Bay. It is the last major site available...

STGA Action Plan

Q13. More precise details, within the Cardiff Model, on the assumptions and method of calculation of net economic benefits including estimated employment impact.

The E EMC model contains very detailed sectoral breakdown of employment totals (FTEs), wages and salaries, and a matrix of the purchasing and supply of goods and services between each of the 33 sectors delineated by the model, in other words the buying and selling from 'each other' within the Cardiff economy plus imports and exports of goods and services by each sector. In addition to this, tourism and other elements of 'final demand' have been calculated from the available primary and secondary data sources. In total these elements help to create a table of Cardiff economic 'transactions'.

The headline annual economic results from the E EMC analysis include:

- Total economic output = £12.9bn
- Total Gross value Added = £6.1bn
- Total Industry Imports = £3.3bn
- Total Industry exports = £6.1bn
- Total Employment (including self employment = 172,000 FTEs
- Total Disposable Annual Income of workforce = £2.9bn

Of Which,

- Residents Income = £1.8bn
- Commuters Income = £1.1bn

The headline annual environmental results from the E EMC analysis of Cardiff industries include:

- Total Greenhouse gases (CO2 Equivalent) = 3.87m tonnes
- Acid Rain Precursors = 12,800 tonnes
- Total Waste = 1.85m tonnes

The transactional matrices of the City's 33 sectors of industry that comprise the Cardiff Input Output tables, as with any other set of IO tables, contain a series of coefficients that are then used to model any proposed economic impacts, either positive or negative in nature, to the local economy in terms of the four main economic outputs, namely:

- additional economic output (gross)
- additional Gross Value Added – GVA - (net)
- additional disposable wages & earnings
- additional employment (full-time equivalents – FTEs)

While additional economic output is a gross economic benefit, because it does not include some of the leakages from the local economy in terms of the taxes on goods and services plus the exclusion of subsidies, the other three outputs should be considered 'net' economic benefits.

The use of coefficients means that running economic impact scenarios through the E EMC model produces outputs that assume 'business as usual' relationships between the transactional nature of the Cardiff economy for trading with itself and with external markets will remain the same, as will the relationship between additional gross economic output and the calculation of the 'net' gross value added (GVA). The same 'business as usual' relationship is assumed for calculating additional employment in FTEs, and additional disposable income for employees & the self employed from the initial estimate of the final demand for goods and services (additional annual output) calculated in £million by the researcher and then manually input into the 'Impact Analysis' tool of the model.

When calculating the likely final demand of the 'operational phase' it was important to ensure no double counting of additional spending by the visitors and consumers of the services expected in the proposed development, it was also important to exclude substitution spending by local residents who may have spent £X amount on another type of local goods and services, but change their spending patterns to consume services from the new proposal. Last, but not least, displacement of any economic activity that already exists in the Cardiff economy was excluded from the calculations as should be the norm when producing economic impact assessments.

The Council's Cardiff Research Centre (CRC) estimated the employment creation at the proposed regional casino and hotel development via the use of The E EMC model produced by the Welsh Economy Research Unit (WERU) at Cardiff Business School.

The table below summarises the additional employment creation in the Cardiff economy, both directly at the proposed regional casino and associated hotel development, and throughout the rest of the economy.

Table 1: Estimate of Employment (FTEs) Derived from the Operational Phase of the Proposed Regional Casino and Associated Hotel Development In Cardiff (The regional Casino)					
	Initial (Direct Employment)	First- round Multiplier	Indirect Multiplier	Induced Multiplier	Total Employment
Direct Regional Casino & Hotel Employment	1,047	110	33	104	1,294
In-direct Employment Creation in Rest of Cardiff Economy	1,276	103	33	107	1,520
Total Additional Employment Creation in Cardiff	2,323	213	66	212	2,814

Source: Derived from The E EMC by Cardiff Research Centre

This employment estimate is derived mechanistically from the coefficients in the E EMC. The model outputs the employment estimate directly from the input of estimated additional demand for goods and which in turn is derived from the estimate of spending patterns of visitors to the proposed regional casino and hotel considered to be genuinely 'new', or 'additional' spending in the Cardiff economy that would not have taken place if the development was not there – particularly, but not exclusively additional overnight visitors or tourists. Therefore substitution spending and displacement effects have been taken into consideration.

The Initial (direct) employment figure for the rest of the Cardiff economy of 1,276 FTE jobs is derived via coefficients (within the model) of spending on goods and services in pubs, hotels, restaurants and retail outlets, plus local transportation services by those visitors to the casino who would not normally have visited Cardiff.

The overall employment multiplier effect of 1.21 is very modest and is due to the nature of the economic sectors impacted upon by the proposed development and the pattern of buying and selling that takes place between Cardiff industries influenced, as they will be, by the additional demand for goods and services purchased by visitors to the city attracted by the proposed development's location.

Far greater detail and methodological explanations relating to The E_EMCC can be viewed in the WERU¹ report accompanying this question. More detail relating to the construction of Input Output tables can be found in a previous WERU² report which is available online, please see footnote.

The E_EMCC model and its predecessor IO Model have been used by Cardiff Council to estimate the local economic impacts of many major projects including the 1998 EU Summit in Cardiff, the Development of the Millennium Stadium and the 1999 Rugby World Cup Final, the 2001 FA Cup Final and Seven Other Football Matches, the development of the Wales Millennium Centre and the closure of Nippon Electrical Glass in 2005. The use of the model was also instrumental in Cardiff's success in attracting an Ashes Test Match to Cardiff. The all Wales version of the model has been used by WERU for numerous studies, listed on WERU's publications webpage:

<http://www.weru.org.uk/public.html>

¹ The Enviro-Economic Model for Cardiff (E_EMCC), Welsh Economy Research Unit, Cardiff Business School; August 2005. (This publication is provided in **Appendix 4**).

² Welsh Input –Output Tables for 2000, Welsh Economy Research Unit, Cardiff Business School, May 2004. (ISBN 0-9 02810-09-X) <http://www.weru.org.uk/output.pdf>

Q14. How much thought have you given to possible “commercial” deals with any possible operator? Are you confident you will be able to obtain the best community benefit from the project? What would money obtained from such deals be spent on?

As set out in the Council's original proposal to CAP, page 18, paragraph 5.9.1, the Council received formal expressions of interest from eleven major casino operators in the international market place.

The Council then in conjunction with DEIN and OLLC carried out an extensive, competitively tendered selection process and following the release of a Stage 1 prospectus a total of nine completed submissions were received by the end of August 2004. These were then assessed and seven of the proposals were deemed compliant. In conjunction with DEIN and OLLC following assessment against thirteen sub-categories five proposals were then invited to advance to Stage 2.

In October 2004 four Stage 2 submissions were received and all were deemed compliant having gone to considerable time and effort in compiling high quality proposals. Having further reviewed the proposals, two companies were then invited to enter the final round of selection, with a third company being held in reserve in the event that either of the two companies selected were unable to progress as proposed.

In November 2004 additional clarification questions were issued to both parties and formal responses received. In March 2005 both companies were interviewed where they presented their design proposals followed by additional question and answer sessions. Both companies were required to provide reference sites which were inspected in order to examine the social, economic and regeneration benefits that the casinos generate within the local community. Best and final offers were requested and received and it was clear that both companies were of the highest calibre and were attempting to maximise their offer for the development opportunity. However the proposal received from Aspers presented a stronger architectural submission, their team have a track record in delivering regional resort casinos which will regenerate and act as a catalyst to surrounding development and following financial analysis their proposal represented best consideration for the regional casino site.

In June 2005 the Executive of the Council recommended that the preferred operator nominated by OLLC, namely Aspers be approved and that in consultation with OLLC and Aspers a case then be prepared for the CISV to be awarded regional casino status and be submitted to the Panel.

Therefore in conjunction with DEIN and OLLC, the Council has undertaken a rigorous and thorough competitively based selection process in bringing forward Aspers as the preferred operator for the regional casino at CISV. It can demonstrate that the financial proposal submitted by Aspers is both fully commercially based and at market value.

Allied to the above, Aspers have also confirmed their commitment to establish a Community Trust Fund in conjunction with the regional casino. This will benefit from an up front payment of £2.5m plus annual contributions from Aspers totalling £500,000. A Trust Board will be established to support local community projects in the area. The Board will include representatives from the Council so benefits to the local community are then managed and also maximised when decisions to allocate funds are made.

This represents an outstanding opportunity for the local community and presents a real opportunity for sustained support and funding into local community groups and projects which is managed through input from the Council and the operator.

The funds generated from the disposal and development of the site for the regional casino to Aspers would be made available to the Council and would then be used by the Council and OLLC to develop out the main sports and leisure facilities which would

include the multi-purpose arena, the Snow-box and Leisure Ice plus the Olympic standard canoeing and white water centre and waterfront public realm.

This is why the provision of a regional casino is so fundamentally important to CISV as it provides the key investment to move the scheme forward into another development phase, thereby releasing a range of opportunities for the local community in terms of employment, training and community improvements plus the major added incentive of having world class sports and leisure facilities available to everyone in the city and region.

Q15. At paragraph 3.3.4 of your proposal you indicate that 1,500 jobs would be created at the proposed casino. This figure is substantially larger than the job creation claimed in some other proposals (see the CAP website). What is the researched evidence for this figure? (If necessary, again please ask your consultants Stevens and Associates).

The figure of 1,500 jobs provided in paragraph 3.3.4 of the original Cardiff bid document was sourced by Stevens & Associates from the prospective operator of the Cardiff regional Casino, namely Aspers. This figure was derived by scaling down the proposed Cardiff Regional Casino and Hotel from existing operations run by Aspers across the globe. The scaling down process of employment was conducted using differences in the number of gaming machines and other gaming related activities within the proposed Cardiff casino, plus a comparable scaling down of hotel employees based upon the number of proposed bedrooms and restaurant facilities. This process was based on the operator's experience of a variety of casinos in a range of locations including the UK, France, Australia and New Zealand. However it should be pointed out that the standard of quality of the associated hotel at the proposed 'Aspers in the Bay' (a 4 or 5 Star destination) means that it has proportionately more employees per guests than most hotels. It is important to point out that the 1,500 jobs quoted are direct employment figures. This figure does not include any jobs created through the multiplier effects of 'first-round', 'indirect' and 'induced' employment.

Having studied the other short listed bids it appears that the figure of 1,500 is higher than only two of the other seven proposals. Cardiff Council contends that the figure is a very reasonable estimate of likely employment based upon the experience and knowledge of one of the world's most prodigious and responsible gaming operators, namely ASPERS, based as it is upon the detailed profile of services that will be available in the proposed joint casino and hotel development. The Council does not believe that The CAP should expect all the short listed bids to have provided closely matching employment creation figures, as all the schemes differ in their detailed profiles, and of course slightly different methodologies have been applied to each economic impact assessment. The Cardiff bid document contained two separate estimates of employment creation for the casino and hotel development proposed.

The Council's Cardiff Research Centre (CRC) estimated the employment creation at the proposed regional casino and hotel development via the use of the E EMC model produced by the Welsh Economy Research Unit¹(WERU) at Cardiff Business School. More detail relating to the construction of Input Output tables can be found in a previous WERU² report which is available online, please see footnote.

Table 1, overleaf, summarises the additional employment creation in the Cardiff economy, both directly at the proposed regional casino and associated hotel development, and indirectly at other hotel/serviced accommodation, retail stores, local transport providers and across the rest of the economy as a result of the additional visitors/tourists (and their demand for goods and services) the City will attract if granted a licence for the regional casino.

¹ The Enviro-Economic Model for Cardiff (E EMC), Welsh Economy Research Unit, Cardiff Business School; August 2005. (This publication is provided in Appendix 4).

² Welsh Input –Output Tables for 2000, Welsh Economy Research Unit, Cardiff Business School, May 2004. (ISBN 0-9 02810-09-X) <http://www.weru.org.uk/output.pdf>

**Table 1:
Estimate of Employment (FTEs) Derived from the Operational Phase of the Proposed Regional Casino and Associated Hotel Development In Cardiff
(The regional Casino)**

	Initial (Direct Employment)	First- round Multiplier	Indirect Multiplier	Induced Multiplier	Total Employment
Direct Regional Casino & Hotel Employment	1,047	110	33	104	1,294
In-direct Employment Creation in Rest of Cardiff Economy	1,276	103	33	107	1,520
Total Additional Employment Creation in Cardiff	2,323	213	66	212	2,814

Source: Derived from The E EMC by Cardiff Research Centre

The figure of 1,047 FTE jobs directly at the regional casino is lower than the scaled down estimate of employment derived by Stevens & Associates from the proposed operator, however this is easy to explain comparatively.

Firstly the E EMC estimate is that of full-time equivalents, whereas the scaled down estimate derived from the proposed operators is a total of full-time and part-time employment. Secondly, the E EMC output of employment estimate is derived mechanistically from the coefficients in the E EMC as a result of inputting the estimated additional demand for goods and services derived from the spending patterns of visitors to the proposed regional casino and hotel that can be considered genuinely 'new', or 'additional' spending in the Cardiff economy that would not have taken place if the development was not there. Therefore substitution spending and displacement effects have been taken into consideration.

The Initial (direct) employment figure for the rest of the Cardiff economy of 1,276 FTE jobs is derived via coefficients (within the model) of spending on goods and services in pubs, hotels, restaurants and retail outlets, plus local transportation services by those visitors to the casino who would not normally have visited Cardiff and are not expected to stay in the associated hotel element of the proposed development.

The overall employment multiplier effect of 1.21 is very modest and is due to the nature of the economic sectors impacted upon by the proposed development plus the pattern of buying and selling that takes place between Cardiff industries influenced, as they will be, by the additional demand for goods and services purchased by visitors to the city attracted by the proposed development's location.

The E EMC model and its predecessor IO Model have been used by Cardiff Council to estimate the local economic impacts of the 1998 EU Summit in Cardiff, the Development of the Millennium Stadium and the 1999 Rugby World Cup Final, the 2001 FA Cup Final and Seven Other Football Matches, the Development of the Wales Millennium Centre and the closure of Nippon Electrical Glass in 2005 to name but a few studies. The all Wales version of the model has been used by WERU for numerous studies, please follow this link to their publications page:

<http://www.weru.org.uk/public.html>

The headline annual economic results from the E EMC analysis for the Cardiff economy as a whole include:

- Total economic output = £12.9bn
- Total Gross value Added = £6.1bn

- Total Industry Imports = £3.3bn
- Total Industry exports = £6.1bn
- Total Employment (including self employment = 172,000 FTEs
- Total Disposable Annual Income of workforce = £2.9bn

Of Which,

- Residents Income = £1.8bn
- Commuters Income = £1.1bn

The headline annual environmental results from the E EMC analysis of Cardiff industries include:

- Total Greenhouse gases (CO2 Equivalent) = 3.87m tonnes
- Acid Rain Precursors = 12,800 tonnes
- Total Waste = 1.85m tonnes

Q16. What is the source and the research base of your assertion at paragraph 3.1.2 that “the successful development of a regional casino and hotel development would result in an additional £65m of GVA in the local economy annually from the operational phase of the casino, and an additional £26m of GVA accruing from the construction phase?”

Cardiff Council’s Cardiff Research Centre produced an economic impact assessment (EIA) of the major economic outputs accruing from the construction and operational phases of the proposed regional casino and associated hotel complex using the E_EMCC input output model produced by the Welsh Economy Research Unit (WERU) at Cardiff Business School. The research base of the ‘assertions’ made in the original Cardiff regional casino bid document (EIA) is encapsulated in the development of the E_EMCC model by the WERU. A very detailed description of the model’s methodological construction and the data sources used is provided in the WERU publication¹ supplied to Cardiff Council in August 2006. Further details relating to the use of input output tables and the matrices of purchases and supplies between industrial sectors calculated by the WERU for Wales as a whole are available in the WERU report² published in May 2004.

The four main economic outputs produced by the ‘impact assessment’ tool within the model are as follows:

- additional economic output (gross)
- additional Gross Value Added – GVA - (net)
- additional disposable wages & earnings
- additional employment (full-time equivalents – FTEs)

These four outputs can be produced for both the ‘operational phase’ and the ‘one-off construction’ phases of development by the E_EMCC.

The estimates of GVA output from the E_EMCC model were produced using the ‘Output’ methodology. That can be summarised simply and briefly as follows:

The value of output from each of the 33 industrial sectors is estimated, from this figure VAT & raw material inputs are deducted. The sum of what is left, namely, profits, other value added, other taxes less subsidies & compensation of employees sums to the total GVA for the industrial sector. The sum of all industrial sectors is the total Cardiff GVA.

This methodology matches closely the ‘Production’ methodology for estimating GVA, please follow this link for a comparison of methodologies:

<http://www.statistics.gov.uk/CCI/nugget.asp?ID=254&Pos=4&ColRank=2&Rank=896>

¹ The Enviro-Economic Model for Cardiff (E_EMCC), Welsh Economy Research Unit, Cardiff Business School; August 2005. (This publication is provided in Appendix 4)

² Welsh Input –Output Tables for 2000, Welsh Economy Research Unit, Cardiff Business School, May 2004. (ISBN 0-9 02810-09-X) <http://www.weru.org.uk/output.pdf>

The Operational Phase

Table 1, below, highlights two of the main outputs from the E EMC model for an annual operation of the proposed regional casino and associated hotel development, namely economic output and gross value added (GVA).

Table 1: A Summary of Estimated Additional Economic Output and Gross Value Added in the Cardiff Economy from the Operational Phase of the Proposed Regional Casino (& Associated Hotel)					
	Initial Impact	First-round multiplier effect	Indirect multiplier effect	Induced multiplier effect	Total
Direct Casino Output (£m)	38.72	7.3	2.57	8.81	57.41
Indirect Casino Output (£m)	46.1	7.96	2.67	9.06	65.8
Total	84.82	15.26	5.24	17.87	123.21
Direct Casino GVA (£m)	21.35	3.9	1.31	4.13	30.7
Indirect Casino GVA (£m)	24.86	4.08	1.34	4.25	34.53
Total	46.21	7.98	2.65	8.38	65.23

Source: Derived from The E EMC model by CRC

The relevant outputs from the E EMC clearly demonstrate the effect of 'leakages' from the local economy as a result of the additional economic output (sales of goods and services) accruing from the development of a regional casino & associated hotel. The additional economic output will result in the addition of approximately £65.2 million of local GVA, representing 53% of the additional local economic output assuming a 'business as usual' market scenario without any localised intervention measures for increasing local purchasing schemes for example.

The One-Off Construction Phase

Table 2, overleaf, highlights two of the main outputs from the E EMC model for the 'one-off construction' phase of the proposed regional casino and associated hotel development, namely economic output and gross value added (GVA).

Because of the primary and secondary information gathered during the construction of the E EMC, including previously detailed assessments of many major construction schemes in the city, for example, The Millennium Stadium and The Wales Millennium Centre, it would be expected that a significant proportion (between 70 and 90%) of the estimated £190 million capital cost of developing the casino and hotel destination would be awarded to major manufacturing and engineering firms outside Cardiff, and very likely from outside the south-east Wales region.

Table 2: Economic Impact of the 'One-off' Construction Phase of a Regional Casino and Associated Hotel in £ Million (Assumes £190 million major capital investment scheme)					
	Initial Impact	First-round multiplier effect	Indirect multiplier effect	Induced multiplier effect	Total
Total Additional 'one-off' economic Output	38.00	8.88	3.15	4.94	54.97
Total Additional 'one-off' Gross Value Added (GVA)	18.33	4.17	1.54	2.32	26.36

Source: Derived from the E EMC model by CRC

Due to the nature of major construction projects and the profile of Cardiff's existing construction and engineering industries the ratio of GVA to economic output is 48:100, or more simply the total GVA accruing to the local economy is 48% of the estimated total additional economic output.

The E EMC model and its predecessor IO Model have been used by Cardiff Council to estimate the local economic impacts of the 1998 EU Summit in Cardiff, the Development of the Millennium Stadium and the 1999 Rugby World Cup Final, the 2001 FA Cup Final and Seven Other Football Matches, the Development of the Wales Millennium Centre and the closure of Nippon Electrical Glass in 2005 to name but a few studies. The all Wales version of the model has been used by WERU for numerous studies, please follow this link to their publications page:

<http://www.weru.org.uk/public.html>

The headline annual economic results from the E EMC model analysis for the Cardiff economy as a whole include:

- Total economic output = £12.9bn
- Total Gross value Added = £6.1bn
- Total Industry Imports = £3.3bn
- Total Industry exports = £6.1bn
- Total Employment (including self employment = 172,000 FTEs
- Total Disposable Annual Income of workforce = £2.9bn

Of Which,

- Residents Income = £1.8bn
- Commuters Income = £1.1bn

The headline annual environmental results from the E EMC analysis of Cardiff industries include:

- Total Greenhouse gases (CO2 Equivalent) = 3.87m tonnes
- Acid Rain Precursors = 12,800 tonnes
- Total Waste = 1.85m tonnes

Q17. Supporting Evidence

- **The commitment document between the casino developer and FE Colleges regarding training**

SCHEDULE Q

WORKING TOWARDS ENRICHING PEOPLES LIVES

Just as the success of Aspers – On The Bay will depend on being embraced by the local community, the Aspinall Group and Packer Organisation will, wherever possible, work towards enriching the lives of the people of Cardiff.

An ongoing dialogue with key stakeholders in the local community will help ensure that this is the case.

This includes a commitment to work with local colleges to maximise the quality and overall provision of training facilities for hospitality and tourism.

International Sports Village Cardiff
Aspers Bid Offer
18 April 2005

- **The undertaking to establish a Community Trust Fund**

SCHEDULE A1

3. Community Trusts / Local Projects

A Community Trust Fund to support the ISV and local projects shall be set up with an annual contribution from AHjL (Aspers Holdings Jersey Limited) of £500,000. A Trust Board shall be established which shall include representatives of AHjL and the Cardiff Council to determine how and where such funds will be spent.'

International Sports Village Cardiff
Aspers Bid Offer
18 April 2005

During the final stage of the selection process operators were requested to submit their 'Best and Final' offers following the interviews. Bids were received on 18 April 2005. The 'Best and Final' offer submitted by APG (Aspinall Packer Group), which was the bid accepted for the development of the regional casino included the commitment for a £2.5m Community Payment.

Jones Lang LaSalle
The Waterfront Cardiff – Casino Operator Selection Report
23 June 2005

- **Policies and Responsible Gambling Programme – See Appendix 1 below**

- **Six Year Tourism Development Strategy – See Appendix 5**

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- **Details of the benefits of Cardiff STGA**

The STGA status gives recognition to Cardiff as having the tourism potential to improve the competitiveness of Wales as a tourist destination. A grant of £2m has been ring fenced to help support strategic tourism developments.

The STGA Action Plan strengthens the case for prioritising particular projects which will have the greatest impact in moving the city and city region forward. The plan deals with all aspects of a quality tourism destination from product provision to supporting actions.

Some supporting actions which have been implemented will assist the proposed Internationals Sports Village development and regional casino proposal. These include the enhancement of water bus services and training relating to hospitality skills.

Progress is monitored on a quarterly basis and project plans are updated to allow for new opportunities. To date £1.3m of STGA grant has been allocated through the scheme which will generated nearly £18m of capital investment. An additional £500k has been allocated to the ISV and regional casino site in support of an Olympic standard white-water rafting and canoeing centre.

Appendices

- **The Policies and Responsible Gambling Programme to ensure gambling is conducted in a sustainable, safe and socially responsible manner.**

Please see attached **Appendix 1**.

- Additional background about CARG is attached as **Appendix 2**

- A detailed summary of the Skills Vehicle is also attached as **Appendix 3**

- **The Enviro-economic Model for Cardiff (E_EMCC), Welsh economy Research Unit, Cardiff Business School; August 2005**

Please see attached **Appendix 4**.

- **The six years Tourism Development Strategy**

Please see attached **Appendix 5**.