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Foreword

Helen Zille
Mayor of the City of Cape Town

Success is good for people. And the success of the CTICC has nourished all Capetonians. Its role in the emergence of support businesses catering for those it serves has been seminal, and thousands of formerly unskilled and unemployed people have been drawn into the formal economy in the four years of its existence.

The City of Cape Town takes enormous pride in being associated with the centre, which in the past financial year again proved its worth in bringing tens of thousands of first-time as well as returning visitors to the city and stimulating the local economy.

The centre’s achievements are the result of co-operation in pursuit of the common good. Its continuing development reflects the power of different political parties, different layers of government and different economic interests acting in concert.

Its common benefits have several strands: they include placing Cape Town on the map as a destination for business tourism and as a consequence a drawcard for international leisure tourism for the whole of South Africa, and CTICC becoming an important cog in the city’s economic development and growth.

This is a considerable achievement and I would like to congratulate the management and staff of the CTICC on the centre’s reputation for quality and its ongoing success as a result of their efforts.

Ebrahim Rasool
Premier of the Western Cape

Having surpassed R100 million in turnover for the past year, the CTICC has truly come of age, and the centre’s commercial success is a source of immense pride to the province. At inception, nobody could have predicted the success the centre would enjoy and the economic benefits that would spin off to the region.

I am delighted that the spin-off generated by both new visitors to the Cape and increasing numbers of returning visitors drawn directly and indirectly by the CTICC has grown to a staggering contribution to the economy of R2.4 billion per year - proof indeed that the CTICC has become the economic catalyst the region had hoped it would be.

The Province particularly welcomes the dramatic increase in large international conferences in Cape Town. It is a pleasure to be associated with events that showcase the province to so many of the world’s opinion makers. Events such as, for example, the World Diabetes Conference, the World Newspaper Congress and the World Economic Forum - of particular significance to the Province - have brought thousands of such leaders to our shores and have correspondingly benefited thousands of our citizens.

I wish to congratulate the Convenco Board and the management and staff of the CTICC for a job well done and I am looking forward to CTICC’s future growth.
Foreword

Andrew Boraine
Chairperson of Convenco

The CTICC is the indisputable jewel in the crown of Cape Town’s rapidly expanding visitor economy, which extends across all the sectors within the tourism industry to include meetings, conventions, exhibitions, events, festivals, cultural tourism and leisure.

As part of a strategy for the whole region, the city’s aim is to continuously increase its visitor economy. I am therefore delighted that the CTICC has been the catalyst for, and created a climate conducive to, economic growth and job creation in both city and province. While the CTICC gets the lion’s share of the meeting business, other city establishments have benefited enormously from the increased activity in this sector.

As a natural consequence of the centre’s phenomenal success, the need for expansion has become increasingly urgent, and I am pleased that negotiations with the Department of Public Works are well underway to make the Customs House site on the northern side of the Eastern Boulevard freeway available for this project.

I wish to extend my thanks to the board members of Convenco for their passion and commitment, as well to the shareholders for their unwavering support during what has been a seminal year for Convenco and the CTICC. In the year ahead, I look forward to working with all our partners to make the expansion and continued growth a reality.

Denis Skeate
Acting CEO of Convenco

The CTICC is an organisation characterised by its exemplary performance. The centre experienced another year of substantial growth, one that saw a 12 percent increase in events, even though staff numbers remained largely unchanged.

I would like to compliment the management and staff of the CTICC on this outstanding achievement. Their efforts have paid off handsomely, and to much international acclaim, such as Cape Town now being ranked 29th convention destination in the world and being regarded as the number one long-haul destination by the United Kingdom meeting industry.

I believe the CTICC to be one of the best-run – if not the very best – municipal entities in South Africa. The audit results have been impressive – most companies in South Africa can take a leaf out of the CTICC’s book and follow its exceptional example. I am very impressed by the manner in which the CTICC staff have adjusted to a new and stringent set of management rules set by the Municipal Finance Management Act.

CTICC managing director Dirk Elzinga is to be applauded for ensuring the centre’s success and profitability under tough constraints. The service and quality levels in the maintenance and kitchen are areas that we are very proud of. We will ensure that these standards are maintained into our expansion.
CONVENCO at a glance

Convenco

Cape Town International Convention Centre Company (CONVENCO) was initiated by the City of Cape Town, the Provincial Government of the Western Cape and Business Cape to develop and operate (through its operating division) an international standard convention centre in Cape Town.

The centre officially opened on June 30, 2003. Convenco is:

- The holding company responsible for the development of the CTICC and for its future expansion.
- A company established to add value to related business tourism initiatives and complementary infrastructural projects.
- A company formed to establish, reinforce and grow business tourism in the Cape.
- A catalyst for a R6.8 billion cumulative contribution to GDP.

Convenco Shareholding as at 30 June 2007

City of Cape Town
4 Directors**

Provincial Government of the Western Cape
2 Directors**

SunWest International (Pty) Ltd

50.2%*

25.1%*

24.7%

Business Cape
6 Directors**

Convenco (Pty) Ltd
12 Directors**

Amsterdam RAI
Management Contract

Cape Town International Convention Centre Operating Company (Pty) Ltd (trading as CTICC)

* Voting control of Convenco: The City of Cape Town controls approximately 66.6% and The Provincial Government of the Western Cape approximately 33.3% of the voting rights of the Company.

** Number of directors that shareholders are entitled to appoint.

Convenco Directors
as at 30 June 2007

AM Boraine
DC Skeate
SA Fisher (Dr)
FG Fredericks
DS Jack
TW Manyathi
T Pasiwe
LF Platzky (Dr)
HJ Taljaard
BP Zazaza
AC Seymour

Chairman
Acting CEO

Convenco OPCO Directors
at 30 June 2007

AJ Bakker
D Elzinga
FG Fredericks
HF Grub
DC Skeate

Chairman
Managing Director

Company Secretary
as at 30 June 2007

MM Thirion
The Cape Town International Convention Centre, built in 2003, boasts a sophisticated design and carefully planned interior layout, on par with the best in the world. The state of the art venue is the hub of international meeting activity in South Africa and, indeed, across the continent of Africa. Its multifaceted exhibition, banqueting and conference space makes it an extremely attractive venue and one which contributes substantially to the regional economy of the Western Cape and the national economy of South Africa.

Two thirds of all international meetings taking place in South Africa last year chose Cape Town as their meeting destination, and one out of every three international meetings in Africa took place in Cape Town.

In its fourth operational year CTICC set new records and the centre's performance eclipsed that of previous years. Turnover rose to more than R100 million and the centre made a significant contribution to both direct and indirect job creation. It was a year in which CTICC and Cape Town moved up the rankings of conference destinations worldwide and in which the centre attracted more than 45 000 international delegates to Cape Town. In this period it also recorded the highest number of visitor days – 1 242 000 - since opening.

CTICC Mission

- To become the best International Convention Centre in the Southern Hemisphere, and profile Cape Town positively.
- To make Cape Town one of the top ten global meeting destinations before 2010.
- To maximise the economic spin-off and the contribution towards transformation.
- To operate the CTICC on a commercial basis in order to guarantee its sustainability.
The 2006/07 financial year was one during which unexpected new records were set, the most significant of which is a milestone in our history - a turnover of more than R100 million.

From a business perspective, we are delighted by the fact that Cape Town as a destination has moved into the 29th position on the International Congress and Convention Association list of conference destinations, and that an increased number of international conferences have been hosted at the CTICC, bringing more delegates than ever before.

A conference that drew particular attention was the 19th World Diabetes Congress in December 2006, a mega event that attracted 12 300 delegates. The conference took place without any major problems, once again proving that Cape Town and the CTICC can play host to the world’s most important global conferences.

We were disappointed that our efforts, in co-operation with the City of Cape Town and the Provincial Government of the Western Cape, to attract the International Broadcast Centre for the 2010 World Cup Soccer were not successful. However, we congratulate our colleagues at the National Exhibition Centre in Johannesburg on winning their bid to host the international broadcasting community, and trust that Fifa and the broadcasters will find a good home on the East Rand in 2010.

Of course, this also has an upside, since we can now work towards maximising occupancy of our facilities for other meetings that are sure to find their way to South Africa, attracted by the soccer World Cup.

At the end of March, in time for the Cape Town International Jazz Festival, CTICC was able to take occupation of the extended exhibition facilities on the ground floor of the new Convention Centre Tower under construction on the Heerengracht side. This addition forms a welcome 1 200m² exhibition space to our existing facilities and has allowed already successful events such as the Cape Town Jazz Festival, Decorex and Homemakers Expo to grow by more than 10 percent.

With more conventions, events, delegates, and therefore a higher turnover, the centre has performed beyond all expectations. This performance could be achieved only thanks to the seamless team effort of our management, hundreds of permanent and non-permanent employees, subcontractors and concessionaires.

I want to thank the CTICC management team and staff for their contribution to the successes of the year. I also want to express my gratitude to the boards of our operating company and of Convenco, both of whose members are always around to motivate us to go the extra mile. The fruits of their encouragement and support have not gone unnoticed by our clients.

On a more personal note, I would like to express my appreciation at the extension of the management contract between Convenco and Amsterdam RAI, which allows me to enjoy a few more years in this highly inspiring environment.
The fourth year of operation, 2006/07, has been a tremendous success for the CTICC – one that saw several records being broken.

For the first time, the centre has accommodated more than 500 events – a record in itself. Most important out of the 509 events have been the 46 international conferences – almost one international conference for each week of the year.

Success
In 2006/07 the centre was extremely busy, and even though it drew slightly fewer delegates and visitors over the course of the year – 551 000 delegates in the 2006/07 financial year, compared with 590 000 in the previous year – the number of delegate days, which is the multiplier of the duration of the conference in days with the number of delegates, has increased spectacularly, particularly in the area of international events. International events have also contributed substantially to the strongly improved financial results of the company.

Revenue from venue rental was up 25.3 percent on the year before, mainly because of international conferences and special events, while income from the food and beverage department increased with 27.9 percent. Departments that are smaller – though no less important for the successful operation of the organisation – also markedly improved their performance this year. Examples include the success of parking operations, with a 40.5 percent increase in turnover in a year during which parking tariffs remained unchanged. Other important sources of revenue for CTICC were the concessionaires and subcontracted services, and our hotel and service department which provides concurrent hotel bookings.

Naturally, direct costs increased in tandem with the gains achieved as a result of CTICC’s extended activities. For the centre’s food and beverage services these increases came in at a higher percentage than the growth of revenue generated. This was a direct consequence of a substantial change in our product mix over the past year, with more emphasis on lower yielding catering products in our restaurant operations and on low-budget lunches. Nevertheless, an impressive gross margin of 77.2 percent was registered, still completely in line with the targeted bracket of between 75 and 80 percent.

Indirect expenses were also very well controlled. Operating results before management fees and interest increased by 52.0 percent and the contribution out of the operation of the CTICC to its holding company, Convenco, subsequently increased to R30.3 million – R10.4 million up from the previous financial year.

Events
There is no doubt at all that the 2006/07 financial year was the most exciting in the history of the CTICC. For the first time since operations began in 2003, the centre was able to prove that the venue and its staff are well capable of hosting really large city-wide conferences.

The largest conference hosted by the CTICC thus far was the 19th World Diabetes Congress in December 2006. This conference attracted 12 300 delegates and occupied the entire centre, including the new Hall 4B, the exhibition space.
that forms part of the Convention Tower development still under construction.

The new exhibition hall was temporarily made available by the construction company specifically for the World Diabetes Congress, while the formal handover took place only three months later.

International Conferences

Apart from the World Diabetes Congress, the CTICC was happy to host a range of other conferences that were important because of their size, the subjects discussed and the audiences attracted.

Examples of successful international meetings hosted during the past year include:

- The Third Assembly of the Global Environmental Facility, an organisation directly related to the World Bank; 900 delegates in August 2006.
- The 10th International Design Indaba; 2 100 delegates in February 2007. This acclaimed annual exhibition and conference has its roots firmly in Cape Town, where it was developed by Interactive Africa, who are world leaders in the field of design.
- The Investing in Africa Mining Indaba, a prestigious annual international investment conference; 4 000 delegates in February 2007.
- The 60th World Newspaper Congress and 14th World Editors Forum; 1 600 editors and publishers of the world’s most pre-eminent newspapers and publishing houses in June 2007.

The 46 international conferences brought to the Mother City a total of 45 576 international delegates, all of whom stayed for more than one day, resulting in a total number of delegate days of no fewer than 248 163 – a staggering increase of more than 141 percent over the 103 000 international delegate days in 2005/06. The number of international conference delegate days is the most important contributing factor to the economic spin-off of the CTICC.

Frequent surveys commissioned by CTICC during select international conferences over the past year again confirmed that international conference delegates spend...
on average R2 400 per delegate per day on registration, accommodation, local travel and transportation, gastronomy and souvenirs. This amount is dramatically higher than the amount spent by international tourists which, according to South African Tourism, is an average daily spend of R550 per day for leisure tourists and R1 620 for business travellers.

The average participant level at the 46 international conferences for 2006/07 was 991 delegates, compared with 562 the previous year. This significant increase of 76.5 percent is directly attributable to the few mega conferences hosted. The CTICC has already been earmarked to host more of these large, city-wide conferences in the future. For example, in March 2008, it will host the 14th World Congress of Anaesthesiologists, with 8 000 delegates expected to participate. In 2009, thousands of international gynaecologists and HIV pathogenesis treatment specialists will find their way to Cape Town – so too, in 2012, international psychologists and, in 2014, international pharmacologists. Each of these conferences will attract between 8 000 and 12 000 delegates.

Other Conferences and Events

All events hosted by the CTICC, with the exception of the event category trade fairs, have exceeded the targets set for 2006/07. During the course of the year, the centre hosted apart from the 46 international conferences 463 other events. The average participant numbers for the 31 national conferences that took place during the year remained essentially stable at 318, just fractionally more than the previous year. This translated into 38 345 delegate days for the year 2006/07.

In the event category exhibitions and trade fairs, which totalled 26, the number of so-called consumer shows was substantially down from the previous year. This is not immediately regarded as a negative development because too many consumer exhibitions would lead to a dilution of interest.

With regard to trade fairs, on the other hand, CTICC believes quite the opposite. The medium-sized trade fair as a marketing tool – an important one at that – has yet to be developed to its full potential in this country. In spite of the fact that some trade fairs held at the CTICC have a biennial cycle, it was nevertheless disappointing that only seven trade fairs were attracted for this financial year, compared with 13 the previous year. Several initiatives have been launched to develop a range of new trade fairs, to be held in conjunction with specific conferences in various sectors of the economy, which will result in the gradual growth in the number of such events in years to come.

Among the most remarkable of these events was the spectacularly successful second Cape Town International Book Fair in June 2007. This special-interest event attracted no fewer than 49 000 visitors, and those visitors excluded children. This made the book fair the most visited consumer event yet to take place at CTICC.

The CTICC continues to be a popular venue for dinner parties and other events on the social calendar. Like last year, the centre accommodated 69 banquets. In addition to those organised as an offshoot from conferences and other events, large corporate functions, product launches, weddings, Christmas parties and other banqueting events were held. These attracted almost 20 000 guests, a number which remained essentially unchanged from the previous year.

The reputation of the CTICC's gastronomy offering has become well established among...
both the local population and clients from further afield. At the end of 2006, the catering department produced a completely revised banqueting menu, which continues to be acclaimed by food and wine lovers who regularly find their way to the centre.

Due to its bold, contemporary architecture, the CTICC accommodated a substantial number of film and photo shoots during the past financial year. As a backdrop to creative settings – be it haute couture, Hollywood or Bollywood – the centre has gained popularity among production companies as a surrogate venue for airports, railway stations and other large public spaces.

A total of 337 special and other events took place including an increased number of cultural events during the past financial year. In this regard, the auditorium fulfils the need for an additional cultural stage in Cape Town. During the course of the year, the centre hosted popular performers such as Abdullah Ibrahim, Barry Hilton, Johnny Clegg and a variety of choirs and orchestras. Last but not least, the centre again successfully hosted what has become the busiest special event on its calendar, namely the Cape Town International Jazz Festival.

Increasing Pressure on Facilities
As a consequence of the growth in the number of events, a new phenomenon has become increasingly evident during certain periods of the year: namely the fact that events can no longer be automatically re-accommodated. Occupancy levels, especially during spring and autumn, have increased to such an extent that potential clients occasionally have to be directed to other venues or to a less busy period.

Exhibitions, trade fairs, large banquets and various other special events have collectively

Overview of the Business of CTICC
resulted in an average occupancy level of the exhibition halls of 47.5 percent. This is a notable increase on 2005/06 occupancy levels, which were pegged at an average of 42.6 percent. During certain months of the year, overall occupancy of the exhibition halls has soared to 70 percent or higher.

Such high levels of occupancy increasingly create challenges with event booking enquiries, such as those for international conferences with an exhibition component, or for large national and international corporate events. The typical CTICC repeat bookings, like the annual or biannual exhibitions and trade fairs, make it difficult, and sometimes impossible, to accommodate high-yield new business.

Offering an additional 1 200m², Hall 4B, an extension of the existing Hall 4, has already been used by the World Diabetes Congress, the Cape Town International Jazz Festival, the National Popcorn Conference, Decorex Cape and several other events.

While this addition alleviates the pressure on available exhibition space to some extent, it is not adequate to accommodate any substantial increase in new events during periods typically characterised by high volume. The Convenco Board has therefore placed all its power behind a substantial extension of the CTICC. Negotiations between the Convenco shareholders and the Department of Public Works during the course of the year came to fruition when an announcement was made at the end of July that the CTICC would expand to the PWD’s Customs House site on the northern side of the Eastern Boulevard freeway.

During 2006/07, substantial preparatory work was undertaken by Convenco, making

### Average Exhibition Hall Occupancy for 2005/06 vs 2006/07

For this reason, the Convenco Board has agreed that the expansion of exhibition space is urgently required in the near future. During the course of this financial year, the exhibition space that forms part of the Convention Tower development has been added to the CTICC inventory.
it conceivable that this extension, which will virtually double CTICC’s current exhibition space, could become available early in 2010. CTICC staff and management have attended several workshops throughout the year with representatives of the professional team to ensure that all lessons learned in the operation of the present CTICC are being implemented in the extension.

Operations and Maintenance

In addition to the integration of the Hall 4B extension into mainstream operations, a number of maintenance matters required attention.

Due to the extreme burden placed on the centre by high volumes of traffic passing through, maintenance on a daily basis is crucial. In total, more than R5 million was spent on a number of projects, to maintain the high aesthetic appeal of the building. These included, for example, the replacement of wooden floors with richly coloured, durable carpeting in the restaurants and green room, as well as customising the auditorium seating for easy removal when additional space is required in front of the stage.

It is becoming increasingly noticeable that the building has been in use for four years. Regular maintenance has, therefore, become more and more critical in day-to-day operations. The CTICC management is well cognisant of this, and every aspect of what maintenance is required enjoys its requisite attention.

From the outset, the CTICC as an organisation has been structured on the principle that non-core operations be outsourced to small and medium enterprises, preferably Western Cape-based and from historically disadvantaged backgrounds. At the end of the 2006/07 financial year, most service-level agreements between the CTICC and a range of subcontractors came to an end. As a consequence, and to comply with the Municipal Finance Management Act, which governs the CTICC as a municipal entity, more than 25 substantial tender processes were initiated. This enabled the CTICC to create fresh opportunities for local suppliers of services and goods.

The philosophy of outsourcing non-core activities has proven to be a successful one, resulting in extremely positive relationships between the CTICC and many of its subcontractors and concessionaires. This, in turn, has led to improved quality of performance, which of course benefits
meeting planners enjoying the facilities of CTICC, Cape Town and the Western Cape.

**CTICC’s Subcontractors and Concessionaires**

During 2006/07 CTICC and its customers made use of a wide variety of subcontractors and concessionaires:

<table>
<thead>
<tr>
<th>Company</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prosperis</td>
<td>IT / Telecoms</td>
</tr>
<tr>
<td>AV Alliance</td>
<td>Audio Visual</td>
</tr>
<tr>
<td>Greystone</td>
<td>Rigging (Banners)</td>
</tr>
<tr>
<td></td>
<td>Rope Access</td>
</tr>
<tr>
<td>HEB Plumbing</td>
<td>Plumbing</td>
</tr>
<tr>
<td>Wasteman</td>
<td>Waste Management</td>
</tr>
<tr>
<td>Krew - Translink</td>
<td>Drayage / Porter Service</td>
</tr>
<tr>
<td>Oasys</td>
<td>Electrical / Signage</td>
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<tr>
<td></td>
<td>/ Carpets</td>
</tr>
<tr>
<td>Afrique</td>
<td>Convenience Store</td>
</tr>
<tr>
<td>Mahisha</td>
<td>Business Centre</td>
</tr>
<tr>
<td>Illy Café</td>
<td>Coffee Shop</td>
</tr>
<tr>
<td>Federal Gaming</td>
<td>Security</td>
</tr>
<tr>
<td>Vuya Management</td>
<td>Cleaning</td>
</tr>
<tr>
<td>Services</td>
<td></td>
</tr>
<tr>
<td>Medi - Clinic</td>
<td>Medical Assistance</td>
</tr>
<tr>
<td></td>
<td>/ First Aid</td>
</tr>
<tr>
<td>Starwash</td>
<td>Carwash Service</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>ATM Services</td>
</tr>
<tr>
<td>Marimba</td>
<td>A la Carte Restaurant</td>
</tr>
<tr>
<td>RFG Communications</td>
<td>Radio Rentals</td>
</tr>
</tbody>
</table>
A staggering level of technological sophistication is required to run a facility like the Cape Town International Convention Centre and to keep it ahead of the pack in the highly competitive global arena of meetings, incentives, conferences and events.

Much of what keeps the CTICC functioning takes place at the back end, out of view of clients and the general public, so visitors rarely have a glimpse into the technology at work. Expenditure on upgraded and improved technology is an ongoing investment, and several improvements were made during the 2006/07 financial year, many of these in areas that had already been state-of-the-art.

An advanced, automated building management system allows the control of all functions from a central point.

**Control Room**

CTICC’s control room is the central point from which all technology and security is directed. From there, staff manage and program a myriad of functions such as access control, CCTV, air conditioning, emergency evacuation, public address and lighting.

The complete integration of all building management and emergency systems into a centralised control system was achieved in the year 2006/07.

The most important improvement to the system was an emergency energy monitoring facility, which allows the status of all the uninterruptible power supply units throughout the building being monitored, including the refrigeration plant and emergency generators. Power consumption can in this way be observed in real time.

A fourth generator was installed this year to maintain the supply of air conditioning throughout the building at times of power interruption. This brings the total capacity of emergency power to 2 850 kVA – sufficient to run the CTICC in its entirety. The earlier capacity supplied by three generators had been adequate to run the full centre, but not to supply air conditioning as well. Since venues can become uncomfortably hot during the summer months, even given the ventilation provided by the building’s architecture, it was decided that a dedicated back-up generator supplying power to the air conditioning plant was essential.

**Emergency Management**

Emergency evacuation is also managed from the control room, and an evacuation message system was developed this year. Two systems are installed – the first a live announcement facility, the second offering four pre-recorded evacuation announcements in eight languages, including Xhosa, Spanish and Mandarin.

The latest addition to the centre’s state-of-the-art medical equipment was the purchase of three easy-to-use defibrillators. Since a patient’s chances of surviving a heart attack improves by 85 percent if a defibrillator is used within three minutes of the episode occurring, the CTICC believed this acquisition to be a small investment to assure visitors’ well-being.
Exhibition Halls
When the building was constructed five years ago, the levels of sophistication in information and communications technology enjoyed today were inconceivable.

Bandwidth on demand has become an industry standard at convention centres around the world and is expected as a matter of course by the modern-day conference delegate. In 2006 the entire CTICC building became a wireless hotspot, and visitors can buy vouchers from reception to go online.

A sophisticated network infrastructure makes it possible for the entire building to be broken down into as many virtual networks as may be needed. A number of different clients can be connected to the network along the same cables, while enjoying online security and privacy. This software-driven facility places the CTICC on par with the best convention centres worldwide.

Wireless point-of-sale software was also installed this year to streamline the provision of food and beverages during exhibitions. This became necessary particularly for CTICC’s independent restaurants and catering establishments during events in the exhibition halls. It is now possible to run a restaurant or bar in every corner of the building with both the finance and the purchasing departments staying informed of stock levels and reordering requirements.

Parking
A state of the art and dedicated parking management system allows CTICC to manage and control some 1100 parking bays in two garages on a daily basis. The software links the parking garage equipment with a computerised database in the Parking Control Room, enabling parking controllers to monitor all parking activities. This computer programme also automatically provides the information for the electronic variable message signage, positioned around the CTICC.

The database keeps track of each vehicle entering and exiting the garages on a real-time basis via the entry-dispensing and exit-reading devices at the access points.

The exact statistical daily reporting on all day to day activities in the centre is essential to fine-tune parking arrangements well in advance for future events. Data was obviously gathered since the opening of the CTICC, but during the past financial year this discipline of thorough reporting and forecasting had an unprecedented positive effect on optimising the use of CTICC parking facilities, resulting in a 40 percent increase in parking revenues.
Culinary Excellence

While unequivocally setting the benchmark for technological sophistication in catering in South Africa, the CTICC kitchen is nonetheless at pains to preserve old-fashioned values and a traditional approach to culinary excellence.

It is achieving high-end cuisine at a level never before seen in South Africa.

Rarely can a hotel boast its own bakery or patisserie, or does it prepare all its own sauces, dressings, stocks and chocolate. This offers unique appeal and distinguishes the CTICC from all others in the industry.

The food preparation system is one that has developed over the past 15 years and is used today only by high-end airlines such as Singapore Airlines for in-flight meals. The so-called disconnected method of cooking allows for detailed advance planning in the preparation of large numbers of meals. After production the meals are blast chilled and stored. Before the various functions, meals are timeously regenerated in special ovens and served in the various dinner and banqueting locations of the CTICC. This method has become popular in countries where labour has become expensive, and even finds its way into many Michelin-rated fine dining restaurants.

The system is made possible largely by technological advances in the design of industrial ovens that can be programmed to reheat a diversity of meals, each requiring specific treatment – for example, meat can be placed on one level on an oven trolley, fish on another and chicken on yet another, all to be simultaneously regenerated to perfection. A sixth oven was acquired this year at a cost of R280 000.

The CTICC is unique in that it is serviced by a central kitchen – yet the building is designed in such a way as to render no traffic interruption from point of preparation to point of consumption. Plated meals on transportation trolleys are covered with technologically advanced thermal blankets, to ensure they are served at the perfect temperature.

The level of technological sophistication makes it equally possible to serve top-quality cuisine in small, individual quantities as in large quantities, such as a four-course dinner for thousands of people at a formal banquet.

CTICC has perfected the art of cooking. In the financial year 2006/07 CTICC served the impressive number of 193 723 fully halaal lunches and dinners and 510 kosher meals.

Catering for the variety of needs requested by conference organisers, CTICC also served conference delegates with 42 265 daily conference packages, each including at least a lunch or a dinner. In addition CTICC’s pastry kitchen produced 19 409 early morning pastries, 12 519 scones and 126 928 homemade biscuits during the year.

In order to generate its impressive output, CTICC chefs can regularly be found in the market sourcing their ingredients. Their shopping list for the 2006/07 year included:

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 995 portions of beef fillet</td>
<td>60 995</td>
</tr>
<tr>
<td>8 160 lamb shanks</td>
<td>8 160</td>
</tr>
<tr>
<td>68 000 chicken breasts</td>
<td>68 000</td>
</tr>
<tr>
<td>22 500 boerewors sausages</td>
<td>22 500</td>
</tr>
<tr>
<td>124 740 eggs</td>
<td>124 740</td>
</tr>
<tr>
<td>8 800 litres milk</td>
<td>8 800</td>
</tr>
<tr>
<td>10 306 kgs cake flour</td>
<td>10 306</td>
</tr>
<tr>
<td>8 240 litres cooking oil</td>
<td>8 240</td>
</tr>
<tr>
<td>6 635 kgs rice</td>
<td>6 635</td>
</tr>
<tr>
<td>30 497 kgs potatoes</td>
<td>30 497</td>
</tr>
<tr>
<td>4 574 kgs vegetables</td>
<td>4 574</td>
</tr>
<tr>
<td>30 000 litres of various sauces</td>
<td>30 000</td>
</tr>
</tbody>
</table>

While unequivocally setting the benchmark for technological sophistication in catering in South Africa, the CTICC kitchen is nonetheless at pains to preserve old-fashioned values and a traditional approach to culinary excellence.
Highlights of 2006 / 2007 Events

**July 2006**
- Nokia Cape Town Fashion Week
- Government Leaders Forum Africa
- Barry Hilton Live
- Novell South Africa
- Markex
- Presidential Job Summit Programme for Social Housing
- SABC 2 Shoprite Checkers Woman of the Year
- Congress of South African Trade Unions (COSATU)

**August 2006**
- Gartner Symposium/ITxpo
- Small Business Week
- 37th International Conference on Co-ordination Chemistry
- Engen Driver of the Year Competition
- Stanlib International Conference
- Provincial Women in Construction Summit
- Women in Local Government Conference
- Cape Homemakers Expo
- Rapport Miss Cape Peninsula
- Global Environment Facility Third Assembly
- Winex (Pty) Ltd
- HP Experience

**September 2006**
- XXIXth International Congress of the International Society of Blood Transfusion
- Telecoms World Africa
- Travel And Industry Charity Event 2006 Spring Ball
- 24th International Congress of Radiology
- Abdulla Ibrahim: Launch of the Cape Town Jazz Orchestra
- Cape Tourism Showcase
- International Global Atmospheric Chemistry Conference (IGAC) 2006
- Sporting Legends Breakfast
  - Fab Bridal - Spring Show
  - Nokia N-Series Launch
  - Servier Group Conference
  - Intercontinental Group of Department Stores / Woolworths Conference
  - Futurex/Equip/Securex Cape
- Standard Bank Emerging Financial Markets Conference

**October 2006**
- Eskom Skills Expo
- AFRICOM 2nd Conference & General Assembly
- Veritas Wine Awards
- The Cape Town International Boat Show
- Otorhinolaryngology International Conference
- Actuarial Society of SA
- From the Earth
- SANTAM Broker Conference
- Club Jules Gonin Conference
- Euro Fruit - Southern Hemisphere Conference
- Global System For Mobile Communications > 3G AFRICA
- The Cape Jewellery Fair
- 2010 FIFA World Cup Kick off Workshops
- Joint World Congress on Stroke

**November 2006**
- BDO International Biennial
- 2nd World Autism Congress & Exhibition
- Whisky Live Festival
- Airports Council International (ACI) World Africa Conference & Exhibition
- Horwath International Meeting
- Shell Go Further: Retailer Launch
- 28th Congress Society International Urologie (SIU)
- The Irish Volunteer’s Welcome
- Body Spectra - Charity Body Painting Competition
- Cape CONNECT Africa
- The Premier Service Excellence Awards Gala Dinner
- Launch Conference: South African Municipal Lawyers Association
- Vodacom Year End Party
- Telemedics Conference

**December 2006**
- 19th World Diabetes Congress
- XVI Conference of Commonwealth Education Ministers
- Rohlig-Grindrod End of Year Banquet
- Ambition24hours 10th Anniversary Year End Banquet
- Federal Gaming Cape - End of Year Banquet

**January 2007**
- 15th International Congress on Nitrogen Fixation
- Woolworths Leadership Day
- Network 21
- British American Tobacco of South Africa Annual Conference
- Calling the Cape Telecoms Conference
- Vital Voices of Africa: Leadership Summit for Women and Girls

**February 2007**
- Corporate and Investment Banking Director’s Conference
Miglio Jewellery
Investing in Africa - Mining Indaba
Paracon Banquet
Varsity College Opening Address 2
Department of Trade and Industry Business Forum
Golden Neo - Life Diamite World Congress
International Concrete Conference and Exhibition
Western Cape State of the Province Gala Dinner
Professional Beauty
10th International Design Indaba Conference

March 2007
In Building Solutions & Mobile Network Optimisation - AFRICA
International Religious Liberty World Congress
Liberty Life Risk Roadshow
South African Thoracic Society Congress (SATS)
LEVI Strauss the LS & Co Way
Indfusion Lifestyle Experience
‘Strictly Halaal’ - Comedy Show
World Jewellery Confederation Annual Congress - CIBJO
Merck Conference

BizOpps - Cape Business Opportunities & Franchise Fair
Minister for Justice And Constitutional Development Conference 2007
Western Cape Provincial Honours Awards
OSSA Conference - Ophthalmological Society of South Africa
Commonwealth Business Council
Wesgro AGM
Cape Town International Jazz Festival
INSOL International Annual Regional Conference

April 2007
FAB Bridal Expo
Department of Foreign Affairs
The Mini Launch
International Human Resources Conference
City of Cape Town Growth and Development Summit - (GDS)
Decorex Cape

May 2007
Intergovernmental National Council of Province Relations Summit
Motorola EMEA 2007 Conference
Engen “CEO Annual Review”

June 2007
FIA Conference (Federation Internationale de l’Automobile)
1000 Women United Against Domestic Violence and Poverty
CIB Conference - International Council for Research and Innovation in Building and Construction
International Actuarial Association: Health Section (IAAHS)
Sign Africa
Department of Water Affairs: Gala Dinner
Acer Operation Jump Start
Coca Cola Retreat
Vodacom CEO Roadshow
Good Food and Wine
Deloitte and Touche Human Resources Regional Conference
Chevron Techron Launch
African Utility Week
Federation Hospitality Association of South Africa - Cape Regional Conference and AGM
Pan African Medical Mycology Society Conference
Population Services International
Systems Professional International Congress 2007

Chippendales: Feel the Heat Tour
Hobby-X
World Association of Newspapers (WAN) Congress
Western Cape Renewable Energy and Climate Change Conference
Johnny Clegg ‘One Life Tour’
Police and Prisons Civil Rights Union (POPCRU)
World Economic Forum
Cape Town International Book Fair
Sunday Times Literary Awards
SASCGRS Congress (Southern African Society for Cataract and Refractive Surgery)
DHL Trade Lane Management Bilaterals
Woolworths Store Managers Conference
Microsoft South Africa - Meeting
Western Cape Sustainable Human Settlement Strategy Launch
Auto Ex Cape Motor Show
African National Congress (ANC) Dinner
Adidas Fashion Show
Thailand Expo

Highlights of 2006 / 2007 Events
In 2001 Convenco commissioned a study into the potential economic contribution of the proposed convention centre.

A follow-up study in 2004 showed that the CTICC contributed almost double to the national economy than had initially been estimated.

This report, the fifth annual study conducted by Barry Standish of the University of Cape Town Graduate School of Business and independent economic modeller Antony Boting, specifically focuses on the 2007 financial year and the impact of the expansion planned for 2008. Expansion has become essential due to the resounding success of the centre, and will result in an even greater contribution to the economies of Cape Town and the Western Cape.

During the 2006/07 financial year, the CTICC contributed R2.4 billion to the country’s Gross Domestic Product (GDP). As a result of its activities, 3 796 people were directly employed in the Western Cape and a further 5 343 people were indirectly employed elsewhere in the country.

This is the first year that induced tourism has been taken into account. Previous estimates were all based on the expectation that induced tourism would start making a significant economic contribution by 2007. Induced tourism is thought to make up between 30 and 40 percent of the overall economic contribution of the centre, but even if this effect were excluded, the centre still eclipsed last year’s performance. Without induced tourism, the contribution to GDP totals R1.40 billion – 8.4 percent higher in nominal terms (2.2 percent in real terms) than last year. Similarly, without induced tourism, direct job creation for 2007 totals 2 505 – 162 jobs more than last year.

The macroeconomic impact of the CTICC is a function largely of visitor days. More than 1 242 000 visitor days were generated by delegates and visitors to the CTICC in the 2007 financial year. This is the highest number of visitor days recorded since opening and shows an increase of 4.3 percent on the previous year. This is indicative of the large-scale events such as the World Diabetes Conference that were hosted at the CTICC over the past year. The increase in international congresses more than offsets the drop in the number of exhibitions and trade fairs. International visitors and delegates accounted for 424 000 visitor days (34 percent), and it is estimated that a further 595 000 international visitor days were created from induced tourism. Visitor numbers are expected to further increase to between 1 345 000 and 1 470 000 over the next five years, due to the expansion of facilities.

Cumulatively, the CTICC has, to date, contributed more than R6.8 billion to national GDP, and is expected to contribute another R18.3 billion over the next five years. A total of 2 203 - 2 343 direct jobs were generated during the first three years of operation. The number of direct jobs in the Western Cape increased to almost 3800 in 2007, mainly as a result of induced tourism. Nationally, approximately 2 817 - 3 058 indirect jobs were generated during the first three years of operation, increasing to more than 5 300 in 2007.

In each of the macroeconomic contributions, the contribution of delegate expenditure accounts for about 50 percent of the impact, and induced tourism for a further 30 to 40 percent. Delegate and tourist expenditure includes expenditure on accommodation while in the province, meals at restaurants, travel expenses, tours and souvenirs. In 2006/07 CTICC was a net generator of R690 million total forex (earnings less expenses).

The CTICC has made a significant contribution to the South African economy in general and the Western Cape economy in particular, in terms of both increased economic output and job creation.

Delegate, Visitor and Tourist Days

The CTICC contributes to the provincial and national economies by attracting local and foreign delegates and visitors to Cape Town. Some delegates and visitors are expected to return to Cape Town as tourists at a later stage and some become repeat visitors. This is referred to as induced tourism, and 2007 is the first year that it was expected to have a notable economic effect.

Delegate & Visitor Days 2006/07 | 1 242 655
Delegate & Visitor Days 2005/06 | 1 190 858
It is therefore important to estimate the number of days that these visitors, delegates and tourists spend in the region. This calculation is indicated in Table 1. The figures quoted for the financial years up to 2007 are based on actual visitor and delegate numbers, while those for 2008 onwards are based on projections. The number of days that delegates and visitors spend in Cape Town includes total time spent here by them and people accompanying them.

The number of congress delegate days increased from 102 471 in 2004, to 132 360 in 2005 and 303 890 in 2007. This increase is due to the increase in international congresses, particularly large international congresses (more than 1 000 delegates) such as the World Diabetes Conference held in December 2006. The number of national congresses was down from last year, but only in the small national congress category (fewer than 250 delegates). The number of medium-sized congresses (250 to 500 delegates) was up, while the number of large national congresses (more than 500 delegates) remained virtually unchanged.

The number of congress delegate days is expected to decrease to about 233 000 in the 2008 financial year, and to stabilise around 266 000 by 2012 as the proportion of larger congresses increases.

Delegate days with regard to exhibitions and other events decreased from 1 051 330 days in 2006 to 938 765 days in 2007. This is due largely to the sharp decrease in visitors to exhibitions, where the number declined from 388 149 last year to 277 659 this year. The number of visitor days in respect of exhibitions and other events is expected to fluctuate between 1 189 000 and 1 139 000 between 2008 and 2012.

At 1 242 655, the total number of delegate and visitor days for 2007 were the highest yet recorded at the CTICC, and an increase over last year’s 1 190 858.

Of the total days reported, international delegate and visitor days account for about 34 percent. It is estimated that international tourists spent nearly 600 000 days in South Africa this year as a result of induced tourism generated by the CTICC. The number of international tourists returning to the city as a result of induced tourism is expected to increase to about 880 000 days by 2012. It is therefore anticipated that induced

### Total Number of Delegate, Visitor and Tourist Days (Table 1)

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<td><strong>Congress Delegate Days</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Cape</td>
<td>35 997</td>
<td>41 005</td>
<td>92 159</td>
<td>68 859</td>
<td>61 202</td>
<td>68 800</td>
<td>72 427</td>
<td>79 665</td>
</tr>
<tr>
<td>Rest of South Africa</td>
<td>55 240</td>
<td>64 209</td>
<td>145 073</td>
<td>107 881</td>
<td>95 621</td>
<td>107 701</td>
<td>113 599</td>
<td>125 632</td>
</tr>
<tr>
<td>International</td>
<td>41 122</td>
<td>34 314</td>
<td>66 658</td>
<td>55 916</td>
<td>50 194</td>
<td>55 934</td>
<td>57 212</td>
<td>60 792</td>
</tr>
<tr>
<td><strong>Total Delegate Days</strong></td>
<td>132 360</td>
<td>139 528</td>
<td>303 890</td>
<td>232 656</td>
<td>207 017</td>
<td>232 436</td>
<td>243 238</td>
<td>266 090</td>
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<td><strong>Exhibitions and Other Events Visitor Days</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Western Cape</td>
<td>252 898</td>
<td>248 276</td>
<td>221 693</td>
<td>280 914</td>
<td>268 822</td>
<td>292 422</td>
<td>261 625</td>
<td>269 074</td>
</tr>
<tr>
<td>Rest of South Africa</td>
<td>409 956</td>
<td>402 464</td>
<td>359 372</td>
<td>455 371</td>
<td>435 769</td>
<td>474 025</td>
<td>424 102</td>
<td>436 178</td>
</tr>
<tr>
<td>International</td>
<td>408 048</td>
<td>400 591</td>
<td>357 700</td>
<td>453 252</td>
<td>433 741</td>
<td>471 819</td>
<td>422 129</td>
<td>434 148</td>
</tr>
<tr>
<td><strong>Total Visitor Days</strong></td>
<td>1 070 902</td>
<td>1 051 330</td>
<td>938 765</td>
<td>1 189 537</td>
<td>1 138 331</td>
<td>1 238 265</td>
<td>1 107 856</td>
<td>1 139 400</td>
</tr>
<tr>
<td><strong>Total Delegate and Visitor Days</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Cape</td>
<td>288 895</td>
<td>289 281</td>
<td>313 853</td>
<td>349 773</td>
<td>330 024</td>
<td>361 221</td>
<td>334 052</td>
<td>348 739</td>
</tr>
<tr>
<td>Rest of South Africa</td>
<td>465 196</td>
<td>466 673</td>
<td>504 445</td>
<td>563 252</td>
<td>531 390</td>
<td>581 726</td>
<td>537 701</td>
<td>561 810</td>
</tr>
<tr>
<td>International</td>
<td>449 171</td>
<td>434 905</td>
<td>424 358</td>
<td>509 168</td>
<td>483 935</td>
<td>527 753</td>
<td>479 340</td>
<td>494 940</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1 142 168</td>
<td>1 190 858</td>
<td>1 242 655</td>
<td>1 422 193</td>
<td>1 345 349</td>
<td>1 470 701</td>
<td>1 351 094</td>
<td>1 405 489</td>
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<tr>
<td><strong>International Tourist Days</strong></td>
<td>0</td>
<td>0</td>
<td>595 653</td>
<td>625 683</td>
<td>712 454</td>
<td>692 994</td>
<td>93 278</td>
<td>780 356</td>
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<tr>
<td><strong>Total International Visitor Days</strong></td>
<td>449 171</td>
<td>434 905</td>
<td>1 020 011</td>
<td>1 134 850</td>
<td>1 196 389</td>
<td>1 220 748</td>
<td>1 392 618</td>
<td>1 375 296</td>
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</table>
tourism will have a significant impact on the total number of international visitors and, hence, spending over the next five years.

**Contribution to Gross Domestic Product**

Contribution to Gross Domestic Product (GDP) is the most important and comprehensive measure of the macroeconomic effect of the CTICC.

It is estimated that the CTICC contributed more than R2.4 billion to GDP in the 2007 financial year. At R1.17 billion, delegate expenditure (both national and international) was the largest proportion of this contribution, followed closely by induced tourism, at just less than R1.0 billion. The contribution to GDP is expected to increase to R3.36 billion in the next financial year and to R4.13 billion by 2012.

Apart from inflation, the bulk of the increase is due to induced tourism and the capital expenditure on the expansion of the centre in 2008 and 2009. By 2012, induced tourism will contribute nearly R2.0 billion to GDP and is expected to exceed the contribution of delegate expenditure at around R1.76 billion.

The reason induced tourism moved from zero in 2006 to more than R1 billion in 2008 lies in the nature of the survey questions asked, rather than some sudden change of heart on the part of the visitors polled. Delegates were asked whether they intended to return as tourists in "the next five years". Hence, some 2004 delegates will have returned in 2007, three years later, the period taken as the median for "the next five years". In reality, of course, there will be a gradual build-up of induced tourism rather than the pattern suggested by the data.

GDP is important not just because it represents income but also because such income has the capacity to add to wealth. The CTICC has made a cumulative contribution of R6.86 billion to South Africa's GDP over the last five years. Taking projections for the next five financial years into account, the CTICC will have added a total of about R25.2 billion to GDP by 2012.

Overall spending by delegates and visitors was up on the previous year, but spending by exhibitors and event hosts was down. This is due to the fact that the number of exhibitions and trade fairs was down on the previous year, while the total number of delegates and visitors attending all types of events was higher.

The capital expenditure due to the expansion of the CTICC is expected to contribute more than R570 million to GDP in both 2008 and 2009.

**Job Creation**

The CTICC has made a significant contribution to both direct and indirect job creation. Table 3 reports on the total number of direct jobs created in the Western Cape. In this instance,
only provincial displacement effects were taken into account. Some direct jobs will be at the expense of jobs outside the province. About 2 688 direct jobs were sustained while the convention centre was under construction, although these jobs would have been spread out over the construction period and did not all occur in one year. It is estimated that more than 2 200 direct jobs were created in the first year of operation (2004). These jobs were sustained throughout 2005 and 2006 and have shown a dramatic increase in 2007. This is as a result mainly of induced tourism. This year 3 796 people were directly employed in the province due to activity at the CTICC. Even if induced tourism were excluded, more jobs were created in 2007 than the previous year (2 505 compared with 2 343). It is expected that the number of people directly employed due to the CTICC will increase to nearly 5 300 in the 2008 and 2009 financial years, as construction on the expanded facilities gets underway. Once construction is completed, the number of direct jobs is expected to measure about 4 439 in 2010 and more than 4 700 in 2011 onwards. Induced tourism therefore, as well as the planned CTICC expansion, has a significant impact on direct job creation. Indirect jobs have also resulted countrywide. Table 4 reports on the estimated indirect jobs. In contrast to Table 3, these estimates make allowances for national rather than regional displacement effects. During the construction phase it was estimated that about 2 069 national indirect jobs were generated. In the first year after opening, 2 817 jobs were created, while in 2005 and 2006 2 970 and 3 058 people, respectively, were indirectly employed countrywide because of the CTICC. This number increased to 5 343 in 2007, and is expected to further increase to about 7 150 in 2008 and 2009 and 6 786 in 2012.

### Foreign Exchange

One of the key macroeconomic benefits of the CTICC is that while it draws in visitors and creates jobs, it also makes an important contribution to earning foreign exchange. It should be borne in mind

### Contribution to Provincial Direct Jobs - Western Cape (Table 3)

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<tr>
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<td>CTICC Capital Expenditure</td>
<td>18</td>
<td>60</td>
<td>1 163</td>
<td>1 103</td>
<td>51</td>
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<tr>
<td>CTICC Operational Expenditure</td>
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<td>43</td>
<td>42</td>
<td>43</td>
<td>42</td>
<td>43</td>
<td>43</td>
<td>43</td>
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<tr>
<td>Host / Organiser Expenditure</td>
<td>24</td>
<td>32</td>
<td>29</td>
<td>35</td>
<td>33</td>
<td>37</td>
<td>36</td>
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<tr>
<td>Exhibitor Expenditure</td>
<td>97</td>
<td>127</td>
<td>93</td>
<td>116</td>
<td>109</td>
<td>118</td>
<td>113</td>
<td>119</td>
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<tr>
<td>Delegate Expenditure</td>
<td>2 176</td>
<td>2 120</td>
<td>2 278</td>
<td>2 579</td>
<td>2 439</td>
<td>2 668</td>
<td>2 454</td>
<td>2 556</td>
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<tr>
<td>Induced Tourism</td>
<td>0</td>
<td>0</td>
<td>1 291</td>
<td>1 358</td>
<td>1 542</td>
<td>1 519</td>
<td>2 002</td>
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<tr>
<td>Total Direct Jobs</td>
<td>2 347</td>
<td>2 343</td>
<td>3 796</td>
<td>5 297</td>
<td>5 271</td>
<td>4 439</td>
<td>4 702</td>
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### Contribution to National Indirect Jobs - South Africa (Table 4)

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<td>Convenco</td>
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<td>CTICC Capital Expenditure</td>
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<td>70</td>
<td>1 354</td>
<td>1 283</td>
<td>59</td>
<td>61</td>
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<tr>
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<td>72</td>
<td>76</td>
<td>73</td>
<td>76</td>
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<tr>
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<td>88</td>
<td>106</td>
<td>101</td>
<td>114</td>
<td>107</td>
<td>111</td>
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</tr>
<tr>
<td>Exhibitor Expenditure</td>
<td>258</td>
<td>338</td>
<td>246</td>
<td>307</td>
<td>288</td>
<td>312</td>
<td>297</td>
<td>313</td>
</tr>
<tr>
<td>Delegate Expenditure</td>
<td>2 567</td>
<td>2 521</td>
<td>2 734</td>
<td>3 068</td>
<td>2 894</td>
<td>3 167</td>
<td>2 927</td>
<td>3 049</td>
</tr>
<tr>
<td>Induced Tourism</td>
<td>0</td>
<td>0</td>
<td>2 128</td>
<td>2 235</td>
<td>2 555</td>
<td>2 490</td>
<td>3 285</td>
<td>3 168</td>
</tr>
<tr>
<td>Total Indirect Jobs</td>
<td>2 970</td>
<td>3 058</td>
<td>5 343</td>
<td>7 152</td>
<td>7 202</td>
<td>6 223</td>
<td>6 757</td>
<td>6 786</td>
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</table>
The Economic Contribution of CTICC

that the CTICC used foreign exchange during construction, since much of the electronic fittings, lifts, escalators, among others, were imported. It will continue to use some foreign exchange as tourists and delegates consume some imported food and are moved around in buses running on imported fuels, for example.

The construction of the convention centre, including indirect effects, used foreign exchange to the value of R193.3 million.

During 2004, the first year of operation, other direct and indirect foreign exchange usage was recorded, particularly due to requests for imported food and beverages. Total foreign exchange usage was estimated at R178.7 million in that year, R193.2 million in 2005, R209.7 million in 2006 and R382.5 million in the 2007 financial year. Foreign exchange outflows are set to increase to about R653.6 million by 2012.

Conversely, international delegates and exhibitors will also bring considerable foreign exchange to the country. In 2005, it was estimated that international delegates brought R353.3 million into the country and international exhibitors about R19.0 million; in 2006, R350.6 million and R27.3 million respectively. In the 2007 financial year it is estimated that international delegates brought R408.9 million into the country, international exhibitors R23.3 million and induced international tourism R640.4 million. It is estimated that induced tourism will make even more of a contribution from

2008 onwards. Induced tourism will increase from about R713 million in 2008 to R1.27 billion in 2012. Overall, foreign exchange earnings are estimated to increase from R1.23 billion in 2008 to R1.92 billion by 2012.

In summary, the CTICC became a net earner of foreign exchange in the 2004 financial year and paid for all previous foreign exchange usage during the 2005 financial year. At the end of the 2007 financial year, CTICC will have cumulatively generated nearly R1 billion in foreign exchange. By 2012 it is expected to generate net foreign exchange in excess of R1.27 billion, a cumulative R5.91 billion since the start of construction.

Other Macroeconomic Effects

Apart from the key macroeconomic effects discussed above, many others will flow from the CTICC. These include the generation of tax, other capital expenditure and the impact on indirect household income. Since the opening of the centre for business, R103.4 million in taxes were generated in 2004, R110.6 million in 2005 and R120.5 million in 2006, while R222.7 million was generated in the 2007 financial year. Cumulatively, by 2012 nearly R3.0 billion in taxes will have been paid including taxes paid during construction of the centre.

From these figures, it is clear that the CTICC is extremely beneficial from an economic perspective, both to the Western Cape and to South Africa, and that it has significant societal benefits, particularly to the city of Cape Town. The effect of the expansion would be to host more and larger events at the centre in future, thus further increasing the economic contribution to the city and province.

Clearly the CTICC has made a significant contribution to the economy of the Western Cape and South Africa during its construction and first five years of operation and is expected to continue contributing significantly to the economy in the future.
City set to host 12 000 at international conference

CTICC has a ‘very spectacular’ year as operating profit soars to R20m

City braced for conference

Congress worth R582 million comes to Cape Town

Konferensiesentrum vinnig seewaarts uit

Mediasentrum vir 2010 dalk in Kaapstad
Focus on Sustainability

The CTICC is mindful of the global need for organisations to reduce their carbon footprint and to maximise the social benefits of activities, while striving for profit to achieve a balanced bottom line.

CTICC continues to strive towards bettering its performance while creating a culture of responsible behaviour towards the environment and the community. Over the past financial year, this has been achieved in many respects.

Conserving Energy and Water

- Energy-saving devices and sound environmental practices ensure that the CTICC conforms as closely as possible to the green building rating system. CTICC was recently assigned a compliance rating of just over 77 percent in terms of the South African Energy and Demand Efficiency Standard from the CSIR’s Green Buildings for Africa initiative.
- Chemically treated glass reduced the amount of glass in construction. Public areas receive generous amounts of natural light, while blinds and louvres minimise the heat loss in winter and keep temperatures down in summer.
- Air conditioning is adjusted periodically to correspond with seasonal conditions, and areas requiring air conditioning are selected daily, yielding meaningful energy savings. Power factor correction equipment for the air conditioning plant further minimises losses.
- Interior gardens contribute significantly to the production of oxygen in the building. Irrigation takes place on an automated drip system, while lawns were avoided in the landscaping.
- All toilets have a dual flush mechanism to conserve water.
- Lights are dimmed and only natural ventilation is supplied during the setting up and breaking down of exhibitions to conserve energy.

Putting people first

The annual spin-off to the regional economy of R2.4 billion rand per year translates into thousands of jobs and many small and medium business opportunities.

- From day one, the CTICC achieved the target set for 2007 of employing two-thirds of its staff from historically disadvantaged communities.
- Skills are transferred at a rapid pace, and CTICC employees are generally considered to be on a par with, or ahead of, their industry counterparts.
- CTICC employed approximately 500 temporary staff at any given time, many of whom find permanent employment as a direct result of their CTICC experience.
- Ongoing training was given to students from the Eziko Cookery and Catering School in Langa and False Bay College. Equipment is donated when opportunities arise. This year, an industrial oven was donated to Eziko.

Cultivating Responsible Habits

- Procurement: We favour reusable and recyclable products. Table linen, cutlery and glassware are reusable. Fresh food is favoured over processed and biodegradable soap and detergents are in dispensers rather than sachets.
- Recycling and reusing: Recycling is standard on both the administrative and operational sides of the business. Photocopying and printing are optimised and recycling bins are found in all offices. The minimisation of paper is an ongoing goal with presentations done electronically and most correspondence by e-mail.
- Waste in the kitchen is separated into bins, processed in a sorting room, then moved to skips to be recycled off-site.
- Events: Online registration is encouraged to reduce paper.
- Exhibitors pay for their own waste removal to discourage unnecessary waste.
- Education: Staff are trained in recycling processes and the responsible use of materials. Where possible, gifts are sourced from sustainable materials, preferably made by disadvantaged communities.
- Contribution to society: Leftover food is distributed to needy organisations via the agency Feedback. Lost property and unwanted items from conferences and trade shows are donated to charities.
Over the four years of its existence, CTICC has become highly sought after as an employer. It prides itself on running a lean organisation, an approach that has been maintained during the period under review.

**Career Building**

To measure the centre’s impact as an employer of service industry personnel in the city, a survey was conducted this year, with the assistance of Fedhasa, among temporary staff previously employed by the CTICC, to determine their subsequent career trajectories. Results from the survey show that no fewer than 1 185 (79 percent) of the 1 500 temporary staff members polled have found permanent employment as a direct consequence of their experience at the CTICC.

Much has been done to retain and motivate the organisation’s 95 permanent employees and roughly 500 temporary workers, working an average of 74 hours per month: primary and secondary labour conditions have been benchmarked against other companies in the service industry, while an active social environment continues to be fostered. An exceptionally low sick-leave percentage of 1.9 percent was recorded for the year – a clear indication of a highly motivated workforce.

This year, as in previous years, CTICC accommodated two international and six local interns. International exposure has obvious benefits for young people starting out in the work place, while the six students from the Durban University of Technology and several students from the Eziko Cooking and Catering School in Langa gained valuable experience and knowledge.

To continue the recruitment of high-calibre candidates from a broad spectrum of disciplines for both permanent and temporary staff positions, it was decided this year to expand the centre’s reach by contracting the services of a third labour broker.

With the ethos of its Netherlands-based management company, the RAI Group, as a permanent benchmark, CTICC continues to actively pursue a policy of education, training and skills transfer.

**Passport to Success**

A potentially groundbreaking training programme was introduced over the past financial year, which entails the completion by staff members of the food and beverage department of five modules over a period of 18 months. Employees are issued with a “Passport to Success”, and their “Passports” stamped upon the successful completion of each module. This initiative is expected to yield highly positive outcomes.

Other areas of staff training during the course of this year included:

- Customer care – 42 permanent and 400 temporary employees completed a course designed to increase good customer care and to develop practical interpersonal communication skills.
- Leadership development – 32 permanent staff members were certified at the end of a 10-week leadership development course designed to reflect practices and principles at the heart of sustainable leadership behaviour.
- Environmental awareness – 46 permanent employees were sensitised during a workshop that addressed environmental issues in general and the CTICC’s carbon footprint in particular.

Involvement with trade organisations such as the International Congress and Convention Association (ICCA) and the Alliance Internationale de Palais de Congres (AIPC) further boosted the expertise and knowledge levels of the management team.

The extension of the management contract between the CTICC, Convenco and the RAI Group to 2010 will allow a continuation in the transfer of skills between the centre and its international partners.
Income Statement
for the year ended 30 June 2007

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Venue Hire</td>
<td>45 341 873</td>
<td>36 188 606</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>42 403 254</td>
<td>33 160 122</td>
</tr>
<tr>
<td>Parking</td>
<td>6 375 665</td>
<td>4 537 569</td>
</tr>
<tr>
<td>Other Income</td>
<td>6 018 996</td>
<td>4 427 435</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>100 139 788</td>
<td>78 313 732</td>
</tr>
<tr>
<td><strong>DIRECT COSTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>13 272 284</td>
<td>9 469 632</td>
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<tr>
<td>Direct Personnel</td>
<td>7 228 848</td>
<td>5 034 273</td>
</tr>
<tr>
<td>Parking</td>
<td>2 334 263</td>
<td>1 225 469</td>
</tr>
<tr>
<td><strong>TOTAL DIRECT COSTS</strong></td>
<td>22 835 395</td>
<td>15 729 374</td>
</tr>
<tr>
<td><strong>GROSS MARGIN</strong></td>
<td>77 304 393</td>
<td>62 584 358</td>
</tr>
<tr>
<td><strong>GROSS MARGIN %</strong></td>
<td>77.2%</td>
<td>79.9%</td>
</tr>
<tr>
<td><strong>INDIRECT COSTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel and management costs</td>
<td>23 595 669</td>
<td>20 308 726</td>
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<tr>
<td>Total building costs</td>
<td>16 376 822</td>
<td>15 868 385</td>
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<tr>
<td>Marketing</td>
<td>2 687 375</td>
<td>2 635 015</td>
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<tr>
<td>Other indirect Costs</td>
<td>7 878 041</td>
<td>6 139 035</td>
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<tr>
<td><strong>TOTAL INDIRECT COSTS</strong></td>
<td>50 537 907</td>
<td>44 951 161</td>
</tr>
<tr>
<td><strong>EARNINGS BEFORE INTEREST AND TAX</strong></td>
<td>26 766 486</td>
<td>17 633 197</td>
</tr>
<tr>
<td><strong>EBIT %</strong></td>
<td>26.7%</td>
<td>22.5%</td>
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<tr>
<td>Interest expense</td>
<td>36 369</td>
<td>18 052</td>
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<tr>
<td>Interest income</td>
<td>3 564 531</td>
<td>2 261 946</td>
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<tr>
<td><strong>CONTRIBUTION TO CONVENCO (PTY) LTD</strong></td>
<td>30 294 648</td>
<td>19 877 091</td>
</tr>
<tr>
<td>LESS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convenco net other costs/(income)</td>
<td>51 962</td>
<td>1 294 641</td>
</tr>
<tr>
<td>Arabella Income</td>
<td>(1 767 213)</td>
<td></td>
</tr>
<tr>
<td>Depreciation on Property, Plant and Equipment*</td>
<td>25 244 547</td>
<td>32 969 553</td>
</tr>
<tr>
<td>Municipal rates and taxes</td>
<td>(493 099)</td>
<td>4 719 806</td>
</tr>
<tr>
<td>(Reversal of Impairment)/Impairment Loss</td>
<td>(1 940 328)</td>
<td>308 292 720</td>
</tr>
<tr>
<td><strong>PROFIT/(LOSS) BEFORE TAXATION</strong></td>
<td>9 198 779</td>
<td>(327 399 629)</td>
</tr>
<tr>
<td>Taxation</td>
<td>13 017</td>
<td>-</td>
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<tr>
<td><strong>NET PROFIT/(LOSS) FOR THE YEAR FOR CONVENCO</strong></td>
<td>9 185 762</td>
<td>(327 399 629)</td>
</tr>
</tbody>
</table>
### Balance Sheet
as at 30 June 2007

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>-</td>
<td>137 267 761</td>
<td>137 267 761</td>
<td>147 517 791</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>-</td>
<td>137 267 661</td>
<td>137 267 661</td>
<td>147 517 691</td>
</tr>
<tr>
<td>Investment in subsidiary</td>
<td>-</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>68 108 739</td>
<td>8 991 012</td>
<td>77 099 751</td>
<td>60 541 083</td>
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<tr>
<td>Inventories</td>
<td>706 068</td>
<td>-</td>
<td>706 068</td>
<td>724 517</td>
</tr>
<tr>
<td>Trade and other Receivables</td>
<td>14 020 392</td>
<td>36 879</td>
<td>14 057 271</td>
<td>6 601 117</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>53 382 279</td>
<td>8 954 133</td>
<td>62 336 412</td>
<td>53 215 449</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>68 108 739</td>
<td>146 258 773</td>
<td>214 367 512</td>
<td>208 058 874</td>
</tr>
</tbody>
</table>

| **EQUITY AND LIABILITIES** |      |      |      |      |
| Capital and reserves     | 76 842 564 | 108 886 575 | 185 729 139 | 176 543 677 |
| Share capital and premium | -    | 565 639 701 | 565 639 701 | 565 640 001 |
| Retained Income / (Accumulated loss) | 76 842 564 | (456 763 126) | (379 910 562) | (389 096 324) |
| **Loan in CONVENCO**    | (37 314 252) | 37 314 252 | - | - |
| **Current liabilities** | 28 580 427 | 57 946 | 28 638 373 | 31 515 197 |
| Trade and other payables | 28 580 427 | 57 946 | 28 638 373 | 31 515 197 |
| **Total equity and liabilities** | 68 108 739 | 146 258 773 | 214 367 512 | 208 058 874 |
Capital Expenditure Report
for the year ended 30 June 2007

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Building Enhancements</td>
<td>1 813 810</td>
<td>2 116 533</td>
</tr>
<tr>
<td>IT &amp; Telecommunications</td>
<td>609 125</td>
<td>636 700</td>
</tr>
<tr>
<td>Operational Furniture &amp; Equipment</td>
<td>-</td>
<td>246 390</td>
</tr>
<tr>
<td>Kitchen Enhancements</td>
<td>402 365</td>
<td>667 905</td>
</tr>
<tr>
<td>Catering Furniture &amp; Equipment</td>
<td>1 207 513</td>
<td>1 268 265</td>
</tr>
<tr>
<td>Various other Capex Items</td>
<td>9 046 374</td>
<td>-</td>
</tr>
<tr>
<td>Total Capital Expenditure</td>
<td>13 079 187</td>
<td>4 935 793</td>
</tr>
</tbody>
</table>

Capex spending is in line with the 2006/07 Capex Budget. Various capex includes spending related to the CTICC expansion in the Convention Tower development and the future expansion at the Customs House site.


The year 2006/2007 has been the fourth successful year in a row for the CTICC. The earnings before interest and tax were R26 766 486 (2006: R17 633 197), an increase of 51.8% on the previous year. Revenue increased by 27.8% whilst gross margins decreased by 2.7%. Indirect costs increased by 12.4% driven mainly by necessary spending on maintenance and other indirect costs. The increase in maintenance expenditure is directly related to the large number of visitors which the events being held at the CTICC draw to the centre. The increase in indirect other costs are related to the catering material which is as a result of the increase in catering revenue.

Venue Hire
Revenue has outperformed the 2006/2007 budgeted targets and is 25.3% higher than the previous year, mainly due to the growth in the total number of events and particularly international conferences.

Food and Beverage
Food and Beverage income continues to be an important and material revenue source for the CTICC. The growth of 27.9% on previous year is mainly driven by the revenue mix targeted within venue hire. The revenue growth for food and beverage from the previous year was 2.6% higher than the venue rental year on year growth.

Direct Personnel
Direct personnel costs is a variable cost mainly driven by the number of events held. The cost as a percentage of total revenue has increased from 6.4% to 7.2%.

Personnel Costs
Personnel Costs include all costs related to permanent employees as well as the management fees paid to Amsterdam RAI for the management of the Convention Centre.

Building Costs
Building costs include costs such as water and electricity, repairs and maintenance, cleaning and security, etc. The 3.2% increase is in line with the budget and mainly the result of the intensive maintenance programme, implemented in order to continue to meet international standards.

Other Indirect Costs
Other indirect costs consist of cost categories such as office costs, IT expenses, advisors and consultants, catering material and bad debt. Stringent control is exercised in order to minimize these costs as far as possible.
Acknowledgements

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Printing  Graphco Media
Cape Town International Convention Centre implements environmentally friendly initiatives whenever possible. This Annual Report is printed on recycled paper.