

# EXTENDING OUR REACH, **EMBRACING AFRICA,** WELCOMING THE WORLD

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# 2016

**INTEGRATED  
ANNUAL REPORT**

Cape Town International Convention Centre





CTICC	EXPANSION
	OPENING
	2017







# EXTENDING OUR REACH, EMBRACING AFRICA, WELCOMING THE WORLD

Last year our Integrated Annual Report saw us driving the knowledge economy – harnessing education, skills and innovation to create sustainable economic success and competitive advantage. This year we built on that foundation, focusing on ideas of expansion and extension – both physical in terms of our new CTICC East expansion and geographical in terms of how we seek to reach out and connect with our continent and the world.

## RELEASING AFRICAN POTENTIAL

As a truly South African offering, the CTICC contributes to realising the continent's potential. The key drivers of technology, tourism and mineral resources are platforms that we can leverage with our African partners, maximising opportunities to promote Africa to the wider world. In addition, we wholeheartedly champion the role that both education and female empowerment play in the growth of Africa. As such, we are committed to sharing knowledge and building capacity in business and society so that all those aspects of African potential are realised. Our case studies this year focus on this.

In addition, our CTICC East expansion will allow us to leverage this aspiration, building on our vision to be one of the world's top ten leading long-haul international convention centres by 2020. This is supported by our multi-faceted mission to maximise economic spin-off, create jobs, constantly innovate, exceed service expectations, nurture quality staff and be a world leader in sustainability.

## EXPANDING OUR REACH

Our CTICC East expansion will give us an additional 10 000m<sup>2</sup> of exhibition and conference space, coupled with a further 3 000m<sup>2</sup> of formal and informal meeting space. This will

allow us to compete far more favourably on the world stage. Having already hosted 39 significant international conferences in 2015/16, we are now poised to welcome still more global events of increasing stature. The advent of this state-of-the-art new building in 2017 will allow us to host and deliver extraordinary experiences to a far broader audience – from Africa, our continent, from the world beyond and also our local communities.

So expansion means more space but it also means more options – more facets to the work we do, more flexibility and, lest we forget that we are also in the entertainment business, more fun. For without interaction, without engagement, without increasing our knowledge, our circles, our connections, we are not growing the knowledge economy – and we are not growing ourselves.

## INVESTING IN PEOPLE AND PLANET

This, of course, applies to both our own people and our clients. Without the commitment and enthusiasm of our dedicated, often 24/7, colleagues (half of whom are women), we would not be able to achieve our vision. And without our clients, we would simply not be in business. Our interlinked investments in staff training, industry upliftment and the client experience bolster our pledge to reach out to Africa and beyond. Moreover, with the advent of our new building, our CTICC team will most certainly expand as well.

Having said that, these new facets to our offering, this new expanded space, must also maintain our commitment to sustainability – a further pledge that is core to our promise of being more environmentally and socially aware, as well as fiscally prudent. This commitment to responsible triple-bottom-line reporting underscores both this report and everything we do – and plan to do – in the coming years.

This 2016 integrated annual report illustrates our ongoing pledge to people, planet and performance, as well as our growing links with our continent and the world.





## ABOUT THIS REPORT

This report is compiled annually and contains data for the 2015/16 financial year, which runs from 1 July 2015 to 30 June 2016.

The Cape Town International Convention Centre (CTICC) is owned and managed by the Cape Town International Convention Centre Company SOC Ltd (RF), also known as Convenco.

The CTICC consists of one operational building (CTICC West) and the boundary of this report reflects the performance of CTICC West, including CTICC East currently under construction.

The most recent previously compiled report was made available at the CTICC's Annual General Meeting (AGM) on 21 October 2015 and contained information from the previous financial year (1 July 2014 – 30 June 2015).

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# HIGHLIGHTS 2015/16

The CTICC delivered impressive results in the 2015/16 financial year, breaching the psychological R200m revenue ceiling and also increasing EBITDA, profit before tax and net after-tax profit. All Key Performance Indicators were exceeded.

## Operations and Finance



**R209m** Revenue (including other income)  
(R14m above target)



**R57m** EBITDA  
(R30m above target)



**R67m** Operating profit  
(R43m above target)



**R47m** After-tax profit  
(R30m above target)



**504** Total events



**39** International association conferences



**84%** Customer Satisfaction Index

## Economic contribution



Contribution to SA National GDP

**R3.5bn**



Contribution to Western Cape GGP

**R3bn**



Cumulative contribution to SA National GDP

**R32.5bn**



Cumulative contribution to Western Cape GGP

**R28.8bn**



**7 758** Total jobs created



**R522.4m** B-BBEE procurement  
(92.8% of net spend)



**30%** Women-owned enterprise suppliers  
(of total supplier spend)



**49%** Women employed in the business: 79 out of 161



**18** Women engineering students on CTICC East construction project







## Awards & accreditation

### Top500 Companies Award **1st place**

Exhibition and Conference Facilities category

Top 40 Women in MICE Award:  
Newsmaker of the Year

### **Julie-May Ellingson:** **Chief Executive Officer**

### SAACI Best Venue Award **2014/15/16**

three years in a row

### ISO 9001

(Quality Management)

### ISO 14001

(Environmental Management)

### ISO 18001

(Occupational Health & Safety Management)



## Environmental sustainability



Y-O-Y reduction in water usage

**5%**



Waste diverted from landfill

**85%**



## Corporate Social Investment

**R1.2m**

Value of community development support





*IFLA World Library and Information Congress 2015 |  
81st IFLA General Conference and Assembly*



# FOREWORDS

## MESSAGE FROM THE EXECUTIVE MAYOR OF CAPE TOWN

Cape Town with its vibrant cultures, experiences and vast natural beauty is a world-renowned tourism success story, but our City is more than just a pretty face.

Recently Cape Town was voted 2015/16 Telegraph Travel Awards Best City in the World for the fourth year running and we tend to forget that much of that tourism is generated by business.

We have achieved great things as a leisure tourist destination but we have much more to offer as we are repositioning Cape Town as the ideal place to live, work, play and invest in.

Many businesses are seeing great promise in our City and one of our great success stories, the Cape Town International Convention Centre is an ideal example of why businesses can thrive in Cape Town.

Indeed, the CTICC's role as a host of world-class international events is a key factor. In particular, this takes the form of international conferences and trade fairs that expand knowledge, encourage interaction, promote exchange and build opportunity – supporting the City's role as an opportunity city committed to economic growth and job creation.

The CTICC's contribution as a service-driven, community-supporting and profitable strategic City asset also sustains our multiple commitments to deliver a safe, caring, inclusive and well-run city to our citizens and our communities.

I warmly congratulate Julie-May Ellingson, the Conenco Board, the Executive team and every CTICC employee and supplier for another outstanding year. The CTICC continues to perform impressively, increasing its contribution to the sustainability of the economy.

The CTICC's success stems from its stellar management, good financial practices and offering all visitors a world-class experience.

This past financial year, the CTICC once again made Cape Town proud when it scooped first place in the Top 500 of South Africa's best managed companies in the exhibition and conference facilities category.

Moreover, the CTICC's contribution to the city will surely grow once its much-anticipated state-of-the-art CTICC East expansion opens next year. This means a bigger CTICC with an additional 10 000m<sup>2</sup> of exhibition space, as well as a further 3 000m<sup>2</sup> of formal and informal meeting space.



More than doubling its conference and exhibition hall capacity will make the CTICC offering immeasurably more attractive. All of which should make it a premier convention destination at the top of every global event organiser's list. We look forward to seeing it there!

**Alderman Patricia de Lille**

Executive Mayor: City of Cape Town



**Alderman Patricia de Lille**

Executive Mayor: City of Cape Town

***"The CTICC's success stems from its stellar management, good financial practices and offering all visitors a world-class experience."***



## MESSAGE FROM THE PREMIER OF THE WESTERN CAPE

It has been 13 years since the CTICC opened for business, putting Cape Town and the Western Cape firmly on the international conference circuit. It continues to play a pivotal role in attracting investment to the province, building our reputation as a productive, competitive and innovative region.

As such, reaching out into the world through Africa and beyond, the CTICC allows the Province to make connections and form partnerships that simply would not be possible without this world-class strategic facility.

Next year that offering will be enhanced considerably by its expansion into the new East Wing, creating many more opportunities to accommodate an increasing range of events – and also much larger ones.

This will bolster the CTICC's ability to expand the Province's global reach, ensuring that we all benefit from best practice innovations and technologies shared with experts who come to expand their knowledge with us. This inspires further innovation and opportunity for growth and jobs.

Each event brings an opportunity for exchange and expansion in terms of what we as a province can learn from the world – and what it can learn from us. This supports our primary strategy to build an "Open-opportunity Society for All" in the Western Cape, which is also the cornerstone of our Constitution.

In addition, our Vision 2040 is of "a highly skilled, innovation-driven, resource-efficient, connected, high-opportunity society for all". We have no doubt that the CTICC will be contributing strongly to this vision as it continues to perform profitably and build both the knowledge economy and the catalytic economic growth sectors that the Province has identified.

Congratulations once more to the efficient and effective CTICC Board, Executive and all staff and stakeholders for another excellent year in 2015/16. Our province is the richer for your efforts.

**Helen Zille**

Premier of the Western Cape



**Helen Zille**

*Premier of the Western Cape*

***"Each event brings an opportunity for exchange and expansion in terms of what we as a province can learn from the world – and what it can learn from us."***



## MESSAGE FROM THE CHAIRMAN OF CONVENCO

The CTICC is a strategic asset whose reach and influence go far beyond the city and the province: it has an important local, national and international role to play as well. Indeed, its stated vision to be one of the world's top ten leading long-haul international convention centres by 2020 makes this mission clear.

As such, its value as a gateway into Africa, coupled with its upcoming potential to host much larger gatherings as the CTICC East expansion comes on line, can only grow. That greater capacity will allow its commitment to the knowledge economy to extend still farther, creating and sharing intellectual capital and innovation across the world as it welcomes an increasing range, number and size of events to its expanded offering.

There is, in some ways, an irony here. As the world is being shrunk by technology, so the need for us to connect as people, face-to-face, seems to grow. And this, of course, is what the CTICC provides par excellence – the space and the opportunity for people to meet to bridge international barriers, make cross-cultural connections and solve global problems. The world needs such places more and more.

In these pages you will read about international gatherings that have not only brought experts from a vast range of countries together, but have, vitally, left legacies here on the ground in our city, province and country as well. In addition, in this age when the African continent is rising, many of those connections are building African networks as well.

This is something Julie-May Ellingson and her team absolutely understand and are already preparing the ground for as the CTICC East expansion prepares to open early next year. In addition, the CTICC continues to prosper and perform year on year, continually exceeding its targets and making strong contributions to the regional and national economy.

Congratulations to Julie-May, her Executive Management team and her staff for another excellent year.

Finally, I must express my sincere thanks to my fellow Board members, whose continuing commitment to the world-leading vision of the CTICC provides both platform and support for their continuing endeavours and success.

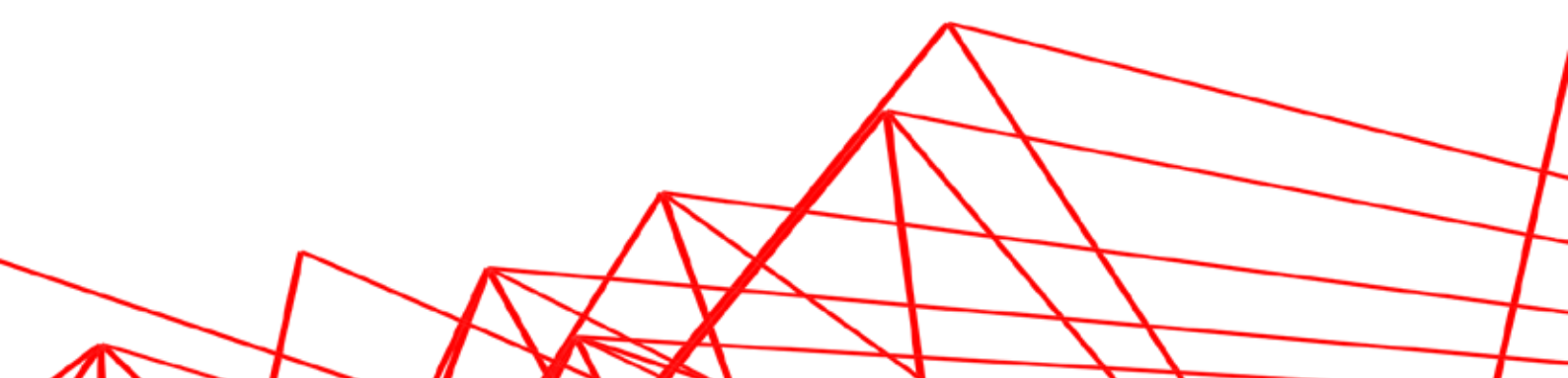
**Andrew Boraine**

Chairman: Convenco



**Andrew Boraine**  
Chairman: Convenco

***"The CTICC continues to prosper and perform year on year, continually exceeding its targets and making strong contributions to the regional and national economy."***





## REVIEW BY THE CHIEF EXECUTIVE OFFICER

The CTICC continues to deliver impressive performance in uncertain times. Breaching the psychological R200m revenue ceiling is certainly cause for celebration; but a figure of R209m (including other income; and R12m above prior year) is especially pleasing in the context of rising costs and volatile economic times. That we should still increase our operating profit from R60m to R67m, our EBITDA from R52m to R57m and our net after-tax profit from R42m to R47m, which is 176% above target, is remarkable. Rigorous cost control has certainly played its part and I have my Executive team colleagues to thank for that. Our cost containment measures have saved us R17m across all cost categories.

These figures only tell some of the story, however. This report's theme is about expansion and about reaching out to our continent, our communities and the world beyond. And, indeed, as our CTICC East expansion reaches completion, it is to these continental and global clients that we must market ourselves. As you will see from our events review section, we are already building our international client base, with 39 international conferences choosing to come to the CTICC last year – a 22% rise compared to the year before. Our challenge is to build on that.

### **Making economic waves and creating job opportunities**

The CTICC is a strategic asset of its three shareholders, the City of Cape Town, the Western Cape Government and SunWest International, and as such its commitment to perform is not just financial but also economic and social.

Happily, I can report that in the 2015/16 financial year, the CTICC delivered the highest economic contribution to national Gross Domestic Product (GDP) in its 13-year history at R3.5bn, as well as a R3bn contribution to the Western Cape's Gross Geographic Product (GGP). This includes the positive effects of induced tourism, which continues to be driven by the ever-buoyant reputation of Cape Town as a tourism destination.

We also continue to sustain jobs in both our region and our country, through 3 233 direct jobs in the Western Cape and 4 525 indirect employment opportunities across South Africa. Bolstering this is our growing contribution to supporting SMME, B-BBEE and, in particular, women-owned enterprises, most of which are local. Indeed, we have excelled in particular in sourcing 92.8% of our total net spend this year from B-BBEE suppliers, up more than 6% on the prior year.



**Julie-May Ellingson**  
Chief Executive Officer

***“The CTICC is a strategic asset of its three shareholders and as such its commitment to perform is not just financial but also economic and social.”***

### **Transforming people's lives by building futures**

On top of this, our commitment to supporting and empowering the communities in which we operate goes from strength to strength as our relationship with our four main beneficiaries matured during the financial year: you can read more about the past year's activities in the social responsibility section of the report. We also continued to invest in a variety of other community development organisations. These corporate social responsibility initiatives are fervently supported by our staff who continue to give of themselves to serve others.

Giving back is something we feel is particularly important and what better gift than the gift of education. This is why we made a commitment, on our 13th birthday this year, to provide 13 students with bursaries to the combined value of just under R400 000. The bursaries will provide students studying in the culinary, events, marketing, finance, procurement and technical fields with additional support to help them through their studies. On completion of their studies, these students will be incorporated into the CTICC's graduate programme and given one-year employment contracts to gain valuable work experience and hands-on training.



This is the first time the CTICC will be directly providing funds to support students with their studies. Not only is this another big step towards contributing to job creation and sustainability, but it also allows students from disadvantaged backgrounds the opportunity to make their dreams come true. Of this we couldn't be more proud.

## **Investing in our own future to build our value proposition**

Continuous investment is a non-negotiable in our business. As new convention centres emerge, established ones reinvest. To remain competitive, we must do the same. This year we have invested R29m in capital expenditure to maintain and upgrade our current CTICC West building – much of it to contain costs, benefit from new technologies and build sustainability into our business.

We also invested a further R351m in our new CTICC East expansion, which will open for business next year and create a substantially increased offering to our clients – another 10 000m<sup>2</sup> of conference and exhibition space, as well as a further 3 000m<sup>2</sup> of formal and informal meeting space.

However, our reinvestment is not just in capital expenditure. It is also in people – and this year we have chosen to focus in particular on the women who work with us. You will find stories of our investment in staff and suppliers on pages 68 to 70 and 72 to 73. And you will also discover that we have 18 women engineering students on our CTICC East construction site. At the CTICC, we seek to be the change as well as make the change.

Just one example of how we translate this into customer satisfaction is our rigorous independent customer satisfaction index (CSI) survey, which, at 84% this year, again exceeded our overall customer satisfaction target of 75% by almost 10%.

## **Sustaining our success year on year**

Sustainability and triple-bottom-line reporting remain integral to the way we do business. It is also part of the structure of this year's report as we have separate sections on economic contribution, environmental impact and social responsibility. They are all equally important and our metrics have improved in almost all of our sustainability parameters. We remain part of the UNGC initiatives that support responsible business and we have, yet again, reduced our electricity usage by almost 3% and our water consumption by a further 5%. These are particularly important figures in the face of rising energy costs and the ongoing drought.

## **Looking outward, solving challenges and making plans**

We have come to the end of another great year in the life of the CTICC. The year has not been without its challenges,

however. These include, inter alia, government policy and international healthcare codes of conduct that impact on conference attendance, visa regulations on travel into the country, poor economic conditions globally, rising food costs due largely to drought and the ever-rising costs of utilities. All of these factors have affected our business and impacted particularly on our delegate numbers. The CTICC saw a drop in delegate numbers as fewer delegates attended conferences and exhibitions. Furthermore, delegates remained for shorter periods, and, as a result, fewer may return as tourists.

Up to a point, we can strategise our way around these challenges, as our section Outlook: Embracing a global future on page 99 demonstrates. Our approach is a set of plans and aspirations through which we intend to fill our new CTICC East expansion and welcome our continent and the world to share it with us.

## **Thank you**

My second year as CEO of the CTICC has been one of consolidation and commitment to the future – for our centre, our people and the communities and stakeholders we serve. My sincere thanks go to the ever-dedicated CTICC Executive team and staff, as well as our suppliers whose commitment and dedication are the reason we are the success we are. It remains an honour and a privilege to lead such a loyal, enthusiastic and creative team.

Thank you, also, to the CTICC shareholders and the Board of Directors for your continued guidance and support over the past year.

Finally, my genuine appreciation goes to all our CTICC clients. Without you, there would be no CTICC: you are the reason we exist.

**Julie-May Ellingson**

Chief Executive Officer







*The CTICC celebrates staff diversity and attempts to ensure that the staff complement represents the richness of South African society.*



# ABOUT THE CTICC

## A WORLD-CLASS CONVENTION CENTRE WELCOMING THE WORLD

The Cape Town International Convention Centre (CTICC) is purpose-designed to accommodate global conferences, international trade shows and world-class exhibitions. It also hosts banquets, concerts, film shoots and stage productions. It has a wide range of state-of-the-art venues, services and facilities, from highly advanced technology services to large-scale auditoria and exhibition halls, fully equipped boardrooms and several hotels within walking distance, including the five-star Westin in the precinct.



## OUR VISION, MISSION AND VALUES

### Vision

The CTICC will become one of the world's top ten leading long-haul international convention centres by 2020.



### Mission

How we will bring our vision to reality:

- Maximising economic spin-off and job creation
- Focusing on innovation and exceeding expectations
- Service excellence by building capable and quality staff
- Being a world leader in sustainability.

### Values

We will achieve our mission and vision by applying ourselves with:

**Passion** – We live to go beyond.

**Innovation** – We create magic that gives us the edge.

**Integrity** – We are transparent in all our actions.

**Excellence** – We create superior experiences.





*Staff preparing for an event*

## WHO WE ARE: OUR NAME, OUR STRUCTURE AND OUR SERVICES

The Cape Town International Convention Centre (CTICC) is managed by the Cape Town International Convention Centre Company SOC Ltd (RF), also known as Convenco.

The Cape Town International Convention Centre Company SOC Ltd (RF) was formed in 1999. It is owned by the City of Cape Town (which holds the majority of shares in the company), the Western Cape Government and SunWest International (Pty) Ltd.

The main departments at the CTICC are Commercial & Business Development, Finance, Food & Beverage & Operations, Facilities & Operations, Human Resources and Company Secretariat.

The CTICC is primarily an event venue, and offers event-related services typically required to host an event or conference. The CTICC's primary products and services include:

- International conference services
- National conference services
- Food and beverage services
- Exhibition services
- Operational services
- Marketing and corporate communication services
- Event-related services such as IT, audio-visual and cleaning.

We have two facilities – CTICC West and CTICC East, the latter being under construction and opening during 2017.

### CTICC West: where it all began

Our main facilities include:

- Two modern raked auditoria – which can seat 1 500 and 612 guests respectively
- A sub-divisible, multifunctional ballroom of 2 000m<sup>2</sup>
- Over 11 200m<sup>2</sup> of dedicated exhibition and trade show space
- 33 breakout rooms varying in size and able to accommodate from 25 to 320 people
- A roof terrace meeting room that seats 250 banquet-style with an independent foyer and terrace
- Three conservatories flooded with natural light and indigenous flora
- A marshalling yard of 5 000m<sup>2</sup>
- Dedicated hot, cold and pastry kitchens, with 14 satellite kitchens
- An in-house independent coffee shop – “Coffee on the Square”.



## WHO WE SERVE: OUR MARKETS, OUR CLIENTS, OUR STAFF AND OUR STAKEHOLDERS

The CTICC serves several markets based on seven key event sectors: international conferences and events; national conferences; exhibitions; trade fairs; banquets; special events; as well as film shoots and other events. A total of 504 events were held during the past financial year.

In the year under review, the CTICC hosted events and serviced clients from many geographic locations, including the United States of America (USA), United Kingdom (UK), France, Netherlands, Switzerland, Germany, Kenya, Japan, Ireland, Botswana, Russia, Canada, Czech Republic and Sweden. The bulk of the events, however, were local South African clients (69%).

A total of 39 international conferences were hosted at the CTICC. This is an increase on the 32 hosted in the prior year.

### Our people

A business that looks after its people looks after its business.

The success of the CTICC is built on the success of our people and the opportunities we give them to rise to their potential. The CTICC has a total of 161 employees (151 permanent and ten fixed-term contract staff), as well as a fluctuating group of contract staff managed by additional service providers.

### Diversity

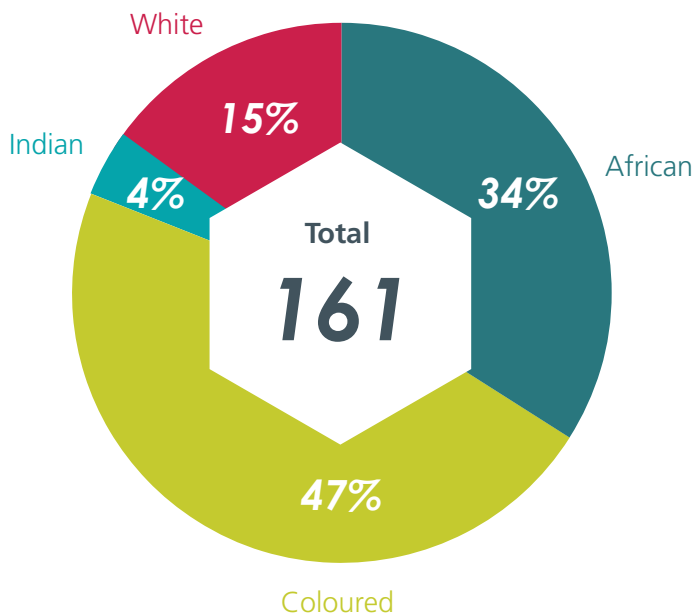
The CTICC celebrates staff diversity and attempts to ensure that the staff complement represents the richness of South African society. Our staff profile reflects our commitment to diversity, with 79 of our staff being female and 82 male.

### Our employment philosophy

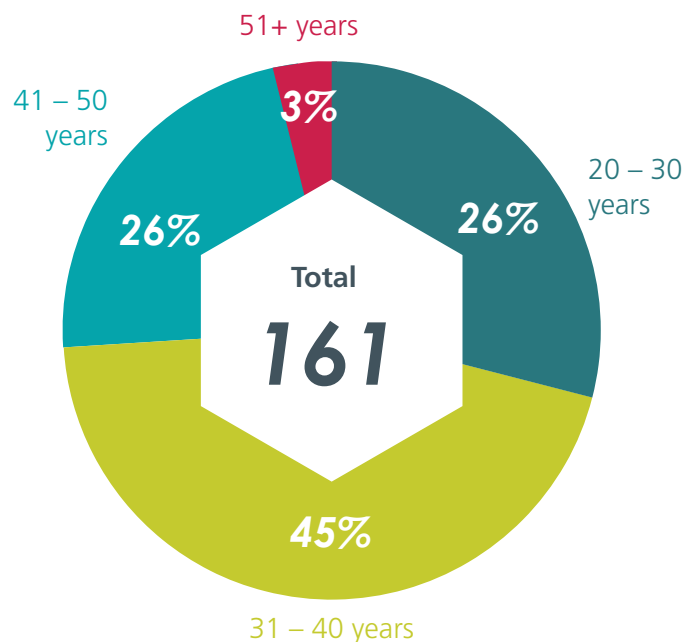
The CTICC believes diversity in terms of race, gender and disability makes a difference to the business, stimulating growth. That growth can only occur if we make an ongoing commitment to comprehensive training and skills development, mentoring and coaching.

When recruiting, preference is given to local residents to ensure that our centre contributes to job creation and the economic upliftment of local residents. Local, in this context, refers to the City of Cape Town and the Western Cape.

### Ethnic groups



### Age groups





## Our executive management



## CERTIFICATIONS: ENSURING QUALITY MANAGEMENT AT ALL TIMES

As a leader in the industry it is important for the CTICC to benchmark itself at an international level and we actively support the United Nations Global Compact (UNGC) principles. We also use an Integrated Management System (IMS) to ensure quality management and environmental responsibility, as well as health and safety.

There is a strong commitment to maintaining our work processes to internationally recognised systems standards. In line with this, the International Standards Organisation (ISO) has accredited the CTICC for the following standards:

- ISO 9001 (Quality Management)
- ISO 14001 (Environmental Management)
- OHSAS 18001 (Occupational Health & Safety Management).

The CTICC also received:

- AIPC Gold certification
- 5-star grading (Tourism Grading Council of South Africa).

The centre also holds the SANS 10330 Certification for HACCP (Hazard Analysis and Critical Control Points) and follows the seven principles as set out for food hygiene and safety.

The CTICC achieved a Mobility Level 3 with 91% for Universal Access in the Tourism Grading Council of South Africa's Universal Accessibility audit. This is a significant improvement on the 83% achieved in the previous year.

The CTICC was recertified in 2015 and successfully maintained all of the above certifications.





*Top 40 Women in MICE Award*

## AWARDS: RECOGNITION BY OUR PEERS AND INDUSTRY

During the year under review, we received a number of industry awards, including those listed below:

- **Top 40 Women in Meetings Incentive Conference Exhibitions (MICE) Award:** CTICC CEO Julie-May Ellingson has been recognised for her contribution to the business events industry and although only being at the helm of the CTICC for a year at the time, grabbed the media's attention and received the **Newsmaker of the Year Award**. Esmaré Steinhöfel, former CTICC Business Development Manager: International and now Regional Director Africa for ICCA, also scooped a Top 40 Women in MICE Award for her influential role in the industry.
- **Top500 Companies Award:** The CTICC has scooped first place in the Top500 Companies, Exhibition and Conference Facilities category.
- **Southern African Association for the Conference Industry (SAACI) Best Venue 2016:** For a third consecutive year, the CTICC has been voted Best Venue, winning top honours and receiving the Members Choice Award for Best Conferencing and Events Venue 2016.



*SAACI Best Venue Award*



***It is the third consecutive year that the CTICC has been voted SAACI Best Venue in the Members Choice Awards for Best Conference and Events Venue.***



## MEMBERSHIPS AND ASSOCIATIONS: THE POWER OF PARTNERSHIP

The CTICC is a member of the following associations:

1. International Association of Congress Centres (AIPC)
2. International Congress and Convention Association (ICCA)
3. The Global Association of the Exhibition Industry (UFI)
4. Meeting Professionals International (MPI)
5. Southern African Association for the Conference Industry (SAACI)
6. Exhibition Association of Southern Africa (EXSA)
7. Federated Hospitality Association of Southern Africa (FEDHASA)
8. Cape Town Tourism (CTT)
9. Cape Chamber of Commerce and Industry (CCCI)
10. Green Building Council of South Africa (GBCSA)
11. South African Event Greening Forum (EGF)
12. Proudly South Africa (PSA)



## CTICC East: Construction in progress



July 2015



July 2016



# CTICC EAST



*Engineering students working on the CTICC East construction site*



## CTICC EAST: EXPANDING TO WELCOME THE WORLD

The CTICC, City of Cape Town and the Western Cape Government are investing R832m into the Foreshore area as part of our expansion project, commonly known as CTICC East. The expansion is approximately 31 000m<sup>2</sup> in extent and consists of 10 000m<sup>2</sup> of conference and exhibition space, as well as a further 3 000m<sup>2</sup> of formal and informal meeting space. In addition, we will be constructing a sky bridge across the Heerengracht to connect CTICC West with CTICC East, as well as a tunnel to connect the two buildings' service areas.

The main facilities include the following: 10 000m<sup>2</sup> double-story exhibition space, sub-divisible into six halls, three halls per floor; four meeting suites; five meeting pod rooms and two terrace rooms.

Bulk earthworks for the expansion were completed in the year under review. The main construction is expected to be completed towards the end of 2016, with commissioning taking place in February and March 2017. The expansion will allow the CTICC to host much larger events and it will also increase the number of events we can host concurrently. Furthermore, the expansion will provide the necessary capacity for our clients who wish to expand and grow their events.

CTICC	EXPANSION
	OPENING
	2017

### CTICC East construction material

As at 22 June 2016:

**2 338 336**  
bricks

Over  
**100 000**  
pockets of cement

**20 609m<sup>3</sup>**  
concrete

**1 087** tons of structural steel

**3 700m<sup>2</sup>** of stone cladding

**24 000m<sup>2</sup>**  
of screed on walls,  
floors and ceilings

**213km**  
of electric  
cabling

**157km**  
of data  
cabling

**2 188** data jacks

**R832m**  
budget

### Jobs created

As at 22 June 2016:

**1 019**  
total jobs created to date

**833** Black (81.7% of total)

**58**  
Female

**51**  
Black female  
(9.6% of total)

**21**  
Students  
(2015 & 2016)

**20** Black students

**18**  
Female  
students

**1 201 904**  
Total man-hours for all  
staff on the project to  
date as at 22 June 2016



## CTICC East in figures

31 148m<sup>2</sup>

floor area in total

10 000m<sup>2</sup>

additional conference  
and exhibition space



## CTICC East comparisons

### Brickwork

2 338 336 bricks  
220mm long

515km

from  
Cape Town to  
Plettenberg Bay



### Stone cladding

3 700m<sup>2</sup> stone cladding

would cover half a  
rugby pitch

### Cabling

157km of data cabling

213km of electric cabling

from Cape Town  
to Robertson

from Cape Town  
to Swellendam

370km of cabling (both combined)

from  
Cape Town  
to  
Mossel Bay



### Steel

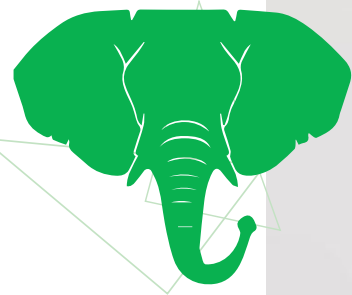
1 087 tonnes of structural steel

155

African Male Bull Elephants  
(av. 7 000kg each)

20

Southern Right Whales  
(av. 55 000kg each)



### Concrete

20 609m<sup>3</sup> of concrete, each m<sup>3</sup>  
weighing 2 130kg

43 897 170kg

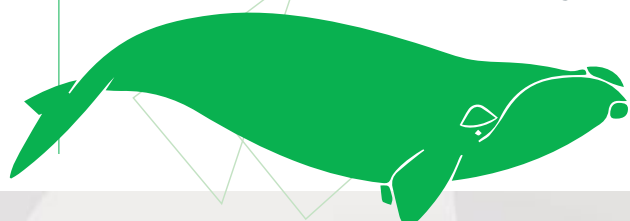
43 897 tonnes

800

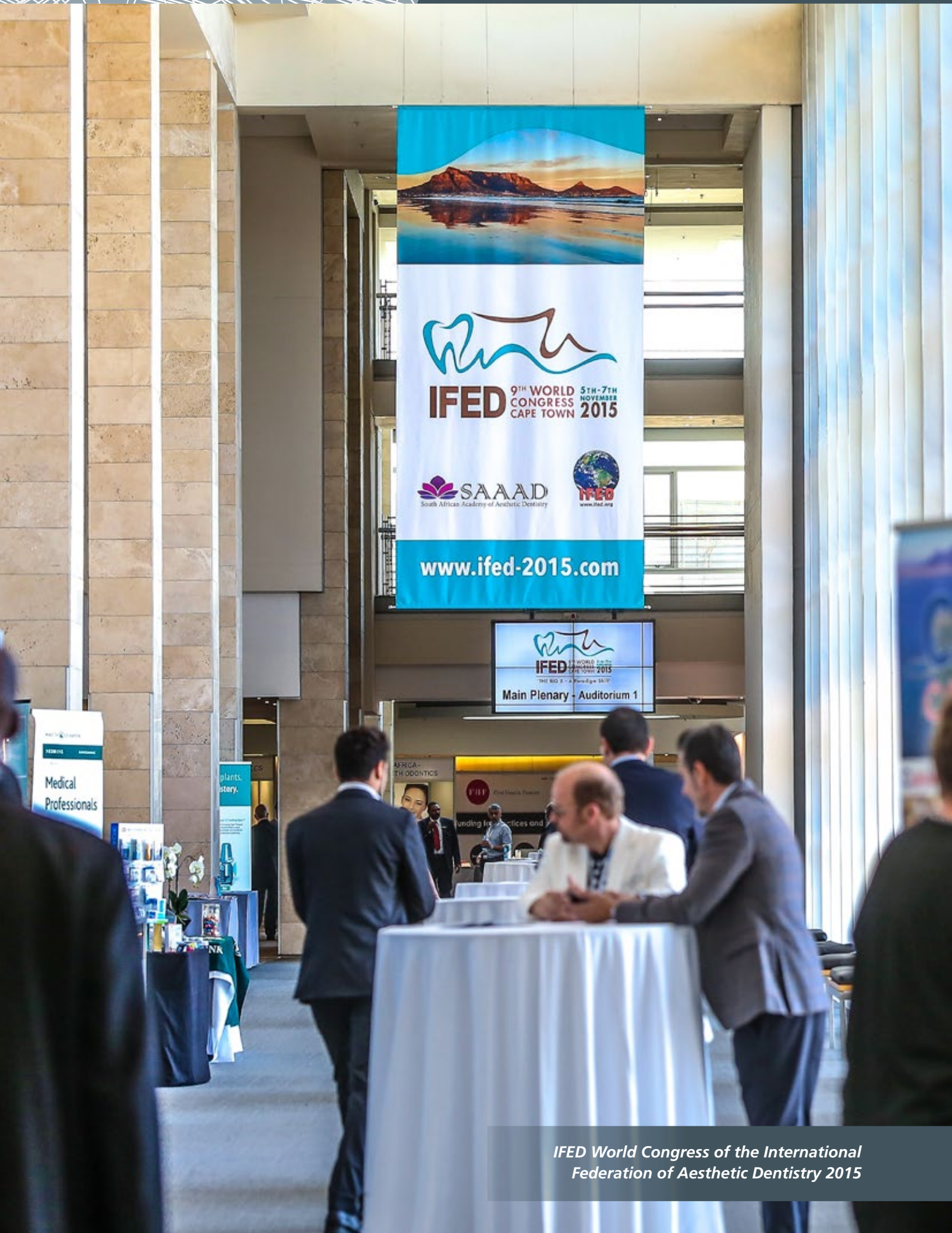
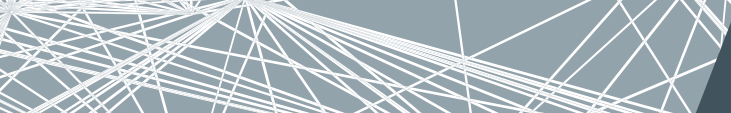
Southern Right Whales  
(av. 55 000kg each)

6 270

African Male Bull  
Elephants  
(av. 7 000kg each)







*IFED World Congress of the International Federation of Aesthetic Dentistry 2015*



# OUR WORK: REACHING OUT ACROSS THE GLOBE



## REVIEWING THE 504 EVENTS OF 2015/16

The CTICC hosted 504 events during the 2015/16 financial year, exceeding its target of 500 events once again. The total number of 39 international conferences is a robust increase on the 32 hosted during 2014/15 and the most international conferences we have held since 2011. Indeed, the CTICC hosts the highest number of international association events in Africa.

The increase in international conferences can be attributed to growth in the small (less than 500 delegates) and medium (between 500 and 1 000 delegates) conference bands. The overall number of delegates who attended international conferences was 43 219, second only to the maximum of 45 576 who attended international conferences in 2007. This is also a marked increase on international conference delegate numbers for 2014/15 of 35 091.

There is little difference in the number of national congresses compared to the last two years – just one more in 2015/16: 28 in all. There were, however, fewer delegates. The reduction in the number of delegates is largely the result of less large national congresses (more than 500 delegates). Total delegates at national congresses amounted to 16 624 in 2014/15 compared to 12 556 in 2015/16. Congress duration was also lower than in previous years.

There were more trade fairs (19 vs 14) and trade fair delegate days increased from 484 126 in 2014/15 to 582 036 days in 2015/16. There was also an increase in the number of special events hosted. All other event segments declined.

Total visitor days across all segments amounted to 875 297

in 2015/16, compared to 1.36m in 2014/15, a 36% decline. The decline is largely attributable to fewer exhibitor and other event days, i.e. shorter exhibitions and consequent lower exhibition attendance.

The underlying causes of the reduction in delegate days are, however, more structural. During the financial year we saw government cost measures impose restrictions on conference attendance. In addition, visa regulations on travel into the country have affected international delegate attendance. Moreover, poor economic conditions worldwide have reduced budgets for conference trade across the board. All of these factors have affected our business and our delegate numbers in particular.

The introduction of pharmaceutical codes of conduct and changes in healthcare compliance in the USA, UK and Europe are negatively impacting on the number of both local and international medical professionals attending conferences.

The “pharma codes” regulate how commercial healthcare companies (pharmaceutical or medical technology firms) interact with healthcare professionals. The codes of conduct have meant that a greater number of healthcare professionals would have to self-fund attendance to medical conferences. This is affecting associations and venues across the world.

In summary, while there were more international congresses and trade fairs, there were less delegates and visitors attending these and the other event types. The duration of the international and national congresses was also shorter than in previous years, which is in line with international trends and impacts directly on the economic contribution of these event types.



## EVENTS THAT OFFER A GATEWAY INTO AFRICA AND BEYOND

### Events hosted by the CTICC per event segment: 2015/16



The City and Western Cape Government have placed a priority on strengthening Cape Town and the Western Cape's competitiveness and potential through the promotion of nine key sectors for trade, investment and growth:

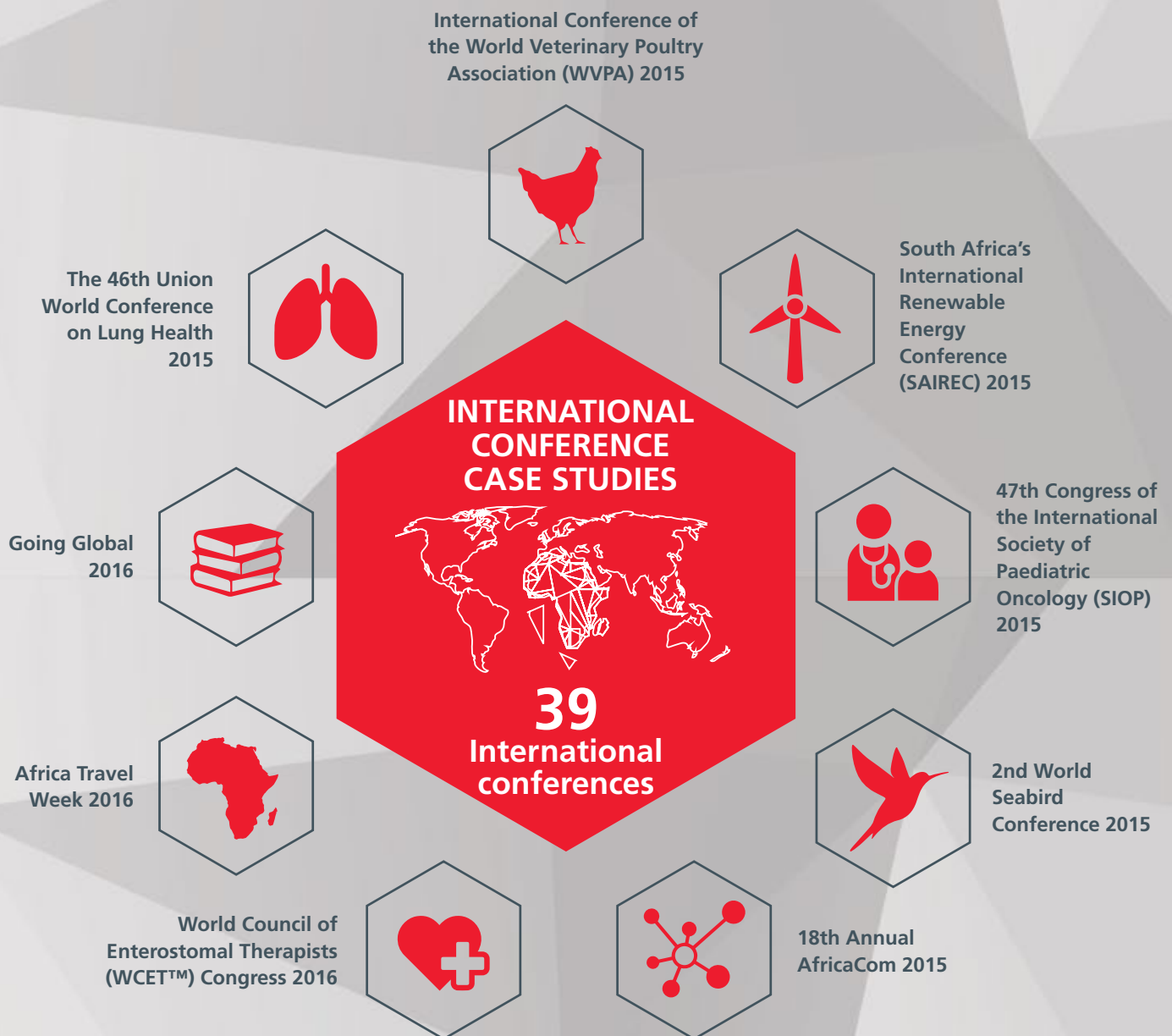
- Agro-processing
- Finance
- Health and medical technology
- ICT
- Metals, tooling and niche engineering
- Mining, oil and gas
- Retail
- The green economy, including renewable energy
- Tourism and events.

Many of the events we hosted in the 2015/16 financial year, especially the 39 international conferences, included these catalytic sectors, as demonstrated by the case studies on pages 23 to 32. In addition, we continue to attract national and local meetings, exhibitions and events in a range of other sectors ranging from film and media to consumer interest.

As a particular emphasis this year, we are showcasing a series of case studies that demonstrate our commitment to extend our reach into Africa and the world beyond. As such, we have focused on international events, reinforcing Cape Town's position as the number one city in Africa for international conferences. These events made substantial connections and brought together people from all over the world to further their particular contributions to their fields and the planet. They all left real legacies within South Africa and on our African continent.



## Meetings that extend our reach, embrace Africa and welcome the world





## WORKING TOGETHER TO KEEP POULTRY FARMING HEALTHY



### Dates:

7 – 11 September 2015



### Sector:

Agro-processing and Veterinary Health

***“A study by the Food and Agriculture Organisation of the United Nations found that vaccinating backyard chickens in Africa against Newcastle Disease reduced mortalities by up to 80 per cent and increased farmer earnings.”***

**Dr Rosa Costa,**  
KYEEMA Foundation, Mozambique

### International Conference of the World Veterinary Poultry Association (WVPA) 2015

WVPA congresses bring together hundreds of poultry health professionals, including a strong representation of poultry veterinarians. This congress provided delegates with great educational and networking opportunities, as well as the chance to meet with the world's leading suppliers of poultry veterinary products.

The WVPA is a global partnership, founded over 50 years ago, whose objective is to organise meetings to share information on diseases and conditions relating to the avian species, to encourage research and information exchange, and to establish and maintain links with other bodies with related interests.

The conference programme highlighted the increasingly important role of poultry veterinarians in areas such as biosecurity, health and end-product quality. Key topics of the scientific presentations included the changing pathology of the infectious bronchitis virus; the importance of avian flu control; and the need to control Newcastle Disease in Africa in particular. Vaccine development was therefore a major focus of the conference.

In an African context, Dr Rosa Costa, from the KYEEMA Foundation in Mozambique, spoke about the importance of improving production in small-scale poultry farms and said that interventions that focused on the vaccination of chickens against Newcastle Disease Virus proved the most successful. This is particularly important for South Africa, which is struggling to combat Newcastle Disease.





**Dates:**

4 – 7 October 2015



**Sector:**

Green Economy/Renewable Energy

### South Africa's International Renewable Energy Conference (SAIREC) 2015

The International Renewable Energy Conference (IREC) provides a global platform for government, private sector and civil society leaders to advance renewable energy.

In October 2015, South Africa became the sixth country, and the first in Africa, to host IREC, using the theme RE-energising Africa. Convened by the Renewable Energy Policy Network for the 21st Century (REN21), IREC is a high-level political conference series hosted by a national government.

The Conference Declaration provided a solutions-driven agenda for the upcoming United Nations climate change conference, positioning renewable energy as central to improving global energy access and energy security while mitigating greenhouse gas emissions and driving sustainable development.

South Africa's Minister of Energy, Tina Joemat-Pettersson, gave a rousing closing address to the conference, committing herself to acting as a champion for renewable energy, including adding 1 500MW to the Northern Cape as a SAIREC legacy project. The Minister stressed the role of renewable energy in eradicating poverty.

***"To date, renewable energy projects in South Africa have resulted in 20 000 job years for South Africans and attracted R192.6bn in investment. Furthermore, independent power producers have committed a total of R19.1bn towards socio-economic development initiatives in communities in which they operate, contributing to livelihoods and income generation."***

**Tina Joemat-Pettersson,**  
South African Minister of Energy



## RAISING THE PROFILE OF PAEDIATRIC ONCOLOGY IN THE REGION



**Dates:**

8 – 11 October 2015



**Sector:**

Health and medical technology

### 47th Congress of the International Society of Paediatric Oncology (SIOP) 2015

The International Society of Paediatric Oncology (SIOP) was founded in the late 1960s. It has a simple vision: no child should die of cancer. SIOP has become a vibrant global organisation with over 1 000 members and its annual meeting is the largest paediatric oncology gathering in the world.

This was the first time the congress was held in sub-Saharan Africa. Attended by 1 432 physicians, nurses, parents and survivors from 94 countries, the meeting celebrated scientific advances in the field and also focused on childhood cancer in low- and middle-income countries, where 70% of these children live and the vast majority of deaths occur. Gratifyingly, 35% of participants hailed from Africa, Asia and the Pacific.

Local paediatric units at Tygerberg and Red Cross hospitals care for about 180 new cancer cases a year, with the Western Cape and Gauteng delivering cancer care comparable with high-income countries. A two-day paediatric oncology fellows' education workshop, hosted by Groote Schuur and Red Cross Children's hospitals, also took place prior to the conference.

***"The conference attracted significant media attention, raising the profile of paediatric oncology in the region. It is hoped that the high profile advocacy symposium, attended by WHO Assistant Director-General for Non-communicable Diseases and Mental Health, Oleg Chestnov, and Ghanaian Health Minister, Alexander Segbefia, will reap dividends in terms of resource allocation and access to treatment."***

**Professor Alan Davidson,**  
Chair of the local organising committee and  
CTICC ambassador



# REDUCING BY-CATCH, SAVING OUR BIRDS, CONSERVING OUR WILDLIFE



**Dates:**  
26 – 30 October 2015



**Sector:**  
Green economy

## 2nd World Seabird Conference 2015

The 2nd World Seabird Conference Programme was hosted by the World Seabird Union and The African Seabird Group. Themed Seabirds: Global Sentinels, it welcomed 600 delegates from more than 50 countries and featured over 400 presentations by over 1 700 individual authors. These presentations provided insight into how to advance the science, research, collaboration and management of seabirds in the coming years and, in particular, the challenge of seabird by-catch by the fishing industry.

A special effort was made to help fund early career scientists to be able to attend, participate and to have a chance to meet and create options for future collaborations with established scientists from around the world. More than 60 scientists and managers from South Africa attended.

The conference began with an opening address by the eminent British primatologist Jane Goodall and concluded at the banquet dinner with the attendees rising to her challenge to hear everyone's seabird sounds.

A series of legacy workshops was also convened to facilitate improved interaction between seabird groups and to establish better opportunities and systems for assembling and linking data. Additional goals included improving access and utilisation of seabird data at a regional and global level and discussing new approaches to conservation, especially outcome-based options.

***“Perhaps the most precedent-setting new approach that occurred was the Twitter Conference: this is the first time a major scientific conference included a Twitter Conference and has since spawned more Twitter Conferences.”***

**Marischal De Armond,**  
De Armond Management Ltd



# AFRICAN CONNECTIVITY CONTINUES TO BRING THE WORLD TO CAPE TOWN



**Dates:**

17 – 19 November 2015



**Sector:**

ICT

***“This is a great show. And for us we’ll definitely look to be here again next year because it’s rare that you can get people again from as far north as Egypt down to Botswana, South Africa in one place.”***

**John Bernard,**  
Global Marketing Director, Firefox

## 18th Annual AfricaCom 2015

Attended by some of the most switched-on minds in Africa, with over 350 high-level speakers and an exhibition showcase for more than 375 of the world’s most innovative telecommunications brands, AfricaCom returned to the CTICC in 2015 and remains the biggest technology event in Africa. It gathers together 800 senior decision-makers from global digital brands and reports on cutting-edge developments.

Delegates include leading operators, smart new players, content providers, regulators, vendors and more. AfricaCom is both a conference and an exhibition – one that attracted over 7 000 visitors. As such, it helps players old and new to meet the right people and make the right decisions to create new futures. Household names like Facebook, Firefox, Google, Hewlett Packard, NEC and Orange attend without fail.

New trends emerge as a matter of course – three particularly relevant to Africa include additional submarine cabling to enhance broadband, the move towards 5G to facilitate the internet of things and the advent of the solar-powered mobile phone charger.

And networking – in every sense – abounds. As it has for the nine years that AfricaCom has chosen to partner with the CTICC. It is also keen to expand into the new CTICC East building in 2017.



# IMPROVING THE QUALITY OF WOUND MANAGEMENT AND STOMALTHERAPY



**Dates:**

13 – 16 March 2016



**Sector:**

Health and Medical Technology

***"Thank you for a quality conference. A beneficial opportunity has been the local tours such as you provided, e.g. the Red Cross Hospital. These available experiences allowed an opportunity to gain insight into international health provision. Thank you again for the South African experience."***

**Rebecca Foot-Connolly,**  
Delegate from Australia

## World Council of Enterostomal Therapists (WCET™) Congress 2016

The congress welcomed almost 900 delegates from 56 countries to "embrace the circle of life" theme and focused on new ideas on stoma, wound and continence management. The circle indicates a "hole" and the "whole", within the framework of the enterostomal family, a dedicated "family" understanding their part in a collective effort to bring quality into this "circle of life".

In 2016, 14 nurses received awards and scholarships to attend the congress and five nurses received scholarships to attend stoma, wound and continence training programmes. Many more nurses have received membership scholarships, as well as general scholarships.

Besides the educational sessions, congress delegates attended various educational tours to and site visits of the Red Cross War Memorial Children's Hospital, the Heart of Cape Town Museum and Groote Schuur Hospital, as well as the Baphumelele Children's Home in Khayelitsha. These tours allowed the delegates to gain insight into medical practices in Cape Town and the Western Cape. WCET™ also had the opportunity to network with several organisations dedicated to the needs of persons with diabetes in Africa.



## CONTINUOUSLY CATCHING THE AFRICAN TRAVEL WAVE IN CAPE TOWN



**Dates:**

6 – 8 April 2016



**Sector:**

Tourism and events

***“We have been involved with WTM Africa since its inception; and at the tip of Africa it is the best platform for us to reach the whole of Africa.”***

**Kenan Ince,**

General Manager: Cape Town, Turkish Airlines

### Africa Travel Week 2016

From Botswana to Mauritius, Senegal to Zambia, the Seychelles to Ethiopia, the continent of Africa was represented at Africa Travel Week 2016, which attracted 5 000 delegates and visitors. This was the third year in which the CTICC played host to this must-attend event for tourism professionals in Africa.

Africa Travel Week generates millions of rands for exhibitors every year and serves to boost the local and continental tourism industry.

Prominent SA political commentator Justice Malala opened the programme with an overview of today's Africa, highlighting technology growth on the continent as well as Africa's growing middle class and considerable female consumer power.

Africa Travel Week is essentially three travel and tourism industry shows in one. The three co-located shows kicked off with ILTM Africa, a table-top event focusing on the luxury market. Buyers from 28 countries – of which 93% were first time participants – took part in over 4 500 one-to-one appointments with elite sub-Saharan products.

WTM Africa is the leading trade exhibition for Africa's leisure travel industry. The event has grown year after year, with 2016 seeing over 600 inbound and outbound travel companies interacting with buyers, big business and VIPs. The seminar programme stimulated food for thought as experts shared their insights on trends such as social media and travel, travel blogging and destination trends.

IBTM Africa, a one-day business traveller conference, provided African exhibitors in this field to meet face-to-face with selected senior international buyers.

Thanks to the previous years' successes, Africa Travel Week is taking place for the fourth time at the CTICC in April 2017 and will be expanding into CTICC East in future years.



# GRAPPLING WITH THE CHALLENGES OF INTERNATIONALISED EDUCATION



**Dates:**  
3 – 5 May 2016



**Sector:**  
Education

***“The conference was hosted in Cape Town to highlight the importance of the African continent and encourage collaboration and exploration in the region. This has resulted in closer, stronger relationships – not only for the British Council but for all attendees as well.”***

**Alina Makarova,**  
Senior Operations Manager, Going Global, British Council

## Going Global 2016

Established by the British Council, Going Global is an annual open forum for global leaders of tertiary education to discuss issues facing the international education community. Each year it attracts leaders from across the tertiary (further and higher) education sectors and a variety of other industries with perspectives on international education. 800 delegates attended this conference.

The conference examined non-compulsory education through the following lenses:

- Education policy: local priorities, national systems and global drivers
- Economic development: skills, enterprise, research and innovation
- Engagement: democracy, social justice and international relations.

This was the first occasion that Going Global came to Africa. In particular, its location in Cape Town allowed for a fresh perspective based on considerable African and Arab representation at the meeting.

In this context it also became relevant to discuss whether a commitment to the internationalisation of education outweighs the importance of local education priorities. Some speakers argued that in some countries it would be better if students learned in the context of their own cultures rather than always reaching for the golden goal of being “global citizens”.

The British Council is the UK’s international organisation for cultural relations and educational opportunities. It creates international opportunities for the people of the UK and other countries, building trust between them worldwide.



## FACING THE CHALLENGE OF REDUCING LUNG DISEASE



**Dates:**

2 – 6 December 2015



**Sector:**

Health and Medical Technology

***“Conferences like these not only boost Africa's participation, contribution and development in this very important medical field, but hold positive economic impact to the host destination.”***

**Corné Koch,**  
Head of the Cape Town and the Western Cape Convention Bureau, Wesgro

### The 46th Union World Conference on Lung Health 2015

The Union World Conference on Lung Health is the world's largest gathering of medical professionals working to reduce lung disease. It focuses specifically on the challenges faced by low- and middle-income countries where eight million people die each year from lung diseases.

This is the second time the CTICC has hosted the event. The 38th meeting in 2007 attracted 2 000 delegates – a thousand more than forecasted. Cape Town excelled again in 2015, as the 46th gathering was the largest event to date (3 500 delegates attended the conference) and a record number of sessions were held over the five-day scientific programme.

The theme, A New Agenda: Lung Health Beyond 2015, reflected the new Sustainable Development Goals, as well as the World Health Organisation's new Global TB Strategy, the next phase of the Stop TB Partnership's Global Plan to Stop TB and the growing use of e-cigarettes. The programme addressed how these new agendas will influence the inter-related fights against TB, HIV, lung disease and non-communicable diseases, as well as the global campaign for tobacco control.

Distinguished Professor in Paediatrics and Child Health at Stellenbosch University, Robert Gie, was honoured at the conference in recognition of his international work in childhood TB.

This was also a conference where scientific papers shared the stage with real-life stories of hope. Some of the memorable moments came from the testimonies of courageous people who shared their experiences of a life with and beyond TB.



**Activity highlights across  
our seven event segments**





## Exhibitions



Cape Town Art Fair 2016



Month	Event	Pax
Jul 2015	Industrial Show 2015	2 179
Jul 2015	Factory Shop Exhibition 2015	11 000
Aug 2015	Cape Homemakers Expo 2015	38 106
Sep 2015	Indo Asia International Expo	5 076
Sep 2015	SA Health and Fitness Expo	2 968
Oct 2015	Cape Town International Boat Show 2015	9 650
Oct 2015	MUDL	2 700
Nov 2015	MamaMagic, The Baby Expo 2015	13 500
Nov 2015	Seda Entrepreneurs Expo 2015	700
Feb 2016	Cape Town Art Fair 2016	12 000
Feb 2016	Cape Retirement Lifestyle and Expo	420
Mar 2016	Old Mutual Two Oceans Marathon Expo 2016	30 000
May 2016	Decorex Cape Town 2016	36 123
May 2016	Good Food and Wine Show 2016	25 890
Jun 2016	The Wedding Expo 2016	5 000

*Decorex Cape Town 2016*



## Banquets



*Global Ubuntu Awards Gala Dinner 2016*



Month	Event	Pax
Aug 2015	Govan Mbeki Awards	820
Aug 2015	Suriya & Lavehn Wedding	280
Aug 2015	SAICA Southern Region Annual Dinner 2015	439
Sep 2015	Shell Women in Excellence Awards Gala Dinner	220
Sep 2015	DirectAxis MD Gala Dinner and Birthday Celebration	539
Sep 2015	BPeSA Regional Awards	400
Oct 2015	Veritas Wine Awards 2015	720
Nov 2015	EOH Mthombo Year End Function	1 600
Nov 2015	Direct Axis Year End Function	1 147
Dec 2015	For the Love of the Girls	350
Feb 2016	Global Ubuntu Awards Gala Dinner 2016	670
Mar 2016	IINET 2016 Annual Recognition Awards Ceremony	450
Mar 2016	Aimee Johnson's 21st Birthday Party	67
Apr 2016	Norman Henshilwood High School	367
Apr 2016	Department of Energy	136
Apr 2016	Banderker Wedding	970
May 2016	1000 Women 1 Voice	830
May 2016	African Day Celebration	150



*Norman Henshilwood  
High School Matric Ball*



## International Conferences



*International Conference on Emergency Medicine (ICEM) 2016*



Month	Event	Pax
Jul 2015	POWER-GEN Africa/DistribuTECH Africa 2015	385
Aug 2015	IFLA World Library and Information Congress 2015   81st IFLA General Conference and Assembly 2015	3 098
Aug 2015	General Assembly of the International Institution for Production Engineering Research (CIRP) 2015	514
Sep 2015	International Conference of the World Veterinary Poultry Association (WVPA) 2015	1 152
Sep 2015	World Youth and Student Travel Conference (WYSTC) 2015	320
Oct 2015	South Africa's International Renewable Energy Conference (SAIREC) 2015	3 800
Oct 2015	47th Congress of the International Society of Paediatric Oncology (SIOP) 2015	1 450
Oct 2015	SolarPACES Conference 2015	550
Oct 2015	2nd World Seabird Conference 2015	600
Oct 2015	22nd Africa Oil Week 2015	800
Nov 2015	World Congress of the International Federation of Aesthetic Dentistry (IFED) 2015	640
Nov 2015	World Congress on Developmental Origins of Health and Disease (DOHaD) 2015	835
Nov 2015	Esri Africa User Conference 2015	840
Nov 2015	AfricaCom 2015	7 834
Nov 2015	International Conference for Hydrography (HYDRO) 2015	230
Nov 2015	IMN's South African & African Capital Markets Conference 2015	400
Dec 2015	The 46th Union World Conference on Lung Health 2015	3 500
Dec 2015	IEEE Symposium Series on Computational Intelligence (SSCI) 2015	300
Feb 2016	12th Symposium of the International Neurotrauma Society (INTS) 2016	290
Feb 2016	Investing in African Mining Indaba 2016	5 940
Mar 2016	World Council of Enterostomal Therapists (WCET™) Congress 2016	867
Apr 2016	COMOC – Combined Orthopaedic Associations Meeting 2016	856
Apr 2016	International Conference on Emergency Medicine (ICEM) 2016	1 915
Apr 2016	Virtuoso Symposium 2016	455
May 2016	British Council Going Global 2016	800
May 2016	14th International Congress of the International Radiation Protection Association (IRPA) 2016	980
Jun 2016	10th World Endodontics Congress (IFEA) 2016	1 000
Jun 2016	Annual Meeting of the International Society for Behavioral Nutrition and Physical Activity (ISBNPA) 2016	544
Jun 2016	The Consumer Goods Forum "Global Summit 2016"	810



*21st World Congress of the International Society for Labour and Social Security Law*



## National Conferences



Green Building Convention 2015





Month	Event	Pax
Jul 2015	National Association of Childcare Workers Bi-annual Conference 2015	960
Jul 2015	Institute of Retirement Funds Convention 2015	856
Jul 2015	Board of Health Care Funders of Southern Africa	1 000
Aug 2015	South African Society for Clinical and Radiation Oncologists & SA Society of Medical Oncology Congress 2015	1 050
Aug 2015	16th International Biennial Congress Cape Town, South Africa (SASCERS)	600
Sep 2015	8th Annual E-Tourism Africa Summit	357
Sep 2015	Hospital Association of South Africa Conference 2015	500
Sep 2015	Gartner Symposium/ITxpo Africa 2015	1 000
Nov 2015	The Green Building Convention 2015	690
Feb 2016	The eCommerce Africa Confex 2016	320
Feb 2016	UCT Department of Medicine Physicians Conference 2016	220
Mar 2016	The Pension Lawyers Association 2016	432
Mar 2016	Nedgroup Investments (Pty) Ltd 2016	300
Mar 2016	State Security Agency – Security Managers Forum Annual General Meeting	550
Apr 2016	SAB Marketing, Sales and Distribution Conference 2016	1 170
Jun 2016	Sanlam Life Insurance Senior Managers Conference 2016	350

*eCommerce Africa Confex 2016*



## Other Events



*Sixth Wood Conference*



Month	Event	Pax
Jul 2015	Momentum DNA of Financial Wellness Roadshow	322
Jul 2015	Shell Real Estate Portfolio Review	200
Jul 2015	Engen CEO Review	1 100
Aug 2015	Exploring Emotions	525
Aug 2015	Old Mutual Advice Road Show	950
Aug 2015	COSATU Pensioners Day	1 200
Aug 2015	Truworths Annual Citations/Awards Ceremony	900
Aug 2015	Naspers AGM	120
Aug 2015	Media24 AGM	180
Sep 2015	Sanlam Private Wealth Client Presentation & Cocktail	400
Sep 2015	Employment Equity Roadshow	645
Sep 2015	Liberty Challenge Roadshow	900
Sep 2015	SMME Opportuntiy Roadshow	250
Sep 2015	Microsoft Dev Day H1 Q1 & Q2 CPT Event	150
Oct 2015	Investec Asset Management – Taking Stock	700
Oct 2015	First International Symposium on Fisheries Crime 2015	140
Oct 2015	Juta's Annual Labour Law Seminar 2015	130
Oct 2015	State of the Nation with Clem Sunter, Justice Malala and Host Stephen Grootes	210
Oct 2015	Allan Gray IFA Roadshow 2015	500
Oct 2015	PwC Oil & Gas Africa Week	80
Nov 2015	Vodacom CEO Roadshow	600
Nov 2015	COSATU – Proudly South African	1 350
Nov 2015	Manufacturing Indaba – Western Cape	220
Nov 2015	Professor Mervyn King: Corporate Governance 2	50
Nov 2015	Group CEO Roadshow	1 550
Nov 2015	Ethics for All – the Annual MPS Ethics Event 2015	1 400
Nov 2015	Canon Roadshow	751
Dec 2015	CFA Exams	462
Dec 2015	Woolworths Leadership Day	170
Jan 2016	VinPro Inligtingsdag 2016	600
Jan 2016	SAICA Tax Update Seminar	320
Jan 2016	Queen Elizabeth – Passenger Turnaround	800
Feb 2016	DAFF ABALONE Indaba	200
Feb 2016	Sixth Wood Conference	450
Feb 2016	Economy in 2016 (Standard Bank)	310
Feb 2016	STANLIB Assett Management Roadshow	180
Feb 2016	Budget Speech 2016 (Grant Thornton)	300
Feb 2016	Ernst and Young Budget Breakfast	185
Feb 2016	Network 21 Conference	552
Feb 2016	Discovery Budget Speech	20
Feb 2016	Herbalife Southern Africa Leadership Development Weekend	400
Mar 2016	The Competition Commission South Africa; Market Inquiries Part1	410
Mar 2016	Investec Asset Management – Taking Stock	750
Mar 2016	Internetix 2016	410
Mar 2016	The Competition Commision of South Africa; Market Inquiries 2	100
Apr 2016	BMW International Conference 2016	30
Apr 2016	UBER Conference	250
Apr 2016	Sanlam Roadshow 2016	550
Apr 2016	Queen Victoria – Passenger Turnaround	1 097
May 2016	Canon Roadshow	680
May 2016	The 7th Annual Rural Development Conference	100
May 2016	Huawei Middle East African Joint Services Summit	150
May 2016	State of the Nation Breakfast Series 2016	763
Jun 2016	Allan Gray Direct Client Investment Seminar	650
Jun 2016	CFA Exams	720
Jun 2016	Informal Economy and Micro-enterprise Summit	207



## Special Events



*The Cape Town International  
Jazz Festival 2016*





Month	Event	Pax
Jul 2015	The Demartini Human Institute – 6 Proven Strategies to Great Relationships	150
Jul 2015	A Very Special SOLO Evening with Joan Armatrading	2 560
Aug 2015	Robert Kiyosaki Live in SA	960
Aug 2015	Farid Ayaz	955
Aug 2015	Each One Teach One Womens Group – When I think about the Lord Women's Conference 2015	414
Aug 2015	Nedbank Cape Winemakers Guild Showcase	405
Sep 2015	Cedar House	800
Sep 2015	Discovery Health Launch	1 100
Oct 2015	Santa Shoebox Project 2015	4 368
Nov 2015	Spirit Revelation International Ministers' Conference	1 457
Dec 2015	Boyz II Men & Joe: The Hits Live in South Africa Tour	5 500
Dec 2015	Marimba's New Year's Party	3 000
Feb 2016	Cultures of China, Festival of Spring	1 200
Feb 2016	El-Shaddai Cape Town Launch	1 195
Mar 2016	El-Shaddai Church	130
Mar 2016	El-Shaddai Church	110
Mar 2016	El-Shaddai Church	105
Mar 2016	El-Shaddai Church	150
Apr 2016	Cape Town International Jazz Festival 2016	37 000
Apr 2016	Jimmy Carr	3 000
Apr 2016	Sinai Indaba X	1 000
Apr 2016	El-Shaddai Church	129
May 2016	El-Shaddai Church	268
May 2016	El-Shaddai Church	189
May 2016	Peace is Possible	400
May 2016	Jireh Music and Movement 2016	785
Jun 2016	Old Mutual Trophy Wine Show 2016	300
Jun 2016	8th Shiraz Showcase	324



*Boyz II Men & Joe:  
The Hits Live in South Africa Tour*



## Trade Fairs



Source Africa 2016



Month	Event	Pax
Aug 2015	Cape Construction Expo 2015	1 850
Aug 2015	SPAR Trade Show 2015	500
Sep 2015	Shoprite Checkers Christmas Conference and Supplier Awards	450
Sep 2015	Africa Waste Business Conference & Exhibition 2015	60
Sep 2015	Sign Africa 2015	1 725
Sep 2015	2015 My Business Expo	1 500
Sep 2015	Cape Wine 2015	1 500
Nov 2015	ATF Expo 2015	2 300
Jan 2016	Cape Premier Yearling Sale 2016	5 000
Mar 2016	The Council for Leather Exports (CLE) India Leather and Footwear Expo	150
Mar 2016	Professional Beauty Cape Town	2 315
Apr 2016	Africa Travel Week 2016	5 000
Apr 2016	SPAR Trade Show 2016	500
May 2016	Sign Africa 2016	1 202
May 2016	African Utility Week 2016	6 445
Jun 2016	Source Africa 2016	1 273



SPAR Trade show







# ECONOMY: CONTRIBUTING TO THE FUTURE

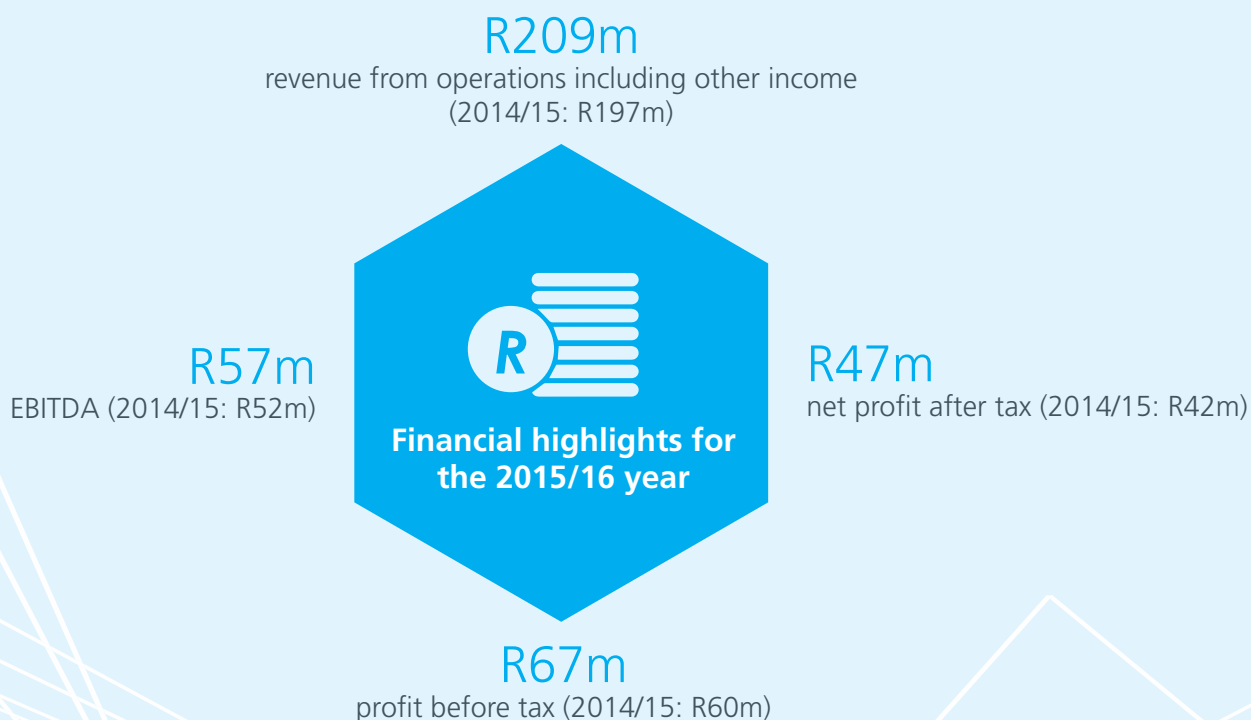


## MAINTAINING A STEADY AND PROFITABLE COURSE

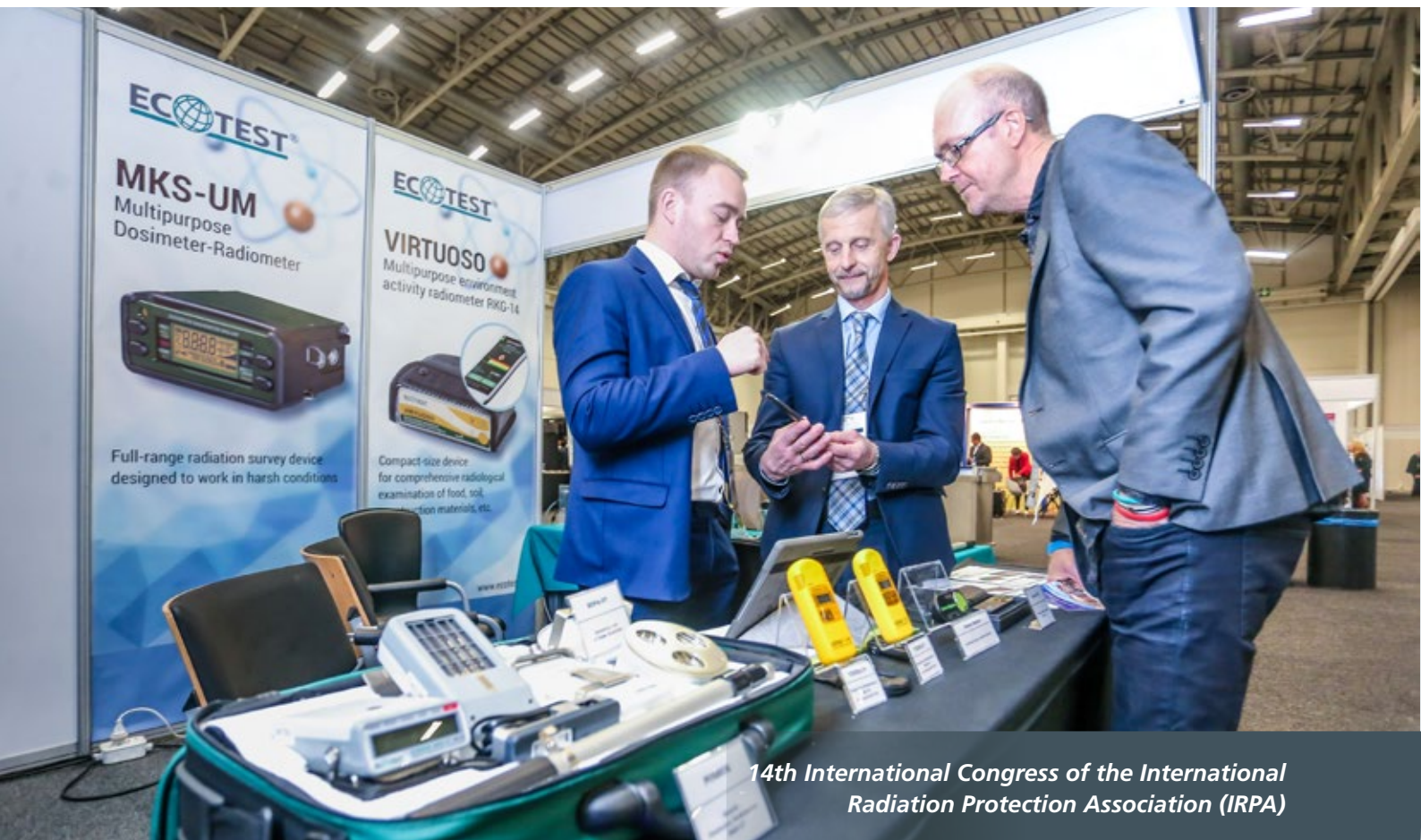
In 2015/16 the CTICC achieved record financial results, achieving over R209m in revenue for the first time in its history and improving EBITDA from R52m in 2014/15 to R57m. That it should achieve these figures at a time of considerable global economic turmoil is no small achievement.

This financial success was as a result of a healthy year-on-year increase in revenue from R197m in 2014/15 to R209m in the past year. Both profit before tax and net profit also rose from R60m and R42m in 2014/15 to R67m and R47m in the year under review.

Our profitability remains significantly driven by our ability to contain costs, which has saved us R17m across all cost categories, including R1m saving on utilities alone. As a result, our operating costs of R177m were 9% below our budget of R197m for the financial year, compared to a 9% figure below budget for last year.







*14th International Congress of the International Radiation Protection Association (IRPA)*

## MAKING OUR MARK ON THE ECONOMY

The CTICC remains both a geographic and economic icon in Cape Town's vibrant CBD. Its location on the city's Foreshore district has uplifted the precinct from the day it opened its doors. Indeed, it continues to do so, directly through the rising promise of the CTICC East expansion, which will give it the opportunity to increase its economic impact.

As the CTICC reached its 13th year of operation, our networks through Africa and out into the world have matured. As our figures show, international events are on the up and there is no doubt that they bring opportunity, income and influence with them.

In recent years there has been a meshing of the events that have been hosted by the CTICC and their contribution to the ongoing development of economic policy in Cape Town and the Western Cape. Legacies have been left and exchanges profitably made. Our case studies this year, which are detailed on pages 23 to 32, are examples of this. More and more our choice of events focuses the efforts of the CTICC on maximising the social synergies with local targeted policy on economic growth.

## CREATING JOBS, GROWING TOURISM AND BOOSTING ECONOMIC GROWTH

The significant contribution of the CTICC to the economies of the City of Cape Town, the Western Cape and South Africa is a matter of record. The bulk of this contribution comes from direct CTICC operations, but we also add value by raising the

tourist and business profile of the city and province through induced tourism, defined as the permanent and ongoing boost given to tourism when some convention delegates return as tourists or become regular visitors to Cape Town.

The tables overleaf indicate our continuing economic contribution, which has cumulatively risen over the last 13 years to R32.5bn in terms of contribution to national Gross Domestic Product (GDP), and nearly as much in terms of contribution to regional Gross Geographic Product (GGP). This contribution can only rise as the full economic growth effects of the CTICC East expansion come on stream during 2017.

In 2016 induced tourism generated by the CTICC resulted in approximately 603 000 international tourist days, which is higher than in previous years and is a function of both the number and type of events previously held at the CTICC and the increase in the duration of visitor stays in South Africa. The latest SA Tourism survey found that international tourists spent 9.5 days on a visit to South Africa, up from 7.7 the previous year.

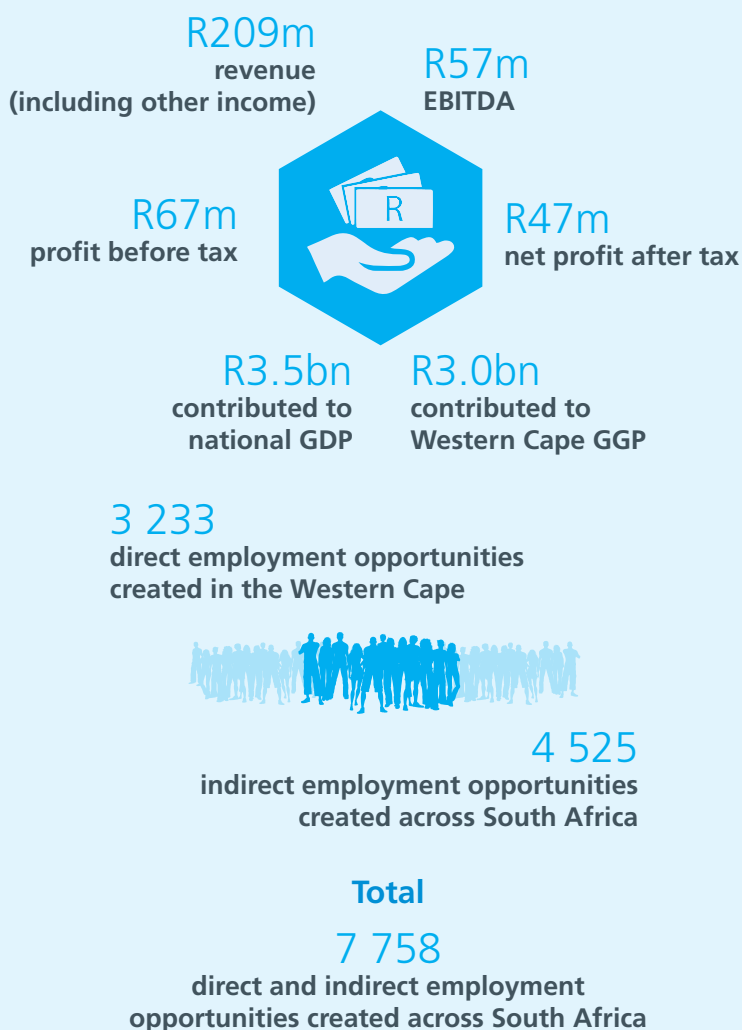
In addition, our contribution to the critical economic goal of job creation continues to grow, boosted by our CTICC East Expansion construction programme, which has also created 1 019 jobs since building commenced in 2007. A total of 7 758 direct and indirect jobs have been sustained this year, with 3 233 direct jobs sustained in the Western Cape and 4 525 indirect jobs sustained nationally.

In short, the CTICC continues to make a significant contribution to the economies of the Western Cape and South Africa, despite the tough economic conditions facing South Africa and the world.



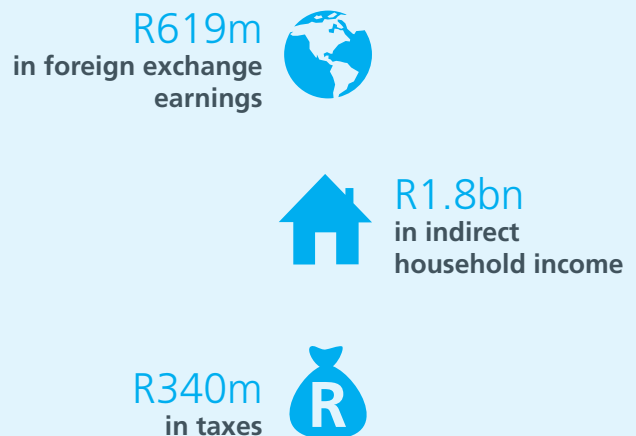


## Highlights of the CTICC's 2015/16 economic contribution

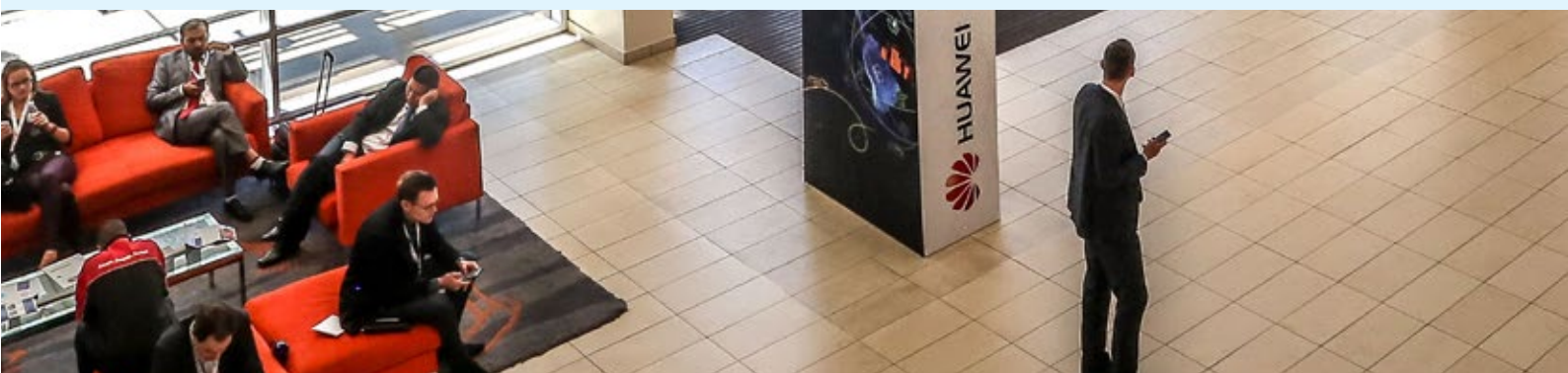


## Other economic benefits of the CTICC

Apart from the macroeconomic effects discussed, there are many other macroeconomic effects that flow from the CTICC. In the year under review, these included an estimated:



The financial contributions for 2015/16 mean that we have now made a cumulative economic contribution of:





## Summary of the CTICC's overall economic contribution<sup>1</sup>

The following table summarises the economic benefits of the CTICC via capital expenditure, operational expenditure, host/organiser expenditure, exhibitor expenditure, delegate expenditure and induced tourism. It includes contributions to GDP, GGP, direct and indirect job creation, indirect household income, net forex earnings and delegate/visitor days.

### Macroeconomic contribution for the 2016 financial year

Rand million, 2016 Prices	GDP	GGP	Direct WC Jobs	Indirect SA Jobs	Direct & Indirect Taxes	Indirect H-hold Income	Net Forex Earnings	Delegate & Visitor Days
CTICC Capital Expenditure	490	453	491	702	50	273		
CTICC Operational Expenditure	77	130	74	91	18	38		
Host/Organiser Expenditure	102	29	42	130	11	56		
Exhibitor Expenditure	330	229	142	360	32	166		
Delegate Expenditure	1 403	1 360	1 590	1 850	124	709		
<b>Sub-total</b>	<b>2 402</b>	<b>2 201</b>	<b>2 339</b>	<b>3 133</b>	<b>235</b>	<b>1 242</b>		
Induced Tourism	1 137	822	894	1 392	105	572		
<b>Total Contribution 2016</b>	<b>3 539</b>	<b>3 023</b>	<b>3 233</b>	<b>4 525</b>	<b>340</b>	<b>1 814</b>	<b>619</b>	<b>875 297</b>
Total Contribution 2015	3 481	3 140	3 659	4 623	328	1 767	641	1 363 523

1. This report includes the capital expenditure on CTICC East. This was not done in the previous report. Caution must therefore be used when comparing this report with those of previous years.

## CTICC contribution to national gross domestic product

Operations at the CTICC (including capital and operational expenditure, as well as hosts, organisers, exhibitors and delegates) contributed R2.4bn to national GDP. The effect of induced tourism added a further R1.1bn to national GDP, bringing the total economic contribution made by the CTICC for the 2015/16 financial year to R3.5bn.

### Contribution to Gross Domestic Product – South Africa

Rand million, normal prices Financial Year	Known				
	FY2012	FY2013	FY2014	FY2015	FY2016
CTICC Capital Expenditure	14	45	63	127	490
CTICC Operational Expenditure	57	60	72	71	77
Host/Organiser Expenditure	61	75	80	82	102
Exhibitor Expenditure	174	225	226	270	330
Delegate Expenditure	1 414	1 695	1 690	1 974	1 403
<b>Sub-total</b>	<b>1 720</b>	<b>2 100</b>	<b>2 131</b>	<b>2 524</b>	<b>2 402</b>
Induced Tourism	825	909	974	957	1 137
<b>Total Contribution to GDP</b>	<b>2 545</b>	<b>3 009</b>	<b>3 105</b>	<b>3 481</b>	<b>3 539</b>
Cumulative Contribution	19 357	22 366	25 471	28 952	32 491
Real Contribution – 2016 Prices	3 164	3 539	3 438	3 671	3 539



**Over the last 13 years we have made a cumulative contribution of R32.5bn to national GDP.**



## CTICC contribution to regional gross geographic product

Operations at the CTICC (including capital and operational expenditure, as well as hosts, organisers, exhibitors and delegates) contributed R2.2bn to Western Cape GGP. The effect of induced tourism added a further R822m to GGP, bringing the total economic contribution made by the CTICC for the 2015/16 financial year to R3.0bn.

### Contribution to Gross Geographic Product – Western Cape

Rand million, normal prices Financial Year	Known				
	FY2012	FY2013	FY2014	FY2015	FY2016
CTICC Capital Expenditure	8	36	51	111	453
CTICC Operational Expenditure	101	103	123	123	130
Host / Organiser Expenditure	22	26	25	25	29
Exhibitor Expenditure	121	156	157	187	229
Delegate Expenditure	1 360	1 618	1 594	1 853	1 360
<b>Sub-total</b>	<b>1 612</b>	<b>1 939</b>	<b>1 950</b>	<b>2 299</b>	<b>2 201</b>
Induced Tourism	671	742	853	841	822
<b>Total Contribution to GGP</b>	<b>2 283</b>	<b>2 681</b>	<b>2 803</b>	<b>3 140</b>	<b>3 023</b>
Cumulative Contribution	17 163	19 844	22 647	25 787	28 810

## Creation of direct employment opportunities in the Western Cape

In the 2015/16 financial year, the CTICC sustained 3 233 direct jobs in the Western Cape.

### Contribution to Provincial Direct Jobs – Western Cape

Financial Year	Known				
	FY2012	FY2013	FY2014	FY2015	FY2016
CTICC Capital Expenditure	21	57	75	138	491
CTICC Operational Expenditure	57	62	71	68	74
Host / Organiser Expenditure	32	37	37	36	42
Exhibitor Expenditure	90	109	104	119	142
Delegate Expenditure	1 996	2 266	2 098	2 332	1 590
<b>Sub-total</b>	<b>2 196</b>	<b>2 531</b>	<b>2 385</b>	<b>2 693</b>	<b>2 339</b>
Induced Tourism	907	950	1 028	966	894
<b>Total Direct to Jobs</b>	<b>3 103</b>	<b>3 481</b>	<b>3 413</b>	<b>3 659</b>	<b>3 233</b>



**Over the last 13 years we have made a cumulative contribution of R28.8bn to Western Cape GGP.**





*SEDA Annual Entrepreneurs Expo*

## Creation of indirect employment opportunities nationally

In the 2015/16 financial year, the CTICC sustained 4 525 indirect jobs in South Africa.

### Contribution to National Indirect Jobs – South Africa

Financial Year	Known				
	FY2012	FY2013	FY2014	FY2015	FY2016
CTICC Capital Expenditure	23	73	96	189	702
CTICC Operational Expenditure	82	83	94	88	91
Host / Organiser Expenditure	96	112	112	110	130
Exhibitor Expenditure	236	288	272	309	360
Delegate Expenditure	2 288	2 583	2 432	2 692	1 850
<b>Sub-total</b>	<b>2 725</b>	<b>3 139</b>	<b>3 006</b>	<b>3 388</b>	<b>3 133</b>
Induced Tourism	1 254	1 309	1 320	1 235	1 392
<b>Total Indirect to Jobs</b>	<b>3 979</b>	<b>4 448</b>	<b>4 326</b>	<b>4 623</b>	<b>4 525</b>



## KEY PERFORMANCE INDICATORS: MORE THAN JUST NUMBERS

The success of the business is measured by far more than figures. As an important strategic asset of the City of Cape Town and Western Cape Government, the CTICC has a responsibility to deliver on a variety of targets agreed with our majority shareholder. These targets take the form of a comprehensive set of Key Performance Indicators (KPIs) that has been agreed between Convenco and the City.

Importantly, while these KPIs set out organisational priorities and objectives, they are also used to inform the departmental, team and individual performance assessment criteria across our business.

In the 2015/16 financial year, we once again exceeded all our KPIs, thereby ensuring that we continue to serve as a valuable contributor to the City's achievement of its strategic objectives.

	Category	Measurement	Target 2016	Actual 2016
1	Events	Number of events hosted compared to annual budgeted target	500	504
	Events	Number of international events hosted compared to budgeted target	32	39
2	Human Capital Development	Percentage of annual total salary cost spend on training of permanent and temporary staff	5%	6.9%
3	Customer Centricity and Service Excellence	75% of minimum aggregate score for all CTICC internal departments and external suppliers	75%	84%
4	Supply Chain Procurement from B-BBEE suppliers measured in line with B-BBEE Act	Percentage spend not lower than 50%	50%	92.8%
5	Budget			
	Operating Profit	Percentage achievement of annual budgeted operating profit	100%	279.4%
	Capital Projects	Percentage of the total number of capital projects for the year completed or committed	80%	100%
	Capital Expenditure	Maintain five star tourism grading through effective management of maintenance and quality of service delivery	Achieve Five Star Tourism Grading Council	Five Star Tourism Grading Council Achieved
	Capital Expenditure (CTICC East Expansion Programme)	Percentage of total capital expenditure spend	90%	99.2%
6	Governance			
	External Audit Report	Unqualified Audit Report for 2014/15 financial year	Unqualified Audit Report	Unqualified Audit Report for 2014/15 financial year achieved
	Minimum Competency Level	Number of senior managers registered for MFMA Competency Course	7	12





## A GROWING COMMITMENT TO ENTERPRISE DEVELOPMENT

At the CTICC we appreciate the need for economic structural transformation in South Africa. We place a high value on working with SMME suppliers, B-BBEE and women-owned enterprises. As a municipal entity we are obliged to comply with the Municipal Finance Management Act of South Africa, 2003 (Act 56 of 2003) and we adhere to the accompanying Supply Chain Regulations.

In line with our ongoing commitment to help develop businesses in our sector and beyond, our B-BBEE spend for the 2015/16 financial year was over R522.4m. It currently amounts to 92.8% of our total spend, compared with 86.4% in 2014/15. Based on the previous financial year, the percentage has increased by 6.4%. This is a pleasing result bearing in mind that the previous year's figure was already very high. The spend itself is also significantly up on the R263m of the previous year – an increase of 98%.

Procurement via SMME suppliers for this period was at 29.45% of our total procurement spend.

Procurement from women-owned companies represented 30% of total supplier spend for the year, up from 28% in the previous year.

### Supporting local suppliers

While the Municipal Finance Management Act (MFMA) places limitations on preferential treatment of suppliers, due consideration is given to the B-BBEE status, SMME status, sustainability criteria (where relevant) and location of

businesses. Where possible, we prefer to use local suppliers, as long as the procurement procedures fall within MFMA regulations and meet its competitive pricing requirements. We define local suppliers as those situated within the borders of the Western Cape.

A total of R522.1m, or 92.8% of total procurement was with locally based suppliers in the 2015/16 financial year. This is slightly higher than the 90.3% of the previous financial year and shows that our proactive procurement practices are having a positive impact.

## CAPITAL EXPENDITURE: INVESTING TO COMPETE FOR THE FUTURE

In the events and tourism sector, nothing stays the same. New entrants come into the market, like the new Century City Conference Centre locally and Kigali International Convention Centre in Rwanda, and established ones upgrade constantly. We have no choice but to do the same, simply to stay competitive.

At the CTICC we recognise that economic sustainability is only possible through a willingness to continually invest back into our product offering and infrastructure. To this end, over the past financial year, we have continued to invest significantly into enhancing our systems, processes, services, infrastructure and facilities via a total of 26 large capital investment projects.

A total of 25 projects were initiated in the period under review with a further project carried over from the previous financial year.

### CTICC capital project expenditure in 2015/16

	Carry Over 2014/15	2015/16	Consolidated 2015/16
Total capex projects planned	1	25	26
Actual capex projects completed/in progress	1	25	26
Percentage projects achieved	100%	100%	100%
Percentage unattained	0.00%	0.00%	0.00%
Total capex budget	R4 500 000	R22 844 109	R27 344 109
Actual capex spend	R4 500 000	R21 410 795	R25 910 795
Actual capex unspent	R0	R1 433 313	R1 433 313
Percentage spend achieved (R)	100%	93.73%	94.76%
Percentage unspent (R)	0.00%	6.27%	5.24%

### Health and safety: making the CTICC ever safer

- Additional roof safety rigging points have been installed, enhancing health and safety and reducing operational costs.
- Our voice evacuation system has been upgraded, enhancing the coverage in identified areas.
- Additional security fencing has been installed, enhancing environmental safety.
- Fire detection systems have been upgraded to utilise aspiration technology, enhancing the operation and detection sensitivity of the system.

### Risk management: backed up and ready for all eventualities

- Power feeds to communications rooms have been upgraded to make use of a secondary power supply from an alternative power feed.
- Back-up power generation capacity systems have been designed and procured and will be installed during the upcoming year.
- Environmental monitoring alarms have been installed to reduce the possibility of downtime for the UPS system.





*Network infrastructure has been procured to upgrade technology service offerings*

### **Venue enhancement: making the CTICC a better place to be**

- Ablution upgrades for the office section have been completed.
- Protective rails have been installed to reduce damage to the wooden wall panels.
- The built-in staging for Auditorium 2 has been replaced and upgraded, maintaining the quality of the offering.
- Access doors have been upgraded to improve longevity and prevent damage.
- Cableway access lids have been replaced, enhancing the look and functionality of the venue.
- The audio-visual public address system coverage has been increased within the venue.

### **Technology upgrades: improving the service we offer our clients**

- Projection and audio facilities were permanently installed in a meeting venue as part of a pilot project to enhance the service offering.
- Network infrastructure has been procured to upgrade and enhance technology and facility service offerings.
- The CCTV system has been upgraded, enhancing technology and functional features.
- The building's energy and power management system has been upgraded, enhancing measuring and reporting features, as well as functionality.

- The wireless management system and wireless connectivity infrastructure have been upgraded to provide additional capacity and enhance user experience and our service offering as a whole.
- Portable telephony (DECT) coverage has been upgraded, increasing coverage and supporting the team communication systems.
- Access control, time and attendance systems have been upgraded to a digital system.

### **Sustainability: saving energy, saving costs, saving the planet**

- Roadside signage has been upgraded, making use of LED technology which reduces power consumption and increases life span.
- Parking indicator signage has been replaced with LED technology in the same way.
- Spot, flood and foot lights have been upgraded to LED technology, also reducing power consumption and increasing life span.





**Commis chef  
Farren Mageman**



**Wine steward  
Nkululeko  
Khohlokoane**

## INVESTING IN OUR GUEST EXPERIENCE: KEEPING AHEAD OF THE TRENDS

Our Food & Beverage department plays a vital role in ensuring we deliver world-class experiences to our clients and visitors.

This year we made even more improvements to our service offerings by keeping up to date with worldwide culinary trends and purchasing sustainable and organic produce through local and small business; changing how our guests interact with us by providing innovative and creative culinary set-ups; and investing time in training our teams which ensured that our clients' needs and wants were surpassed.

Reducing our costs and food and beverage waste were also key priorities. During the period under review, we tightened our overall spend and reviewed and scrutinised several areas within our Food & Beverage division. We continuously reviewed how we purchased our goods; how we could better control our stock, improve our preparation techniques in our kitchens and bars; and decrease food and beverage wastage.

We are mindful of the tough economic times we currently live in and instill in our team the importance of food security, keeping costs low, reducing food wastage and being mindful of our carbon footprint. We will continue to strive to better our offering while always bearing in mind the environment, as well as the important role we play in the Food & Beverage sector.

## Culinary team flies CTICC flag at national culinary challenge

The CTICC does not shy away from challenges, especially those that showcase its prowess in the kitchen, or those that challenge its staff to aspire to greater culinary heights.

The centre took on the Cape Legends Inter-Hotel Challenge 2016 which called on candidate chefs and candidate wine stewards to work together to win this prestigious culinary competition.

It was the first time the CTICC was invited to participate and the centre was tremendously proud when it was approached to enter wine steward Nkululeko Khohlokoane and commis chef Farren Mageman, who competed with wine stewards and chefs from across South Africa.

The challenge took place over five months with CTICC Executive Chef Warwick Thomas providing Khohlokoane and Mageman with support through every step of the rigorous process.

Candidate wine stewards participated in various workshops, lectures and courses, which eventually culminated in a cook-off that showcased their knowledge and skills in wine and food pairing. The candidate chefs were given strict criteria and very specific ingredients with which to create complicated, and sometimes unconventional, meals.

Taking part in this prestigious challenge showed the stature and knowledge of the CTICC's food and beverage team. It also showed the commitment the centre has to continuous staff training, skills development and exchange, and knowledge-sharing.





*The CTICC's in-house ICT team*

## ICT COMES IN-HOUSE AT THE CTICC: CREATING JOBS, REAPING BENEFITS

After 12 years of outsourcing ICT support, the CTICC set up an internal ICT unit on 1 January 2016. This unit employs 15 people. Previously only two CTICC permanent staff oversaw ICT: a Business Systems Administrator and an ICT Maintenance Manager. The new unit has created 13 new jobs.

The new ICT Department has:

- Four control room operators – who work 24 hours, on back-to-back shifts, programming venues, lighting, air-conditioning and CCTV. They are the eyes and ears of the CTICC;
- Two business systems administrators, working closely with the internal business ensuring business systems are operational;
- One client-facing ICT service delivery manager;
- Six ICT support staff, an ICT systems administrator as team leader, overseeing three support specialists and two ICT technicians;
- One ICT maintenance manager to monitor integration of ICT with fire detection, safety and other building systems;
- One ICT manager.

Over and above the 15 staff now employed in-house, specialist outsourcing is called in as third-line support, if required.

### The benefits of in-housing ICT

1. Ownership – almost all ICT issues are now managed and controlled in-house.
2. Flexibility – the team can multi-task and assist each other across specialist areas.
3. Turnaround time improvements – improved by internal logging system and problem prioritisation.
4. Cost savings – already an 8% reduction in overall ICT costs, with year-on-year revenue from chargeable connectivity, networks, wireless and telephony.
5. Sustainability benefits – KPAs are shared with all CTICC departments and waste usage reporting has been enhanced and made more reliable.
6. Upskilling efficiencies – due to on-the-job cross-learning.
7. Integration efficiencies – the maintenance team is now client-facing, so greater proactivity and speed is possible in terms of solving challenges.







## SOCIETY: INVESTING IN PEOPLE AND COMMUNITY



### BUILDING FUTURES BY EMPOWERING OUR COMMUNITIES

The CTICC is committed to its role as a responsible corporate citizen and encourages the development of local communities.

The CTICC has forged strong partnerships with four community organisations, which represent communities affected by and/or related to the CTICC's operations. These partners are:

**Abalimi Bezekhaya**, which supports micro-farmers on the Cape Flats to grow their own organic vegetables. In addition, Harvest of Hope, Abalimi's social business arm, has been providing the CTICC with top-of-the range organic vegetables for the past three years.

**Foundation for Alcohol-Related Research (FARR)**, which works with communities affected by foetal-alcohol syndrome disorder in South Africa.

**The Haven Night Shelter**, which supports and shelters adult homeless people in the Cape Town area.

**Mitchell's Plain School of Skills**, which provides learners who have difficulties in learning at mainstream schools with the opportunity to learn practical skills.

Each of these beneficiaries is the focus of our community-based initiatives during the year, along with a number of other causes which we consistently support.

***For the 2015/16 financial year the value of the CTICC's community development support increased to R1 244 203 and includes support to community organisations and our bursary programme.***





## COMMITTED TO PARTNERING WITH LOCAL COMMUNITY ORGANISATIONS



The CTICC ran over 20 activations with various local community partners throughout the financial year.

### ***Mitchell's Plain School of Skills***

For our Mandela Day "Teach" activation we donated materials, carpets and furniture to Mitchell's Plain School of Skills.

In May, we donated dozens of boxes of chocolates for Grandparents Day.



### ***Wesley Guild Youth Projects***

We donated stationery and event material to this youth development project.



### ***Haven Night Shelter***

For our Mandela Day "Nurture" activation we donated paint and food, as well as garden tools.

We sponsored venues for the organisation's board meetings, and donated food on several occasions.

On Homeless Day we sponsored materials and maintenance services to refurbish a storage container in conjunction with a maintenance supplier.

### ***Foundation for Alcohol-Related Research (FARR)***

For our Mandela Day "Connect" activation, we donated garden tools and books.

We also sponsored a venue for the FARR AGM.







### ***SA Children's Home***

A food drive was held and ran for three weeks. Staff were encouraged to bring non-perishables for donation.



### ***Ruyterwacht Senior Centre***

We held a winter donation drive amongst staff and donated winter care packs to the senior centre.



### ***New Somerset Hospital***

We donated stationery to the hospital.



### ***Breast Cancer Awareness***

The CTICC ran an awareness and fundraising campaign throughout the month. All funds were donated to FARR.

### ***Santa's Shoebox***

The Santa's Shoebox collection point was hosted by the CTICC. The CTICC sponsored the venue and all staff participated in the drive.





### ***Sea Point Primary School MasterChef programme***

The CTICC was approached by a local government school to assist by exposing its cooking class to a “MasterChef” cooking environment. The children visited our kitchens and gained exposure to an industrial kitchen and professional chefs.



### ***Abalimi Bezekhaya***

The CTICC sponsored compost and garden tools to assist the farmers of Moya we Khaya Peace Gardens in Khayelitsha.

### ***Cape Town International Jazz Festival Training Workshop***

The CTICC sponsored venues over the month of February for Jazz Festival training and development workshops for youth. Experts and mentors provided young people with training pertaining to the entertainment sector.



### ***Ubuntu House***

The CTICC donated books to Ubuntu House, a place of safety for abandoned and orphaned children.



### ***Colon Cancer Awareness***

Staff sold arm beads to raise awareness around colon cancer. All funds raised were donated to the Cancer Association of South Africa (CANSA).





### **1000 Women 1 Voice Fundraising Luncheon**

The CTICC sponsored the venue for the 1000 Women 1 Voice fundraiser luncheon organised by WomensNet, a South African non-governmental organisation that strengthens women and girls' movements for social justice and change.

### **Youth Day**

The CTICC hosted Mitchell's Plain School of Skills and Lathi-Tha School of Skills at its third annual Youth Day Programme. The programme, facilitated by Youth Interpreter, took learners through a journey of life discovery – through roleplay, art, theatre and discussions – with the aim of providing them with ways to change their lives, communities and country.



### **13 bursaries for 13 students to build bright futures**

In celebration of its 13th birthday, the Cape Town International Convention Centre was very excited to announce that it has provided 13 students with bursaries to the value of just under R400 000. The bursaries provided students studying in the culinary, events, marketing, finance, procurement and technical fields with additional support to help them through their studies.

The CTICC worked with long-standing partners, the Cape Peninsula University of Technology, Durban University of Technology, the South African Chef Association and College of Cape Town that earmarked student candidates for the bursaries.

Once the students have completed their studies, they will be incorporated into the CTICC's Graduate programme and receive one-year employment contracts to receive

hands-on training in various departments and valuable work experience.

This was the first time the CTICC had directly provided funds to support students with their studies and the centre was very proud to have embarked on this initiative. The CTICC has long been respected as a vital contributor to training and skills transfer within the South African and international events and hospitality industries. Through various programmes, including the CTICC Graduate Programme, the CTICC Student Placement Programme and the CTICC Work Readiness Programme, the centre aims to expose promising young individuals to relevant experience that will enhance their employability.

For the CTICC, this was a big step toward contributing to job creation, sustainability, furthering education and providing students from disadvantaged backgrounds with the opportunity to make their dreams come true.



**Our 13th birthday commitment:  
The gift of education by providing 13 students  
bursaries to the value of just under R400 000.**



## EXPANDING EDUCATION THROUGH TRAINING AND INDUSTRY EXPERIENCE

The CTICC is committed to developing and strengthening its employees by prioritising training at all levels and for whatever skills are necessary to fulfil the centre's mandate and realise its vision.

Training at the CTICC covers the four key aspects of skills

development: statutory, vocational, developmental and values-based leadership. The training we offer embraces all these types of training and concentrates mainly on leadership development, team building, change management, effective employee engagement and coaching. As well as individual training, each team must arrange at least one relationship-building gathering per year to encourage cohesive and high-performing teams.

CTICC staff members received the following short and long-term training over the period under review:



### Short-term training

- Intermediate and Advanced Excel Training
- Labour Law Updates
- New Managers Development Programme
- National Occupational Safety Association (NOSA) ISO 14001, 18001, IT IS and Auditing Training
- Social Media & Online Marketing Training
- Fire Marshal Training
- Health and Safety Training
- Event Safety Training
- N'lighten Reporting Training
- International Association of Congress Centres (AIPC)
- Marketing Indaba Conference
- Industrial Relations for Management
- QlikView Training
- Exhibition Association of Southern Africa (EXSA) Conference
- Africa Waste Week
- Finance for Non-financial Managers
- IT Governance Workshop
- Bar Training
- Business Writing Course
- Industrial Relations Training.



### Long-term training

In addition to the standard short-term training, the CTICC has provided 31 permanent staff members with ten different forms of long-term training, equating to 229 months in total. Twelve of these staff members were male and 19 were female.

- Chartered Institute of Management Accountants (CIMA) Training
- Credit Management Course
- Institute for Certified Bookkeepers (ICB) Junior Bookkeeping and Junior Office Administration Certificate
- Global Association of the Exhibition Industry (UFI) Exhibition Management Degree
- National Higher Certificate in Accounting
- Postgraduate Diploma in Management Practice – UCT
- Events Management
- BCom Financial Management
- Municipal Minimum Competency – National Treasury.

In addition to the above, 86.5 hours of training were provided to a total of 412 contract staff. This is over and above the daily on-the-job training such staff receive.

## Municipal Regulations on Minimum Competency Levels

The Accounting Officer, Chief Financial Officer, Senior Managers, financial officials in middle management, heads of Supply Chain Management Units and Supply Chain Managers of a municipal entity must be competent in the unit standards prescribed for financial and supply chain management competency areas as set out in the Municipal Regulations on Minimum Competency Levels.

Human Resources has put a plan in place to address outstanding competencies given the constraints imposed on the management team by their operational commitments. Notwithstanding this, all managers in the employ of CTICC have the qualifications, skills, experience and capacity necessary to fulfil the responsibilities of their respective positions.

Attainment of competency levels within prescribed timeframes is not included in individual performance agreements. This instead, is measured at an organisational level and is included in the CTICC's key performance targets.

	Accounting Officer	Chief Financial Officer	Senior Managers	Financial Managers	Head of SCM Unit	Supply Chain Managers	Other Managers	Total
Total number of officials employed	1	1	3	1	1	2	3	12
Competency assessments completed	3	9	29	6	1	15	18	81
Competency assessments outstanding	15	12	19	9	16	5	27	103





*CTICC staff team building 2016*

## Human rights and anti-corruption training

In addition, 11 employees (7.28%) received a total of 16 hours of formal training in the CTICC's policies and procedures on human rights issues. During the year under review, the CTICC had no incidents of discrimination and as such no actions were required.

The CTICC also directly employs one person to manage safety and security and oversee its external security contractors. The manager is trained on all policies and procedures relating to the company and the relevant aspects of human rights. The outsourced security services at the CTICC are governed by a comprehensive Service Level Agreement (SLA) that requires all security personnel are trained and licensed as per the Private Security Industry Regulatory Act. Compliance to this act incorporates issues around human rights and fair treatment into training.

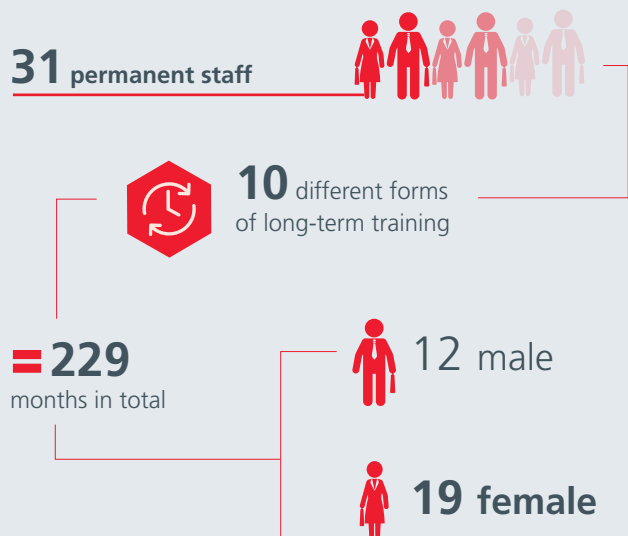
## BUILDING A FUTURE WORKFORCE FOR THE EVENTS AND HOSPITALITY SECTOR

The CTICC has a proven track record in training and skills transfer within the local and international events and hospitality sectors. In the year under review, the centre continued to build on this reputation, by continuing to focus on promising young individuals and giving them relevant experience that would enhance their employability in the sector. This applied both to our own staff and to students and graduates who emerged in these industries. The CTICC's current workplace experience initiatives include the following training success stories.



## TRAINING SUCCESS STORIES: INVESTING IN OUR PEOPLE AND AN INTERNATIONAL FUTURE

The following training experiences come from a wide range of CTICC staff across all departments and talk to the benefits of long-term training for not only the individuals concerned and the CTICC, but also the events and hospitality sector as a whole.



### Chantal Croaster: Revenue Manager

**Training:** Postgraduate Diploma in Management Practice, Graduate School of Business (GSB), UCT

**Period:** January 2015 – March 2016, 15 months

**How long have you been working at CTICC?**

I've worked at the CTICC for nine years.

**What was the highlight of the course for you?**

There were many moments of clarity while spending time at GSB, but working through complicated group challenges and being able to deliver a presentation with six different team members at the end of each module definitely stands out as a highlight.

### Olivia Bruce: Marketing & Sustainability Manager

**Training:** Postgraduate Diploma in Management Practice, Graduate School of Business (GSB), UCT

**Period:** January 2015 – March 2016, 15 months

**Why did you decide to do this particular course?**

I decided to study with the GSB as they are rated amongst the best business schools in Africa, but my primary reason was that it focused on business management holistically with insights into HR, Finance, Operations, Marketing, Communications and Sustainability, so the approach was holistic and practical.

**How did the course help you in your job/career?**

My specialisation was innovation: to look at new ways to market the CTICC and keep abreast of the ever-changing environment in which we operate. It also had a strong focus on sustainability.





*(front) Bianca Roodt, Minette Cloete,  
Sandile Tyhulu, Shamil Abrahams,  
(back) Randale Alexander, Kabelo Thamage*

## New Managers Development Programme

In June 2016, seven managers studied at the University of Stellenbosch Business School; five were from the Operations department and two from the Commercial department. We are highlighting three: **Kabelo Thamage, Bianca Roodt** and **Shamil Abrahams**.

### **Kabelo Thamage: Event Services Manager**

#### **Describe your journey with the CTICC?**

I started off working through a labour broker as a dishwasher, parking attendant, steward and porter. That was in 2003. This was during a time when there were only three permanent duty managers who ran more than four events simultaneously. I joined the duty managers as a porter and runner for certain clients. One miraculous day I was handed an event programme of a four-day conference, function sheet and phone. I got introduced to the client as a porter who will be duty managing the four-day conference. I ran my first event as a porter. From 1 January 2005, I was permanently employed making lots of mistakes and learning a lot from my colleagues. In 2010, I became an Event Services Manager.

#### **What was the highlight of the course for you?**

The course gave me essential tools for effective work delegation and situational leadership. I also discovered that managers are meant to manage processes and lead staff members or teams in the right direction.

### **Bianca Roodt: promoted during the year from Sales Executive to Business Development Manager: National**

#### **Do you think the training contributed to your promotion?**

Yes, definitely. Developing people is my passion. I have always felt strongly about imparting knowledge to others. The training has provided me with a better understanding of what a leader should be and how I can get the best out of people.

#### **What was the highlight of the course for you?**

The highlight of the course was the Financial Management module. I have a greater respect for our Finance department as I am now better able to understand the terminology and the process.

### **Shamil Abrahams: ICT Systems Administrator**

#### **How long have you been working for the CTICC?**

Technically I have only been permanently employed for eight months but I have been at the CTICC for 10 years through service providers (the ICT resource at the CTICC was recently brought in-house).

#### **Name a specific aspect of the training that you found most helpful for your job?**

We were given an overview of management and leadership by Cecil Hambridge. He spoke to us about emotional intelligence and how it plays a huge role in leading people, and that being soft on people and hard on the rules are such effective ways to lead.

#### **What was the highlight of the course for you?**

I would have to say it was learning new things about leadership and how many tools there are to improve many aspects of a business, not only financially but in terms of staff morale as well. I have learned how to deal with difficult situations and become a better person generally, not only at work.





*AIPC Academy Programme 2016*

**Adele Maritz: promoted from Business Development Manager: National to Business Development Manager: International during the financial year**

**Training:** AIPC (The International Association of Convention Centres) Academy Programme, AIPC, Brussels

**Period:** February 2016, five days

**Why did you decide to do this particular course?**

AIPC is an association for international convention centres and the academy had a fantastic five-day programme that looks at all areas of convention centre management. I was looking forward to attending this course to broaden my knowledge of the industry, learn more about the association's business as well as coming up with some solutions to some challenges we may be facing.

**What has this training meant for your new role?**

It has given me great insight into the association's market and bidding process as well as allowed me to make valuable connections with colleagues from other international convention centres for lead exchanges, information sharing and networking.

**What was the highlight of the course for you?**

A great highlight was when Mark Emch, VP Finance & CFO of San Diego Convention Centre Corporation, presented on Financial Performance and ROI and said that the CTICC's Integrated Annual Report is the best annual report he has seen to date. He even had a copy to show the Academy – this was a proud moment.



*UFI Exhibition Management Degree Class of 2016*

## Exhibition Management Degree

The Global Association of the Exhibition Industry (UFI) in partnership with the University of Cooperative Education in Ravensburg, Germany, has created the Exhibition Management Degree to train exhibition industry professionals. In June 2016, two staff members, Lindy Cambouris and Arno Ruiters, started the six-month course which has a face-to-face and e-learning component. The first module was taught in Macau, China.

**Lindy Cambouris: Business Development Manager: National**

**How will the training benefit you with the launch of the CTICC East?**

With more space available we have more options available to us and the course offered insights into how we can sustain venue occupancy and revenue generation.

**What was the highlight of the course for you?**

Thus far it has been the opportunity to travel to a new destination and experience a new culture and through that acquire new industry connections and the ability to view the trade fair and exhibitions industries through a different lens.

**Arno Ruiters: Conference and Exhibition Services Manager**

**What did you learn that was new to you as a seasoned professional?**

The first module dealt with the Sales, Marketing and Project Management aspects from an event organiser's perspective. Gaining insight into the intricacies and workloads our clients endure, prior to engaging with us as a venue, has been quite enlightening.

**What was the highlight of the course for you?**

The course content that focused on Sales, Marketing and Participation in Exhibitions was very insightful. From a personal perspective, the trip to Macau, China, with my colleague Lindy was fantastic – the people and my classmates were welcoming and hospitable and the culture was wonderful to observe.

**For how long have you worked at the CTICC?**

More than 10 years.





*World Congress of Enterostomal Therapists 2016 Gala Dinner*

## CREATING A WORLD-CLASS WORKFORCE THROUGH PERFORMANCE REVIEW

At the CTICC we view effective performance management as the basis on which a high performance, learning culture should be built. All our employees are required to participate in quarterly performance reviews with their line managers, at which their job description is discussed, their key performance criteria agreed and their performance against those criteria assessed. All CTICC employees also undergo two formal performance reviews per year.

We offer a performance-based incentive scheme to all permanent staff. The assessment for incentive awards is informed by individual Key Performance Indicators (KPIs). These are identified and agreed between each staff member and their line manager. These individual KPIs are linked to our organisational KPIs, aligning individual performance with organisational goals.

All scheduled performance reviews were completed in the year under review. Performance reviews and company performance inform employee bonuses and salary increases.

## CUSTOMER FEEDBACK: DELIVERING EVER BETTER SERVICE

Delivering genuine customer delight is central to the CTICC's ongoing success. This is why we use an independent company to measure our customer satisfaction levels on a monthly basis. The client surveys consist of face-to-face, telephonic and email

interviews with hosts and delegates of every event we host. The survey is designed to measure customer experience at every experience touch point, including:

- Audio-visual services
- Cleanliness of venue
- "Coffee on the Square"
- Conference and exhibition services
- Cuisine – food and beverage
- Environmental sustainability
- Event executives
- Event service managers
- Explanation of processes
- Finance processes
- IT and telecommunication services
- Parking services
- Reception staff
- Safety and security
- Sales executives
- Venue climate control
- Waitron service.

For the year under review, we received an overall customer satisfaction index of 84%, up 4% on last year and considerably over target, which makes us very proud.

The results of these customer experience surveys are used to inform our ongoing training materials and interventions and to educate staff on the expectations of clients and visitors to the CTICC.



## EMPOWERING WOMEN, BUILDING SMALL BUSINESS

The CTICC is committed to enterprise development, particularly with regard to B-BBEE and women-owned businesses. Procurement from women-owned companies represented 30% of total supplier spend for the year, up from 28% in the previous year. We introduce you to two of our small women-owned businesses.

Notukela Makohliso, who heads True Media, and Carrie van Listenborgh, the owner of La Parmigiana, have been supplying the CTICC with produce and beverages of the highest quality. These two female-owned businesses are two of the many valuable suppliers to the CTICC.

### True Media Distribution

True Media Distribution, a sole proprietorship, has been a strategic business partner of the CTICC for the last two years. The 100% black-owned, female-owned business provides the centre with a bouquet of the best red and white house wines from some of the most renowned vineyards in South Africa. The partnership with the CTICC was the perfect vehicle for True Media Distribution to get its wines into the market in a substantial way. The CTICC provided the business with the opportunity and platform to reach an international audience through the varied events that the centre hosts.

True Media Distribution provides a broad range of events-related services and has been steadily increasing its footprint in South Africa and Africa. Currently the CTICC is its second biggest client after South African Airways and True Media Distribution is now making in-roads into Gabon, Nigeria, Angola and Cameroon. The centre is proud to have played a role in supporting this small business that has a business model that speaks to that of the CTICC – exposing clients to South African brands, increasing job creation and building the local economy.

***“Supplying the CTICC has boosted our company profile significantly. Companies like the CTICC prove to be the exception that helps us to survive in a very challenging province and industry.”***

**Notukela Makohliso,**  
owner True Media Distribution







**30%**

**women-owned companies  
represented of total suppliers**

*28% in previous year*

## **La Parmigiana CC**

La Parmigiana has been a consistent supplier to the CTICC, providing the centre with fresh pasta with tailor-made fillings, hand-rolled cannelloni, ravioli and gnocchi, as well as sauces. La Parmigiana's ethos of always providing fresh, healthy food with no additives is in line with the CTICC's ethos of always providing its clients with the freshest food.

Since becoming a supplier to the CTICC, La Parmigiana has gone from strength to strength. Orders from the centre have boosted the business's turnover and its confidence has grown tremendously. A spin-off is that this woman-owned business has grown substantially and is a proud contributor to economic development and job creation.

***"The CTICC has boosted our business and allowed our team (and machines) to work at full capacity. We have been a supplier to the CTICC for a long time and are motivated by fantastic, innovating chefs."***

**Carrie van Listenborgh,**  
owner La Parmigiana





Environmental sustainability



Waste management



Saving energy



Saving water



Carbon footprint



# ENVIRONMENT: BUILDING GLOBAL SUSTAINABILITY



## HOW THE CTICC NURTURES OUR WORLD THROUGH ITS NOW STRATEGY

The CTICC's commitment to global sustainability – economic, social and environmental – goes beyond a business commitment to triple-bottom-line reporting. It is simply a belief that it is good business to do good. Increasingly our clients see sustainability the same way. As King IV approaches, responsible corporate citizenry is a given that we at the CTICC already make a priority – for ourselves, our clients, our city, our country and our world.

In that context, and as a global convention centre with an established sustainability reputation, we believe we have a responsibility to influence the sustainability journeys of our stakeholders, suppliers and, in particular, our clients.

This sustainability commitment is driven by our Nurture Our World (NOW) initiative. The NOW team consists of representatives from all our departments and is chaired by the General Manager: Facilities & Operations, and Acting GM: Food & Beverage & Operations.

Notably, this innovative, interdepartmental team is also responsible for driving and coordinating the CTICC's corporate social investment strategy and social responsibility activities

which are described in the corporate social responsibility section of the report.

In terms of mitigating the CTICC's environmental impact, the NOW team is mandated to:

- Inform, drive, and monitor the CTICC's triple-bottom-line approach
- Oversee the design and implementation of sustainability initiatives that contribute to economic growth
- Raise the profile of the centre as a sustainability leader in its industry
- Ensure the effectiveness of our efforts to minimise our negative environmental impacts while maximising the positive contribution we make to a sustainable future for society.

In more concrete terms, the environmental aspect to the NOW team's work focuses on waste management (reduction, reuse and recycling); careful energy usage; sustainable product use; responsible transport use and emissions reduction; and water use management.



# HOW WE REDUCE OUR ENVIRONMENTAL IMPACT EVERY DAY

The CTICC continues to provide the following services in order to mitigate its own environmental impact across all its products and services. We:

- Provide recycled/green conference smalls (notepads and pens);
- Provide Fairtrade coffee, locally produced food and fish only from the SASSI-approved green list;
- Provide a multi-bin system to encourage recycling with separation at source;
- Provide water that is bottled on-site by means of the Vivreau system in reusable glass bottles or jugs of water;

- Use natural light in venues, whenever practical;
- Contribute R5.00 per delegate to the NOW Fund for each full conference, half conference, full English or continental breakfast package purchased. These funds are used to support the CTICC’s local community partners;
- Discuss ways to offset their carbon footprint with our clients;
- Include a green events checklist with our marketing material to raise awareness about event greening. This checklist is also on our website along with frequently asked sustainability questions;
- Print only on Forest Stewardship Council (FSC) approved paper;
- Provide much of the above as part of our sustainable day conference package.

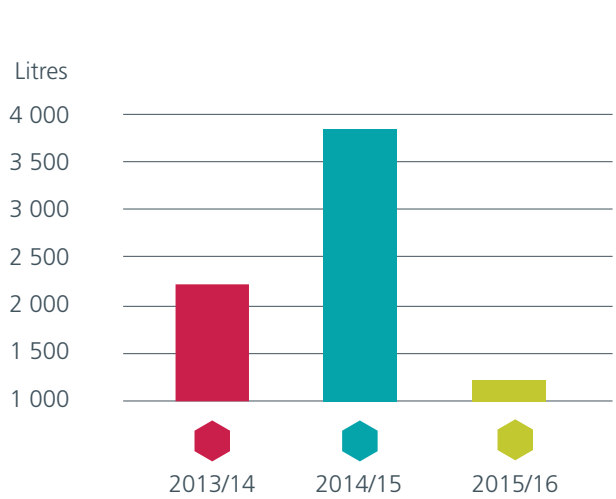
## CONTINUOUSLY STRIVING TO SAVE ENERGY

During the 12 months under review, the CTICC used a total of 33 161.8 gigajoules of energy from primary sources (fuel) and electricity generation.



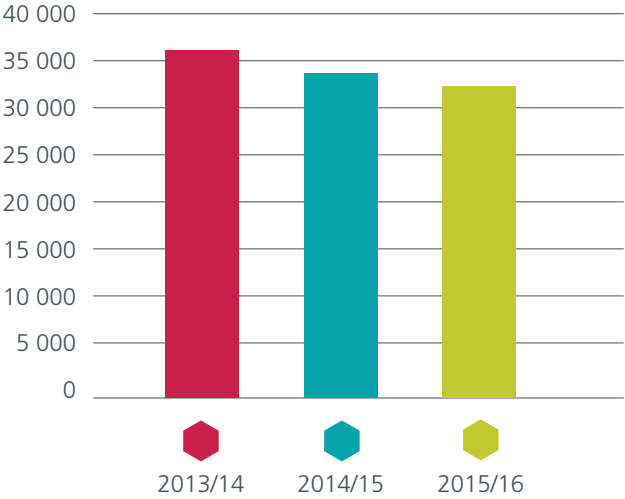
**3.16%**  
*Reduction of energy usage in 2015/16*

### Year-on-year fuel consumption



There has been a significant decrease in use of fuel as CTICC previously contracted and managed all staff transport, including that of labour broker staff. As of the 2015/16 financial year, staff transport has been included in the labour broker contracts, which accounts for the reduction in fuel usage.

### Gigajoules per annum







AfricaCom 2015

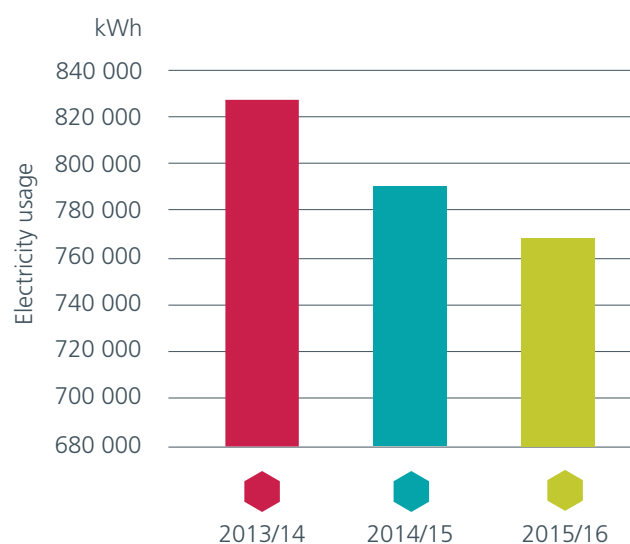
## Reduction of electricity consumption

The CTICC's electricity consumption average consists of two factors: kVA (kilo Volt Amps, peak demand) and kWh (kilo Watt hours, power consumption). This is the average usage per month over the 12-month financial year. A reduction in monthly usage was shown when compared to the previous financial year (12-month average).

The figures for electricity use shown below demonstrate a saving of 22 722kWh, which equates to a saving of 2.88% in electricity consumption. Also efforts were made to reduce the kVA (kilo Volt Amps) peak consumption average per month by alarming and monitoring high kVA usage. These efforts achieved a reduction of 4.74% from the previous year.

	kVA	kWh
2013/14	2 283	824 558
2014/15	2 325	789 322
2015/16	2 215	766 600
	-4.74%	-2.88%

## Three-year comparison of CTICC's annual electricity usage





## CONTINUING TO REDUCE WASTE AND CONTRIBUTING TO SAFEGUARDING OUR PLANET

We remain committed to waste reduction and diversion from landfill. Indeed, our year-on-year records show an extraordinary path from just 25% diversion in the 2010/11 financial year to our equal best year ever in 2015/16 at 85% diversion of waste from landfill. In other words, in a business that uses a lot of disposable resources, we are managing to recycle 85% of the resources we use. As ever, this starts at the beginning of the supply line with eco-procurement. To this end, we select suppliers who provide reusable and recyclable products rather than disposable items.

On-site recycling is another critical aspect of our waste management process, with separation into three categories taking place at source as far as possible. These brightly coloured bins divide recyclables (plastic, paper, cardboard, glass, metals and other recyclable items) from organic produce (leftover

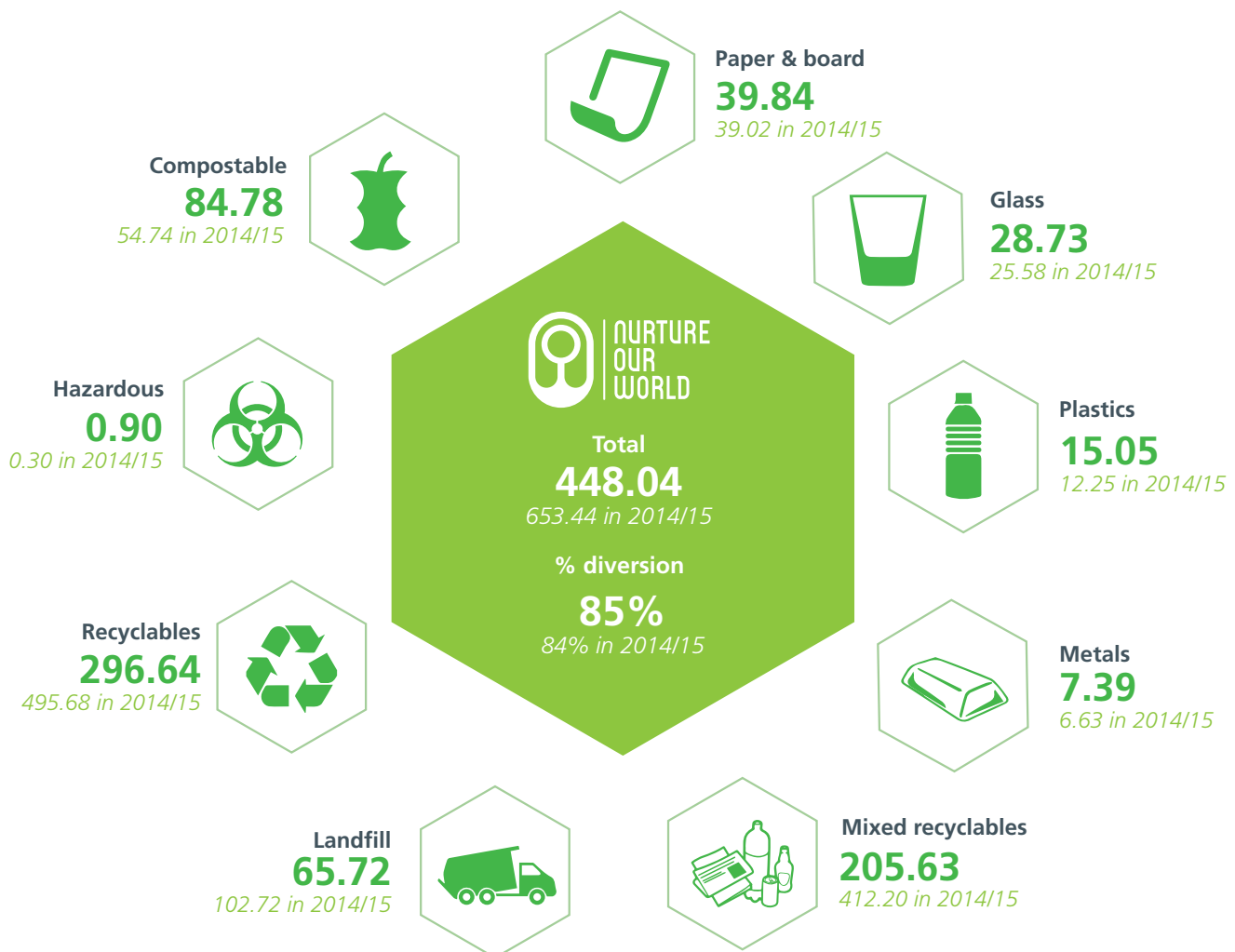
food) and waste to landfill. They are now, quite literally, part of our furniture.

Elsewhere, both hazardous and non-hazardous waste streams are monitored by type, volume and disposal method and disposed of at certified waste disposal facilities. This is to ensure consistency, compliance and comparability.

In the 2015/16 financial year, the CTICC diverted 85% of waste from city landfill – much of it as a result of various recycling initiatives. This is 1% up on the figure achieved in the previous financial year and significantly up on the 30% achieved in the 2012/13 financial period, at which time we had not yet instituted our composting initiative for wet waste.

The infographic below shows the total amount of waste generated in metric tonnes, in comparison to the previous years. The steady increase in waste-to-landfill diversion is clear over the first three years, while this year in particular compostable waste has increased, which is largely to the benefit of one of our four key community partners, Abalimi Bezekhaya, which is involved with community gardens.

### Total weight and diversion of waste by type and disposal method (in metric tonnes)





## CAPE WINE SETS THE RECYCLING BAR HIGH FOR BOTH GLASS AND PLASTIC



### Cape Wine 2015

**Dates:** 15 – 17 September 2015

**Sector:** Agro-processing

Cape Wine is the flagship business showcase of the South African wine industry attended by over 1 500 delegates. Presented at the CTICC every three years by Wines of South Africa (WOSA), it is the most successful international wine trade show in the southern hemisphere.

It is a trade show that brings together the best of the Cape wine industry with international as well as local buyers. Over 300 exhibitors take stands, the majority of them wine brands. In addition to this, the event aims to be environmentally friendly, with most of the exhibition stands made out of recyclable Xanita board. There is also a strong emphasis on recycling glass and plastic.

The CTICC, in collaboration with Cape Wine and the GreenCape Western Cape Industrial Symbiosis Programme (WISP), ran a project to divert as much waste as possible from landfill during the event. Despite some challenges, the event achieved an admirable 75% diversion from landfill. This provides a useful baseline measurement for the event going forward.

### How the Cape Wine event made the waste management grade

#### What the CTICC did

Although the CTICC already has a functioning system to divert waste from landfill, the CTICC took the following additional steps to divert waste during the week of Cape Wine:

- Additional briefing of the Waste Champions Team (multi-stakeholder body at the CTICC who champion event waste management).

- Briefing of relevant service providers, namely:
  - Staffing Direct/Workforce (waitrons and facilities staff who deal with waste)
  - Servest (cleaning staff who deal with waste)
  - Wasteman (waste service provider and in control of waste room)
  - Ywaste (organic waste service provider)
- Using a Waste Champions WhatsApp group to identify and solve potential waste issues quickly.

#### What WISP/GreenCape did

WISP is a free facilitation service that is funded by the Western Cape Department of Economic Development and Tourism and is delivered by the sector development agency, GreenCape. The programme helps companies identify business opportunities arising from exchanging unused or residual resources (waste materials, energy, water, assets, logistics, expertise) between companies and thereby enhancing business profitability and sustainability. WISP identified MPact, a cardboard recycler, to assist with the recycling of Xanita board.

*“Sustainability across the board is an integral part of WOSA’s corporate mandate. So, from the vineyards right through to the exhibition hall, we strive to always maintain a meaningful level of both environmental and social sustainability.”*

**Julia Moore,**  
Acting Communications Manager, Cape Wine



## How we measured our success with Cape Wine

In order to keep accurate records of waste, the CTICC employs the following techniques:

1. Wheelie bins, which are positioned at various waste-collection areas at the CTICC, are bar-coded and are weighed and scanned when returned to the waste room.
2. At the waste room, waste is further separated into the various bins. Organic waste is sealed in drums with bokashi powder, which breaks down food waste.
3. Skip volumes are recorded through their pro-forma invoices presented upon collection.
4. In addition to this, WISP coordinates the records of waste removed by its various solution providers.

## What the Cape Wine client did

The client's involvement was crucial in that they requested two additional skips, one for PET/plastic bottles and one for glass. The skips were an essential part of the waste diversion process.

Due to the nature of the Cape Wine event, a large amount of glass and PET waste was expected. As such, separate and dedicated skips were provided for each material. The resultant diversion from landfill was excellent, with a 74.6% diversion rate for the event, as shown by the pie chart below. This

equates to over 10 metric tonnes of diverted waste, nearly three-quarters of which was glass and PET collected in the skips.

The use of separate skips for glass and PET was essential to the diversion of waste.

## Carbon footprint reduction

Based on the waste figures, the diversion not only reduces landfill volumes but also carbon footprint. Using a calculator developed by the consultancy firm The Green House, WISP was able to work out the amount of life cycle greenhouse gas savings associated with industrial symbiosis material exchanges. Emissions savings are calculated from user input and emissions factors drawn predominantly from "ecoinvent v3" (adapted in part for a South African context). Based on this calculator, the emissions savings are as follows: 2 743kg CO<sub>2</sub> equivalent.

## Conclusion: what we learned at Cape Wine

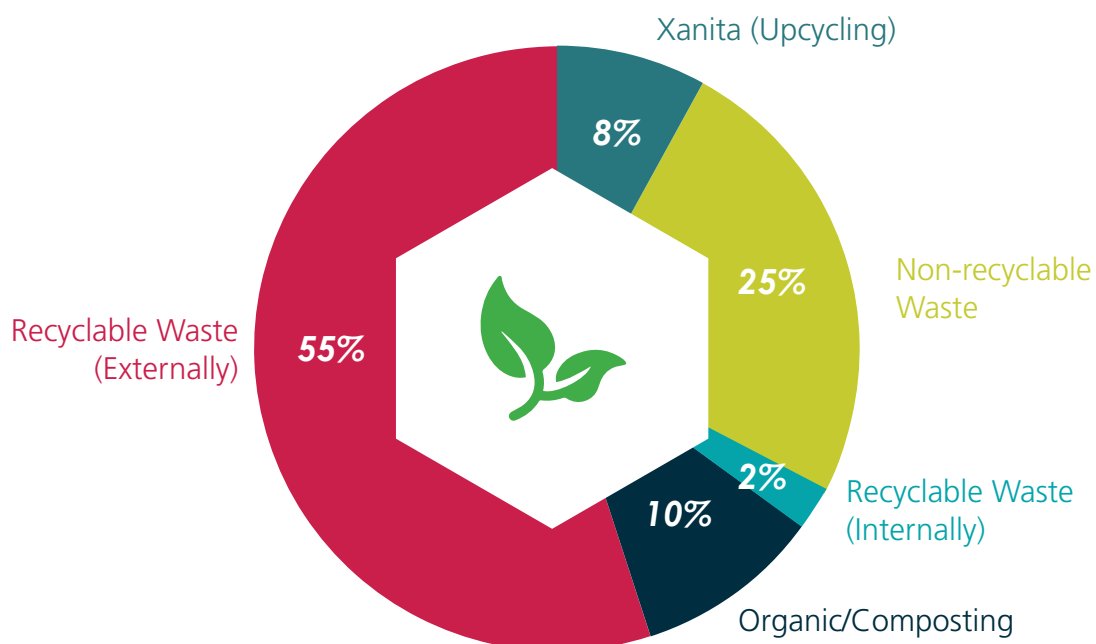
The above report provides a useful baseline regarding waste management at the Cape Wine (and, by association, similar wine events). Achieving a 75% diversion rate, the event was an example how client buy-in – particularly through the provision of additional skips – can assist in achieving environmental goals.

***"We are thrilled by this achievement. Intricate planning was needed to reach our sustainability targets, e.g. separating glass and paper waste, liaising with all the roleplayers, such as cork suppliers and stand manufacturers, to ensure our sustainability targets were met. Next time we will focus on offsetting the carbon footprint created by the significant air travel involved."***

**Julia Moore,**

Acting Communications Manager, Cape Wine

## Waste-to-landfill diversion





## ENVIRONMENTAL AWARENESS TAKES CENTRE STAGE AT CONSUMER GOODS FORUM'S GLOBAL SUMMIT



### 60th Global Summit of the Consumer Goods Forum

**Dates:** 15 – 17 June 2016

**Sector:** Retail

For its 60th anniversary, the Consumer Goods Forum's (CGF) Global Summit was hosted in Africa for the first time in its history. The CGF Global Summit brings together the CEOs from the world's most successful retailers, manufacturers and service providers to set the global agenda for the consumer goods sector.

Giants of the retail industry have made implementing socially and environmentally sustainable business solutions a priority. At the Summit, global brand names like Walmart, Tesco, PepsiCo and Nestlé, together with local consumer brands like Pick n Pay, discussed a range of international trends and case studies that support the forum's commitment to help preserve the earth and help people live better lives.

Striving for a more sustainable consumer goods industry is, in fact, one of the CGF's primary objectives. It has dedicated one of its strategic pillars to social and environmental sustainability, which includes the event management supply chain.

With regard to the 60th Global Summit itself, the CGF started implementing several concrete and measurable actions, in partnership with the CTICC, related to solid and food waste management, the use of sustainable products and the use of energy. Their commitment to sustainability is clear and their objective is to gradually green all CGF events around the world.

*"The Summit has been hosted all over the world and this was the first time it has been on the African continent. Thank you to you and your team for showcasing Cape Town, South Africa and Africa in such a positive way! Our team found it to be one of the most user-friendly venues that they have used in the past 30 years."*

**Gareth Ackerman,**  
Co-Chair of the CGF Board





*CTICC Executive Chef Warwick Thomas speaking at the Pepsico luncheon*

## How the CTICC partnered with the CGF to take sustainable action

### The CGF waste management commitment

The CGF commitment was to collect detailed data on solid and food waste, as well as overproduction of merchandising, and use it as a benchmark for future CGF events.

They further wished to ensure that all materials used in the exhibition area were recycled. This was supported by the CTICC's three-bin, colour-coded waste system, which operates in all areas of the CTICC.

The CGF also decided to serve plated food to delegates rather than offer a buffet service, as this significantly reduces the amount of food waste.

Finally, the CGF chose to donate packed and unprepared food to local community projects and served excess prepared food to the CTICC staff canteen.

### The CGF sustainable product commitment

The CGF's commitment is to source suitable venues for their meetings that are both practical and sustainable. At the CTICC they also coordinated the donation of stand materials

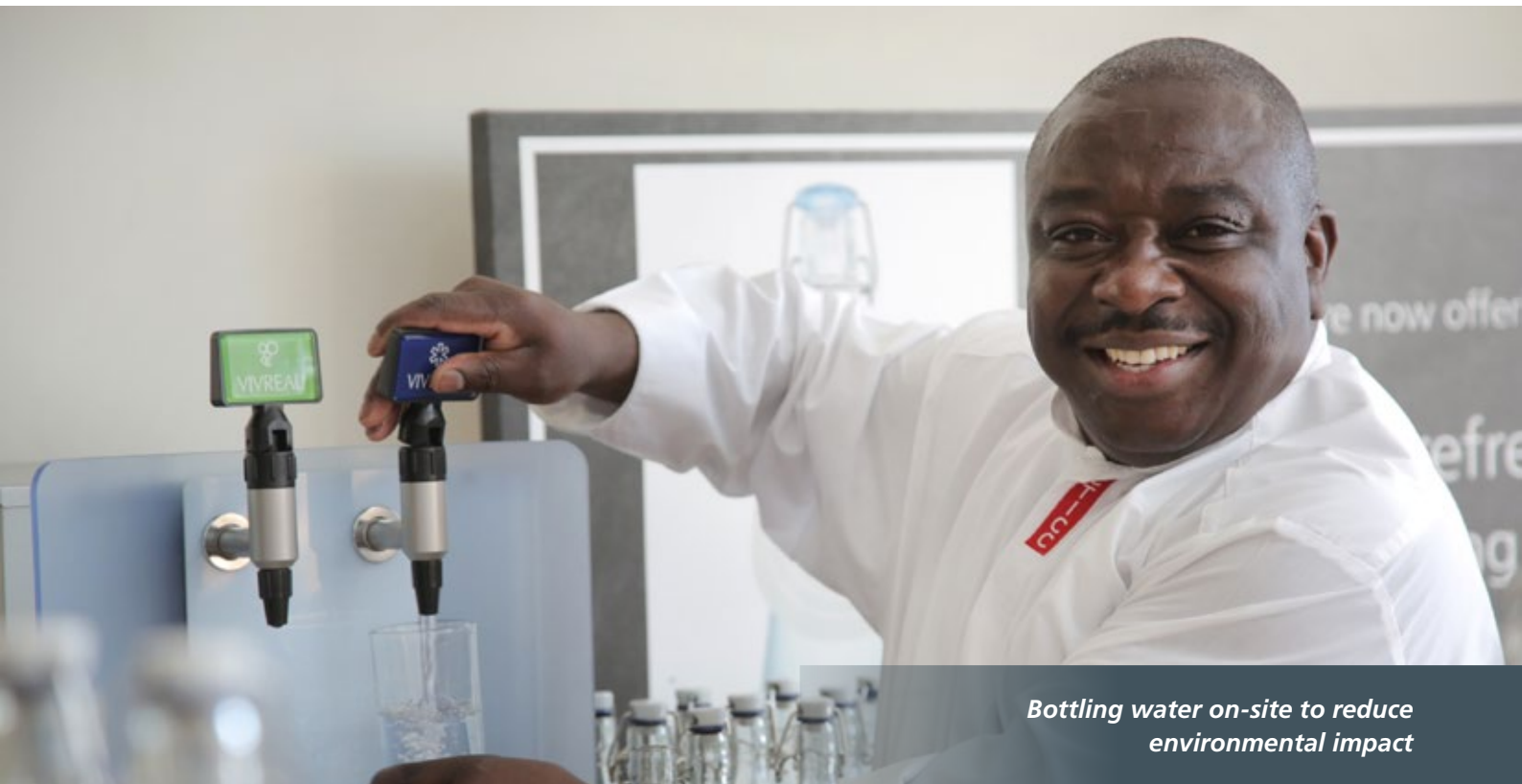
to local community projects, as well as ensuring all menus and materials used for the Zero Luncheon were recyclable (see below).

### Serving a "zero waste" feast

The Global Summit included several spin-off events hosted by CGF sponsors. In keeping with the sustainability focus, sponsor Pepsico hosted a "zero waste" luncheon on 16 June 2016. The CTICC catering team was eager to collaborate on this project to further their knowledge of sustainability practices.

The CTICC and CGF achieved the zero waste luncheon, which included Franschoek salmon trout belly as a starter, seared flank steak as main course and fruit pulp biscuit with a berry and chai compote as dessert, in a number of ways. Firstly, all compostable food waste was returned to the fresh food supplier, Moya we Khaya farm, to be composted, thus preventing any food waste. Secondly, the wine selection included a range of wine that benefits environmental sustainability and social development in farming communities. Thirdly, the table centrepieces were made from herbs and local fresh produce, which were then used for other events later that week. Fourthly, all materials used for the luncheon, such as bottles and cans, were recycled, and event equipment such as display counters and beverage stands were reused or shared to maximise their use. Finally, the CGF chose to have the luncheon menu printed on seed paper, which was then planted to provide fresh food for future CTICC events.





*Bottling water on-site to reduce environmental impact*

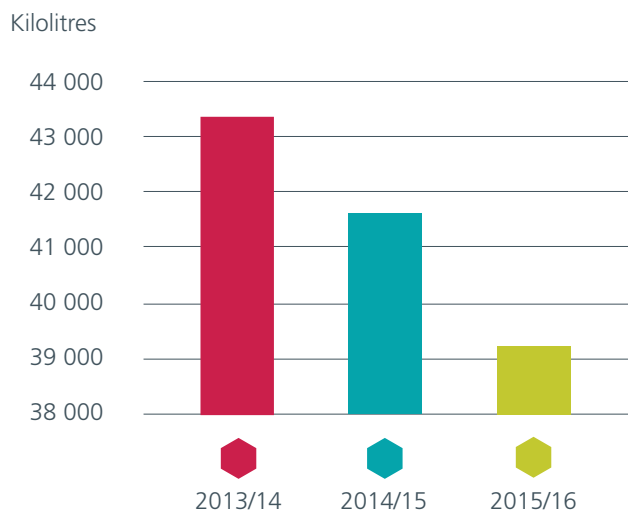
## CONTINUING TO SAVE WATER IN A DROUGHT-STRICKEN WORLD

The CTICC's water supply is provided by the City of Cape Town as part of its municipal water supply. During the period under review, the CTICC used a total of 39 388m<sup>3</sup>, representing a good further reduction of 5% over the previous year's usage.

Saving water is a particular concern in the Western Cape and, indeed, southern Africa as a whole. Drought has affected almost all the main agricultural areas in South Africa, reducing the availability of both potable and irrigation water. Crops have been affected and food prices have risen. Water restrictions are in place throughout the country, including the traditionally winter-wet Western Cape. In this scenario, it is incumbent on business to save as much water as we can. The graph below shows the CTICC's reduction record over the last three years.

As a result of its water-saving initiatives, the CTICC now uses 10 million litres less water per year than it had five years ago. This significant saving was achieved by replacing both bulk geysers in 2011 and, over the past financial year, concentrating on the following areas:

- We have reduced the toilet cistern water-holding capacity by 20% in all ablution facilities.
- All showerheads have been replaced with water-saving shower heads.
- All butterfly shut-down valves were replaced to reduce the water supply to the cooling towers by 20%.
- All water leaks are now treated as an emergency to minimise water consumption.
- We replaced the leaking and corroded main water supply.
- Water taps in public ablution areas were replaced with sensor taps to avoid water wastage.







*International Conference on Emergency  
Medicine (ICEM) 2016*



[illegible]

## Governance commitment

There is currently one vacancy on the Board, which is to be filled by a person nominated by SunWest International (Pty) Ltd.

Board meetings are held at least quarterly to review the company's performance against budgeted targets and more frequently if necessary. Board meetings are scheduled well in advance and Board members are provided with all relevant information to enable them to make informed decisions. A record is kept of each Director's attendance at Board and committee meetings. The Directors may seek professional advice on matters concerning the affairs of the company.

The company has an experienced and stable Board of Directors, which directs, governs and is in effective control of its business. The Board is ultimately responsible for determining the strategic direction of the company through the establishment of strategic objectives and policies. The company has a unitary Board structure, with twelve Non-executive Directors and two Executive Directors, being the Chief Executive Officer and Chief Financial Officer. The roles of Chairman and Chief Executive Officer are separated. The Chairman is a Non-executive Director. A Lead Independent Director has been appointed to act in situations where the Chairman of the Board may have a conflict of interest.

## Changes to the Board

Mr Taljaard retired by rotation at the previous annual general meeting of the company, held on 27 October 2015. Mr Cloete was appointed as a Director of the company on 27 October 2015. Mr Lundy resigned as a Director of the company on 31 March 2016. Messrs Vuyo Ntoi and Sandise Sibanda were appointed as Independent Non-executive Directors of the Board on 25 August 2016.



# DIRECTORATE AND ADMINISTRATION FOR THE YEAR ENDED 30 JUNE 2016

## Directors

### AM Boraine

Chairman  
Non-executive  
Appointed: 17/10/2006

### DA Cloete

Non-executive  
Appointed: 27/10/2015

### J Ellingson

Chief Executive Officer  
Appointed: 01/09/2014

### RSH Eksteen

Non-executive  
Appointed: 16/02/2014

### GM Fisher

Non-executive  
Appointed: 22/11/2011

### SW Fourie

Non-executive  
Appointed: 22/11/2014

### El Hamman CA(SA)

Lead Independent Director  
Non-executive  
Appointed: 20/04/2013

### BJ Lodewyk CA(SA)

Non-executive  
Appointed: 20/04/2013

### GJ Lundy

Non-executive  
Appointed: 20/04/2013  
Resigned: 31/03/2016

### AA Mahmood

Non-executive  
Appointed: 20/04/2013

### S Myburgh-De Gois

Non-executive  
Appointed: 16/02/2014

### F Parker CA(SA)

Chief Financial Officer  
Appointed: 16/10/2012

### HJ Taljaard

Non-executive  
Appointed: 05/07/1999  
Retired by rotation: 27/10/2015

## Board committees

### Audit and Risk Committee

BJ Lodewyk (Chairman)  
SW Fourie  
El Hamman  
AA Mahmood

### Human Resources and Remuneration Committee

DA Cloete (Chairman)  
AM Boraine  
BJ Lodewyk

### Nominations Committee

AM Boraine (Chairman)  
SW Fourie  
RSH Eksteen

### Social and Ethics Committee

El Hamman (Chairman)  
RSH Eksteen  
AA Mahmood  
J Ellingson

### CTICC Expansion Committee

AM Boraine (Chairman)  
GM Fisher (Vice-Chairman)  
DA Cloete  
S Myburgh-De Gois  
J Ellingson

## Administration

### Company registration number

1999/007837/30

### Registered office

Convention Square  
1 Lower Long Street  
Cape Town 8001  
PO Box 8120  
Roggebaai 8012

### Company Secretary

MM Thirion  
Appointed: 01/08/2006  
Resigned: 01/08/2016

### Auditors

Office of the Auditor-General  
Private Bag X1  
Chempet 7442

### Principal bankers

ABSA Bank Ltd  
PO Box 7735  
Johannesburg 2000





## Board compensation and performance

Remuneration of the Board of Directors, Executives and Senior Managers is aligned with the Municipal Finance Management Act (MFMA). The Cape Town City Council sets and revises the upper limits of remuneration for the Board, as well as the CEO and all staff reporting directly to her.

Bonuses are linked to performance and the Remuneration Committee determines the CEO's performance bonus. The management team (senior and middle management) receive performance bonuses in July, based on company performance, while the bonuses paid out in February each year are based on personal performance. Shareholders approve the policy for Directors' remuneration at every second AGM as required by the Companies Act.

## BOARD COMMITTEES

The Convenco Board committees operate in accordance with the terms of reference defined in their respective charters. Regular reports on the committees' activities are provided to the Board. The members of the committees are listed on page 86.

### Audit and Risk Committee

The Audit and Risk Committee is constituted as a statutory committee of the company in respect of its statutory duties in terms of section 94(7) of the Companies Act and as a committee of the Board in terms of all other duties assigned to it by the Board. The committee currently comprises four independent Non-executive Directors and one Non-executive Director appointed by one of the shareholders, all of whom are suitably skilled, competent and experienced. The CEO, CFO and other members of the company's Executive Management team attend meetings of the committee. Both the internal and

external auditors have access to the committee and are invited to attend committee meetings.

The committee exercises oversight of the internal financial controls of the company. It reviews the adequacy and effectiveness of: the financial reporting processes; accounting practices; management information systems; the system of internal controls; the management of financial, investment and operational risks; the internal and external audit processes; and compliance with laws and regulations. The committee makes submissions to the Board regarding accounting policies, financial control, records and reporting. As the company does not have a separate risk committee, the Audit and Risk Committee also oversees the risk management process and monitors the implementation of the CTICC's risk management plan and risk register, which is reviewed by the Board quarterly and approved annually. The committee meets at least quarterly. It met five times during the past financial year.

### Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee comprises three Non-executive Directors and meets at least four times for the purpose of reviewing annual salary increases, bonus incentives and the company's remuneration strategy. The committee's meetings are attended by the CEO, CFO and the Human Resources Manager of the company. It met five times during the past financial year.



## Convenco Board of Directors



*Andrew  
Boraine*

*Julie-May  
Ellingson*

*Ruwaida  
Eksteen*

*Gary  
Fisher*

*Deon  
Cloete*

### Nominations Committee

The Nominations Committee currently comprises three Non-executive Directors and is tasked with overseeing and making recommendations to the Board to ensure that:

- The Board has the appropriate composition to execute its duties effectively;
- Directors are appointed through a formal and transparent process;
- Ongoing induction, training, development and evaluation of Directors take place.

The committee met three times during the past financial year.

### Expansion Committee

The Expansion Committee has been mandated by the Board to oversee all aspects of the CTICC's expansion. The committee currently comprises the Chairperson of the Board, three Non-executive Directors and the Chief Executive Officer of the company. The previous Chairman of the company is the Vice-chairman of this committee. Members of the company's Executive Management team also attend meetings of the committee. The committee met seven times during the year under review.

### Social and Ethics Committee

The Social and Ethics Committee currently comprises three Non-executive Directors and the Chief Executive Officer. The committee's role is to monitor the company's activities, having regard to relevant legislation, other legal requirements and/or prevailing codes of best practice. The Social and Ethics Committee oversees matters related to social and economic development; good corporate citizenship; and the environment. Matters of health and public safety, including the impact of the company's activities, fall within the purview of the committee. In addition, it also monitors matters related to the company's products or services and consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws and labour and employment. Its role is also to draw matters within its mandate to the attention of the Board and to report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate. The committee is also tasked with monitoring and reporting on the company's approach and implementation of ethics management across the business.



## Convenco Board of Directors



**Ethel  
Hamman**

**Barry  
Lodewyk**

**Sharon  
Myburgh-De Gois**

**Aklaaq  
Mahmood**

**Fairoza  
Parker**

**Solly  
Fourie**

## Details of Convenco Board composition

Independence	Surname	First Name	Date of Appointment	Female	Male	African	Coloured	Indian	White	20 – 30	31 – 40	41 – 50	Above 50
(*)	Boraine	Andrew Micheal	17 Oct 2006		•				•				•
(*)	Cloete	Deon Anton	27 Oct 2015		•				•				•
(*)	Eksteen	Ruwaida Suzette Heidi	16 Feb 2014	•			•				•		
#	Ellingson	Julie-May	01 Sep 2014	•					•			•	
**	Fisher	Gary Morton	22 Nov 2011		•				•			•	
**	Fourie	Solly William	22 Nov 2011		•		•						•
*	Hamman	Ethel Irene	20 Apr 2013	•			•					•	
*	Lodewyk	Barry Joseph	20 Apr 2013		•		•					•	
*	Mahmood	Aklaaq Ahmed	20 Apr 2013		•			•					•
(*)	Myburgh-De Gois	Sharon	16 Feb 2014	•					•				•
#	Parker	Fairoza	16 Oct 2012	•				•				•	
Total				5	6		4	2	5		1	5	5

\* Independent non-executive

(\*) Independent non-executive appointed by the City of Cape Town

# Executive

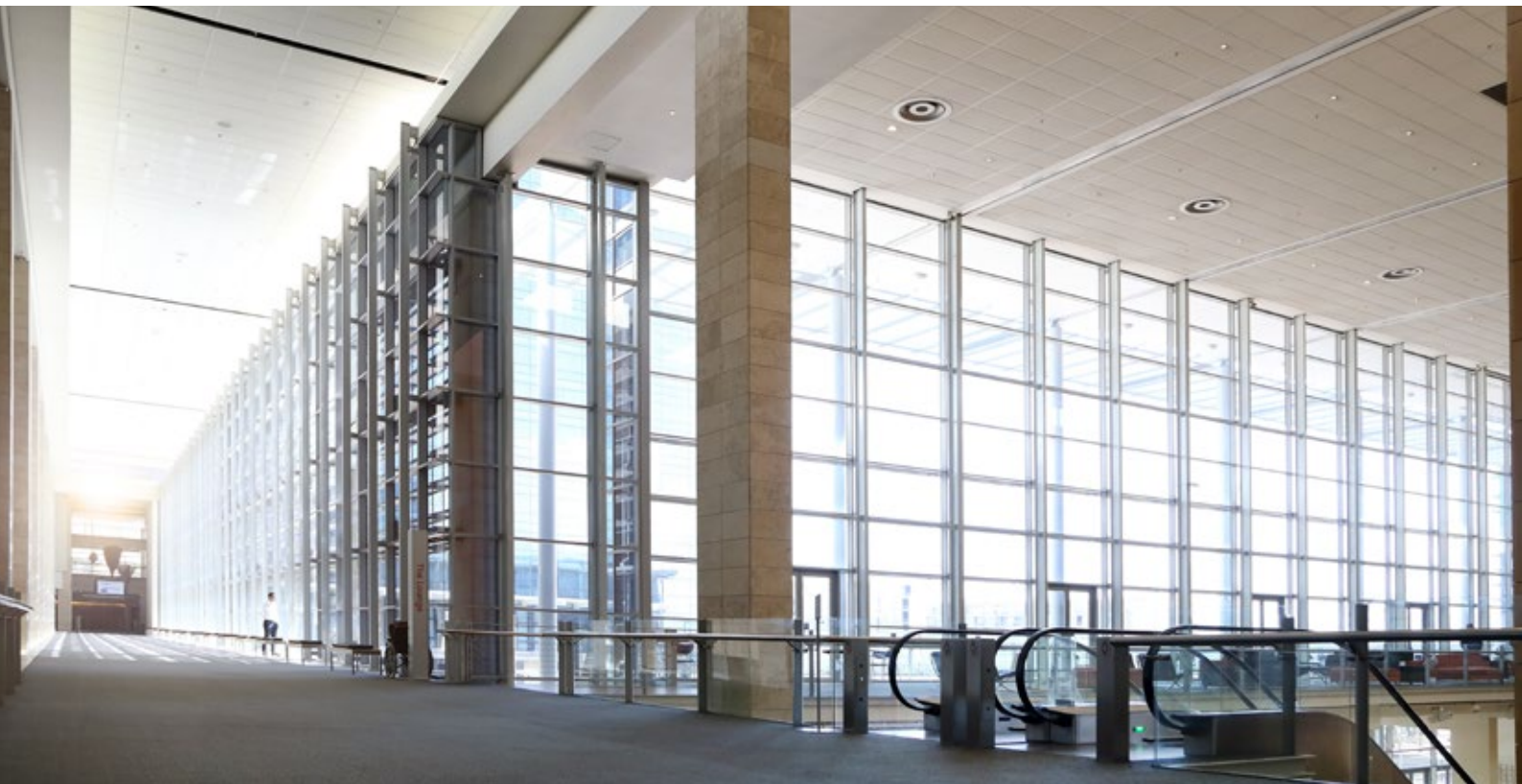
\*\* Independent non-executive appointed by the Western Cape Government

## Convenco Board retirements and resignations

Independence	Surname	First Name	Date of Appointment	Date of Retirement/Resignation
*	Taljaard	Henning Jeremias	5 July 1999	27 October 2015 (retired)
*	Lundy	Guy	20 April 2 013	31 March 2016 (resigned)

\* Independent non-executive





## Details of Directors' meeting attendance 1 July 2015 – 30 June 2016

Name of Director	Board	Audit and Risk Committee	HR and Remuneration Committee	Nominations Committee	Social and Ethics Committee	Expansion Committee
<b>Total number of meetings</b>	<b>8</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>6</b>
AM Boraine	8		4	3		6
DA Cloete	4		2			3
RSH Eksteen	6			3	3	
J Ellingson	8	(5)	(5)	(3)	3	6
GM Fisher	7					2
SW Fourie	8	2		1		
EI Hamman	7	4			3	
BJ Lodewyk	7	5	5			
GJ Lundy	4		4			1
AA Mahmood	7	3			3	
S Myburgh-De Gois	7					5
F Parker	4	(5)	(4)			(2)
HJ Taljaard	2		1			2

() Attended meeting in a capacity other than as a committee member





## COMPLIANCE, GOOD GOVERNANCE AND RISK MANAGEMENT



*Audit and Risk Committee*

### Company Secretary

The Company Secretary ensures that, in accordance with pertinent laws, the proceedings and affairs of the directorate and, where appropriate, members of the company are properly administered. The Directors have access to the Company Secretary and can seek her advice on Board and governance matters. The Company Secretary is also the Secretary to all the committees of the Board.

### Precautionary principle approach to risk

The Board places a strong emphasis on proactive risk management within the company and the Audit and Risk Committee is responsible for monitoring the management

of risk. The precautionary principle is used as a tool when making decisions that might pose a risk to the organisation. The objective of this principle is to prevent harm from the outset, rather than managing it after it has happened. The CTICC has, for example, taken a tough stance on ensuring that the expansion of the centre meets best practice environmental standards, with clear monitoring systems in place. There is a separate risk register for the CTICC East expansion, which is closely monitored by the Expansion Committee.





*Client Year end Function 2015*

## STAKEHOLDER ENGAGEMENT REVIEW

As a significant roleplayer both in the leisure and business tourism sector internationally, the CTICC engages with a number of different shareholders, as identified in the About the CTICC section in this report. The list of key stakeholders follows in the table below.

**10**

**Stakeholder engagements held for the year under review**

### Our stakeholders and their role in our world

List of Stakeholder Groups	Basis for identification and selection of stakeholders
City of Cape Town	Primary shareholder and investor. Important to the governance of the CTICC.
Western Cape Government	Second largest shareholder and investor. Important to the governance of the CTICC.
Clients: Professional conference, exhibition and event organisers	Vital to the financial sustainability of the CTICC.
CTICC staff	Fundamental to the longevity, sustainability and reputation of the CTICC.
Service partners	Important to effective delivery on organisational goals/KPIs.
Local community partners: Abalimi Bezekhaya, Foundation for Alcohol Related Research (FARR), the Haven Night Shelter and Mitchell's Plain School of Skills	Established partnerships since 2011 to strengthen community ties and offer ongoing support to the valuable work of the organisations.
Cape Town Convention Bureau	Business unit within the official Destination Marketing, Investment and Trade Promotion Agency for the Western Cape (Wesgro). A strategic alliance that assists in attracting bids for international conferences to the CTICC and Cape Town.
Tourism industry stakeholders	Raise the tourism profile of the city and region. Collaborating in order to position the CTICC and the region at top of mind.
Media	Partner in raising awareness about the CTICC. Primary target audience for reputation management strategy.





**Women's Day Event 2015**

## How we engage with our stakeholders

In order to encourage stakeholder interaction, various stakeholder events are hosted throughout the year. These include the regular CTICC Board meetings, the annual general meeting and social stakeholder events. These platforms encourage face-to-face communication and are an ideal way of receiving first-hand feedback from stakeholders. Specific stakeholder engagement initiatives include:

- A variety of events hosted throughout the year to which clients are invited and at which they are able to provide direct feedback and input to the centre;
- At least four staff meetings per year with the specific aim of encouraging direct communication and feedback, supported by additional events and internal communication platforms such as the CTICC intranet, staff emails, staff newsletters, KPA meetings, notice boards;
- A series of stakeholder and client events to which industry roleplayers, media and suppliers were invited to engage with the CTICC as demonstrated on pages 95 to 97;
- Comprehensive 'product and service' feedback sessions as part of thorough client de-briefing sessions after each key event;
- Monthly client surveys conducted by an independent third party supplier;
- Extensive social media interaction with 18 869 Facebook members and 5 634 Twitter followers. These social media platforms are extensively used for two-way stakeholder communication.

An additional focus area is our membership of both local and international trade forums, which helps us to position the CTICC as a global player in the conventions and events sector (a full list of our membership is included in the About the CTICC section of this report). CTICC staff members are particularly active in these associations and their contribution helps promote and strengthen the industry both nationally and internationally. Notably, the CEO is the first African representative to be voted onto the Board of the International Association of Congress Centres (AIPC). The CTICC's Business Development Manager: National serves on the Board of the Exhibition Association of South Africa (EXSA). In addition, a CTICC Event Executive serves on the South Africa Association for the Conference Industry (SAACI) Western Cape Committee.



**18 869**  
**Facebook Members**



**5 634**  
**Twitter Followers**

*Social media data as at June 2016*



## Growth through local partnerships

One of the cornerstones of our sustainable success is our commitment to collaborating with local tourism and eventing organisations, not only to enhance our own position, but also to grow and develop the entire industry. These partner organisations include, but are not limited to, the following:

- **Cape Town & Western Cape Convention Bureau:** a strategic business unit of Wesgro, this organisation works to promote Cape Town and the Western Cape as a premier destination for meetings, incentives, conferences, events, exhibitions and trade fairs.
- **Event organisers:** Professional Conference Organisers (PCOs) and exhibition organisers are our key clients. We work closely with these stakeholders to constantly refine and enhance our offering in line with their requirements and expectations.
- **The film and media industry:** Cape Town is an appealing international filming and photography destination. The CTICC is a sought-after location for these shoots and we make every effort to promote our centre and the city to the global media industry.
- **The South African National Convention Bureau (SANCB):** SANCB plays a vital role in positioning South Africa as a world-class international meetings and events destination.

## Employee engagement and labour practices

Employees are able to raise any concerns relating to Conditions of Employment, Employment Equity and Skills Development with their line managers. The CTICC also has an Employee Relations Forum (ERF) in place, with six staff nominated ERF representatives who take a collective approach to resolve employee relations matters. Concerns can be raised through the HR department directly or via this ERF.

Fair labour practices and human rights principles are implemented at the CTICC and have also been included into the procurement of contractors and sub-contractors as outlined in the section on procurement practices. This includes protection against child, forced and compulsory labour.

The CTICC does not have employees who are covered by a collective bargaining agreement. They do however operate within a unionised environment with 21 employees (13.9%) belonging to the South African Commercial, Catering and Allied Workers Union (SACCAWU).

## Keeping in touch with our stakeholders

The following mechanisms are in place for shareholders, employees, clients and other stakeholders to provide recommendations or direction to the highest governance body (the CTICC Board):

- Clients: CTICC customer survey index (CSI)
- Employees: Employment relations forum (ERF) and CEO open door policy
- Shareholders: Strongly encouraged to attend AGM and press conference
- Media and other stakeholders: Free to attend AGM and press conference.



**CAPE TOWN  
& WESTERN CAPE  
CONVENTION BUREAU**  
a division of **WESGRO**

## A strategic alliance

Positioning the CTICC as a leading conference destination, especially in the international association event segment, requires strong partnerships and cross-industry collaboration.

We consider our work with the Cape Town & Western Cape Convention Bureau as a strategic alliance in securing international congresses and association events. The Bureau is a business unit within Wesgro – Cape Town and the Western Cape's official tourism, trade and investment promotion agency.

The Bureau is instrumental in building the reputation of Cape Town and the Western Cape as a premier business events destination and offers pre- and post-bid assistance, convention planning support and event services to business event planners.

Indeed, as a result of our collaboration, we have managed to secure prominent international association conferences for the CTICC and Cape Town, not to mention Africa.

As partners, we were proud to announce in September 2015 that the World Ophthalmology Congress will be held in Africa for the first time in 2020. This congress will bring approximately 15 000 delegates to our centre, our city and our region. The conference is one of the world's largest medical meetings and will be the biggest ever hosted at the CTICC and will occupy both CTICC West and East.

During the financial year, we also successfully hosted the 46th Union World Conference on Lung Health (featured in the event case studies section of this report). The Bureau was responsible for submitting the successful bid to host the conference.

Truly, a highly valued partnership in securing high-value conferences.



## SIGNIFICANT CLIENT STAKEHOLDER ENGAGEMENTS IN THE YEAR UNDER REVIEW



August 2015

### ***International Ophthalmology Association Chef's Table***

To showcase our offering, CTICC Executive Management hosted a chef's table for the Chief Executive Officer and Director of Meetings of the International Ophthalmology Association and the local organising committee of the World Ophthalmology Congress, which will be hosted at the CTICC in June 2020. 15 000 delegates are expected.



October 2015

### ***Chef's Table for corporate clients***

The national sales team hosted a tasting for corporate clients with Executive Chef Warwick Thomas and his team.

February 2016

### ***Société Internationale de Chirurgie Orthopédique et de Traumatologie (SICOT) Chef's Table***

SICOT is an international non-profit association that promotes the advancement of science and the art of orthopaedics. The CTICC hosted a chef's table with the International Secretariat and local president. SICOT will take place at the CTICC from 28 November to 2 December 2017.





February 2016

### ***Meetings Africa client relationship management event***

CTICC Executive Management hosted a client relationship management event with the client responsible for the 17th Annual Conference of the Board of Healthcare Funders of Southern Africa.

April 2016

### ***Jazz Festival Client Engagement Sessions***

The CTICC hosted stakeholders and top clients during the Cape Town International Jazz Festival to thank them for their valuable contribution to the CTICC as well as showcasing the CTICC product offering.



April 2016

### ***IMEX International Associations business event***

In partnership with four other convention centres, CTICC Executive Management hosted 22 international association and meeting planner clients during a business event at the annual IMEX tradeshow in Frankfurt, Germany.

May 2016

### ***International Society for Microbial Ecology (ISME) Chef's Table***

The International Society for Microbial Ecology is the principle non-profit scientific society for the burgeoning field of microbial ecology and related disciplines. The CTICC hosted a chef's table with the ISME Executive Board.





May 2016

### ***Joint Assembly (IAPSA, IAMAS, AIGA) Chef's Table***

The CTICC hosted a chef's table for the local organising committee of the International Association of Meteorology and Atmospheric Sciences, the International Association for the Physical Sciences of the Ocean and the International Association of Geomagnetism and Aeronomy.



May 2016

### ***ICCA Client-Supplier Workshop***

Megan Arendse, GM: Commercial & Business Development attended the International Congress and Convention Association client-supplier workshop in Cancun, Mexico. The CTICC qualified to take its client, Catherine Draper from the International Society for Behavioural Nutrition and Physical Activity Association, to the workshop.



June 2016

### ***Global Exhibitions Day***

The CTICC participated in the inaugural Global Exhibitions Day event launched by UFI (the Global Association of the Exhibitions Industry of which the CTICC is a member).







*Artist's impression of CTICC East interior*



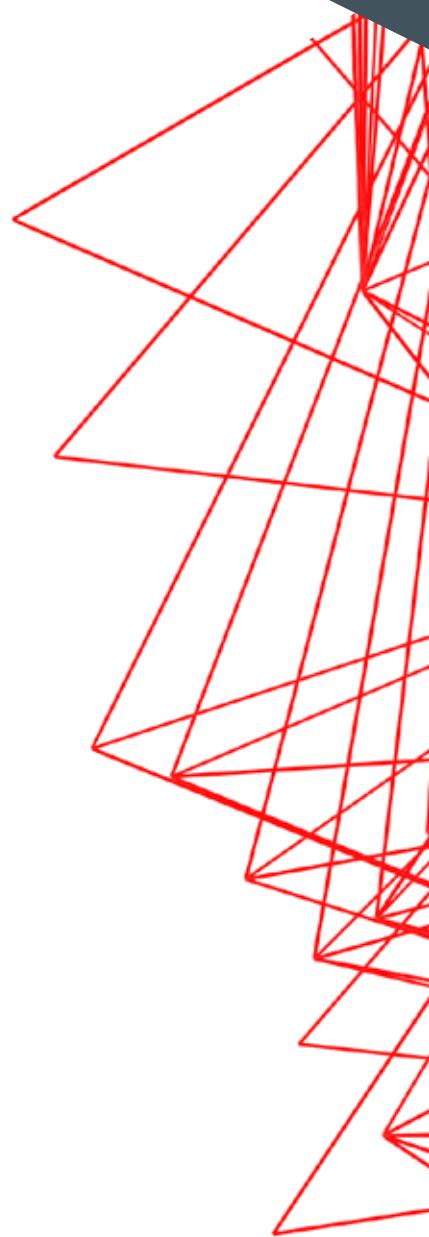
# OUTLOOK: EMBRACING A GLOBAL FUTURE

## A HEALTHY FORWARD BOOK: A LOOK INTO THE FUTURE

The global events environment is highly competitive and increasingly so each year as an ever-growing number of convention centres and event providers open for business all over the world. We work constantly and diligently to position ourselves in this tough environment. And although we may be fortunate in our location at the popular southern tip of Africa, we cannot afford to be complacent. A vital tool in our quest for long-term business sustainability is our ability to populate a healthy forward book, which we manage to do primarily by winning bids and tenders for large international association conferences.

The CTICC expansion will be open for business during 2017 and we have seen keen interest in our expanded facilities and services from prospective national and international clients. We have already won our first international bid in this regard, and will host the World Ophthalmology Conference in 2020. This event will see both CTICC West and East simultaneously occupied by 15 000 delegates, which simply would have been beyond our capacity before.

During the year under review, we built on our established success, securing international association meetings and at the time of reporting there are 23 international congresses secured.





Our forward book is growing into our expanded offering

## International bids awarded up to 2022

Start Date	End Date	Description	Forecast Attendance
27/11/16	02/12/16	International Conference of Drug Regulatory Authorities (ICDRA) 2016	500
05/07/17	08/07/17	Mid-Year Meeting of the International Neuropsychological Society (INS) 2017	500
28/08/17	02/09/17	Joint Assembly Cape Town 2017 (IAPSO – IAMAS – IAGA) 2017	1 300
03/09/17	06/09/17	International Heavy Haul Railway Conference (IHHA) 2017	1 000
10/09/17	16/09/17	International Cochrane Colloquium Global Evidence Summit 2017	1 000
30/09/17	02/10/17	International Round Square Conference (RSIC) 2017	1 500
07/03/18	11/03/18	World Conference on Tobacco or Health (WCTOH) 2018	3 000
23/05/18	26/05/18	Congress of the World Federation of Occupational Therapists (WFOT) 2018	2 500
02/07/18	06/07/18	International Congress of Linguists (ICL) 2018	1 000
05/09/18	08/09/18	Congress of the Liga Medicorum Homoeopathica Internationalis (LMHI) 2018	1 000
17/09/18	19/09/18	Conference of the International Society for Trenchless Technology – NO DIG (ISTT) 2018	150
19/10/18	22/10/18	World Congress of Internal Medicine (WCIM) 2018	6 000
28/10/18	01/11/18	World Congress of Audiology (WCA) 2018	1 500
01/12/18	05/12/18	International Congress of Endocrinology (ICE) 2018	5 500
18/03/19	19/03/19	INSOL International Annual Regional Conference 2019	500
03/09/19	06/09/19	African Regional Conference of the International Society for Soil Mechanics and Geotechnical Engineering (ISSMGE) 2019	300
27/05/20	30/05/20	World Congress of Neurorehabilitation 2020	2 000
06/06/20	11/06/20	ISF World Seed Congress 2020	1 500
26/06/20	30/06/20	World Ophthalmology Congress (WOC) 2020	15 000
16/09/20	19/09/20	International Congress of Dietetics (ICD) 2020	1 500
01/03/21	13/03/21	International Congress of Human Genetics (ICHG) 2021	7 000
08/08/22	12/08/22	International Heat Transfer Conference (IHTC) 2021	1 200
09/10/22	13/10/22	Congress of the International Fiscal Association (IFA) 2022	2 000





## SEEKING SECTORS OF FUTURE GROWTH

We see potential for growth in a number of sectors, African and global – most notably agro-processing, energy, technology, tourism and healthcare. These hold great value for Africa and we wish to partner with our stakeholders in concretising that promise.

Finally, we are of course looking at new and, in particular, repeat clients and we are promoting the potential of CTICC East and West to them. Already events such as the Cape Town International Jazz Festival and AfricaCom have expressed keen interest in our expanded offering.

## INNOVATING FOR THE FUTURE

We believe technology and sustainability hold the joint keys to the future, the one ably assisting the other to be realised. As an example, the CTICC East expansion will have a fully integrated state-of-the-art building management system (BMS)

that will allow us effective control over utility use, harnessing technology to save costs and resources. Essentially, CTICC East will be a very smart building and an altogether more extraordinary client experience in every way.

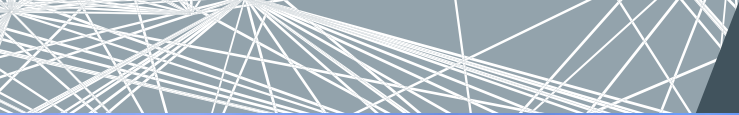
We are also constantly following and adapting food and beverage trends in our extensive catering offering. As food trends evolve, our clients demand innovative and delicious catering concepts to enhance their events. This needs to be balanced, of course, by sourcing in a sustainable way and we love the creative challenge this brings with it.

In addition, we are convinced our ongoing investment in the training and development of our own people and communities will pay further dividends. Finally, we seek to expand our already loyal client base via a greater connection with our rising continent and the ever-changing world beyond. This is our promise going into 2017, when our expansion comes on stream, we wish to:

**Extend our reach, embrace Africa and welcome the world.**









# ANNUAL FINANCIAL STATEMENTS



## Contents

The reports and statements set out below comprise the annual financial statements presented to members:

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## DIRECTORS' RESPONSIBILITY STATEMENT

### for the year ended 30 June 2016

The Directors are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements of the Cape Town International Convention Centre Company SOC Ltd (RF). The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations of such Statements issued by the Accounting Standards Board, the Municipal Finance Management Act of South Africa, 2003 and the Companies Act of South Africa. The financial statements are based on appropriate accounting policies, consistently applied.

The Directors are also responsible for the company's systems of internal financial control. These control procedures are designed to provide reasonable, but not absolute, assurance about the reliability of the financial statements, that assets are safeguarded and to prevent and detect losses. The Directors are not aware of any significant breakdown in the functioning of these measures, procedures and systems during the year under review.

The going concern basis has been adopted in preparing the financial statements. The Directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts and available cash and finance resources.

The financial statements have been audited by the Auditor-General of South Africa, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, Board of Directors and committees of the Board. The Directors are of the opinion that all representations made to the independent auditors during the audit are valid and appropriate. The responsibility of the external auditors is to express an opinion on the financial statements in accordance with the accounting framework.

#### Approval of the annual financial statements

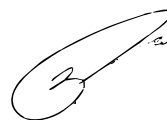
The annual financial statements which appear on pages 115 to 145 were approved by the Board of Directors on 25 August 2016 and are signed on their behalf by:



Authorised Director  
25 August 2016



Authorised Director  
25 August 2016



Authorised Director  
25 August 2016



# REPORT OF THE DIRECTORS

## for the year ended 30 June 2016

The Directors have pleasure in presenting their report for the year ended 30 June 2016.

### 1. General review

The company's business and operations and the results thereof are clearly reflected in the attached financial statements.

### 2. Dividends

No dividends were declared or recommended during the year.

### 3. Share capital

There were no changes in the authorised share capital. There were changes to the issued share capital of the company during the period under review. Refer to note 7.

### 4. Events subsequent to year-end

Further tranches of shares in the company will be issued to the shareholders on pre-agreed dates in terms of the accepted share offer letter. The shares are issued in return for cash to fund the planned expansion of the CTICC.

### 5. Directors

The Directors of the company during the year under review and at the date of this report were:

AM Boraine (Chairman)

J Ellingson (CEO)

GM Fisher

F Parker (CFO)

S Myburgh-De Gois

RSH Eksteen

SW Fourie

El Hamman

BJ Lodewyk

AA Mahmood

DA Cloete – Appointed on 27 October 2015

GJ Lundy – Resigned on 31 March 2016

HJ Taljaard – Retired by rotation on 27 October 2015

### 6. Auditors

The Auditor-General of South Africa was reappointed as auditor in terms of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).

### 7. Shareholding

The City of Cape Town owns 67.8% of the company's shares. The remaining shares are held by the Provincial Government of the Western Cape (25.3%) and SunWest International (Pty) Ltd (6.9%).

### 8. Subsidiary

The company has only one subsidiary, the Cape Town International Convention Centre Operating Company Ltd (OPCO). OPCO is in the process of being deregistered.

Consolidated financial statements have not been prepared as OPCO is dormant and is not considered material.



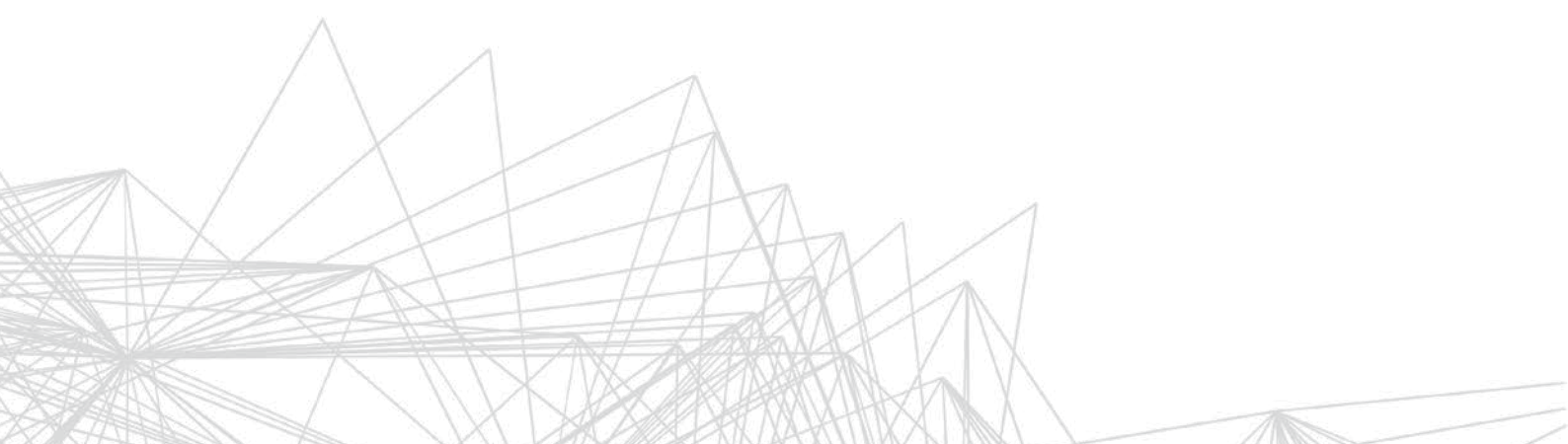
## COMPANY SECRETARY'S CERTIFICATE for the year ended 30 June 2016

In terms of Section 88(2)(e) of the Companies Act, 71 of 2008 ("the Act"), I certify that the company has lodged with the Companies and Intellectual Property Commission, all returns and notices as required by the Act in respect of the financial year ended 30 June 2016, and that all such returns and notices are true, correct and up to date.



**MM Thirion FCIS**  
Company Secretary

1 August 2016





# REPORT OF THE AUDIT AND RISK COMMITTEE

## for the year ended 30 June 2016

The Audit and Risk Committee ("the committee") submits its report in respect of the financial year ended 30 June 2016 as required by section 94 of the Companies Act, 71 of 2008.

### Audit and Risk Committee mandate

The committee is governed by formal terms of reference, which have been approved by the Board and which are regularly reviewed. It fulfils its responsibilities in terms of the Companies Act, 71 of 2008, the Municipal Finance Management Act, 56 of 2003 (MFMA), and its terms of reference. The committee has an independent role with accountability to both the Board and the shareholders. It does not assume the functions of management, which remain the responsibility of the Executive Directors, officers and other members of management. The committee acts in an advisory and oversight capacity; it does not relieve management of its responsibilities but makes objective and independent recommendations.

### Composition of the committee

The committee currently comprises four Non-executive Directors with appropriate qualifications and experience, nominated by the Board and appointed by the Council of the City of Cape Town.

<b>Name of committee member</b>	<b>Qualifications</b>
BJ Lodewyk (Chairman)	B.Com (Acc.); Hons B. Compt; CA (SA)
SW Fourie	B.Com (Econ); Hons, MBus. Admin.
El Hamman	B.Com (Acc.); PGDA; CA(SA)
AA Mahmood	B.Com; MBA

### Attendance at meetings

The committee meets at least four times a year and its meetings are attended by the Chief Executive Officer, Chief Financial Officer, other Executive Managers of the company and representatives of the internal and external auditors. A quorum for meetings is 50% of the members present. The committee met five times during the period under review. Refer to page 90 for the attendance at meetings of the committee.

### Key responsibilities of the committee

The legal responsibilities of the committee are set forth in the Companies Act, 71 of 2008, and the Municipal Finance Management Act, 56 of 2003.

The committee:

- exercises oversight of the internal financial controls of the company;
- makes submissions to the Board of Directors, and advises the Board, the accounting officer and the management of the company on matters relating to internal financial control and internal audit; risk management; accounting

policies; the adequacy, reliability and accuracy of financial reporting and information; performance management and evaluation; effective governance, compliance with the MFMA and other applicable legislation and any other matters referred to it by the Board;

- ensures that the combined assurance received is appropriate to address all the significant risks facing the company; and monitors the relationship between the external assurance providers and the company;
- oversees and reviews the expertise, resources and experience of the company's finance function;
- oversees the internal audit function, which is outsourced and which reports directly to the Audit and Risk Committee; reviews and approves the internal audit plan, and monitors the effectiveness of the internal audit function in terms of its scope of work, progress with execution of the internal audit plan and independence;
- expresses a view on the effectiveness of the internal control environment by monitoring internal controls for effectiveness;
- oversees the external audit process and approves the terms of engagement and remuneration of the external auditors and reviews the effectiveness of the external audit process. Any significant issues arising from the audit are brought to the committee's attention;
- assists the Board in ensuring that the company has implemented an effective policy and plan for risk management, which will enhance the company's ability to achieve its strategic objectives;
- forms an integral part of the risk management process and specifically oversees financial reporting risks, internal financial controls, fraud risk in relation to financial reporting, and information technology risks as they relate to financial reporting;
- oversees the development and annual review of the company's risk management action plan and ensures that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- monitors implementation of the risk management action plan and ensures that risk management assessments are performed on a continuous basis and reports to the Board in this regard;
- makes recommendations to the Board concerning levels of tolerance and risk appetite; and
- performs such additional oversight functions as may be determined by the Board from time to time.

### Discharge of responsibilities

The committee has a detailed work plan, which is formally adopted to support its effective functioning during the year. The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its terms of reference and that it has complied with all its legal, regulatory and other requirements.



# REPORT OF THE AUDIT AND RISK COMMITTEE

## for the year ended 30 June 2016 (continued)

### Internal control

The committee has, during the period under review:

- satisfied itself that the Chief Financial Officer has the appropriate expertise and experience to act in this capacity;
- reviewed the expertise, resources and adequacy of the company's finance function and found it to be adequate;
- reviewed the quarterly and annual financial results and performance information and reporting to ensure proper and complete disclosure of timely, reliable and consistent information;
- evaluated on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with Standards of Generally Recognised Accounting Practice (GRAP) and overall accounting standards as well as any changes thereto;
- discussed and resolved any significant or unusual accounting issues;
- reviewed and monitored the effectiveness, efficiency and the management as well as reporting of tax-related matters;
- reviewed the effectiveness of the company's system of internal financial controls including receiving assurance from management, internal audit and external audit;
- reviewed relevant company procedures for the prevention and detection of fraud;
- reviewed and made recommendations to the relevant company policies;
- reviewed the significant issues raised by the internal and external auditors;
- had oversight of IT governance; and
- exercised oversight of the financial aspects of capital projects including the CTICC East expansion.

The committee has extensively reviewed quarterly financial and performance reporting together with findings from the Auditor-General and internal audit. These findings have been discussed with management. Based on the processes and assurances obtained, the committee believes that the significant internal financial controls are generally effective and that accounting practices are appropriate.

### Risk management

The committee has, during the period under review:

- exercised oversight in respect of the enterprise risk management function, which remains management's responsibility;
- exercised oversight of a process, facilitated by the internal auditors, in terms of which management has assessed

the effectiveness of the company's system of internal control and risk management, including internal financial controls;

- monitored implementation of the company's risk management action plan and made recommendations regarding the improvement thereof and reporting thereon.

### Internal audit

The committee has, during the period under review:

- ensured that the company's internal audit function was independent and that it had the necessary resources and standing to enable it to discharge its duties;
- reviewed and approved the internal audit plan in terms of its scope and coverage and monitored progress with the execution thereof;
- monitored the effectiveness and independence of the internal audit function;
- exercised oversight of the co-operation between the internal and external auditors and served as a link between the Board and these functions.

### External audit

The committee is satisfied that the external auditors were independent of the company.

The committee had considered the fees to be paid to the auditors as well as their terms of engagement, and found it to be acceptable.

### Annual financial statements and conclusion

The committee has reviewed the year-end financial statements and Integrated Annual Report and is satisfied with its integrity. The committee recommended approval thereof to the Board. The financial statements are prepared in accordance with the basis of accounting determined by the National Treasury as set out in accounting policy note 1 and in the manner required by the MFMA. The committee has reviewed the external auditor's management letter and management's response thereto.

The Board has subsequently approved the integrated report, which will be open for discussion at the upcoming annual general meeting.

The committee is confident of the combined assurance approach with the continued support of the Board, shareholders and key stakeholders in the new financial year.

**BJ Lodewyk CA(SA)**

Audit and Risk Committee Chairman

25 August 2016



# REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

## for the year ended 30 June 2016

This report is presented by the Human Resources and Remuneration Committee ("the committee") and describes how the committee has discharged its duties in respect of the financial year ended 30 June 2016.

### Mandate of the committee

The committee is governed by formal terms of reference, which have been approved by the Board and which are regularly reviewed. The committee has an independent oversight and advisory role. A detailed work plan was formally adopted to ensure the effective functioning of the committee. The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its terms of reference and that it has complied with all its legal, regulatory and other responsibilities.

### Composition of the committee

The committee currently comprises three independent Non-executive Directors of the company and there is currently one vacancy. The Executive Directors and certain members of the company's Executive Management team also attend committee meetings. A quorum for meetings is 50% of the members present.

Mr HJ Taljaard, the previous chairman of this committee, retired by rotation at the Annual General Meeting of the company on 27 October 2015. He was replaced as chairman of this committee by Mr GJ Lundy on 27 October 2015. I, Deon Cloete, was appointed as chairman of this committee following Mr Lundy's resignation on 31 March 2016.

### Attendance at meetings

The committee met five times during the period under review. Details of Directors' attendance at meetings appear on page 90 of this report.

### Key responsibilities of the committee

The committee:

- assists the Board in ensuring that the company remunerates its Directors and Executives fairly and responsibly and that the disclosure of remuneration is accurate, complete and transparent and in accordance with the laws and regulations applicable to the company;
- monitors the administration of remuneration at all levels in the company;
- oversees the establishment of a remuneration strategy, which promotes the achievement of the company's strategic objectives and encourages individual performance;
- evaluates the performance of the Chief Executive Officer in determining her remuneration; and
- exercises oversight of matters related to human resource management and succession planning.

### Discharge of responsibilities

During the year under review the committee:

- exercised oversight over salary increases;
- reviewed various company policies;
- set, in conjunction with the CEO, her key performance indicators (KPIs) and carried out the necessary review of performance against the set KPIs;
- had oversight of the company's employment equity reporting; and
- exercised oversight of matters related to human resource management and succession planning.

### Remuneration strategy and policy

The company's remuneration strategy is aimed at attracting, motivating and retaining competent and talented employees to ensure that its business remains sustainable. Remuneration levels are influenced by the scarcity of skills and work performance.

A performance based incentive scheme is in place in respect of all levels of the company to acknowledge the contributions of individual employees by rewarding them for exceptional performance. KPIs are identified and agreed between each staff member and his/her immediate superior and his/her performance is measured against these agreed indicators. Individuals' KPIs are linked to the company's KPIs as a means of ensuring that the company achieves its objectives. A reward and recognition programme has also been implemented.

Remuneration packages are benchmarked to similar positions in the meetings industry to ensure that they are fair and competitive.

### Directors' remuneration

The company's strategy for the remuneration of Non-executive Directors is aimed at ensuring that levels of remuneration are sufficient to attract, retain and motivate suitably skilled and experienced Non-executive Directors, recognising the responsibilities borne by Directors and ensuring that they are remunerated fairly and responsibly within the constraints of the Municipal Finance Management Act, 56 of 2003 and the company's Memorandum of Incorporation.

The company's Directors' Remuneration Policy was last approved by the shareholders at the Annual General Meeting of the company, held on 21 October 2014. It will again be put to the shareholders for approval at the Annual General Meeting of the company to be held on 25 October 2016.

Please refer to page 139 for details of the Directors' remuneration for the period under review.



**DA Cloete**

Human Resources and Remuneration Committee Chairman

25 August 2016



# REPORT OF THE NOMINATIONS COMMITTEE

## for the year ended 30 June 2016

This report is presented by the Nominations Committee and describes how the committee has discharged its duties in respect of the financial year ended 30 June 2016.

### Role of the committee

The committee has an oversight role and makes recommendations to the Board regarding the Directors of the company to ensure:

- that the Board has the appropriate composition to enable it to execute its duties effectively;
- that Directors are appointed through a formal and transparent process;
- that the respective Board committees have the appropriate skill sets;
- that induction, ongoing training and development and evaluation of Directors takes place; and
- that an appropriate succession plan is in place in respect of the Chief Executive Officer of the company.

### Composition of the committee

The committee currently comprises two Non-executive Directors, appointed by the shareholders, as well as the Chairman of the Board who also chairs this committee. There is currently a vacancy on the committee. A quorum for meetings is 50% of the members present.

### Attendance at meetings

The committee must, in terms of its terms of reference, meet at least twice a year, and more often if required. It met three times during the past financial year. Please refer to page 90 for the attendance at meetings of the committee.

### Discharge of responsibilities

The committee has a detailed work plan, which has been formally adopted to support its effective functioning during the year.

During the year under review the committee made recommendations to the Board regarding the composition of the CTICC's various committees. It also exercised oversight of the recruitment process of the two independent Non-executive Directors who were appointed to replace Messrs HJ Taljaard and GJ Lundy respectively.

The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its terms of reference.



**AM Boraine**  
Nominations Committee Chairman

25 August 2016



# REPORT OF THE SOCIAL AND ETHICS COMMITTEE

## for the year ended 30 June 2016

This report is presented by the committee to describe how it has discharged its statutory duties in terms of the Companies Act, 71 of 2008, in respect of the financial year ended 30 June 2016.

### Ethics and corporate social responsibility

The Board of Directors subscribes to the highest standards of ethics and corporate social responsibility and assesses the company's performance against various mandatory and voluntary standards. The Board assumes the ultimate responsibility for the company's ethics performance, which is delegated to the Executive Management, but it does not relieve management of its duties and responsibilities in this regard. The Chief Executive Officer is the visible link between the Board's corporate ethics expectations and the company's management of ethics.

### Mandate of the committee

The committee derives its mandate from section 72 of the Companies Act, 2008, read together with Regulation 43(5) of the Companies Regulations, published under Government Gazette Notice R351 in Government Gazette 34239 of 26 April 2011.

The committee's role and responsibilities are set forth in its terms of reference, which have been approved by the Board and are reviewed annually. The committee is accountable to both the Board and the company's shareholders. It has an independent role and acts in an advisory and oversight capacity.

The main objective of the committee is to assist the Board in monitoring the company's performance, having regard to all relevant laws, standards and principles with regard to matters relating to, not only financial sustainability, but good corporate citizenship, social and economic development, the environment, client relationships, labour and employment and health and safety.

### Composition of the committee

The committee currently comprises three Non-executive Directors and the Chief Executive Officer of the company. A quorum for meetings is 50% of the members present.

### Attendance at meetings

The committee must, in terms of its terms of reference, meet at least twice a year. It met three times during the past financial year. Details of meeting attendance appear on page 90 of this report.

### Discharge of responsibilities

The committee has a detailed work plan, which has been formally adopted, to support its effective functioning during the year.

The committee has, during the period under review, monitored the company's activities, having regard to relevant legislation and other legal requirements and codes pertaining to matters relating to social and economic development, the environment, Broad-Based Black Economic Empowerment, employment equity, health and safety, employee wellness and stakeholder relationships. It is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its terms of reference and that it has complied with its legal, regulatory and other responsibilities.

The committee is satisfied that the company takes its governance, social and environmental responsibilities seriously. While the committee recognises that areas within its mandate are constantly evolving, it is confident that management is committed to integrating ethics into the business of the company and that it continues to pay sufficient attention to ethics management.



**El Hamman CA(SA)**

Social and Ethics Committee Chairman

25 August 2016



# Report of the auditor-general to the Western Cape Provincial Parliament and the Council of The City of Cape Town on the Cape Town International Convention Centre Company SOC Limited (RF)

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Cape Town International Convention Centre Company SOC Limited (RF) (CTICC) set out on pages 115 to 145, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practise (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the CTICC as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and the Companies Act.

### Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Significant uncertainties:

8. With reference to note 24 to the financial statements, there is an ongoing income tax dispute between the municipal entity and SARS. The ultimate outcome of the matter cannot be presently determined and no provision for any liability that may result has been made in the financial statements.



## Additional matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Unaudited disclosure notes

10. In terms of section 125(2)(e) of the MFMA the municipal entity is required to disclose particulars of non-compliance with the MFMA. The disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## Other reports required by the Companies Act

11. As part of my audit of the financial statements for the year ended 30 June 2016, I have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, I have not identified material inconsistencies between these reports and the audited financial statements. I have not audited these reports and, accordingly, I do not express an opinion thereon.

## Report on other legal and regulatory requirement

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected key performance areas presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected key performance areas presented in the annual performance report of the CTICC for the year ended 30 June 2016:
- Key performance area 1: events, on page 55
  - Key performance area 3: customer centricity and service excellence, on page 55
  - Key performance area 5: budget, on page 55
  - Key performance area 6: governance, on page 55
14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned key performance areas. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPPI)*.
15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected key performance areas.



# Report of the auditor-general to the Western Cape Provincial Parliament and the Council of The City of Cape Town on the Cape Town International Convention Centre Company SOC Limited (RF) (continued)

## Additional matter

17. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected key performance areas, I draw attention to the following matter:

### Achievement of planned targets

18. Refer to the annual performance report on page 55 for information on the achievement of the planned targets for the year.

### Compliance with legislation

19. I performed procedures to obtain evidence that the CTICC had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### Internal control

20. I considered internal control relevant to my audit of the financial statements, key performance areas and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town

7 October 2016



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



# STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	NOTES	2016 R	2015 R
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>622 079 336</b>	264 119 857
Property, plant and equipment	2	<b>619 425 592</b>	264 115 089
Investment in subsidiary	3	<b>100</b>	100
Deferred taxation	4	<b>2 653 644</b>	4 668
<b>Current assets</b>		<b>437 925 550</b>	582 845 409
Inventories	5	<b>1 259 812</b>	1 765 555
Receivables and other receivables from exchange transactions	6	<b>18 070 712</b>	26 448 312
Cash and cash equivalents	14.3	<b>418 595 026</b>	554 631 542
<b>Total assets</b>		<b>1 060 004 886</b>	846 965 266
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>916 427 146</b>	752 174 213
Contribution from owners	7	<b>1 084 427 701</b>	967 427 701
Accumulated deficit		<b>(168 000 555)</b>	(215 253 488)
<b>Current liabilities</b>		<b>143 577 740</b>	94 791 053
Client deposits		<b>46 620 494</b>	36 429 117
Payables and other payables from exchange transactions	8	<b>91 973 122</b>	53 938 793
Provisions	9	<b>3 537 828</b>	3 364 567
Receiver of revenue	14.2	<b>1 446 296</b>	1 058 576
<b>Total net assets and liabilities</b>		<b>1 060 004 886</b>	846 965 266



## STATEMENT OF FINANCIAL PERFORMANCE

### for the year ended 30 June 2016

	NOTES	2016 R	2015 R
Revenue from exchange transactions	11	202 459 444	189 999 837
<b>Cost of sales</b>		<b>(25 682 611)</b>	<b>(23 225 817)</b>
Gross profit		176 776 833	166 774 020
Other operating income from exchange transactions		41 894 633	38 481 468
Finance income	12	35 271 842	30 836 658
Other		6 622 791	7 644 810
Operating expenses		(151 369 407)	(144 441 217)
Operating profit	10	67 302 059	60 814 271
Finance costs	12	(42 327)	(95 104)
Profit before taxation		67 259 732	60 719 167
Taxation	13	(20 006 799)	(18 576 297)
<b>Net profit for the year</b>		<b>47 252 933</b>	<b>42 142 870</b>

## STATEMENT OF CHANGES IN NET ASSETS

### for the year ended 30 June 2016

	CONTRIBUTIONS FROM OWNERS R	ACCUMULATED DEFICIT R	TOTAL R
Balance at 1 July 2014	764 713 201	(257 396 358)	507 316 843
Profit for the year	–	42 142 870	42 142 870
Share issue	202 714 500	-	202 714 500
Balance at 30 June 2015	967 427 701	(215 253 488)	752 174 213
Profit for the year	–	47 252 933	47 252 933
Share issue	117 000 000	-	117 000 000
<b>Balance at 30 June 2016</b>	<b>1 084 427 701</b>	<b>(168 000 555)</b>	<b>916 427 146</b>



## CASH FLOW STATEMENT

for the year ended 30 June 2016

	NOTES	2016 R	2015 R
<b>Cash flow from operating activities</b>		<b>127 269 799</b>	78 796 255
Cash receipts from customers		227 555 789	189 449 136
Cash paid to suppliers and employees		(113 247 450)	(121 640 053)
Cash generated from operations	14.1	114 308 339	67 809 083
Finance costs	12	(42 327)	(95 104)
Finance income	12	35 271 842	30 836 658
Taxation paid	14.2	(22 268 055)	(19 754 382)
<b>Cash flow from investing activities</b>		<b>(380 306 315)</b>	(81 878 694)
Acquisition of property, plant and equipment		(380 306 315)	(81 878 694)
<b>Cash flow from financing activities</b>		<b>117 000 000</b>	202 714 500
Proceeds from share issue	7	117 000 000	202 714 500
(Decrease)/increase in cash and cash equivalents		(136 036 516)	199 632 061
Cash and cash equivalents at beginning of the year	14.3	554 631 542	354 999 481
<b>Cash and cash equivalents at end of the year</b>	<b>14.3</b>	<b>418 595 026</b>	554 631 542



# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 30 June 2016

	NOTES	ACTUAL	APPROVED BUDGET	FINAL BUDGET	FAVOURABLE/ UNFAVOURABLE VARIANCE	VARIANCE
		2016 R	2016 R	2016 R	2016 R	%
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	19.2					
<b>Revenue</b>	(i)	174 453 822	168 312 338	169 312 338	5 141 484	3%
<b>Other income</b>	(ii)	34 628 413	24 414 160	25 414 160	9 214 253	36%
<b>Less: direct costs</b>		43 110 929	41 007 804	42 132 115	(978 814)	-2%
Cost of sales		25 178 796	24 879 928	26 004 239	825 443	3%
Direct personnel	(iii)	13 555 021	11 744 828	11 744 828	(1 810 193)	-15%
Parking costs		3 390 862	3 578 973	3 578 973	188 111	5%
Equipment hire		986 250	804 075	804 075	(182 175)	-23%
<b>Add: finance income</b>	(iv)	35 271 843	22 567 788	27 111 735	8 160 108	30%
<b>Less: indirect expenditure</b>	(v)	133 983 417	155 932 808	155 630 305	21 646 888	14%
Personnel costs		48 046 825	54 301 387	56 361 387	8 314 562	15%
Operations general		2 067 575	2 898 628	2 176 008	108 433	5%
Utility services		17 799 026	19 633 530	19 333 530	1 534 504	8%
Maintenance		7 856 031	8 041 373	8 041 373	185 342	2%
Building costs		14 310 529	15 199 098	15 199 098	888 569	6%
Office costs		3 794 562	4 713 686	4 713 686	919 124	19%
Computer expenses		3 415 263	4 944 717	3 804 834	389 571	10%
Advisors		2 923 308	4 495 586	4 495 586	1 572 278	35%
Travel and entertainment		1 109 256	1 877 631	1 877 631	768 375	41%
Marketing and corporate communications		5 186 347	6 890 065	6 890 065	1 703 718	25%
Catering materials		2 182 156	2 866 614	2 666 614	484 458	18%
Bad debts		418 083	280 900	280 900	(137 183)	-49%
Depreciation		24 832 129	29 789 593	29 789 593	4 957 464	17%
Finance costs		42 327	–	–	(42 327)	–
<b>Net profit for the period</b>	(vi)	67 259 732	18 353 674	24 075 813	43 183 919	179%

## Capital expenditure for the year ended 30 June 2016

CATEGORY	NOTES	ACTUAL	APPROVED BUDGET	FINAL BUDGET	FAVOURABLE/ UNFAVOURABLE VARIANCE	VARIANCE
		R	R	R	R	%
Building enhancements	15	194 123	16 495 000	16 495 000	1 300 877	8%
IT & electronic infrastructure	10	517 398	10 849 109	10 849 109	331 711	3%
Kitchen enhancements		786 288	1 050 000	1 050 000	263 712	25%
Catering furniture and equipment	2	596 609	4 174 897	3 174 897	578 288	18%
Other capex items	351	207 982	467 975 076	354 442 039	3 234 057	1%
<b>Total capital expenditure</b>	19.3	380 302 400	500 544 082	386 011 045	5 708 645	1%



# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2016

### 1 Accounting policies

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including interpretations guidelines and directives issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The cash flow statement has been prepared in accordance with the direct method. The amount and nature of any restrictions on the cash balance are disclosed.

#### GRAP Standards issued but not yet effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the entity:

GRAP 20 Related Party Disclosures	This standard ensures that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.
GRAP 32 Service Concession Arrangements Grantor	This standard prescribes the accounting for service concession arrangements by the grantor, a public sector entity.
GRAP 108 Statutory Receivables	This standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

#### Standards not applicable to the entity include

GRAP 18	Segment Reporting (Not required by the Accounting Standards Board)
GRAP 103	Heritage Assets (The entity does not hold any heritage assets)
GRAP 105	Transfers of functions between entities under common control (There are no entities under common control)
GRAP 106	Transfers of functions between entities not under common control (There are no entities not under common control)
GRAP 107	Mergers (The entity does not hold any mergers)
GRAP 32	Accounting for service concession arrangements by the grantor, a public sector entity (The entity does not service concession arrangements)
GRAP 108	The recognition, measurement, presentation and disclosure of statutory receivables (The entity does not hold any statutory receivables)

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.



## **1 Accounting policies (continued)**

### **1.1 Basis of preparation (continued)**

The significant accounting policies are set out below, and are consistent with those applied in the previous financial year.

In the process of applying the accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which has the most significant effect on the amounts recognised in the financial statements:

#### **Operating lease commitments – Entity as lessor**

The entity has entered into commercial property leases on its property portfolio. The entity has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

Rental is paid based on turnover rental contracts and is recognised as accrued.

#### **Impairment of trade receivables from exchange transactions**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### **Property, plant and equipment**

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

#### **Provisions and contingent liabilities**

Management's judgement is required when recognising and measuring provisions, and when measuring contingent liabilities as set out in note 9. Provisions are discounted where the effect of discounting is material using actuarial valuations.

### **1.2 Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:



## 1 Accounting policies (continued)

### 1.2 Property, plant and equipment (continued)

	2016 %	2015 %
Plant and equipment	8.33 – 50.00	8.33 – 50.00
Motor vehicles	14.28 – 25.00	14.28 – 25.00
Furniture and fittings	6.67 – 50.00	6.67 – 50.00
Kitchen and catering	6.67 – 50.00	6.67 – 50.00
Office equipment	10.00 – 50.00	10.00 – 50.00
Computer equipment	16.67 – 50.00	16.67 – 50.00
Computer software	33.33 – 50.00	33.33 – 50.00
Escalators and elevators	5.56 – 10.00	5.56 – 10.00
Carpets/laminated flooring	12.50 – 16.67	12.50 – 16.67
Curtains/blinds	11.11 – 20.00	11.11 – 20.00
Signage	8.33 – 33.33	8.33 – 33.33
Audiovisual	7.69 – 16.67	7.69 – 16.67
Fences and gates	6.67 – 20.00	6.67 – 20.00
Cold rooms	5.88 – 16.67	5.88 – 16.67
Air-conditioning system	5.56 – 50.00	5.56 – 50.00
Sprinkler system	16.67 – 20.00	16.67 – 20.00
Auditorium seating	8.33 – 16.67	8.33 – 16.67
Building management system	5.88 – 16.67	5.88 – 16.67
Building	2.5 – 50.00	2.5 – 50.00

The assets' estimated useful lives and residual values are reviewed on an annual basis.

Repairs and maintenance are generally charged to expenses during the financial period in which they are incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit.

Where the carrying value of an asset exceeds the calculated recoverable amount, the asset is immediately written down.

### 1.3 Impairment of assets

#### 1.3.1 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash flows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.



## **1 Accounting policies (continued)**

### **1.3 Impairment of assets (continued)**

#### **1.3.1 Impairment of cash-generating assets (continued)**

Fair value less costs to sell is the amount obtainable from the sale of an asset in the arm's length transaction between knowledgeable, willing parties, less costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- a) The period of time over which an asset is expected to be used by the entity; or
- b) The number of production or similar units expected to be obtained from the assets by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follows:

##### **Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

##### **Value in use**

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

##### **Composition of estimates of future cash flows**

Estimates of future cash flows include:

- Projections of cash inflows from the continuing use of the asset;
- Projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- Net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flow exclude:

- Cash inflows or outflows from financing activities; and
- Income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

##### **Discount rate**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

##### **Recognition and measurement (individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.



## **1 Accounting policies (continued)**

### **1.3 Impairment of assets (continued)**

#### **1.3.1 Impairment of cash-generating assets (continued)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### **1.3.2 Impairment of non-cash-generating assets**

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

##### **Identification**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

##### **Value in use**

Value in use of an asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of an asset is determined using the following approaches:

##### **Depreciated replacement cost approach**

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are necessary for the goods or services the asset provides. Overcapacity assets are assets that have greater capacity than is necessary to meet the demand for the goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

##### **Restoration cost approach**

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.



## **1 Accounting policies (continued)**

### **1.3 Impairment of assets (continued)**

#### **1.3.2 Impairment of non-cash-generating assets (continued)**

##### **Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge of the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating assets revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

##### **Reversal of an impairment loss**

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

##### **Redesignation**

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset may only occur when there is clear evidence that such a redesignation is appropriate.

### **1.4 Leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

### **1.5 Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined on the weighted average method and includes transport and handling costs. The weighted average cost is determined using a weighted average cost for the month based on the most recent month's purchases. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

### **1.6 Current tax**

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in profit or loss.



## **1 Accounting policies (continued)**

### **1.6 Current tax (continued)**

#### **1.6.1 Current taxation**

Current taxation comprises tax payable calculated on the basis of the estimated taxable income for the year, using the tax rates enacted at the reporting date, and any adjustment of tax payable for previous years.

#### **1.6.2 Deferred taxation**

Deferred taxation is provided on all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognised in equity, in which case it is recognised in equity, or a business combination that is an acquisition, in which case it is recognised as an adjustment to goodwill. The effect on deferred taxation of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited to equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the tax benefit will be realised.

### **1.7 Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

### **1.8 Revenue recognition**

Revenue comprises the invoiced value of sales of goods and services net of value-added tax, rebates and all discounts. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Revenue arising from the rendering of services is recognised when the event takes place.

#### **1.8.1 Revenue from exchange transactions**

Revenue from exchange transactions relate to income earned from venue rental and other services.

Commission income is recognised for the rendering of services as an agent in accordance with the contract of hire agreements.

### **1.9 Financial instruments**

The company classifies financial assets into the following categories: at fair value through profit or loss, amortised cost and cost. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

#### **Financial assets at fair value**

Financial assets at fair value are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

#### **Financial instruments at amortised cost**

Financial instruments at amortised cost are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are included in current assets for maturities less than 12 months after the reporting date. These are classified as non-current assets. Financial instruments at amortised cost are classified as trade and other receivables in the statement of financial position.

#### **1.9.1 Receivables from exchange transactions**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.



## **1 Accounting policies (continued)**

### **1.9 Financial instruments (continued)**

#### **1.9.2 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

#### **1.9.3 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **1.9.4 Payables from exchange transactions**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **1.9.5 Client deposits**

Client deposits received in advance for upcoming events.

#### **1.9.6 Financial risk factors**

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

##### **i) Interest rate risk**

The company's income and operating cash flows are substantially independent of changes in market interest rates.

##### **ii) Credit risk**

Concentrations of credit risk with respect to trade receivables are limited due to the company's large number of customers, who are both internationally and nationally dispersed.

The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The company has policies that limit the amount of credit exposure to any one financial institution, and cash transactions are limited to creditworthy institutions.

##### **iii) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

##### **iv) Capital risk management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

#### **1.9.7 Fair value estimation**

In assessing the fair value of financial instruments, the company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the company for similar financial instruments.



## **1 Accounting policies (continued)**

### **1.10 Translation of foreign currencies**

#### **Transactions**

Foreign currency transactions are recorded on initial recognition in Rands, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction.

At each reporting date:

- (a) foreign currency monetary items are reported using the closing rate; and
- (b) non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they are initially recorded during the period, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.

### **1.11 Short-term employee benefits**

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amounts which the entity has a present obligation to pay as a result of employees' services provided at the reporting date. The provisions have been calculated at discounted amounts based on current salary levels at the reporting date.

### **1.12 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Municipal Systems Act, 2000 (Act No. 32 of 2000), and the Public Office Bearers Act, 1998 (Act No. 20 of 1998), or is in contravention of the Municipal Entity Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.13 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.14 Comparative information**

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results, as set out in the affected notes to the financial statements. Budgeted amounts have been included in the annual financial statements for the current financial year only.

### **1.15 Critical accounting estimates and judgements**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed on the next page.

#### **1.15.1 Asset useful lives and residual values**

Plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and vary depending on a number of factors. In reassessing the assets useful lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.



## 1 Accounting policies (continued)

### 1.16 Investment

Investments in subsidiary companies are stated at cost, less impairment losses.

#### 1.16.1 Finance income

Finance income comprises interest income. Interest income is recognised in profit or loss on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period maturity, when it is probable that such income will accrue to the entity.

#### 1.16.2 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

### 1.17 Commission income

When the entity acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the entity.

## 2 Property, plant and equipment

	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	2016 CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	2015 CARRYING VALUE
	R	R	R	R	R	R
Escalators	3 564 611	1 797 126	1 767 485	4 153 097	2 092 652	2 060 445
Elevators	8 438 473	6 759 946	1 678 527	10 431 903	8 197 469	2 234 434
Carpets/laminated flooring	8 152 043	3 797 154	4 354 889	8 437 337	3 523 624	4 913 713
Curtains/blinds	1 332 791	1 322 524	10 267	2 703 521	2 570 266	133 255
Signage	4 550 930	2 429 573	2 121 357	3 966 059	2 717 227	1 248 832
Audiovisual	9 694 291	8 887 770	806 521	13 053 983	12 105 738	948 245
Fences and gates	1 307 262	950 954	356 308	1 223 469	968 128	255 341
Cold rooms	3 301 547	2 507 089	794 458	3 188 210	2 235 046	953 164
Air-conditioning system	34 939 307	24 082 413	10 856 894	34 303 314	22 281 815	12 021 499
Sprinkler system	4 891 993	4 881 956	10 037	4 891 993	4 859 636	32 357
Auditorium seating	339 600	191 933	147 667	5 249 773	5 045 506	204 267
Building management system	18 697 297	11 451 499	7 245 798	33 287 513	24 995 785	8 291 728
Building	472 159 014	366 778 762	105 380 252	462 686 531	361 784 473	100 902 058
Plant and equipment	6 688 359	4 018 117	2 670 242	10 715 633	8 260 649	2 454 984
Motor vehicles	1 623 183	1 364 773	258 410	1 641 713	1 254 098	387 615
Furniture and fittings	12 366 206	9 690 769	2 675 437	15 097 374	12 272 163	2 825 211
Kitchen and catering	14 917 113	9 019 988	5 897 125	15 477 071	10 781 954	4 695 117
Office equipment	3 171 809	2 683 329	488 480	4 468 230	3 621 003	847 227
Computer equipment	17 312 839	9 794 084	7 518 755	13 067 153	7 943 419	5 123 734
Computer software	9 244 749	5 007 801	4 236 948	7 773 425	3 129 400	4 644 025
Assets in progress*	476 241 079	16 091 344	460 149 735	125 029 182	16 091 344	108 937 838
	<b>1 112 934 496</b>	<b>493 508 904</b>	<b>619 425 592</b>	<b>780 846 484</b>	<b>516 731 395</b>	<b>264 115 089</b>

\*Assets in progress relate to the capitalised costs incurred on the expansion of the convention centre.



## 2 Property, plant and equipment (continued)

The carrying amounts of property, plant and equipment can be reconciled as follows:

2016	CARRYING VALUE AT BEGINNING OF YEAR	RECLASSIFICATION AND ADJUSTMENTS	ADDITIONS	DISPOSALS	DEPRECIATION	CARRYING VALUE AT END OF YEAR
	R	R	R	R	R	R
Escalators	2 060 445	–	–	–	292 960	1 767 485
Elevators	2 234 434	–	–	–	555 907	1 678 527
Carpets/laminated flooring	4 913 713	–	731 559	–	1 290 383	4 354 889
Curtains/blinds	133 255	76	–	–	123 064	10 267
Signage	1 248 832	–	1 151 423	–	278 898	2 121 357
Audiovisual	948 245	61 828	210 944	–	414 496	806 521
Fences and gates	255 341	–	186 101	–	85 134	356 308
Cold rooms	953 164	–	13 747	–	172 453	794 458
Air-conditioning system	12 021 499	–	791 124	–	1 955 729	10 856 894
Sprinkler system	32 357	–	–	–	22 320	10 037
Auditorium seating	204 267	–	–	–	56 600	147 667
Building management system	8 291 728	(61 828)	831 729	–	1 815 831	7 245 798
Building	100 902 058	(1 673)	11 165 347	–	6 685 480	105 380 252
Plant and equipment	2 454 984	–	973 839	–	758 581	2 670 242
Motor vehicles	387 615	–	–	–	129 205	258 410
Furniture and fittings	2 825 211	(29 703)	1 016 697	90 736	1 046 032	2 675 437
Kitchen and catering	4 695 117	58 754	2 351 465	72 947	1 135 264	5 897 125
Office equipment	847 227	(31 369)	260 912	–	588 290	488 480
Computer equipment	5 123 734	492 568	5 837 607	–	3 935 154	7 518 755
Computer software	4 644 025	(492 568)	3 575 839	–	3 490 348	4 236 948
Assets in progress*	108 937 838	3 915	351 207 982	–	–	460 149 735
	264 115 089	–	380 306 315	163 683	24 832 129	619 425 592

\*Assets in progress relate to the capitalised costs incurred on the expansion of the convention centre.



## 2 Property, plant and equipment (continued)

The carrying amounts of property, plant and equipment can be reconciled as follows: (continued)

2015	CARRYING VALUE AT BEGINNING OF YEAR	RECLASSIFICATION AND ADJUSTMENTS	ADDITIONS	DISPOSALS	DEPRECIATION	CARRYING VALUE AT END OF YEAR
	R	R	R	R	R	R
Escalators	2 353 405	—	—	—	292 960	2 060 445
Elevators	2 790 341	—	—	—	555 907	2 234 434
Carpets/laminated flooring	4 868 322	—	1 158 601	—	1 113 210	4 913 713
Curtains/blinds	378 702	(1 540)	—	—	243 907	133 255
Signage	1 457 928	—	175 951	—	385 047	1 248 832
Audiovisual	1 296 571	—	46 448	—	394 774	948 245
Fences and gates	357 587	—	—	4 036	98 210	255 341
Cold rooms	1 082 204	—	151 480	—	280 520	953 164
Air-conditioning system	13 140 089	1 540	856 594	17 849	1 958 875	12 021 499
Sprinkler system	73 188	—	—	—	40 831	32 357
Auditorium seating	661 288	—	—	—	457 021	204 267
Building management system	9 185 619	—	945 265	—	1 839 156	8 291 728
Building	94 551 323	—	12 717 446	22 593	6 344 118	100 902 058
Plant and equipment	3 100 116	—	173 349	2 428	816 053	2 454 984
Motor vehicles	67 636	—	516 819	51 747	145 093	387 615
Furniture and fittings	3 799 472	27 399	251 241	—	1 252 901	2 825 211
Kitchen and catering	4 550 613	(27 399)	2 134 110	10 342	1 951 865	4 695 117
Office equipment	748 205	—	817 559	293	718 244	847 227
Computer equipment	5 024 149	—	2 782 004	—	2 682 419	5 123 734
Computer software	1 745 355	—	4 295 995	—	1 397 325	4 644 025
Assets in progress*	54 082 006	—	54 855 832	—	—	108 937 838
	205 314 119	—	81 878 694	109 288	22 968 436	264 115 089

\*Assets in progress relate to the capitalised costs incurred on the expansion of the convention centre.



## 2 Property, plant and equipment (continued)

### Cost (fully depreciated property, plant and equipment)

	2016 R	2015 R
Audiovisual	1 258 235	4 891 570
Auditorium seating	–	4 910 173
Building	2 365 214	5 348 828
Building management system	2 527 401	17 877 057
Carpets/laminated flooring	–	718 550
Curtains/blinds	1 304 890	1 479 167
Fences and gates	347 177	362 659
Signage	1 411 635	1 882 123
Sprinkler system	4 821 657	4 706 801
Air-conditioning system	–	362 296
Escalators	–	588 486
Elevators	–	1 993 430
Motor vehicles	1 106 364	1 124 894
Computer software	1 771 821	1 258 395
Computer equipment	5 578 460	3 863 440
Office equipment	2 109 179	2 335 634
Furniture and fittings	6 917 497	7 941 089
Artwork	1 321 095	1 321 095
Cold rooms	–	–
Plant and equipment	166 507	4 978 481
Kitchen and catering	2 538 678	5 900 022
	<b>35 545 810</b>	<b>73 844 190</b>

### Impairment consideration

In line with our accounting policy for property, plant and equipment and GRAP for the impairment of assets, non-current assets were assessed during the period for possible indicators of impairment.

During the review, management has confirmed the following:

### Cash-generating unit comprises:

	2016 R	2015 R
Escalators	1 767 485	2 060 445
Elevators	1 678 527	2 234 434
Cold rooms	794 458	953 164
Air-conditioning system	10 856 894	12 021 499
Auditorium seating	147 667	204 267
Building	105 380 252	100 902 058
Kitchen and catering	5 897 125	4 695 117
<b>Total carrying value</b>	<b>126 522 408</b>	<b>123 070 984</b>



## 2 Property, plant and equipment (continued)

- (a) The main purpose of establishing the centre was to generate spin-off returns for the region.
- (b) Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the centre can be determined through an arm's length transaction between a willing buyer and a willing seller, and as such the value in use of the centre has been used to determine whether the building's carrying value may not be recoverable.
- (c) Since inception, all initial targets for the region (spin-offs) and the operation of the convention centre have consistently been exceeded and are forecast to maintain this level of performance for the foreseeable future.
- (d) Despite this, the value in use of the centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value which it generates for other entities or business sectors.
- (e) No value could be attached to the centre at the end of its useful life due to its disposal being highly unlikely with no reliable basis for measuring the disposal value.
- (f) A discount rate of 13.9% (2015: 13.7% ) was used which was calculated using the risk-free rate of R186 bond of 8.8% adjusted by 5.1% for uncertainty regarding timing and extent of certain of the cash flows.

Based on the calculation of value in use, the fair value of R133 million was determined. The current carrying value of R126 million was established for the building at date of calculation. This has resulted in a nil reversal of impairment.

## 3 Investment in subsidiary

The company has an investment in the following company:

	2016 R	2015 R
<b>Unlisted</b>		
<b>Cape Town International Convention Centre Operating Company (Pty) Ltd (OPCO)</b>	<b>100</b>	<b>100</b>

The agency agreement between Cape Town International Convention Centre Company SOC Ltd (RF) (CONVENCO) and Cape Town International Convention Centre Operating Company (Pty) Ltd (OPCO) was terminated on 30 June 2010. OPCO does not reflect any trading activities in its financial results and will be deregistered. The company is dormant and has net asset value of R100.

## 4 Deferred taxation

Deferred income taxes are calculated on all temporary differences under the balance sheet method using a tax rate of 28%.

	2016 R	2015 R
The deferred tax balance is made up as follows:		
Asset/(liability) at beginning of year	4 668	(2 200 973)
Temporary differences	2 648 976	2 205 641
<b>Asset at end of year</b>	<b>2 653 644</b>	<b>4 668</b>
The balance comprises of the following temporary differences:		
Property, plant and equipment	(4 003 088)	(5 262 563)
Trade and other receivables	(140 397)	(238 651)
Client deposits	5 221 495	4 080 061
Trade and other payables	585 044	483 743
Provisions	990 590	942 078
<b>Asset at end of year</b>	<b>2 653 644</b>	<b>4 668</b>



## 5 Inventories

	2016	2015
	R	R
Food	427 230	955 443
Beverage	618 492	631 266
Consumables	172 741	148 467
Chemicals	41 349	30 379
	<b>1 259 812</b>	<b>1 765 555</b>

## 6 Receivables and other receivables from exchange transactions

	2016	2015
	R	R
Trade receivables	5 071 893	1 696 490
Less: Provision for impairment of trade receivables	(4 052)	(13 836)
Receivables from exchange transactions – net	5 067 841	1 682 654
Prepayments	932 047	1 159 655
Receiver of Revenue: VAT	12 060 414	–
Other receivables*	10 410	23 606 003
	<b>18 070 712</b>	<b>26 448 312</b>

\* Included in the 2015 other receivables balance is an amount of R22.7 million due from the City of Cape Town relating to the second basement of the expansion.

	2016	2015
	R	R
Trade receivables ageing		
Current (0 – 30 days)	4 674 063	913 359
31 – 60 days	(50 080)	683 281
61 – 90 days	347 302	5 442
91 – 120 days	26 857	–
+ 120 days	73 751	94 408
<b>Total</b>	<b>5 071 893</b>	<b>1 696 490</b>
Provision for impairment	(4 052)	(13 836)
Trade receivables due	5 067 841	1 682 654

The carrying amount of trade and other receivables approximates their fair value due to their short-term maturity.

Trade receivables in 120 days are not impaired as there is no history of default from these clients.

The carrying value of these trade receivables is denominated in the following currency: South African Rand.

	2016	2015
	R	R
<b>Provision for impairment of trade receivables</b>		
Opening balance	(13 836)	(1 750 654)
Additional provision	(4 052)	(13 836)
Unused amounts reversed	13 836	1 750 654
<b>Closing balance</b>	<b>(4 052)</b>	<b>(13 836)</b>

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The company does not hold any collateral as security.



## 7 Contribution from owners

### Authorised share capital

10 000 000 "A" ordinary shares of no par value

1 000 000 "B" ordinary shares of no par value

On 26 November 2013, the shareholders approved the issue of up to the maximum of 158 067 new "A" ordinary shares to the City of Cape Town and up to a maximum of 79 034 new "A" ordinary shares to the Western Cape Government. These shares will be issued in tranches on agreed dates.

	NUMBER OF SHARES	STATED CAPITAL 2016	NUMBER OF SHARES	STATED CAPITAL 2015
	R	R	R	R
<b>Issued and fully paid ordinary shares</b>				
Opening balance	171 396	967 427 701	113 477	764 713 201
"A" ordinary shares	157 396	827 788 000	99 477	625 073 500
"B" ordinary shares	14 000	139 639 701	14 000	139 639 701
Movements	33 427	117 000 000	57 919	202 714 500
Share issue: "A" ordinary shares (8 October 2014)	–	–	14 285	49 997 500
Share issue: "A" ordinary shares (30 October 2014)	–	–	4 674	16 358 000
Share issue: "A" ordinary shares (9 December 2014)	–	–	34 286	120 001 000
Share issue: "A" ordinary shares (14 January 2015)	–	–	4 674	16 358 000
Share issue: "A" ordinary shares (4 December 2015)	4 285	15 000 000	–	–
Share issue: "A" ordinary shares (18 March 2016)	14 857	52 000 000	–	–
Share issue: "A" ordinary shares (29 April 2016)	10 000	35 000 000	–	–
Share issue: "A" ordinary shares (27 May 2016)	4 285	15 000 000	–	–
Closing balance	204 823	1 084 427 701	171 396	967 427 701
"A" ordinary shares	190 823	944 788 000	157 396	827 788 000
"B" ordinary shares	14 000	139 639 701	14 000	139 639 701

## 8 Payables and other payables from exchange transactions

	2016 R	2015 R
Trade payables	15 919 686	12 126 091
Accruals*	75 831 901	39 177 212
Receiver of Revenue: VAT	–	2 561 088
Sundry payables	221 535	74 402
	<b>91 973 122</b>	<b>53 938 793</b>

\*Included in the 2016 accruals balance is an amount relating to the expansion.

The carrying amount of trade and other payables approximates their fair value due to short-term maturity.

The carrying value of these trade payables is denominated in the following currency: South African Rand

**15 919 686**

12 126 091



## 9 Provisions

	2016 R	2015 R
Performance bonus provision		
Opening balance	3 364 567	3 249 504
Additional provisions	3 537 828	3 364 567
Prior year provision utilised	(3 364 567)	(3 249 504)
<b>Closing balance</b>	<b>3 537 828</b>	<b>3 364 567</b>

Performance bonuses accrue to staff on an annual basis based on the achievement of predetermined performance. The provision is an estimate of the amount due to staff in the service of the company at reporting date.

## 10 Operating profit

	2016 R	2015 R
Operating profit is stated after:		
Income		
(Loss) on foreign exchange	(3 938)	(7 164)
Rental income		
Vexicure Proprietary Ltd t/a Westin and Redefine Properties Limited	4 522 011	3 020 951
Expenditure	1 083 053	1 028 877
Auditor's remuneration – Audit fee		
Bad debts recovered	–	(611 141)
Depreciation (property, plant and equipment)	24 832 129	22 968 436

## 11 Revenue from exchange transactions

Commissions	17 660 648	12 195 725
Parking	12 070 558	11 576 455
Sales	172 728 238	166 227 657
	<b>202 459 444</b>	<b>189 999 837</b>

## 12 Finance income and costs

Finance income (cash and cash equivalents)	35 271 842	30 836 658
Finance cost (finance costs – financial institution)	(42 327)	(95 104)
<b>Net finance income</b>	<b>35 229 515</b>	<b>30 741 554</b>



### 13 Taxation

#### 13.1 South African normal taxation

	2016 R	2015 R
Current year	22 655 775	20 500 849
Underprovision prior year	–	281 089
Deferred taxation (refer note 4)	(2 648 976)	(2 205 641)
<b>Taxation</b>	<b>20 006 799</b>	<b>18 576 297</b>

#### 13.2 Reconciliation of effective tax

Profit before taxation	67 259 732	60 719 167
Tax at statutory rate (28%)	18 832 724	17 001 367
Non-deductible permanent differences	1 895 773	1 804 982
Disallowed expenditure	189 423	28 018
Prior year underprovision of current tax	–	281 089
Other adjustments	(911 121)	(539 159)
<b>Effective tax</b>	<b>20 006 799</b>	<b>18 576 297</b>

### 14 Notes to the cash flow statement

#### 14.1 Cash generated from operations

	2016 R	2015 R
Profit before taxation	67 259 732	60 719 167
Adjustment for:		
Depreciation	24 832 129	22 968 436
Finance income	(35 271 842)	(30 836 658)
Asset write-off	163 683	109 288
Finance costs	42 327	95 104
Increase in provision for bonuses	173 261	115 063
(Decrease) in provision for impairment of receivables from exchange transactions	(9 784)	(1 736 818)
	<b>57 189 506</b>	<b>51 433 582</b>
Movements in working capital		
Decrease/(increase) in inventories	505 743	(697 142)
Decrease/(increase) in receivables	8 387 384	(14 504 195)
Increase in payables	48 225 706	31 576 838
	<b>114 308 339</b>	<b>67 809 083</b>

#### 14.2 Taxation paid

Balance at beginning of year	1 058 576	31 020
Taxation charged to income statement	22 655 775	20 781 938
Balance at end of year	(1 446 296)	(1 058 576)
	<b>22 268 055</b>	<b>19 754 382</b>



## 14 Notes to the cash flow statement (continued)

### 14.3 Cash and cash equivalents

	2016 R	2015 R
Cash and cash equivalents consist of cash on hand and balance with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Current accounts	9 704 428	9 703 234
Call and investment accounts	408 823 598	544 861 808
Petty cash	5 500	5 500
Cash float	61 500	61 000
<b>Cash and cash equivalents</b>	<b>418 595 026</b>	<b>554 631 542</b>

The following bank and investment accounts were held by the entity:

Nedbank – Current Account (Acc Number: 1232043850)	264 794	3 117 879
Nedbank – Call Account (Acc Number: 03/7881544007/46)	16 597	–
Nedbank – Investment Account (Acc Number: 03/7881544007/000104)	15 429 431	14 365 969
Nedbank – Investment Account (Acc Number: 03/7881544007/000101)	–	10 066 164
Nedbank – Money Market Fund (Acc Number: (1766000029) 03/7881111917/00006)	–	41 603 718
ABSA Bank – Current Account (Acc Number: 4072900553)	6 106 098	4 384 298
ABSA Bank – CTICC East – Current Account (Acc Number: 4072900228)	1 067 492	706
ABSA Bank – Exh Serv – Current Account (Acc Number: 4072900731)	44 066	103 917
ABSA Bank Treasury – (Acc Number: 4073731246)	65 071	62 405
ABSA Bank Treasury – (Acc Number : 4073733701)	2 156 907	2 034 029
ABSA Bank – Call Deposit (Acc Number: 4074708347)	14 833 701	7 294 734
First National Bank – RMB Investment – 00 506 190 167 40	12 788 496	–
Stanlib – Corporate Money Market Fund (Acc Number: 000-402-184 (1199539) 551436367)	51 793 529	9 996 168
Stanlib – Corporate Money Market Fund (Acc Number: 000-402-184 (1199539) 552166459)	7 404	17 031 832
Standard Bank – Investment Account (Acc Number: (97212) 486008)	–	12 473 075
Standard Bank – Investment Account (Acc Number: (97212) 500922)	–	10 261 805
Standard Bank – Investment Account (Acc Number: (97212) 490390)	–	12 744 348
ABSA Bank – Investment New 2 (Acc Number: (506009 4072900553) 48518474)	–	21 961 797
ABSA Bank – Investment New 1 (Acc Number: (506009 4072900553) 44699506)	–	10 307 904
ABSA Bank – Investment New 1 (Acc Number: (506009 4072900553) 47954355)	–	9 452 767
Nedbank – Three Month Deposit (Acc Number: 03/7881544007/000102)	–	15 485 004
Investec – Corporate Money Market Fund (Acc Number: (462097) 1008645)	19 488 827	10 112 730
Investec – Corporate Money Market Fund (Acc Number: (462097) 1037793)	23 953	16 018 647
ABSA Bank – Call Deposit (Acc Number: 4083941322)	14 018 123	35 925 224
Nedgroup – Money Market Fund (Acc Number: (1800167964) 8319631)	58 687 057	35 370 266
Nedgroup – Corporate Money Market Fund C2 (Acc Number: (800190652) 8330496)	20	40 380 865
Nedgroup – Money Market Fund Class C2 (Acc Number: (800190652) 8330497)	–	35 528 273
ABSA Bank – Fixed Deposit (Acc Number: 506009 4072900553 – 44893640)	–	32 024 611
ABSA Bank – Money Market Fund (Acc Number: 9295637051)	–	21 169 332
ABSA Bank – CTICC Money Market Fund (Acc Number: 09316676360)	86 823 583	–
ABSA Bank – Guarantee (Acc Number: (506009 4072900553) 43939765)	134 912 877	125 286 575



## 15 Expenses by nature

	2016 R	2015 R
Depreciation	24 832 129	22 968 436
Employee related costs (note 17)	46 182 266	42 935 049
Changes in inventories	(505 743)	697 142
Raw materials and consumables used	25 176 868	23 922 959
Marketing and advertising costs	4 819 105	4 858 342
Other expenses	76 589 720	72 380 209
<b>Total cost of sales and operating expenses</b>	<b>177 094 345</b>	<b>167 762 137</b>

## 16 Related parties

### 16.1 Holding Company

The company is controlled by the City of Cape Town, which owns 67.8% (2015: 69.9%) of the company's shares. The remaining shares are held by the Western Cape Government 25.3 % (2015: 21.9%) and SunWest International (Pty) Ltd 6.9% (2015: 8.2%). The City of Cape Town has leased the land on which the convention centre is built to the company for a period of 99 years at a cost of R100 per annum.

In terms of an agreement dated April 2001, Convenco has sub-leased a portion of land to Vexicure Proprietary Limited t/a Westin for an initial period of 30 years extendable to 50 years. The hotel erected on this site reverts to the City of Cape Town should the lease not be renewed.

In terms of an agreement dated September 2005, Convenco has sub-leased a portion of land to Redefine Properties Limited for an initial period of 50 years extendable by 20 years. The office tower (Convention Towers) erected on this site reverts to the City of Cape Town should the lease not be renewed.

	2016 R	2015 R
<b>Related party transactions</b>		
Rates and taxes	5 260 215	4 843 818
Electricity	11 124 301	10 406 397
Water	1 088 520	963 682
Lease P1 Parking (including refuse, sewerage, rates and water)	3 390 862	3 100 676
Y-Waste Solutions CC*	22 969	48 897
<b>Related party balances</b>		
Amounts owing to City of Cape Town	1 378 698	1 302 609
Amounts due by City of Cape Town**	575 804	22 747 307

\* Waste management service supplier where the manager's spouse (S Fourie) is a Non-executive Director and in the service of the state (HoD: Department of Economic Development and Tourism).

\*\* The amount due from the City of Cape Town relates to the second basement of the expansion.



## 16 Related parties (continued)

### 16.2 Subsidiary

The company has only one subsidiary, the Cape Town International Convention Centre Operating Company SOC Ltd (OPCO). OPCO is in the process of being deregistered. Consolidated financial statements have not been prepared as OPCO is dormant and is not considered material.

	2016 R	2015 R
<b>Director's remuneration</b>		
Non-executive Directors' remuneration*		
AA Mahmood	52 407	35 432
GM Fisher	–	13 888
AM Boraine	94 829	39 694
BJ Lodewyk	79 180	54 667
El Hamman	58 031	43 782
GJ Lundy	42 229	35 968
HJ Taljaard	17 476	57 416
RSH Eksteen	38 892	35 023
S Myburgh-De Gois	41 331	36 151
DA Cloete	28 522	–

\* The comparatives have been re-presented in accordance with the CIPC ruling.

#### **CEO – (J Ellingson)**

Basic salary	1 874 976	1 671 455
Bonus	232 485	–

#### **Key management remuneration**

##### **Operations – (C Barrington)**

Basic salary	1 214 216	963 820
Bonus	173 807	152 666

##### **Commercial – (M Arendse)**

Basic salary	1 291 495	1 205 375
Bonus	152 858	142 459

##### **Finance – (F Parker)**

Basic salary	1 382 086	1 287 613
Bonus	186 949	151 885

## 17 Employee-related costs

Salaries and wages	35 216 194	33 041 294
Contributions for UIF, WCA, medical aid, etc	3 064 952	2 867 492
Provident fund	3 039 192	2 804 956
Overtime	716 360	729 070
Performance bonus	2 507 478	2 242 647
Other: Staff transport and health and safety costs	1 638 090	1 249 590
<b>Total employee-related costs</b>	<b>46 182 266</b>	<b>42 935 049</b>



## 18 Operating Leases

### 18.1 Lessee

2016	1 YEAR R	2-5 YEARS R	Over 5 years R
<b>Future minimum lease payments (ZAR) (incl. VAT)</b>	<b>2 708 915</b>	<b>12 561 428</b>	<b>291 575 229</b>
2015			
<b>Future minimum lease payments (ZAR) (incl. VAT)</b>	<b>2 560 417</b>	<b>11 872 827</b>	<b>295 552 771</b>

Future minimum lease payments for the operating leases relates to the following leases:

- City of Cape Town - 99 year lease of land, remaining term 84 years 5 months; and
- City of Cape Town - 50 year lease of P1 parking garage, remaining term 35 years 3 months.

### 18.2 Lessor

The company receives rental income from Vexicure Propriety Limited t/a Westin and Redefine Properties Limited, which is a percentage based on turnover.

## 19 Budget information

### 19.1 The budget is approved on an accrual basis by nature classification. The approved budget covers the fiscal period from 1 July 2015 to 30 June 2016. Both the budget and the accounting figures are prepared on the same basis.

The variances between the approved and final budgets are mainly due to the adjustment of:

- an increase in revenue due to additional short-term business gained;
- an increase in finance income due to a delay in the spending of funding for the expansion; and
- a decrease in total indirect costs mainly due to adjustments on personnel, operations and computer costs.

### 19.2 Explanation of variances greater than 5% and greater than R1 million: Final budget and actual amounts Statement of financial performance

#### (i) Revenue (R5 141 484)

Due to additional revenue gained from revenue sources such as venue and food and beverage services.

#### (ii) Other income (R9 214 253)

Mainly due to revenue gained from secondary revenue sources such as subcontracted services, parking and other services.

#### (iii) Direct personnel (R1 810 193)

Increased direct personnel is in relation to the increased revenue.

#### (iv) Finance income (R8 160 108)

Due to steady interest rate earned from favourable cash balances.

#### (v) Indirect expenditure (R21 646 888)

Substantial savings on indirect expenses achieved through strict budgetary control.

Personnel cost savings due to vacancies as at year end. The budget also includes an adjustment in staff salaries, following a salary benchmarking exercise. The salary benchmarking exercise is yet to be finalised.

Operations general cost savings on logistic services.

Utility services savings are due to a combination of savings on rates, electricity and insurance.

Building costs savings are due to tighter control on services of cleaning, refuse and security.

Office cost savings due to tighter control on office equipment usage.

Computer cost savings due to the in-sourcing of certain IT services.

Advisors cost savings due to tighter control on legal cost spend.

Marketing and corporate communications savings as a result of trade fairs and related costs and marketing events.

Travel and entertainment cost savings due to timing of the expense as a result of business operational needs.

Depreciation savings due to the timing of capital expenditure and due to a reassessment of the useful lives of assets.

#### (vi) Profit before tax for the period (R43 183 919)

Increased revenue, finance income and significant cost savings contributed to the improved performance.



## 19 Budget information (continued)

### 19.3 Explanation of variances greater than 10% and greater than R2 million: Final budget and actual amounts Capital expenditure

100% of capital expenditure projects were either complete or in progress as at year end.

Other capex items – The unspent capital expenses relates to the timing of expenditure on the CTICC East expansion programme.

Capital expenditure relates to the operation and has no impact on service delivery.

### 19.4 Revenue and other income reconciliation

Classification of certain income and expenditure differs in instances from the statement of financial performance compared to statement of comparison of budget and actual amounts.

	2016 R
Revenue per the statement of financial performance	202 459 444
Other income per the statement of financial performance	6 622 791
	<b>209 082 235</b>
Revenue per the statement of comparison to budget	174 453 822
Other income per the statement of comparison to budget	34 628 413
	<b>209 082 235</b>
<b>Cost of sales and operating expenses</b>	
Cost of sales per the statement of financial performance	25 682 611
Expenses per the statement of financial performance	151 369 407
	<b>177 052 018</b>
Finance costs included in indirect expenditure	42 327
Direct costs per the statement of comparison to budget	43 110 929
Indirect costs per the statement of comparison to budget	133 983 417
	<b>177 094 346</b>

## 20 Financial instruments

### 20.1 Risk management

#### Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Euro and Great British Pound. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

#### Market risk

The company's activities expose it primarily to risks of fluctuations in interest rates.

#### Interest rate risk

The company's interest rate profile consists of fixed and floating rate bank balances which expose the company to fair value interest rate risk and cash flow interest risk.

#### Interest rate sensitivity risk

The sensitivity analysis below has been determined based on the financial instruments' exposure to interest rates at reporting date.

A sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest rate percentage. The equal but opposite 1% adjustment to the interest rate would result in an equal but opposite effect on net surplus and therefore has not been disclosed separately.

	2016 R	2015 R
Cash and cash equivalents	418 595 026	554 631 542
Increase/Decrease in interest rates	1%	1%
Net surplus (post-tax)	3 013 884	3 993 347



## 20 Financial instruments (continued)

### 20.1 Risk management (continued)

#### Credit risk management

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligation, and arises principally from the company's customers. The company's policy is to receive the majority of payment upfront from customers. Any outstanding balances is managed through frequent communications with customers.

Due to the nature of the business, a majority of the outstanding amounts are with customers with whom the company has dealt with previously and whom have not defaulted in the past.

Financial assets, which potentially subject the entity to credit risk, consist principally of cash and cash equivalents and trade and other receivables.

The company's cash and cash equivalents are placed with high credit quality financial institutions.

Credit Risk with respect to trade receivables is limited due to the credit approval processes.

#### Credit quality of trade and other receivables

The following represents the credit quality of the trade receivables:

	2016 R	2015 R
Key accounts customers	4 517 340	1 042 579
Other accounts customers	550 501	640 075
High risk customers	4 052	13 836
Related party recoverable*	575 804	22 747 307
	5 647 697	24 443 797

The company believes that no further impairment is necessary on trade receivables as reflected in note 6.

\* The related party recoverable balance is due from the City of Cape Town relating to the second basement of the expansion.

#### Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. The company ensures that adequate funds are available to meet its expected and unexpected financial commitments.

The following table provides details of the company's remaining contractual liability for its financial liabilities.

	LESS THAN 1 MONTH R	BETWEEN 1 AND 3 MONTHS R	TOTAL R
<b>2016</b>			
Client deposits	46 620 494	–	46 620 494
Payables and other payables from exchange transactions	15 446 903	76 526 219	91 973 122
	62 067 397	76 526 219	138 593 616
<b>2015</b>			
Client deposits	36 429 117	–	36 429 117
Payables and other payables from exchange transactions	12 102 882	39 274 823	51 377 705
	48 531 999	39 274 823	87 806 822



## 20 Financial instruments (continued)

### 20.1 Risk management (continued)

#### Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and payables and other payables from exchange transactions, as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, shown in the statement of financial position, plus net debt. The gearing ratios at 30 June 2016 and at 30 June 2015 were as follows:

	2016 R	2015 R
Cash and cash equivalents	418 595 026	554 631 542
Less: Payables and other payables from exchange transactions	(91 973 122)	(51 377 705)
Net cash	326 621 904	503 253 837
Total equity	589 805 242	248 920 376
Total capital	916 427 146	752 174 213
Gearing ratio	36%	67%

### 20.2 Financial instruments by category

The accounting policies for financial instruments have been applied below:

#### 2016

##### Assets as per financial position

#### LOANS AND RECEIVABLES

	R
Receivables and other receivables from exchange transactions	5 078 251
Cash and cash equivalents	418 595 026

#### OTHER FINANCIAL LIABILITIES

Liabilities per financial position	R
Payables and other payables from exchange transactions	91 973 122
Client deposits	46 620 494

#### 2015

##### Assets as per financial position

#### LOANS AND RECEIVABLES

	R
Receivables and other receivables from exchange transactions	25 288 657
Cash and cash equivalents	554 631 542

#### OTHER FINANCIAL LIABILITIES

Liabilities per financial position	R
Payables and other payables from exchange transactions	51 377 705
Client deposits	36 429 117



## 21 Supply chain management regulations

### 21.1 Deviations

In terms of section 36 of the Municipal Supply Chain Management Regulations and the CTICC Supply Chain Management Policy, the CEO may ratify any minor breaches of the procurement process.

#### 2016

Total deviations for the year amounted to **R21 094 062**

Listed below are material deviations:

Incident	R
Exceptional/impractical cases	6 776 603
Sole/single provider	5 244 722
Emergency situation	583 360
Minor breaches	8 489 377
	<b>21 094 062</b>

#### 2015

Total deviations for the year amounted to R22 952 789

Listed below are material deviations:

Incident	R
Exceptional/impractical cases	1 724 908
Sole/single provider	5 227 260
Emergency situation	167 538
Minor breaches	15 833 083
	<b>22 952 789</b>

- 21.2** According to section 45 of the Municipality Supply Chain Management Policy, disclosure needs to be given of awards to close family members of persons in the service of the state, in compliance with the provisions of CTICC's Supply Chain Management Policy.

Appointment of food waste management services was awarded to Y-Waste Solutions CC (non-VAT vendor). The manager's spouse (S Fourie) is in service of the state (HoD: Department of Economic Development and Tourism) and a Non-executive Director of the company. The amount of the award was 2016: R22 969 (2015: R48 897).

Tender CTICC024/2014: Appointment of upgrade P1 parkade renovation was awarded to Exeo Khokela Civil Engineering (Pty) Ltd. The Director's child (T Meyer) is in service of the state (Educator: Western Cape Education Department). The amount of the award was 2016: R1 563 789 (2015: R4 520 259).

AT Catering t/a 3 Peas was appointed onto the panel for the supply and delivery of Fresh and Prepared Fruit and Vegetables (CTICC027/2016). The Director's spouse (Mrs. M Brink) is in service of the state as a doctor at the Red Cross Hospital. The amount of the award was 2016: R491 937.

Tender CTICC010/2016: Professional services – upgrading of existing generating system was awarded to SMEC. The spouse (Mrs. Y Phosa) of the chairperson of SMEC's Board of Directors, is in service of the service of the state as Chairperson: Parliament Committee of Higher Education and Training. The amount of the award was 2016: R154 933.



## 22 Events subsequent to year end

The Directors are unaware of any events after the reporting date that would materially alter the amounts or disclosure in these annual financial statements.

## 23 Capital commitments

Commitments in respect of capital expenditure

	2016 R	2015 R
<b>Category</b>		
Other capex items	371 850 265	720 463 663
<b>Total capital commitments</b>	<b>371 850 265</b>	<b>720 463 663</b>

## 24 Contingent liabilities

### 24.1 Income tax dispute

The outcome of an income tax case relating to a SARS audit of 2012 which is currently under appeal is still pending. The potential extent of the liability cannot be determined at this stage as the matter is subject to litigation.



# UNITED NATIONS GLOBAL COMPACT INDEX

No.	Principle	Met	Page reference
1	<b>Principle 1</b> – Businesses should support and respect the protection of internationally proclaimed human rights.	✓	8-9, 13, 56, 65, 67, 72-73, 94
2	<b>Principle 2</b> – Businesses should make sure they are not complicit in human rights abuses.	✓	67
3	<b>Principle 3</b> – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	✓	94
4	<b>Principle 4</b> – Businesses should uphold the elimination all forms of forced and compulsory labour.	✓	94
5	<b>Principle 5</b> – Businesses should uphold the effective abolition of child labour.	✓	94
6	<b>Principle 6</b> – Businesses should uphold the elimination of discrimination in respect of employment and occupation.	✓	8-9, 13, 56, 65, 67, 72-73, 94
7	<b>Principle 7</b> – Businesses should support a precautionary approach to environmental challenges.	✓	75
8	<b>Principle 8</b> – Businesses should undertake initiatives to promote greater environmental responsibility.	✓	9, 57, 59, 76-83, 91, 101
9	<b>Principle 9</b> – Businesses should encourage the development and diffusion of environmentally friendly technologies.	✓	78-82
10	<b>Principle 10</b> – Businesses should work against corruption in all its forms, including extortion and bribery.	✓	85, 88









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