



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

ANNEXURE 17

MUNICIPAL ENTITY – BUSINESS PLAN

2017 2018

CTICC

CAPE TOWN INTERNATIONAL CONVENTION CENTRE BUSINESS PLAN 2017/18

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1. EXECUTIVE SUMMARY

The Cape Town International Convention Centre was established in 2003 with a very clear purpose of contributing to economic growth and job creation in the City and Province through the hosting of international and national conferences, meetings, exhibitions and events. Since then the centre has not only met, but exceeded those expectations on every level. As it approaches its 14th year of operations, the CTICC has sustained 90 000 direct and indirect jobs since inception, and contributed a considerable R32.5bn to South Africa's Gross Domestic Product (GDP), of which over R28.8bn was injected directly into the Western Cape's Gross Geographic Product (GGP).

As it enters into its first full year of operations in 2017/18, the CTICC's expansion project will support the CTICC's vision and growth outlook. As several new convention centres have opened and are being established in key international cities, the expansion will play a pivotal role in continuing to bring international business to South Africa and the Western Cape. The expansion will allow the CTICC to stage more events, will enable the Centre to offer more flexibility to its clients and will allow for an increase in the concurrent hosting of various sizes of meetings, conventions, exhibitions and other events. The expanded facility will provide a significant boost to the global competitiveness of Cape Town as a premier world-class meetings and events destination, giving effect to the City's objective of establishing Cape Town as Africa's top business events destination.

To support its revenue strategy, the expansion has become a major focus area of the CTICC's marketing strategy. Key to the marketing messages directed at potential clients is that the expansion is a seamless extension of the CTICC and that the expanded Centre now offers new venues and greater flexibility for clients.

The CTICC is committed to exercising financial prudence in its operations. Maintaining budget frugality also means that the CTICC has to find innovative ways to stay ahead of the game. Over the past 13 years, it has placed enormous emphasis on maintaining high standards, service excellence and being an industry leader in triple-bottom-line sustainability. These factors as well as the Centre's commitment and active pursuit of events that underscore its role as a fundamental driver of the knowledge economy will set the Centre apart from its industry peers.

There is no doubt that future global economic growth is increasingly reliant on intellectual capital. Consequently the CTICC has a serious role to play as an essential platform for knowledge sharing and intellectual growth in South Africa.

To this end, many of the 504 events hosted by the CTICC in the 2015/16 financial year, especially the international conferences, supported the advancement of industries which have been identified as key catalytic sectors by the City of Cape Town and Western Cape Government for trade, investment and growth. By attracting global associations and experts to the City for these events, CTICC is making a vital contribution towards growing the City's expertise, knowledge and skills in all these areas.

This document represents the CTICC's Business Plan for the 2017/18 financial year, with a long term vision towards positioning the CTICC as one of the world's top ten long-haul international convention centres by 2020.

As a state-owned entity, this business plan is duly aligned with the City of Cape Town's Integrated Development Plan (IDP) as well as the Western Cape's Government's Economic Growth Strategy. The CTICC remains guided by the key principles encompassed in both these strategies in setting the direction for CTICC's business plan going forward.

In order to orientate the reader and as a continuation of previous plans published, the 2017/18 plan begins with an organisational overview of the CTICC and the core reasons for its formation. The CTICC operates in a challenging global context and the market analysis section of this plan provides insight into the broader market environment.

The CTICC's financial history indicates that the company has managed to generate an operating profit year on year despite global and economic challenges. The operating profit before interest depreciation and tax (EBITDA) for the 2017/18 financial year is budgeted at R15.1m. The 2017/18 financial year has taken into account revenue and costs for the new building with the assumption of trading for a full year. The 2017/18 budget reflects a R4.7m profit before tax for the existing building and a net loss before tax of R684.4m for the new building. The budgeted loss for the new building has taken into account the impairment of the new building which is a result of the application of GRAP 17. The total revenue budget excluding interest for the 2017/18 financial year is budgeted at R272.8m.

Each internal department has devised an implementation framework, driving a detailed action plan for the next year that supports the overall business objectives of the organisation. These departmental strategies focus on the core business strategy and how the CTICC will achieve its key performance indicators and contribute to the sustainability of the organisation.

Given the CTICC's economic mandate, the Commercial and Business Development Department is focussed on expanding the Centre's international footprint. Sales, client relations and marketing strategies are put in place to, firstly, keep the CTICC top of mind with key role-players and decision makers and, secondly, to position the CTICC as a venue that has the talent, track-record and vision to deliver on and exceed clients' expectations. Several client engagements, nationally, and particularly internationally, are on the cards to support this strategy. Furthermore, the CTICC remains driven to meet and exceed its event numbers, in particular on the international front and to deliver on the target of the operating profit.

The Operations Department is geared to maintain its 100% spend on capital expenditure and has refined their business process in this regard. Our Food & Beverage Department plays a vital role in ensuring we deliver world-class experiences to our clients and visitors. To this end, it is our intention to align ourselves with further ISO certifications being ISO 22000 (Food Safety) and to be compliant by 2018. This is an exciting challenge we are embarking on to ensure our food and beverage offering delivers quality of the highest standard, remains competitively priced, and is aligned to the latest trends. The ICT function, which was insourced during the 2015/16 financial year, will focus on modernising and upgrading infrastructure and services that support event hosting activities to ensure the CTICC provides a world-class ICT infrastructure.

The CTICC has for the past four years received an unqualified audit report and the Finance Department remains committed to managing and regulating processes throughout the organisation to continue on this pathway. Procurement from BBBEE companies remains a priority as the CTICC strives to constantly improve on this front.

The Human Resource Department is transitioning from a service delivery model to a business partnering model, by becoming more of a strategic partner driving the company's recruitment, remuneration, and retention strategy and ensuring alignment with employment legislation. The success of a service business rests on the talent, commitment and passion of its staff. To this end, the CTICC is committed to employing staff of high calibre and prioritising training at all levels and for whatever skills are necessary to fulfil the centre's mandate.

With regard to governance, the CTICC is privileged to have an experience and stable Board of Directors, which directs and governs the CTICC based on its mandate to contribute to economic growth and job creation. The Secretariat remains committed to effective administration of Board and Shareholder matters and to ensure that internal procedures and structures are in place to promote good corporate governance within the company.

This business plan represents the first version in which the expanded CTICC will be operational for a full financial year. It positions the company to service its clients through an expanded facility and will be implemented in an integrated manner and within a framework to ensure performance is monitored as per the agreed targets.

2. COMPANY OVERVIEW

2.1. About the CTICC

When the CTICC opened its doors in 2003, the media spoke of how this institution would welcome visitors from around the world to this great new venue in Cape Town. Those aspirations have not only been met – they have indeed been exceeded on all levels. After 13 years, the CTICC has become an iconic landmark on the business tourism map of Cape Town, South Africa and indeed Africa.

The mettle of any internationally competitive convention centre is gauged by its economic contribution. And for a convention centre to contribute significantly and sustainably to an economy, it needs to be invested in that economy and its people.

Since inception, the CTICC injected more than R32.5 billion into the national Gross Domestic Product (GDP) with over R28.8 billion going directly to the Western Cape economy. A staggering 90 000 jobs have also been created and sustained since its inception.

The CTICC must remain internationally competitive. The expansion will raise the global competitiveness of Cape Town as a premier world-class meetings and events destination, in turn allowing the CTICC to meet the City's Integrated Development Plan's objective of establishing Cape Town as Africa's business events destination.

The expansion will double the CTICC's existing exhibition capacity by adding 10 000m² of multi-purpose conference and exhibition space, as well as almost 3 000m² of formal and informal meeting space.

The expansion plays a pivotal role in continuing to bring international business to the region. It will allow the CTICC to meet the growing demand to stage more events, offer more flexibility and allow for an increase in the concurrent hosting of various sizes of meetings, conventions, exhibitions and other events.

The CTICC has earned a reputation for excellence in all its operations, often leading the way in the quest for improved systems and functionality and sustainability. It therefore comes as no surprise that the CTICC was the first convention centre in Africa to gain three internationally recognised management system certifications (ISO 9001, 14001, 18001) simultaneously; the centre upholds a Hazard Analysis Critical Control Process (HACCP), has maintained its Tourism Grading Council 5-star rating and achieved Gold AIPC (International Association of Convention Centres) quality standard certifications.

Lastly as a municipal entity, the CTICC is expected to deliver against a set of Key Performance Indicators (KPIs) that are agreed between the CTICC and the City of Cape Town on an annual basis. Year on year, the CTICC meets and exceeds those targets.

Shareholding Structure

The Cape Town International Convention Centre Company (Convenco) is a state owned company (ring-fenced). Convenco was formed in 1999 through collaboration between the City of Cape Town, the Western Cape Government and the business sector.

The primary objective behind the formation of the holding company was to deliver a world-class international convention centre in Cape Town that would provide meeting, convention and exhibition services and facilities for local and international organisations and their guests.

In so doing, it was envisaged by the Convenco co-founders that the CTICC would have a sustainable positive impact on the economic and social development of Cape Town, the Western Cape and South Africa.

Financing of the expansion phase has resulted in changes to the shareholding proportion as illustrated below.

Entity	Share portion as at 30 June 2016	Share portion as at 31 December 2016
City of Cape Town	67.9%	71.37%

Western Cape Government	25.3%	23.24%
SunWest International (Pty) Ltd	6.8%	5.39%

2.2. Vision, mission and values

Vision

The CTICC's vision is to become one of the world's top 10 leading long-haul international convention centres by 2020.

The successful realisation of this vision is not measured purely by commercial interests, but also entails the CTICC's ongoing significant contribution to South Africa's economic growth and development.

The CTICC aims to achieve this vision by being a truly inspirational business that sets the global standard for excellence in business practices, hospitality and event hosting both locally and internationally. Driving the knowledge economy and skills exchange will be an imperative in terms of focusing on key economic sectors of the City and the Western Cape Government.

2.3. Strategic alignment with the City of Cape Town's Integrated Development Plan (IDP)

The CTICC is committed to ensuring its activities not only align but also support the City of Cape Town's IDP. As a municipal entity, CTICC is required to submit, along with the annual budget, a multi-year business plan that sets key financial and non-financial performance objectives and measurement criteria. The CTICC's mandate of economic growth, job creation and driving the knowledge economy remains at the core of what the CTICC does.

The following table illustrates the alignment between the CTICC and the City of Cape Town. In addition to aligning with the City of Cape Town's IDP, the CTICC's business strategy is also geared at driving the knowledge economy and contributing to growth in the key economic sectors identified by both the City of Cape Town and the Western Cape Government as strategic areas for job creation and economic growth. Strategic economic sectors include:

- Agro- processing
- Finance
- Health and medical technology
- Information Communication Technology (ICT) Metals, Tooling and Niche Engineering

- Mining, Oil and Gas
- Retail
- The Green Economy including Renewable Energy
- Tourism and Events

Table 1: City of Cape Town's Integrated Development Plan focus vs CTICC's Business Objectives

	City of Cape Town 2012-2017 IDP focus Areas	CTICC Mission statement and Activities
1.	The Opportunity City <i>Economic Growth and Job Creation</i>	Maximizing economic impact and job creation through <ul style="list-style-type: none"> • Driving the knowledge economy and skills exchange • Attracting more meetings and events to Cape Town • BBBEE procurement of no less than 60% • Partnering with business tourism role players • The expansion (CTICC East) • New strategic business opportunities
	<i>Infrastructure-led growth and development</i>	The CTICC East expansion will effectively double the size of the existing exhibition capacity by adding 10 000m2 of multi-purpose exhibition space and approximately 3 000m2 of formal and informal meeting space. This will service high levels of demand. The expanded facilities will further enable us to continue to drive the economic multiplier effect.
	<i>Promote a sustainable environment</i>	The CTICC places a priority on integrating economic, social and environmental sustainability into every aspect of its business. The triple bottom-line approach is informed by a comprehensive environmental policy and monitored by a dedicated sustainability committee within the company.
	<i>Leverage assets to drive economic growth</i>	The CTICC's purpose is to contribute and in fact, drive economic growth and job creation, and the CTICC have successfully delivered on this mandate year-on-year.
	<i>Training and skills development</i>	The CTICC is focused on building capable and quality staff through a constant focus on rewards and recognition, mentorship, financial and physical wellness. Service excellence is further enhanced through continuous innovation of technology and processes.
2.	The Safe City	The CTICC is focussed on putting measures in place to ensure a safe environment for anyone that walks through its

		doors. CTICC is a member of Cape Town Central District (CCID) and pays a monthly fee for support of cleansing and securing within the precinct and during large events.
3.	The Caring City	The CTICC is committed to the local community and the contribution we can make in uplifting and empowering the local communities. The organisation supports four key Local Community Partners that link back to the CTICC's core business in order to provide ongoing support in the industries that are related to the company. The CTICC has a strong focus on volunteerism and encourage staff, suppliers and clients to assist the Local Community Partners through activations, giving their time, and direct skills exchange. In addition to the four local community partners the CTICC is involved in a number of broad community initiatives.
4.	The Inclusive City	The CTICC contributes to transformation by consistently meeting and exceeding the target of no less than a 60% of the expenditure being with BBBEE suppliers.
5.	The Well-run City	<ul style="list-style-type: none"> • Compliance with MFMA and other legislation • Adherence to the principals of King III Code of Governance • Adequate risk identification and management processes • Obtaining clean, unqualified audits

2.4. Key performance indicators 2017/18

As a results-driven organisation, much emphasis is placed on attainment of targets, firstly at an organisational level, and then cascading down to departmental and finally to individual performance assessments. The system of performance management is integral to achieving the financial and the non-financial targets. CTICC's performance is measured by the City of Cape Town against a set of Key Performance Indicators (KPIs). These are agreed between the CTICC and the City on an annual basis.

Table 2: CTICC Key Performance Indicators (KPIs)

The following table below illustrates the agreed KPIs for the financial year 2017/18:

Category		Measurement	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19
1	Operating Profit/ (Loss) before tax	Percentage achievement of annual budgeted operating profit	100% R 24 075 813	279.4% R67 259 732	100%	100%	100%
2	Capital Projects	Percentage of the total number of capital projects for the year completed or committed	80%	100%	85%	85%	85%
3	Capital Expenditure (CTICC East Expansion)	Percentage of total capital expenditure spend	90%	99.2%	90%	TBC	-
4	Quality Product Offering	Maintain five star tourism grading through effective management of maintenance & quality of service delivery	Achieve Five Star Tourism Grading Council	Five Star Tourism Grading Council Achieved	Achieve Five Star Tourism Grading Council	Achieve Five Star Tourism Grading Council	Achieve Five Star Tourism Grading Council
5	Events	Number of events hosted	510	504	505	590	610

Category		Measurement	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19
6	Events	Number of international events hosted compared to annual budgeted target	32	39	32	32	32
7	External Audit Report	Clean Audit Report (%)	Unqualified Audit Report	Unqualified Audit Report for 2014/2015 financial year achieved	Clean Audit Report (2nd Quarter)	Clean Audit Report (2 nd Quarter)	Clean Audit Report (2 nd Quarter)
8	Human Capital Development	Percentage of annual total salary cost spend on training of permanent and temporary staff	5%	6.9%	5%	5%	5%
9	Minimum Competency Level	Number of senior managers registered for MFMA Competency Course	7	12	7	7	7
10	Customer Centricity and Service Excellence	75% of minimum aggregate score for all CTICC internal departments and external suppliers	75%	84%	76%	78%	78%
11	Procurement	Supply Chain Procurement from BBBEE suppliers measured in terms of BBBEE Act.	50%	92.8%	Percentage spend not lower than 60%	60%	60%

Category		Measurement	Annual Target 2015/16	Actual 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19
12	Financial ratios						
	o Ratio of cost coverage maintained (RCC)	Total cash and investments , less restricted cash for monthly operating expenditure	N/A	N/A	RCC = 11,07 times	10.9 times	9.3 times
	o Net debtors to annual income (ND)	Net current debtors divided by total operating revenue	N/A	N/A	ND = 2%	7.7%	7.7%
	o Debt coverage by own billed revenue (DC)	Total debt divided by total annual operating income	N/A	N/A	DC = 25,90%	13.5%	12.7%
13	Student program Contribution to youth employment and skills development	Number of students opportunities provided	N/A	N/A	6	6	6
14	Graduate program Contribution to youth employment and skills development	Number of graduate opportunities provided	N/A	N/A	3	6	6
15	The number of people from the employment equity target groups employed in the three highest levels of management in compliance with a municipal entity's approved employment equity plan	Percentage of Exco, Manco & Leadership positions held by persons from designated groups	N/A	N/A	80%	80%	80%

(1) Clean audit is defined as an unqualified audit report with no material findings on compliance to laws and regulations and predetermined objectives

2.5. Core Target Markets

Below is an overview of the CTICC's key target markets. The CTICC will have to be innovative in its approach to business in order to remain relevant and position the CTICC as top of mind.

Target Market

Stakeholders/Shareholders

Focus Areas

- The City of Cape Town
- The Western Cape Government
- CTICC Board Members
- Relevant Sector bodies such as Cape Town Tourism, Cape Town Partnership etc.
- Hospitality industry peers and associations, e.g. Exhibition Association of Southern Africa (EXSA) and Southern African Association of the Conference Industry (SAACI) amongst others.

Clients

- International Associations
- National Associations
- Professional Conference Organisers
- Exhibition clients
- Visitors and delegates
- Corporate clients
- Government organisations
- Event Organisers

CTICC Staff

- Permanent staff
- Contract staff

Media

- Industry and mainstream online media
- Regional and national newspapers
- Regional and national radio stations
- Online news portals
- Industry and association websites
- Social media

Public

- Local communities

3. MARKET ANALYSIS

3.1. Situation Analysis

Macro Environment

The combination of changing political, economic, social and natural environments presents a complex and dynamic situation in which the CTICC operates. The CTICC's macro environment consists of six sub-environments or variables namely Political, Economic, Social, Technological, Legal and Environmental (PESTLE).

These are constantly changing forces, which not only affect the macro and micro environments, but also impact on each other – resulting in a dynamic and constantly changing business environment. When analysing the macro environment, the focus is on these constant changes in the sub-environments and their implications for the business.

The below PESTLE analysis highlights the CTICC's current macro environment and follows with the opportunities for the CTICC to maximise its business given the external challenges.

Political: <ul style="list-style-type: none">• International political instability• Negative perception from international clients	Economic: <ul style="list-style-type: none">• Exchange rate fluctuations• Geo-political influences• Shift in traditional markets
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<ul style="list-style-type: none"> • Governmental Support – National Convention Bureau (Subvention Fund) • Synergy with Shareholders 	<ul style="list-style-type: none"> • Electricity and petrol increases which have knock-on effects • Increasing food costs • Flight travel costs • Subvention – required for bids
Social: <ul style="list-style-type: none"> • Cultural aspects • Perception from society and local communities • Sustainability/Job creation • Unemployment rate leads to poverty, which affects the image of the destination 	Technological: <ul style="list-style-type: none"> • Rate of technological change • Adaption to new technological trends • Lack of national infrastructure to support the new technology • Emergence of mobile technology
Legal: <ul style="list-style-type: none"> • Existing legislation • Municipal entity legislation • New immigration and Visa Regulations 	Environmental: <ul style="list-style-type: none"> • Climate change risks • Shortage of energy • Water restrictions affect operations • Ebola Virus

3.2. Company Analysis

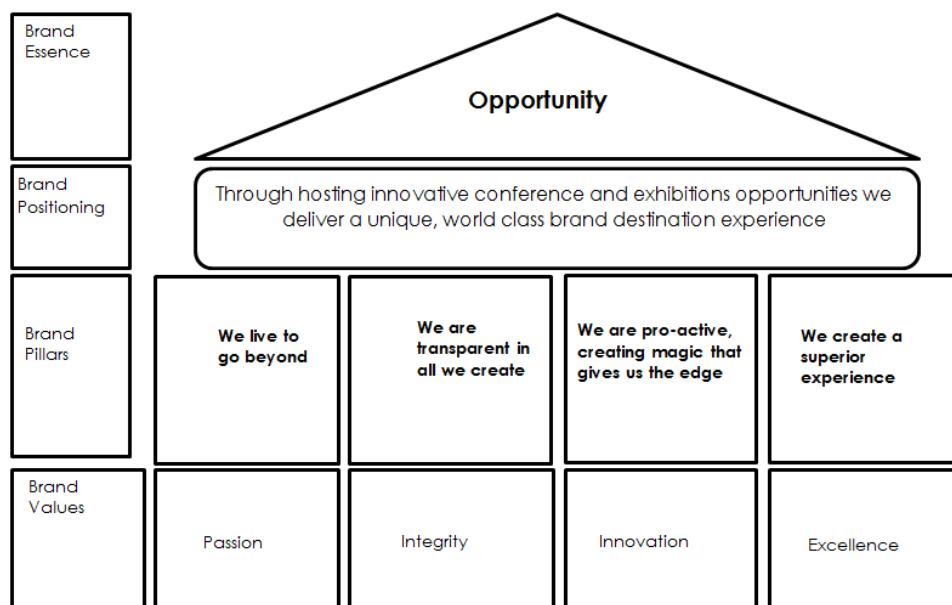
Brand Essence

The CTICC views its brand as a connector; a brand that brings people together to offer valuable and memorable experiences. The CTICC's values of Passion, Integrity, Innovation and Excellence form the backbone of its business supported by proven and robust processes, a solid framework of compliance and good governance, and a culture of customer-centric teamwork.

Brand Positioning

The CTICC brand positioning is encapsulated in its long-term vision, which is to become one of the world's top 10 leading long-haul international convention centres by 2020. While the CTICC Strategy Pyramid and Value Proposition listed further has been well documented in previous annual submissions it is important to reinforce its essence. The illustrations further have been included for this purpose

CTICC Strategy Pyramid Value Proposition



The CTICC's positioning has been determined by the underlying rationale that while international meetings represent higher yielding business opportunities and greater economic benefits than local events, the centre needs to concentrate its marketing and sales efforts on growing the national market segments.

3.3. Market Attractiveness

The opening of CTICC East will enhance the CTICC's global competitiveness and will allow the centre to attract more large scale exhibitions and international conferences of 10 000 or more delegates to Cape Town.

The expansion plays a pivotal role in continuing to bring international business to the region. It will allow for an increase in the concurrent hosting of various sizes of conferences and events. It also creates a platform to expand larger events like Investing in African Mining Indaba and Association meetings.

3.4 SWOT Analysis

In order for CTICC to stay ahead of the game, it is important to constantly monitor the environment and the factors that affect the business, both positively and negatively.

The SWOT Analysis was revised from the previous year and continues to guide how the CTICC can grow its business, capitalise on opportunities and mitigate risks to the centre.

<p>Strengths</p> <ul style="list-style-type: none"> • Excellent/diverse culinary offering • High quality building infrastructure • Good governance and service ethics • International standards driven • Committed & passionate staff • High quality in-house service providers • Diverse & flexible product offering • Strong brand awareness • Strong industry commitment to brand & marketing initiatives • Well-established high-yielding repeat client base • Competitive pricing relative to long-haul competitors • Sustainability-conscious organisation • Good city location and access to high quality amenities • Lack of similar-sized venue supply in Cape Town for international conferences, exhibitions/ trade fairs • Surrounding hotels (high level/ diverse options/hotel categories) 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of capacity to host events in high seasons • Insufficient parking facilities CTICC key suppliers not meeting standard requirements • Succession planning • Retention of skilled staff • Inconsistency of service delivery which impacts on CTICC's reputation and/or financial loss • MFMA restrictions which impacts on CTICC's competitiveness • Ability to sustain every changing technology standards. • Lack of "down time" to ensure effective major facility refurbishments
<p>Opportunities</p> <ul style="list-style-type: none"> • Targeting 2nd & 3rd tier SA market for incentive and corporate business • Limited amount of large capacity convention facilities, as compared to other destinations • Leveraging stakeholder relationships and Cape Town brand initiatives • Long-term commitment on current target markets • Growth of Cape Town as a prime destination • Growing niche and emerging economy 	<p>Threats</p> <ul style="list-style-type: none"> • International demand for short-haul destination (economic pressure) • Increased local competition from new venues within Cape Town including Century City Convention Centre and increased conferencing facilities within hotels. • Insufficient recognition as a safe and accessible destination • Long-term weakness of Rand resulting in increasing operating costs (equipment, international trade shows, etc.)

<p>markets</p> <ul style="list-style-type: none"> • Educating new markets on the CTICC product range • Expansion of CTICC East • Insourcing resulting in additional revenue and minimisation of costs. • Revenue opportunities with commissions being earned on all accredited service providers. • Use of technology to reduce costs • Favourable exchange rate 	<ul style="list-style-type: none"> • Government regulations and policies (particularly related to labour legislation, compliance, etc.) • Long-haul destination – associated costs and carbon footprint related to travel • Expansion delays that compromise the short-term revenue streams • Profit margin erosion due to factors such as increased costs including direct and indirect costs • Revenue erosion due to decreasing customer spend and delegate attendance • Increasing costs particularly related to food & labour • Trend for smaller training orientated to meetings to move to 'online' venues
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Remaining competitive in a turbulent environment

The factors outlined above allow the CTICC to remain competitive. For example, whilst international meetings and conferences represent higher yielding business opportunities and macro-economic benefits than local events, the market environment analysis indicates that there is a need to have a parallel focus on the centre's national market segments footprint. The CTICC's strategic plan for the future needs to take a holistic approach that maximizes opportunities across all of the market segments.

The CTICC East expansion will come as a great relief to the exhibition and national conference market segments. The focus will be on securing business that fills both the existing CTICC West and East. An aggressive sales and marketing strategy needs to be executed emphasising the CTICC East opening in 2017 as part of the existing brand identity.

3.5. Client Buying Behaviour

International Association Conferences

International Association Conferences are conferences that are required to rotate globally and need to draw an attendance of over 50 delegates. These events are secured via a formal bidding process through local members or chapters of the association with the support of the various convention bureaux. The local associations lobby for support from their international associations, to bring their conferences to the local destination.

Decision-making for major international association meetings are determined by a variety of factors and takes place over a protracted period of months or even years. When the host City is finally selected the event lead time can range from 12 months to six years.

International Corporate/Government Conferences

The Corporate and Government segments do not have to conform to a formal buying behaviour and there seems to be no specific pattern for event rotation.

The end client can book directly or via third parties i.e. meeting planner or a Professional Conference Organiser (PCO). These events generally have a lead time of 12 – 18 months. Events are secured either via a tender/procurement process or directly with the venue.

National Conferences

The national market segment comprises of national associations, corporate organisations, government meetings, civic and other organisation meetings. National conferences are attended by a minimum of 50 delegates and are organised annually with an average period of two days. During the 2015/16 financial year 25% of national conferences, were booked within one year of the start date and 55% within two years. 20% of the events are booked more than 3 years in advance. During the 2014/15 financial year the majority, 52%, of national conferences were booked within one year of the start date this has reduced to 25% and the majority, 55%, are now being booked within two years of the start date.

Exhibitions (Business to Consumer)

The exhibition market comprises primarily of domestic events aimed at the consumer market and is hosted on average 3-4 days. During the 2015/16 financial year 16% of exhibitions are booked within 1 year of the start date and the majority 66% booked more than 4 years in advance. This is due to repeat events booked in advance. The general trend however is for new exhibitions to be booked with significantly shorter lead times.

Trade Fairs (Business to Business)

The trade fair market largely exists for the purposes of promoting business to business commerce. During the 2015/16 financial year 9% of event bookings took place within one year of the event. The majority of these events 51% were booked within 2 years and 18% were booked more than 4 years in advance.

Other Events

The category of other events refers to any other meetings or events that take place. They are mainly of a local or provincial nature and have less than 50 participants, e.g. training sessions, roadshows, product launches and breakfast sessions. During the 2015/16 financial year, this segment consisted of 305 events of which 72% were booked on a short term basis i.e. within a 3 month lead time. Of these short term events, 44% were booked within a month of the event day.

Banquets

The banquets category at the CTICC includes any event which has a component of food and beverage served to seated guests and is organised independently, i.e., not linked to a conference. The majority of banquets are booked outside a three month lead time resulting in them being classified as long term bookings. 47% of the banquets hosted during the last financial year were comprised of short term bookings and 11% were repeat events.

Special Events

Special Events are events hosted on a large scale for members of the public. It can be categorised as cultural, religious or sport related. Special events require a longer lead time as the

event organisers need to market these events to the public. 30% of the Special Events hosted at the CTICC are booked within 3 months of the event date and only 15% were booked within a 1 month window period. Special Events with a shorter lead time fall predominantly within the corporate segment hosting product launches.

Film Shoots

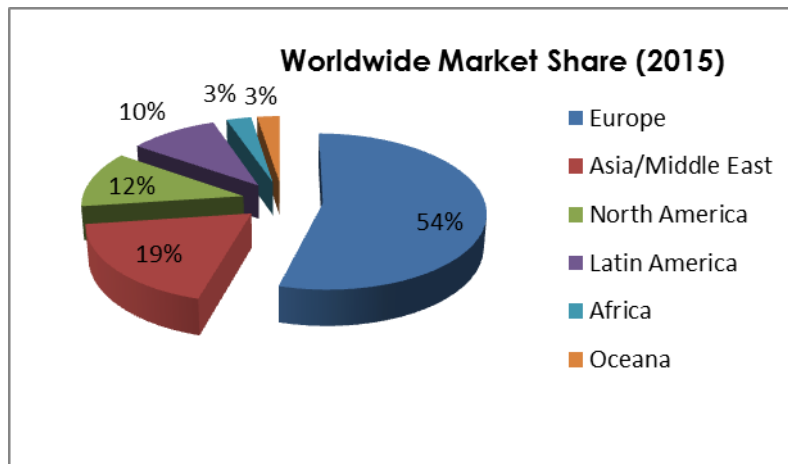
Film shoots are organised by local or international film producers. Due to the dynamic nature of this segment, most bookings are made within 1 month from the actual day of the event and 63% of film shoots are booked within the same week as the shoot. Film and photo shoots are seasonal and subject to weather conditions.

Competitive Market Analysis

The CTICC constantly benchmarks itself against its various competitor sets, the most important of which is the International Associations market. It is estimated that there are on average 11,300 different International Association meetings organized on an annual basis, over the last 10 years:

Rank	Region	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Totals
1	Europe	4497	4915	5365	5710	6258	6650	6936	7027	6835	6556	60749
2	Asia/Middle East	1561	1728	1905	2043	2269	2241	2439	2527	2345	2236	21294
3	North America	1081	1193	1311	1335	1407	1483	1487	1445	1402	1420	13564
4	Latin America	790	879	960	1084	1145	1245	1316	1357	1256	1207	11239
5	Africa	230	274	327	381	355	362	351	409	354	338	3381
6	Oceania	245	256	270	257	320	286	340	302	326	306	2908
	Totals	8404	9245	10138	10810	11754	12267	12869	13067	12518	12063	113135

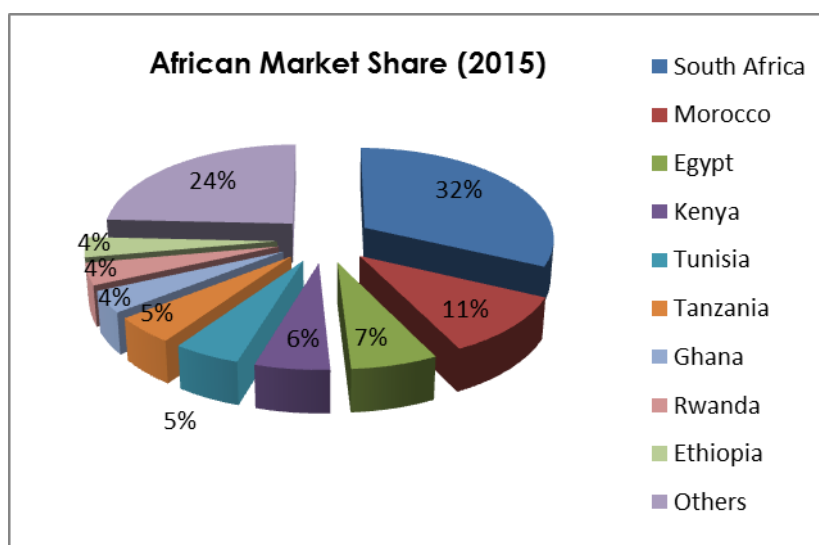
For the 2015 calendar year, the market share is illustrated as follows:



Source: ICCA (International Congress and Convention Association) Statistics Tool: International association events hosted internationally from for the 2015 calendar year, with an international rotation, per continent.

The ICCA Statistics Reports are based on the ICCA Association Database, which means the figures cover meetings organized by International Associations, which take place on a regular basis and which rotate between a minimum of three countries.

From the Global Market Share graph on the previous page, it is clear that Africa currently attracts only 3% of the total international association meetings. There is an opportunity for Africa as a continent to increase its global market share. When seen in conjunction with the African Market Share graph below, it is clear that South Africa is well placed, in the African context, to benefit most from potential growth in the international Association Meetings segment.

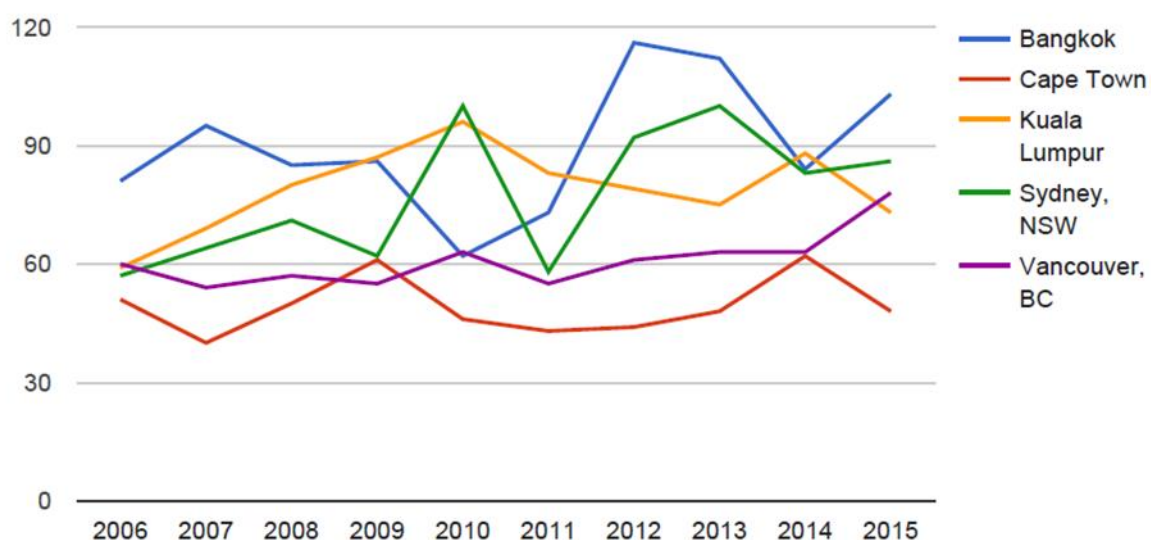


Source: ICCA (International Congress and Convention Association) Statistics Tool: International association events hosted in Africa in the 2015 calendar year, with an international rotation, per African city.

When focusing on the Cape Town context in the analysis of these two graphs, the status of the City as an international meetings destination becomes even more positive. This is further reinforced when reviewing the number of events hosted per year between 2006 and 2015.

The table and graphic illustration below indicates performances by a 'long-haul' competitor set between 2006 and 2015 with relation to the number of meetings hosted and percentage overall market share:

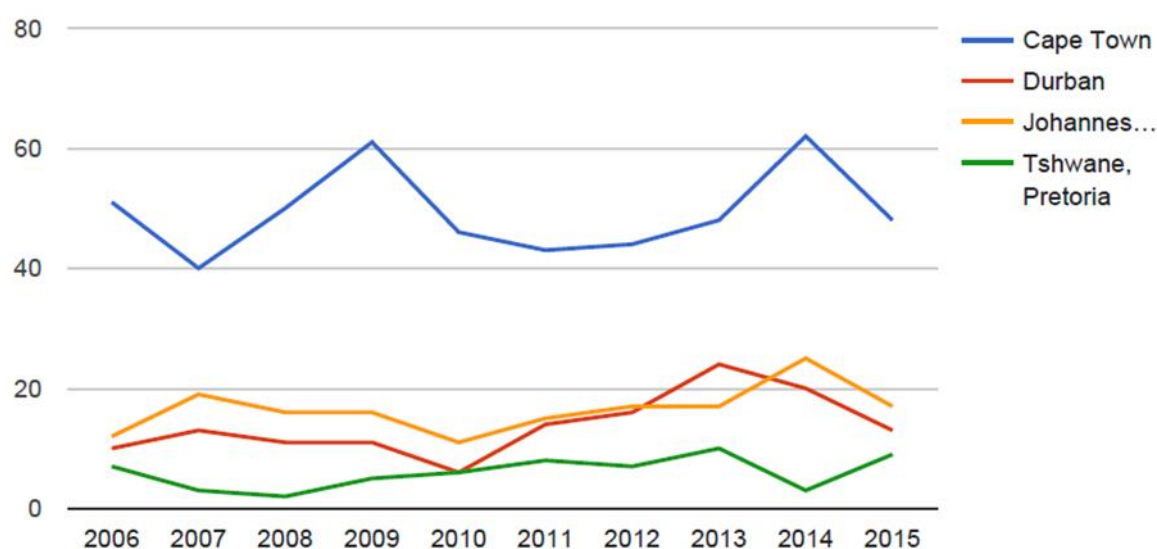
City	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Totals
Bangkok	81	95	85	86	62	73	116	112	84	103	897
Cape Town	51	40	50	61	46	43	44	48	62	48	493
Kuala Lumpur	59	69	80	87	96	83	79	75	88	73	789
Sydney, NSW	57	64	71	62	100	58	92	100	83	86	773
Vancouver, BC	60	54	57	55	63	55	61	63	63	78	609
Totals	308	322	343	351	367	312	392	398	380	388	3,561



Cape Town saw a significant reduction in International Association Meetings held in 2015 compared to 2014, however reflects similar numbers as hosted in 2010 – 2013.

A comparison between major national competitors is illustrated in the table below¹ and further reinforces this point through a comparison of market share of events in the city compared to the total number of events in the country. It takes into account the 2015 calendar year only with events hosted in South Africa:

City	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Totals
Cape Town	51	40	50	61	46	43	44	48	62	48	493
Durban	10	13	11	11	6	14	16	24	20	13	138
Johannesburg	12	19	16	16	11	15	17	17	25	17	165
Tshwane, Pretoria	7	3	2	5	6	8	7	10	3	9	60
Totals	80	75	79	93	69	80	84	99	110	87	856



As can be seen from the above, Cape Town has attracted almost half of all International Association Conferences hosted in South Africa over the ten-year period.

Of the 338 meetings held in Africa in 2015, 108 (32%) were hosted in South Africa, and 48 of these events were hosted in Cape Town (15% of meetings in Africa / 56% of meetings in South Africa).

While the graphs and tables above demonstrate Cape Town's leadership potential, they also show that there is still much work to be done in order to increase the City's current world ranking in terms of the number of international association meetings that it hosts.

¹ ICCA (International Congress and Convention Association) Statistics Tool: International association events hosted in South Africa from 2006 to 2015, with an international rotation, per selected major conference/convention city

Overall, Cape Town's ranking decreased by 13 places in 2014 (41st) compared to the ranking of 54th in 2015. This is largely due to Cape Town having hosted 62 in 2014 meetings compared to the 48 in 2015.

Regional bid conferences and conventions have increased due to new and more established City Convention Bureaus entering the market such as the Tshwane Convention & Visitor Services Bureau and the Johannesburg Convention Bureau.

As new convention centres continue to open up across the African continent, Africa is emerging as a key competitor. Convention centres are in the pipeline for Rwanda, Kenya and Nigeria.

The Kigali Convention Centre in Kigali, Rwanda opened in 2016. Early in 2015 the Calabar Convention Centre opened in Calabar, Nigeria. In addition to the Kenyatta International Convention Centre, the capital Nairobi, the government has been planning to construct a 10,000-seat capacity convention centre at the Bomas of Kenya tourism village in the Langata suburb of Nairobi to support conference tourism.

Locally, the Century City Conference Centre opened in February 2016 and has been competing directly with the CTICC both from a national and international perspective. The Tshwane Convention Centre is expected to open by 2019.

4. DEPARTMENTAL STRATEGIES

4.1. Commercial and Business Development Department

The Commercial and Business Development Department is responsible for generating and sustaining business.

The Department consists of the following sub units:

- Marketing Services unit
- Business Development: International Sales unit
- Business Development: National Sales unit
- Event Management unit
- Corporate Communications unit
- Revenue unit

This department plays a central role in ensuring that the business meets and exceeds within the following areas:

- Operating profit
- Achieving event number targets
- Achieving event number targets for international conferences
- Customer centricity and service excellence

The revenue budget for the Commercial and Business Development for the 2017/18 financial year is R130m for the various market segments.

According to the findings of the 2016 International Association of Convention Centres (AIPC) Annual Member Survey, the global convention industry is still growing as many other economic sectors continue to shrink. Africa has the fastest growing convention industry (58.9%), which presents CTICC with exciting opportunities, but also significant challenges, particularly in terms of competition. In fact 68% of convention centres sight the increase in competition as one of their major risks.

CTICC's Commercial Department is one of the cornerstones of the organisation's sustainable success. Apart from the responsibility it has to sell the CTICC's offerings to clients, the Department is a key driver in terms of raising the profile of the CTICC and positioning the centre, and the City of Cape Town, as highly a desirable destination for national and international meetings and events.

4.1.1. Marketing Services Unit

The role of Marketing Services Unit is to focus on the development and implementation of the organisation's integrated marketing strategy and the implementation of relevant plans to give effect these objectives.

CTICC's marketing strategy has been developed to focus particularly on the integration of the expansion into its product offering. Key to the messaging is that the expanded CTICC is one building, boasting a smorgasbord of flexible options.

The Sustainability Portfolio has moved over to the Operations Department as of July 2016. This is as a result of the Integrated Management System (IMS) which incorporates various business processes and include many of the environmental deliverables championed by the previously known Nurture Our World NOW team to the current Sustainable Events Task Team(SETT). This

merger has seen the IMS & ISO processes falling under the umbrella of NOW. With various International Organization for Standardizations (ISO) being the driving force behind CTICC's triple bottom line approach.

Key Objectives & Action Plans

Marketing Services Unit Objectives

1. Identify and research key target markets and revenue generating opportunities.
2. Establish and embed appropriate, realistic and measurable performance indicators.
3. Raise awareness about the CTICC expansion and the significant added capacity, and opportunity it presents.
4. Continue to grow the CTICC 'love brand', with particular focus on making the CTICC accessible to all.
5. Ensure that the delivery of all marketing action plans contributes measurably to the CTICC's overall business development objectives.

Marketing Services Unit Action Plan

Enhance the CTICC brand: development of an advertising plan which sees the integrations between CTICC West and CTICC East. Production of short online client testimonials as well as experience videos giving the client a feel for the services offered and the staff. Update the marketing collateral with a specific focus on online marketing collateral and rolling these out to all the various touchpoints.

Raise the CTICC profile through CTICC awards: the CTICC's reputation will be enhanced by entering relevant and strategic awards that showcase the centre's achievements. Relevant industry marketing awards have been identified in both the local and international markets. Successful submissions and most importantly winning the awards create further credibility for the Centre.

CTICC Campaigns & Promotions: a range of campaigns and promotion have been identified. This is to raise top of mind awareness with the increased competition. This will supplement the Commercial Teams sales strategy through the acquisition of new business and retention of existing business. The list below is to fill off peak periods and fill any gaps which may arise as a result of increased competition.

Marketing Collateral: updating a set of standard marketing collateral manuals, all of which are targeted at specific event types depending on the given client's requirements. This collateral is leveraged daily via various proactive and reactive digital distribution channels. The collateral has been designed to serve the dual purpose of informing the prospective client about the CTICC's compelling value proposition and encouraging and enabling them to engage with us in a way that maximises the likelihood of an event booking. The manuals also serve as references and user guides to ensure all centre policies and procedures are adhered, thereby protecting both the CTICC and the client. The documents are updated annually taking new pricing, legislation and procedures into consideration.

Integrated Annual Report (IAR): The CTICC develops an Integrated Annual Report for each financial year. This aligns the centre's performance with the KPIs agreed with its shareholders. In addition to delivering the required statutory information in an accessible way, the report serves as a key marketing element for the centre, using engaging text and visually appealing imagery to position the CTICC as a highly attractive events destination. For the upcoming year we will produce an annual report to show the transparency of the CTICC and its operations. The report will be aligned to the UNGC 10 principles of Communication on Progress and sees a continuation of the GRI framework for reporting and data monitoring.

CTICC East: the CTICC East expansion will effectively double the size of the existing CTICC venues. This presents the centre with a massive opportunity to enhance its global competitiveness. However, to do this, it is essential that the CTICC West and CTICC East buildings be seen as a single convention centre. Marketing of the expanded CTICC will focus on this in order to create the correct perceptions from the outset and maximise the likelihood of securing multi-faceted events that make full use of all the CTICC's facilities and services.

CTICC Renderings & Floorplans: co-ordinate the development of CTICC renderings and floorplans for CTICC East to allow CTICC to more effectively market CTICC East. Since CTICC East is a new building floorplans currently do not exist therefore these will be developed. Further CTICC West floorplans and birds eye view will also be updated, to ensure that the marketing collateral is consistent and uniform.

Advertising Strategy 2017/2018

The advertising strategy for 2017/2018 is an acquisition strategy. Existing business needs to be maintained and new business generated. With CTICC East opening in June/July 2017 it means that the CTICC has further increased business potential. The focus is to gain and maintain top of mind awareness with the various target markets. A further focus needs to be given to smaller type events of under 1000 pax as this is where the competition has increased. CTICC still remains the monopoly for larger events in excess of 1000 pax as not many other venues have the infrastructure. With economic costs and the challenges of international travel, national centres gain in importance. The international market is still key, but growth will need to come from the national market. The focus of the advertising strategy remains on clients as opposed to all the other target markets.

Objectives

- Effectively reach the maximum target market individuals (all segments) with the least wastage possible.
- Create meaningful awareness that can result in real leads and sales.
- Ensure sound frequency levels to ensure target market breakthrough.
- In order to remain top of mind for the target market, continuous communication will be needed (this is where digital can be especially effective).

Traditional vs Digital Media

We have increased our advertising spend in the online segment as in the past the online spend was largely in trade media. The CTICC target market segments are part of the Google world; a world where anything that is needed is Googled. In a time-starved world, Search offers people quick and easy access to exactly what they are looking for and need.

Print exposure is still a necessity for building the brand and ensuring ongoing visibility within the target market, but further online exposure is very necessary to ensure targeting with very little wastage, as well as real engagement. The target market that reads the trade publications is already aware of the CTICC offering. Exposure needs to continue there to ensure CTICC remains top of mind.

A series of campaigns and promotions will be run through the year this will be targeted digital campaigns. The purpose of this is to increase the reach, covert interest into sales and to more effectively measure Return on Investment (ROI).

Advertising Media Schedule budget proposed split:

Two proposals have been set labelled budget option 1 which is the approved budget set and approved for 2017/2018. Since the 2017/2018 financial year is the first year that CTICC East will be operational and should targets not be met direct cost budgets will be adjusted accordingly. And like 2016/2017 we had to find cost saving for the financial year. Budget option 2 sees a reduction of the CTICC East advertising support as far as possible this option 2 has tried to minimize the loss of additional exposure.

- Print 60%
- Digital 40%

4.1.2. Business Development: International Unit

The overarching objective of the International Sales Unit is to increase CTICC's competitiveness in the global long-haul market through successfully bidding for International Association conferences as well as targeting corporate and government events.

CTICC also remains committed to driving and developing the knowledge economy. Of the nearly 5000 events hosted by the CTICC over the past 13 years, more than 450 were international association conferences across a broad spectrum of sectors, including agro-processing, the green economy, ICT, property, mining and medical industries.

These are all sectors that align closely to the City of Cape Town and the Western Cape Government's economic growth strategies. By attracting global associations to the city for these events, CTICC is making a vital contribution towards growing the City, Western Cape Government and South Africa's expertise, knowledge and skills in all these areas.

Rationale

International Conferences are a key market segment for the CTICC as it directly contributes to economic growth and job creation in the Western Cape and across South Africa. CTICC supports established tourism and emerging events industry businesses by attracting local and foreign delegates and visitors to the City. There is the positive trickle-down effect of salaries and wages being spent in the local economy. There is also a sizable contribution to taxes. Much of this positive effect is funded by international delegates.

The CTICC creates a platform for knowledge sharing, skills transfer and collaboration, and as such is a key driver of the knowledge economy. Cape Town's appeal as a global destination has seen a steady stream of international medical, environmental, agricultural and mining; oil and gas conferences converge at the CTICC thereby facilitating knowledge sharing and skills exchange. The fact that many of these international congresses are also repeat events speaks volumes about CTICC's success in terms of delivering excellent experiences for its international clients and delegates.

Key Objectives and Action Plans

The section below outlines the objectives of Business Development: International Unit's key objectives for the 2017/18 financial year, with a key focus on promoting CTICC East in all activities.

Generating business leads

- Research International Association city-wide events with the focus on utilising both CTICC West and East which falls within the identified catalytic sectors
- From a government perspective, research events associated with the World Health Organisation and UNICEF
- Identify national associations with the potential of attracting their international association's event to Cape Town and strategically approach them
- Increase leads from International Sales Representation to improve the long-term forward book as well as include leads of new events created by global PCO's.
- Target incentive houses and DMC's to increase the number of international incentive and corporate events the CTICC hosts.

Collaborative partnerships and Industry Stakeholders

- Maintain and develop the relationship with the Cape Town Convention Bureau (CVB) and the South African National Convention Bureau with regards to aligning lead generation.
- Collaborate at trade shows to either share costs or alternate attendance.
- Increased synergy to be achieved by sharing CTICC's targets with the CVB and vice versa. The convention bureau's targets have been shifted to track delegate attendance for economic contribution reporting.
- Ensure that CTICC East is showcased by hosting various industry stakeholder events.

CTICC Ambassador Programme

- Maintain and develop the relationships with the CTICC Ambassadors
- Review the terms of their memberships, in terms of responsibilities and duration
- Focus on creating networking opportunities and improve on communication with the CTICC Ambassadors
- Explore possible national leads from these Ambassadors to ensure that there is a synergy between the National and International Business Development Units.

Research

Continue to focus the research of the City of Cape Town and the Western Cape Government's catalytic sectors. Increase the research on the international corporate and incentive market opportunities. Focus on large city-wide events which will make use of both CTICC West and CTICC East.

Trade Shows and Road Shows

Conduct road shows and attend trade shows to convert leads into bookings as per the annual travel plan and tracking the bid opportunities and conversion related to this. Combining a pre/post sales trip linked to trade shows attended.

Trend Analysis

2016 Member Survey - Centre Growth & Engagement

In 2016, the International Association of Convention Centres (AIPC) released its global survey results, which received responses from 114 member venues, which represents an excellent response rate of 65%. The new AIPC Member Survey data shows continued signs of industry expansion at a faster rate than worldwide economic growth. Five of the key insights from the new survey include:

- There was strong 8% revenue growth worldwide in 2015 compared to 5.8% in 2014. CTICC experienced a revenue growth of 11.3% in 2014, as compared to 2013 which is well above the international norm.

- Last year (2015) saw the strongest attendance growth since 2011. On average attendance grew worldwide by 4.9% in 2015.
- Major capital investment projects are similar to the findings from last year. . While 63% of members said they had some type of major project underway or in planning stages in 2015, in this year's survey the figure has increased to 64%. Specifically there are less new building projects underway around the world, although expansion and renovation projects are increasing.
- Africa continues to be the fastest growing region of the world. African members expanded gross revenue by 58.9% from 2010 – 2015.

Measures and Metrics

Targets are set as per the KPI's for site inspections, sales meetings, etc. to measure performance on a monthly basis which is then reviewed quarterly with the necessary proof of evidence retained.

International Sales Representation (ISR)

CTICC has formally utilised the services of an international sales representative since 2012 after the need was identified to have a qualified and experienced entity that could represent CTICC within the Euro-zone. The main objective is to act as a liaison between potential and existing association clients; generate lead opportunities and organise hosted client events at the trade shows attended by the CTICC. The majority of the associations head offices are based in Europe. In August 2014 Worldwide Convention Specialists was appointed for a period of two years to provide support to CTICC, with the scope of work predominately focussing on lead opportunities and development based on CTICC's capacity capabilities. The requirements are for the associations have to have an open year rotation to Africa or for the association's world international conference. The sales representative is based in Europe and targets have been set to generate lead opportunities on a monthly basis, the leads are tracked and qualified and measured on a quarterly basis.

The scope of the agreement does not include any marketing activation, i.e. marketing collateral and media publications.

During the 2016/2017 financial year, a new representative may have been appointed or Worldwide Convention Specialists would be re-appointed. The focus of leads will be on tracking the identified catalytic sectors of the City of Cape Town and the Western Cape Government as well as new events created by PCO's globally.

A European road show is also identified to be conducted and the qualification of these meetings will be monitored in terms of the conversion into securing bids within the future.

Trade Shows/Trips and Sales Meetings:

Trade Show and Sales Trip reports to track bidding status and return on investment. This is measured on the basis of the applicable leads generated and bids secured.

4.1.3. Business Development: National Unit

The core function of the National Sales Unit is to actively pursue direct and indirect revenue generating activities to meet and exceed CTICC's revenue targets. Another objective is to increase event numbers to maximise occupancy levels.

The National Sales Unit also upholds customer relationships to nurture loyalty and convert new business into repeat business.

Rationale

Increase the conversion rate of long term client bookings

Converting of long-term business will be a focus for the year ahead. The purpose is to secure new and sustained business and allow CTICC to manage the booking system more effectively. Many events are booked far in advance, particularly large National Conferences, Exhibitions or Trade Fairs. This facilitates easier forecasting of budgets.

Manage the short term event process effectively

- Short term events, booked within 1 – 2 months from the event date has continued to be prevalent.
- During the 2015/16 financial year, 170 events were booked on short term basis and co-ordinated which consists of 41% of the number of events hosted.

- Streamline the short term event process to ensure effective communication within the various units of CTICC.
- New system development to increase proactivity
- Continuous improvement of product and eventing knowledge training to provide clients with the most updated trends in the industry.

Key objectives and Action Plans

- To build and strengthen relationships with key stakeholders
- Product enhancement for specific market segments
- Continuous improvement to our product offering to stay updated on industry trends
- The successful and profitable management of short term business
- Selling CTICC East aggressively related to the lost opportunities data and research conducted
- Promote multi-year deals within the exhibitions and trade fairs segments
- Secure new exhibitions and trade fairs related to research

Product development

- Continue market research to aid in the development and implementation of campaigns and promotions for the various market segments by monitoring off-peak periods closely.
- Attending relevant industry events will provide the sales executives with further exposure and building a network for business opportunities. This continues to ensure that the CTICC positions itself as a venue of choice, particularly with national competitors, like Century City Conference Centre. Trend observations will be used to develop product according.

Selling CTICC East

- The booking system is up and running and the relocation of the smaller exhibition clients have been done to facilitate securing larger exhibitions.
- Site inspections with current and potential clients as well as service providers.
- Conduct national road shows to corporate clients and reputable exhibition organisers who are based on research and current database information.
- In collaboration with the marketing unit – run campaigns for the corporate, national conferences and banqueting market segments. Track the return on investment.

Trend Analysis

Banquets Trends

Clients are looking at more value added proposals, including specialised menus, customised catering offerings or themed packages. Traditional formal gala dinner banquets are on the decline as more clients look towards interactive dining experiences and programmes which facilitate networking.

Special Event Trends

Production companies are using venues that are affordable and flexible with pricing in order to maximise profit and lower risk, are dependent on ticket sales and sponsorship. Comedy and music productions usually run for 3 to 5 days in smaller venues with 2 shows per day, however in larger venues, it reduces to a 2 day event with 1 show per day. Venues for comedy and music productions are secured months in advance to allow maximum time for ticket sales.

National Association Conferences, Corporate and Government Trends

- Event organizers are supporting local communities and CSR programmes
- Non-traditional conference programme, i.e., interactive sessions
- Decrease in delegate attendance
- Conference budgets continue to be scrutinised
- Corporate companies are building in-house conference facilities
- Events are being arranged at much shorter lead times.
- Government has increasingly smaller events budgets. Circular 82 is restricting the amount of attendees and travel and event spend.

Exhibition and Trade Fair Trends

- There has been an increase in enquiries for events within the food, agriculture and mining sectors.
- Competitor exhibition centres charge a per m2 rate for venues with a minimum of, for example 75% of the hall to be booked, whereas CTICC charges a standard daily rate.
- International exhibition organizer's expanding to emerging markets, particularly looking at South Africa.

Other Events, Film and Photo Shoot Trends

- There has been an increase in new competition venues and locations in Cape Town.
- Corporate companies are building in-house conference facilities.
- The lead times for events in these segments have and will become non-existent.
- Consumers are wanting more interactive and experience based events.

Measures and Metrics

The key performance documents for the Business Development: National teams will be updated prior to the 2017/18 financial year to incorporate the above mentioned objectives targets to be set to measure performance and the conversion of business will be tracked accordingly.

4.1.4. Event Management Unit

The core function of the Event Management unit is to successfully execute all events hosted at the CTICC while adhering to all policies and processes. The unit is also responsible for upselling all subcontracted services as well as food and beverage. In addition, the unit also contracts and manages the repeat events portfolio.

Rationale

The event management unit will continue to maintain and nurture relationships with clients to ensure sustainability of business, particularly for the repeat clients

Key Objectives and Action Plan

The key objectives of the Event Management Unit are:

- The successful and profitable management of repeat events
- To increase revenue for F&B offerings and sub-contracted services Departmental training & development
- Departmental training & development
- Monitoring of updated systems and internal processes to improve efficiencies
- Improve client relationship management

With new pricing released for both 2017 and 2018, the focus will be on increasing the rate at which repeat events are contracted. Multiple year agreements will be the focus for longstanding repeat exhibitions and trade fairs as well as a few key conference clients.

Finance process to be strictly managed in conjunction with the Finance Unit with specific emphasis on addressing payment monitoring and obtaining information timeously ahead of the event as per the payment process.

Weekly departmental meetings with a specific focus on measuring progress.

The units efficiency will be improved through the implementation of version 20 of EBMS being rolled out. The system will require monitoring to further enhance usability and training will need to be managed with respect to updates.

A renewed focus on internal processes, particularly with respect to knowledge management, record keeping and client demographics, including the development of handover templates, increased level of debrief and retention of client preferences.

Repeat Events:

The Event Management Unit will focus on the retention of existing repeat events and the conversion of new events to repeat events.

Trend Analysis for Events:

- Event Mobile Apps
- Social Media Marketing
- Ambassador programmes as marketing tool as venues become more expensive, more event organisers will seek alternative venues/space for events
- Provision of data for clients internal green reporting requirements

Reference: <http://helloendless.com/2015-meeting-event-trends-event-planning/>

Currently there is big focus on healthier lifestyles and CTICC is using this to the CTICC's advantage in diversifying the menu offerings.

The CTICC has also seen a number of incentive groups hosting their social events at the CTICC; DMC's (Destination Management Companies) is a potential target market for sales to explore.

Measures and Metrics and ROI

- Updating the unit's KPA's to include the areas being measured in order for all members to have responsibility and accountability.
- Client survey feedback to be used as a tool to track client feedback and satisfaction.
- Analyse client feedback and engagement to see if targets were achieved and objectives reached.

4.1.5. Revenue Unit

The core function of the Revenue Unit is to ensure that CTICC maximises its revenue streams by providing support to the relevant sales and events units and that the unit ensures maximum occupancy levels are yielded as well as ensuring the conversion rates of bookings are met and exceeded.

Rationale

General conditions of hire client contracts

In 2016 a decision was made to review the general terms and conditions of hire to ensure that this is aligned with legislation, protects both the client and CTICC in terms of potential cancellations due to unforeseen circumstances. It also streamlines the CTICC's payment processes and offers an improved liability and cancellation fees clauses to our clients. We are hoping to roll these new contracts out to our repeat clients in 2017.

Optimal Yielding Policy

The policy was implemented as of November 2015 and has seen improved negotiations with clients during the 2016 calendar year. The department is focusing on continuous improvements to this policy to ensure that clients and the CTICC benefit from this. This is to ensure that negotiations with clients who require financial assistance or multiple year agreements are consistent. The Sales and Events teams have a clear framework. This will be tracked by the Revenue unit and reported to General Manager: Commercial & Business development monthly.

Key Objectives and Action Plan

- Developed Pricing for CTICC East in line with the current pricing methodology for CTICC West. During the 2017/2018 we will focus on continuous improvement in terms of our pricing to ensure that our pricing for venues in East is aligned with similar venues in West.
- Accurate Reporting: Ensure that the actual attendance of events is captured immediately to ensure that data is correct.
- Regular internal sessions to understand needs from sales and events teams, regarding yielding of events relating to pricing, long term contracts, conversion of bookings as well as any contractual queries.
- Increase monitoring of availability patterns and giving sales insight into periods that we could develop campaigns to drive occupancy and revenue.
- Improve systems and processes to improve our contract signing in processes.

Measures and Metrics

Analyse data entered on a quarterly basis where required.

4.1.6. Corporate Communications Unit

The Corporate Communications Unit's key function is to execute external and internal communication initiatives on behalf of CTICC. It acts as a support function tasked with building and maintaining relationships with the centre's internal and external stakeholders. Close collaboration with various units is pivotal to ensure that all communication is aligned unanimously with the organisation's vision, mission, values and key business goals.

Rationale

The CTICC's vision is to be one of the world's top 10 leading long-haul international convention centres by 2020. Effective communication has a role to play in supporting this vision. Targeted messaging and relevant communication campaigns support and entrench the perception of CTICC as a first-choice convention centre amongst key stakeholders. Utilising effective communication platforms in this way is vital in order to create top of mind awareness and relevance. Through effectively engaging with internal and external audiences the CTICC is able to demonstrate successes, win support for its role in the larger economy and change behaviour and perceptions where necessary. It is important to note, however, that communications is not

only a task performed by the Corporate Communications team, but by every employee in the company when they engage with stakeholders in their operational tasks on a day-to-day basis.

Key Objectives and Action Plans

For the 2017/18 financial year, the key communication objectives are:

- Position CTICC to achieve its organisational objectives
- Demonstrate the successes of the CTICC
- Create awareness regarding CTICC East and the expansion project
- Engage effectively with internal and external audiences
- Raise the profile of CTICC in the local and international market
- Create top of mind awareness amongst key decision makers

The CTICC wants to communicate the fact that it offers more than just space and catering and is, in fact, a platform for collaboration, knowledge sharing and that it plays a pivotal role in driving the knowledge economy of the city and region. The CTICC also wants to be known for creating unique and memorable experiences across all event segments. Communication messaging would focus on these elements.

Creating integrated communication campaigns (integrating press releases, with social media posts, infographics, web content, video content and other digital mediums) to ensure communication messages have longevity, multiple touchpoints and maximum penetration. In terms of social media, CTICC wants continue to increase market visibility with respect to social media platforms and grow the CTICC community on Facebook and Twitter by building brand equity and loyalty.

Press Releases & Editorials

Press releases and editorials will focus on the construction and launch of CTICC East. Press releases would, as far as possible, contain images or infographics to visually tell the story. The chances of news being showcased are substantially higher if it contains interactive elements that are geared at audience engagement.

Press conferences/media roundtables

Focus on strengthening existing ties with local media through hosting regular press conferences and media roundtables. It is important for journalists to engage with the CTICC on its role within the City and the Western Cape as well as the social sustainability initiatives and the role CTICC play within the communities.

Create a virtual community of fans of the CTICC

Target delegates and organisers of events and get them to follow events at the CTICC and talk about their experiences at the CTICC. This will lead to effective brand endorsement and significantly enhance CTICC's market share in the social media space as the centre attracts millions of delegates per year. CTICC can tap into the viral marketing benefits of social media to increase top of mind awareness and utilise social media platforms to position CTICC as an industry and thought leader in the meetings and events industry.

Collaborative Social Media Marketing with key event organisers

Leverage off existing event organiser's social media communities in order to build brand equity. Popular consumer shows such as the Cape Town International Air Show have established social media networks and fan bases. CTICC can tap into these networks and collaboratively market these events, thereby increasing brand awareness.

CTICC East launch

Create a comprehensive communication plan leading up to the CTICC East launch. Identify milestones around which to build communication messaging. Invite key media stakeholders to media briefings and site inspections of the new facility to create awareness of the expansion and run innovative social media campaigns geared at promoting the CTICC's expansion launch, product offerings and campaigns.

Tap into clients networks

Raise brand awareness of events at the CTICC by getting event organisers to promote the CTICC hashtag to attendees, when tweeting about their events. This could lead to events at the CTICC trending in Cape Town.

Trend Analysis

Top 5 Corporate Communication Trends for 2016

- Companies as content creators, hiring editorial teams
- Curating user-generated content and customer reviews to create communication messages and build brand reputation
- Continued shift towards mobile
- Thought leadership taking a larger share of PR budgets
- Increasing use of video content

4.2. Facilities & Operations Department

The Facilities & Operations Department is responsible for executing all technical, maintenance, and operational service offerings.

The department consists of the following sub units:

- Information Communication and Technology Unit
- Maintenance Unit
- Safety and Security Unit
- Conference and Exhibition Services Unit
- Parking and Logistics Unit
- Conferences and Exhibitions Services Unit

This department plays a central role in ensuring that the business meets and excels within the following areas:

- Customer centricity and service excellence
- Operating profit
- Capital expenditure
- Capital projects
- Sustainability

The CTICC has expanded its focus to include various additional revenue-generating activities.

4.2.1. ICT Unit

ICT Overview

The Information Communication Technology function is a service unit and therefore seeks to address the connectivity and harnessing of the emerging technologies to improve service delivery and drive good corporate governance. Modernizing the infrastructure and services that support event hosting activities of the CTICC is a priority of the unit.

Rationale

To efficiently meet the requirements of the business and stakeholders supporting the business along with the city and province's goals and targets:

- Continual focus on excellent service delivery and customer experience
- Drive increasing ICT governance maturity levels in line with best practices
- Deliver on maintenance and enhancement of ICT projects and infrastructure
- Ensure availability of supporting infrastructure required to deliver revenue generation services

Achieve a full conformance maturity level in line with the best practice assessment standards through implementation, observation and evaluation in line with the respective frameworks. To further develop policies and procedures with support of SITA to comply with business and industry requirements for risk assessment of cyber security.

The ICT Unit's approach to mitigating the identified risks associated with poor service delivery on an internal and external basis is, to constantly strive to attain effective ICT Governance as an overarching objective, through constantly measuring, managing and enhancing the ICT environment and its level of maturity.

Further enhance the implementation of the IT Governance and information security requirements to a point where the maturity level is that of continuous improvement and maintenance.

Ensure the prompt delivery of ICT projects and infrastructure ensuring that the CTICC effectively maintains and enhances systems where required, while actively managing all related costs and associated risks.

The singular key objective of the ICT Unit is to drive the effective delivery of ICT goods and services, to CTICC's internal and external clients.

Actively engage with the departmental business units throughout the business to assess and document business processes supporting risk planning and mitigation. The outputs will feed into prioritised recovery objectives documented in the ICT continuity plan.

Key Objectives and Action Plan

Service Delivery

- A continuous improvement in service delivery for all aspects of ICT, enhancing technologies improving efficiencies through technology advancement.

IT Governance

- Reduced audit findings supported by a mature governance level.

Projects and Infrastructure

- ICT projects and infrastructure completed on time and within budget achieving the relevant objectives.

Exploit revenue generation opportunities

- Drive revenue generated by the unit through enhancing service offerings and quality of services maximising on services in demand.
- Deliver on planned ICT projects and infrastructure

CCTV

- Replacement of end of life CCTV camera's

Access control

- Implementation of access control system upgrades and replacements
- Implementation of access control component upgrades and replacements
- Installation of additional venue/door access controls
- Implementation of access control monitoring systems

BMS

- Replacement and upgrades to building management systems

- Replacement and upgrades to end of life building management controllers and software
- Installation of venue management systems

Fire detection system

- Securing the appointment of a service provider to maintain the current system
- Align fire panels to CTICC 2 Ziton ZP2 panels
- Replacement of end of life fire system components to interface with CTICC 2

Networking and Wi-Fi

- Replacement and continual enhancement of end of life Wi-Fi system components
- Replacement of end of life network infrastructure
- Upgrade of network cabling in line with evolution of technologies and client requirements
- Extend permanently installed Wi-Fi connectivity in line with event requirements

End user equipment

- Replacement of end of life computers, laptops, printers, tablets, cellular devices
- Digital signage
- Replacement of end of life front of house digital signage
- Replacement of end of life digital head end
- Installation of additional meeting room signage

Backup and discovery

- Replacement of end of life backup and storage hardware
- Enhancement of backup and recovery systems deployed

Continual focus on excellent service delivery

- Effectively manage service delivery
- Compile and implement a service level agreement with the business for services provided by the internal ICT Unit

Drive good governance

Compliance requirements

- Business Information Architecture
- Business Impact Analysis
- Formulate ICT Risk Management Policy
- Develop ICT Management Framework

Review and enhance the ICT Security Policy **Trend Analysis**

Corbin Ball: Nine Amazing Meetings Technology Trends to Watch in 2017:

- Social media channels are targeting events with a focus on video and live streaming
- Data analytics will enhance the attendee experience and will greatly improve events
- Software integration tools may become the answer a beginning-to-end event planning software solutions
- Marketing automation finally incorporates events
- Engagement becomes an increasingly key component to events
- Virtual reality (VR) and augmented reality (AR) are starting to make headway at events
- Facial recognition, biometrics and sentiment analysis will be used to measure attendee's mood, engagement and demographics

Reference: <http://www.corbinball.com/article2/29-futurism/186-7meetingtechtrends-217>

Measures and Metrics

- Service Delivery: Exceed 80% service levels on N'lighten reports.
- IT Governance: Increase the number of "happy faces" in the audit report.
- Projects and Infrastructure: Completion of all capital projects planned for the fiscal.
- Exploit revenue generation opportunities: Exceed the existing annual revenue generated.
- Revenue budgets will clearly indicate the ROI.

Budget

Integrated Systems projects: R 6,1m

Network infrastructure projects: R2,5m

Office automation projects: R 1,7m

Server infrastructure projects: R3,7m

4.2.2. Maintenance Unit

The Maintenance Unit's core function is to ensure that the facility is in a pristine condition at all times.

The unit aims to contribute to memorable customer experiences by focusing on maintaining the building, creating productive work spaces through the rejuvenation and refurbishment of staff facilities. Keeping the CTICC in an immaculate condition and continually investing in upgrades and refurbishments will ensure that the CTICC continues to position itself as one of the world's leading conference centres.

Rationale

Provide a world-class facility that meets both national and international standards, allowing the business to continue to meet & exceed its objectives

- Events maintenance services
- Building infrastructure
- Building electrical
- Building air-conditioning

The Maintenance Unit is striving to achieve completion of all capital works, implement a maintenance management system and effectively manage operational expenditure.

The efficient management of maintenance projects and infrastructure, results in an organisation's ability to successfully sustain its infrastructure, while managing all related costs within the agreed budgets. It stands to reason then, that this is, and should remain a key objective.

A planned maintenance system will automatically generate preventative, reactive and planned maintenance job cards. This system will ensure that maintenance tasks are performed more resourcefully and that the time allocated to each task can be managed more accurately and measure productivity.

Key Objectives and Action Plan

- Ensure maintenance and enhancement targets are achieved.
- Generate revenue through provision of electrical services

- Generate revenue through provision of plumbing services
- Manage capital and operational expenditure
- Capex spend must be in accordance with the City's KPA

Trend Analysis

IFMA report - Top 10 trends impacting facility management

In 2014, the International Facility Management Association (IFMA) released the 2014 "Facility Management Trend Report", asking, What's Next? The resultant focus areas are as follows:

- **Sustainability** continues to grow in importance and prominence worldwide. Organizations have begun to incorporate it into business goals and culture, and within the profession, it has moved from an emphasis primarily for new construction to influencing existing building operations.
- **Complex building systems and controls** increasingly offer opportunities and challenges for the profession. The industry can leverage new technologies to better manage facilities, but it also needs to ensure that adequate training is in place to educate practitioners on new systems.
- **Older buildings** - facility management faces problems stemming from the aging building stock — difficulties compounded by the global recession. As facilities and mechanical systems reach and exceed their expected operating lives, significant issues of "repair or replace" must be addressed.
- **Disaster preparation** - facility managers play a critical role in business continuity after a disrupting event, not only by crafting and implementing the prepared response plan, but also by serving as role models for the organization in emergency preparedness and business continuity planning.
- **Complex information** - the increasing quantity and complexity of data available to facility managers through new reporting protocols poses challenges and opportunities for the profession. More facility units have added the ability to convert raw data into usable and meaningful information that fosters informed decision making.

- **Finding top talent** in facility management is gaining greater importance. Recognizing that facility management is often not the first choice of today's new graduates, the profession will need to increase its branding and outreach.
- **Marketing** - there is a growing desire to elevate facility management to improve the recognition and perceived value of the profession within the corporate hierarchy. Many have achieved success in this arena through careful alignment with their organization's mission and by emphasizing facility professionals' role as managers of significant assets and enablers of the organization's mission, vision and values.
- **Business acumen** - increasingly, organizations are expanding their expectations of facility management to include both technical and business acumen, which drives the need for an evolving skill set for those in the profession. While the technical aspects are generally well understood, the increased focus on business acumen will require facility professionals to think and act strategically and to communicate their positions in the language of the c-suite.
- **Healthy facilities** - there is a growing recognition that facility management contributes to the health and well-being of building occupants, thereby benefiting efficiency, productivity and profitability — key pillars of an organization's bottom line.
- **Changing work styles** significantly affect both occupant behaviour and the vacancy rate of buildings, which affects how buildings must operate. Facility management increasingly faces challenges posed by open work plan arrangements, differing hours of operation, and varying occupancy rates and densities — all of which impact power use and other considerations.

These trends do not stand alone as solitary influences on the profession, but rather bear strong interconnections. The most successful facility professionals will be those that proactively meet the challenges posed by these trends and lead the way for their organizations and the profession as a whole.

Measures and Metrics

- Manage project plans through Gantt charts
- Manage monthly and annual budgets to zero percentage variance
- ROI will be reflected in the budgets
- Conduct monthly and quarterly IMS audits (ISO internal audits)

Budget	Amount
Opex	R5.7m
Capex	R16.5m

Sustainability

The Sustainability Portfolio has moved over to the Operations Department as of July 2016 this is as a result of the Integrated Management System (IMS) which incorporates various business processes and include many of the environmental deliverables championed by the previously known Nurture Our World NOW team to the current Sustainable Events Task Team(SETT). This merger has seen the IMS & ISO processes falling under the umbrella of NOW. With the various International Organization for Standardizations (ISO) being the driving force behind CTICC's triple bottom line approach.

The CTICC's reporting on people, planet and performance will remain transparent while we no longer apply to the Global Report Initiative (GRI) Application Check we still utilize this framework recording our data and mitigating the reduction of our carbon footprint. The CTICC continues to follow the United Nations Global Compact (UNGC) Communication on Progress (COP) 10 guiding principles and actively participates in (COP).

Objectives

1. Track all sustainability activities to ensure they are having a significant impact (financial and non-financial) on the organisation and contributing to the achievement of its vision.
2. Measurably build the CTICC brand as a world leader in sustainability.
3. Ensure that the sustainability strategies and plans contribute measurably to the CTICC's overall sustainability and business development objectives.
4. Expand and enhance the sustainability portfolio to include a focus on internal and external communications for maximum stakeholder buy-in and support.
5. Refine the CSR strategy to maximise and deepen the impact of targeted investments in support of local community partners.
6. Promote the CTICC's 'green' USP to ensure the centre's stability in a volatile market.
7. Partner with clients to enhance mutual sustainability outcomes unlock more value.

The key objective of the sustainability department is to contribute effectively to the CTICC's sustainability success while effectively leveraging that sustainability as a key, compelling selling point for the centre. The achievement of this objective implies a responsibility to help maintain the

centre's recognised high sustainability standards while raising the CTICC's profile as a leading sustainable conference venue.

Social Sustainability

Given that the City of Cape Town is the CTICC's majority shareholder, it is truly a centre owned by the people for the people. As such it is vital for the CTICC focus on maximising its contribution to GDP, GGP and job creation. In addition, the CTICC is subscribed to the United Nations Global Compact and a core aspect of its successful positioning as a love brand is its ability to show care for, and commitment to, the communities in which it operates.

As such, an additional focus on social capital is necessary. Social capital refers to the amount that the CTICC invests in its own employees, local communities and related industries. The support of local enterprises is also key to the centre's own social sustainability model. The CTICC has a comprehensive Corporate Social Responsibility (CSR) strategy in place, which lists various focus areas for the centre's community support. This extends beyond mere financial support and includes skills development, education, and overall community upliftment.

Local Community Partner Strategy

Mid 2016 the CTICC underwent a fair and transparent process for assessing and re-selecting its Local Community Partners. This process will allow staff to nominate organisations, which will then be evaluated based on criteria linking to the CTICC's social sustainability strategy and a thorough needs analysis.

Based on international trends in sustainability, as well as the CTICC's own experience, an approach to social sustainability that is narrower and deeper (as opposed to broad and shallow support) is most effective and delivers a lasting impact. As such, the needs analysis of the community partners will pay close attention to the kinds of "deep" support that may be required. These may include skills exchange, ongoing mentorship, monitoring and evaluation, and other contributions.

Environmental Sustainability

The CTICC has made great strides in environmental sustainability in recent years, and this environmental sustainability success has, in fact, become one of the centre's Unique Selling Points (USPs) at a building and operations level, the CTICC continually improves its energy and water

efficiency, as well as providing adequate services for safe disposal and, where possible, recycling of waste. It has also made a concerted effort to raise awareness amongst staff and reduce its carbon footprint.

Having noted that the CTICC's own sustainability strategy can be more effective if it enjoys the support and buy-in of clients - not to mention the value that this partnership approach can deliver to them - the sustainability strategy going forward will focus on furthering these partnerships and interventions.

Creating effective communications and sustainability collateral for our clients is important, as is making sure that the CTICC staff members are effectively trained and briefed when it comes to sustainability processes in order to create and maintain effective partnerships across all our stakeholder groups.

Activations

Develop an organisational IMS Plan: Research and develop an organisational IMS Plan, which summarises the CTICC's sustainability objectives and targets, as well as deliverables for the integrated management system, in order to oversee the organisational targets in this area.

Engage with Event Organisers: Identify events and assess the carbon footprint of big events being hosted and look at measures to recycle and upcycle waste and materials derived from such events.

Produce an organisational CSR Plan: Oversee the organisation's Corporate Social Responsibility delivery through the development of targets and action plans with a particular focus on supporting the local community partners. Conduct research and stakeholder engagement in order to provide strategic support to key organisations

Local Community Partners: Promote the CTICC's own reputation by building robust relationships with local community partners and forging relationships with key community members from these organisations.

IAR & Reporting: Develop an IAR for the new financial year that goes beyond mere reporting, but also serves to highlight and market the CTICC and its sustainability successes.

Proposed CSR Activations – this allows the staff at the CTICC to engage with various initiatives

- April –World Health or Earth Day
- May – 1000 Women 1 Voice
- June – Youth Day
- July – Mandela Day
- August – Foetal Alcohol- Awareness Day
- October – Breast Cancer Awareness Month and or Homelessness Day
- September – World Tourism Day
- October – Santa Shoe Box Project

Note: dates to be confirmed and decided upon once needs analysis has been done with the new Local Community Partners listed below

- Abalimi Bhezekhaya
- Mothers Unite
- Journey of Enrichment
- FARR
- Ikhaya le Themba (Community of Hope)

Proposed World Eco Dates – this allows for the CTICC to raise awareness around key issues

- February – Responsible Travel Week
- March- World Water Day
- March - National Water Week
- March -Earth Hour
- June – World Environmental Day
- September - Casual Day supporting disability
- September – World Tourism Day
- October – World Food Day
- November - 16 Days of Activism Campaign/International Human Rights Day
- November – International Day for the Elimination of Violence against Women
- December – World Aids Day
- December – International Day for people with disabilities

Proposed Awards – this allows CTICC to raise its profile around sustainability

- January - UFI Sustainable Development Award
- January: UFI Education Award
- March - IMEX Green Supplier Award

- April - AIPC Innovation Awards
- May - Lilizela Tourism Awards
- June - Skal International Sustainable in Tourism Awards
- September - Enviropaedia Ecologic Awards
- September - Energy Efficiency Forum Awards
- November - Tourism For Tomorrow Awards

Note: Further awards will be researched and the above awards reviewed as potential entries for submission. The above dates need to be confirmed as they usually take place over this period.

4.2.3 Safety and Security Unit

The core function of the Safety and Security unit is to ensure the safety and security of people, property and assets. This unit also has to ensure that an Integrated Management System (IMS) is maintained at every level, retain the CTICC's ISO certification and full legislative compliance.

Rationale

Drive ISO standards, maintain certification and implement:

In September 2016 the CTICC underwent an Integrated Systems Audit for ISO 9001: 2008, ISO 14001: 2004, ISO OHSAS 18001: 2007. The CTICC achieved full re-certification from the South African Bureau of Standards (SABS), for all, ISO certifications.

The CTICC constantly strives to improve the service delivery and product offering. To this end, it is our intention to align ourselves with further ISO certifications being ISO 45001 (Health and Safety) and ISO 22000 (Food Safety) and to be compliant by 2018. The ISO 45001 certification will replace the existing ISO OHSAS 18001: 2007, and the ISO 22000 will replace the SANS 10330:2007 HACCP certification. It is intended that the ISO 9001: 2008, ISO 14001: 2004 will remain, and when re-certified, achieve the improved level of ISO 9001: 2015, ISO 14001: 2015.

Key Objectives and Action Plan

Implement the necessary systems to maintain ISO certifications.

- Introduce and maintain service provider induction in compliance with section 37 of the Health and Safety Act, so as to ensure that controls of contractors are enforced.

- Roll out and implement ISO internal auditor training to establish an IMS team to pro-actively manage the IMS system.
- Introduce and apply to the City of Cape Town for event permit exception and venue grading certificate.
- Security measures pertaining to the control of stock, equipment and people moving in and out of the building is not sufficient and the current security design “accommodates” staff placed in certain areas of the building. Internal tests have shown that there are gaps within the security design. These are being addressed.
- Develop and introduce online training pertaining to Safety, Health, Environmental and Quality (SHEQ) IMS and ISO accreditation to prepare for the recertification on the new standards.
- Create a CTICC Safety and Security booklet as part of the induction process.
- Develop and introduce a key policy.
- Identify key areas for CCTV expansion i.e. Kitchen

Measures and Metrics

- ISO surveillance audit in May 2016
- Improve existing controls to reduce stock losses
- N’lighten report/ ESM feedback / Non-conformance reports
- Analyse client feedback and engagement to see if targets were achieved and objectives reached.

4.2.4 Conference and Exhibition Services Unit

The Conference and Exhibition Services Unit oversees, attains and captures all operational services and products related to hosting an exhibition or conference at the CTICC. This unit is responsible for all liaisons between the CTICC, clients and service providers.

Rationale

- A turnkey product and service offering for exhibition clientele.
- So as to provide seamless exhibition and conference services.
- In collaboration with the Health and Safety Unit, implement accreditation registration process whereby all non CTICC preferred suppliers will have to undergo a process of being registered to render their respective services at the CTICC.

- This will assist the business in having better control measures in place as it aims to consistently provide a world class service offering for all conference and exhibition related services.
- The CTICC's in-house, contracted; cleaning service provider will take care of all event cleaning requirements in the building.
- This will assist the business in having better control measures in place as it aims to consistently provide a world class service offering for all conference and exhibition related services.
- Event Permit Applications – This is a labour intensive process and going forward, will only be conducted for international clients.

Key Objectives and Action Plan

- To provide a world class service offering through in-house service provision of all exhibition related services;
- To provide seamless exhibition and conference services.

Further to the above, the objective is to be the best service provider, fulfilling a 100% commitment, instilling a heightened sense of urgency in the staff, so as to maintain international quality and standards with a can - do attitude.

The CTICC has engaged a panel of three turnkey exhibition services suppliers, so as to ensure that whatever the client's personal preference may be with respect to the provision of exhibition services, the CTICC's subcontractor offering can meet such requirements.

The services encompassed within the turnkey offering include stand building, exhibition carpeting, electrics, plumbing, electronics, and furniture. Over and above this, the CTICC has set in place a rule, that it is a requirement for all clients to utilize the services of the in house contracted cleaning service provider.

The above is to be read in conjunction with current business demands as well as with the expansion underway and CTICC East's anticipated opening within the said financial year.

The CTICC will require that the respective service provider(s) be accredited to provide services within the Centre. So as to level the "playing fields" between contracted service providers who pay the CTICC an opportunity fee, and non-contracted service providers who to date have enjoyed the services the facility offers without contributing to the upkeep, the CTICC will now also be charging them a nominal fee to allow them to work within the Centre.

The event application process was initially brought about as a goodwill value adding gesture. There is however a recent trend developing of clients absconding from their responsibilities with regard to the event permit application process and requirement and this has placed tremendous pressure on the Conferences and Exhibitions Unit.

CTICC's preferred Safety & Security service provider will include this in its list of services once contracted for an event.

Key trends indicate that more competitors are entering the exhibition services market. The implication of this to the CTICC is that more clients are choosing to use external service providers and not the CTICC's preferred in-house supplier and this has resulted in declining revenues.

The above highlights and further supports the decision of the CTICC in appointing a turnkey product and service offering through an appointed panel of 3 service providers for its exhibition market.

Budget

The consolidated Sub-contracted Services budget for 2017/18 has been set at R15 m.

4.2.5 Parking and Logistics Unit

The Parking and Logistics Units' role is to ensure the smooth running of event build-ups and breakdowns from a marshalling perspective. The CTICC provides staffing to monitor and manage the parking facilities, to meet the needs of both the clients and delegates. The first and the last client experience of the Centre, resides with the Parking unit, therefore comprehensive briefing and knowledge is expected from the team.

The Parking unit is responsible for planning and ensuring sufficient parking for event attendees, staff and contractors. Road closures, shuttle services and meter taxi services for events all form part of the Parking and Logistics Unit's planning.

Rationale

Ease of access to and from the parking facilities

- Seamless access of the parking facilities for all event stakeholders

- Enable and maximise parking availability within the CTICC precinct to as many of its patrons. To this end, the CTICC will require the assistance by the City of Cape Town in the following;
- That we be afforded the opportunity of leasing the area in FW de Klerk boulevard, commonly known as "Area 3", on a long term lease, so as to be suitably developed to accommodate the anticipated delivery vehicle stacking. It is intended for the area to be used as a staging area, prior to them accessing CTICC East complex's Marshalling Yard. The very limited availability of marshalling space within CTICC East, as well as logistical challenges relating to having to operate exhibition halls on two levels, the CTICC has identified that strict logistic controls will be required to alleviate congestion of the Marshalling Yard. To this end, dedicated logistics personnel will be appointed to control access into the Marshalling yard, from "Area 3".
- The CTICC be afforded the opportunity of leasing basement B -1 within the CTICC East development until such time as the tower is opened.

Marshalling yard logistics

- Smooth build-up and breakdown processes which will increase efficiency from stand builders and client satisfaction.
- Compliance with the City Traffic Services requirements to properly manage the Marshalling Yard and alleviate city congestions.
- Event logistics plans to be implemented and communicated pro-actively to include both CTICC 1 and 2.

Safe parking facility

As part of the continued effort to improve the level of service by enhancing security for all who park within the facilities, further capital funding has been ring-fenced in this year's budget to further upgrade the CCTV monitoring abilities within the parking areas, by adding an additional 15 CCTV cameras. Further develop relations with CCID to provide permanent presence within the Convention Square.

Key objectives and Action plan

Ensure sufficient parking for event attendees, staff and contractors and that the area is easily accessible

- To ensure a smooth running of event build-ups and breakdowns

- Ensure better planning relating to road closures and through regular engagement with the existing taxi service provider, ensure that they provide an increased number of shuttle and meter taxi services as and when required for large events to ensure easy access of the parking facility and bays for the visitors, Investigate the provision of a shuttle service between CTICC 2 and P1 parking, to meet our client's needs.

To ensure smooth running of event build-ups and breakdown between CTICC East and West

- The introduction of the Logistics Unit within the Parking Unit was essential. The Logistics Unit is responsible for identifying and evaluating major build-up and breakdown challenges which may negatively impact on traffic. After the assessment, planning and scheduling will take place in conjunction with event organisers and suppliers.
- Develop a detailed logistics plan for CTICC 2 to include the prospect of a drop and go system.

The scheduling will ensure a smooth build-up and breakdown process and in return alleviate traffic congestions and ensure compliance with the city Traffic Services requirement.

Build-up and breakdown logistics

- Build-up and breakdown scheduling in conjunction with clients and stand builders. Employment of Marshalling Yard controllers and the use of the stacking area in FW De Klerk Boulevard

Measures and Metrics

Easy access of parking facilities and parking bays

Client interviews on the N'lighten report regarding accessibility of the CTICC parking facility and bays. Analyse client feedback relating to N'lighten client interviews and event debriefs to see if targets were achieved and objectives reached.

Build-up and breakdown logistics

- Smooth running of build-up and breakdown. Continuous debrief meetings to understand client satisfaction
- Feedback from City Traffic Services regarding the traffic congestion around CTICC

4.3 Food and Beverage Department

4.3.1 Food and Beverage Department Overview

Food and Beverage is one of the key components contributing to the success of the CTICC business model. Revenue from the Food and Beverage Unit accounts for close to 45% of the CTICC's annual turnover. This unit's focus is on creative contemporary food, personalised service and a flexible product and service offering, ranging from large banquets to tasty snacks for exhibition attendees.

During 2016, the CTICC successfully catered for thousands of patrons at consumer events hosted within the exhibition halls and conference venues. The CTICC also successfully hosted numerous plated dinners for up to 2000 guests.

The kitchen at the CTICC is one of the largest and most sophisticated in the Western Cape, directly linked to seven satellite kitchens, ensuring prompt and efficient delivery of hot, fresh meals for any number of delegates. We use the latest cooking technologies and follow the most updated culinary trends.

The CTICC Food and Beverage team are acutely aware that within the hospitality industry, the product and service offering of this unit, is only as good as its last meal and that there is always room for improvement. To this end the Food and Beverage Unit have set exciting goals for the year ahead. The focus will be on producing exceptional quality, to deliver an inspired / contemporary offering, while always aiming to set the benchmark in service excellence.

This unit strives to deliver with the mind-set of a restaurateur, in order to break the perception of the Centre's culinary offering being that of an institutional Food and Beverage offering. With this in mind, as well as recognising that Food and Beverage costs are escalating at alarming rates, the unit remains focused on achieving levels of profitability while maintaining service standards and offering value for money products for the customers. The unit has therefore implemented the following controls / initiatives:

- Panels of Food and Beverage vendors to leverage buying power and gain access to variety
- Implement 'Menu Engineering' with accurate costing for all menus to ensure that the food and beverage products are priced correctly
- Introduction of event based costing and resourceful management of costs without compromising on service delivery

- An automated goods receiving process called "Procure.net" which is an extended module of the existing Ankerdata Point of Sale (POS) system. (Procure.net is running as a stand-alone system at present, but it is the intention to integrate it fully with EBMS.)
- Together with the Sales Unit be pro-active in upselling operating equipment like carpets, registration tables etc. for additional revenue source
- New creative packages with a higher contribution to our margins
- Maintain the high standards of hygiene principles and the HACCP accreditation and introduce ISO 22000 in our kitchen
- Regular competitor analysis to be able to revise menu pricing to be in line with the rising food inflation

Service in the hospitality industry is a key differentiator and can make or break an event. It is imperative that this unit focuses on attracting and retaining highly capable staff that can be trained to deliver and strive for service excellence. The Food and Beverage team engages in regular on the job training interventions to ensure that clients have exceptional experiences. With the opening date of the CTICC East rapidly approaching, it is the unit's intention to build a core pool of "regular" temporary BOH and FOH staff that will be available when required, for multiple large events on an on-going basis.

Focusing on the "triple bottom line" (people, planet and profit) ensures that sustainability is kept high on the unit's agenda. The Food and Beverage Unit specifically manages sustainability issues by:

- Ensuring that kitchen waste is recycled (in excess of 80% of all kitchen waste is composted through the process of Bokashi)
- Purchasing already peeled and cleaned vegetables to reduce waste
- All DCP packages are "green"
- All disposables are bio degradable
- Using Vivreau bottled water to reduce plastic waste

Looking ahead, the drive for the next two years, where much of the future is unknown, is to constantly innovate and to be proactive in achieving the organisation's vision.

Rationale

The CTICC wants to achieve and exceed customer satisfaction results above the required benchmark of 77%.

The Food and Beverage Unit's strategy has been developed to achieve specific objectives over the coming year. The CTICC wants to increase revenue, reduce operating costs and offer clients increased flexibility. In addition, the CTICC wants to position the Food and Beverage Unit alongside any similar units both locally and internationally. By achieving the goals set above the CTICC will maintain the existing clientele and potentially bring in new business. This will be achieved through various innovative departmental product and service enhancements, with a specific focus on:

- Introduction of a Cashless System for large Events and Exhibitions to ensure efficient controls and improve customer service
- Introduction of mobile payment solutions as a payment method for our public catering to ensure that we keep up with the technology trends and improve customer service.
- Updating our Food and Beverage Menu collection keeping up to date with the new trends
- Training of all service staff to ensure superior customer service
- Keeping the menu pricing in line with the competitors and be mindful of rising food inflation while offering superior food quality and presentation
- Producing fresh, innovative Food and Beverage concepts keeping sustainability in mind
- Introducing interactive cooking and beverage stations and self-service areas.
- Improving the public catering concept offering through interaction with clients and acknowledging their feedback to ensure value for money while offering excellent service to ensure return business
- Focus on quality and quantity at a reasonable price
- Integrate the existing Procure.net stock control system into EBMS

Key Objectives and Action Plan

Over the coming year the unit's strategy is the following:

- Achieve high levels of customer satisfaction & exceed the targets.
- Stay ahead of the game and keep up to date with technology that affects service
- Be innovative in the approach to cuisine offerings.
- Increase the percentage of income through public catering and innovative culinary offerings
- Risk strategy document in place and ensure all adhere to the action plan outlined in the strategy template
- Standardise set up and encourage the use of satellite kitchens in the halls for public catering
- Analyse market segment attending exhibitions and ensure all offerings are tailor made to meet the requirements of the market segment
- Ensure value for money Food and Beverage products while offering excellence customer service to ensure return business
- Calculate return on investment after all public catering events to ensure profitability as per the forecast
- Reduce staff turnover within the unit to ensure consistency
- Cross training of staff in various departments to improve their skills and improve communication between departments
- Ensure training plan is in place with development / succession plans for all employees
- Encourage staff to innovate and improve productivity
- Motivate staff by rewarding for excellent work through the star performer programme
- Enhance digital content of the Food and Beverage offering on CTICC website for ease of reference
- Updated the Cuisine manual and Beverage list on the website to ensure that it is user friendly for our clients
- Keep up to date with dietary trends making it easy for of clients to choose items that meets their dietary needs
- Optimize Food and Beverage inventory control

Measures and Metrics

The key performance indicators (KPIs) are vital success indicators for the business. This will help us to define growth within the unit and measure progress through the business goals. The CTICC intends on using the four metrics:

- People Metrics – To invest in the staff by giving opportunities to individuals who have potential to grow within the unit. This will boost the morale of the staff and in turn increase operational efficiency. Aligning KPA's with relevant measurable outcomes to ensure employees are aware of what they are expected to achieve.
- Process Metrics – Analysis of the CSI reports for the unit will indicate whether the processes are in line with what they should be to ensure service excellence. The CTICC intends to improve in areas that require attention, like the Coffee Shop, Cuisine and waitron service to ensure that we achieve and exceed customer satisfaction results above the required bench mark of 77%.
- Customer Metrics – Client relationships are crucial and the CTICC intend to leverage this by creating memorable experiences.
- Financial Metrics – Profit will determine how much money both Food and Beverage contributes to the Centre. The CTICC intends on evaluating its cost effectiveness and how best it can reduce and manage the labour, food and beverage costs to be in line with budgeted percentage of revenues. By analysing the projected vs actual revenue streams it will be able to determine its financial viability. The CTICC also intends to evaluate each segment in order to determine which is valuable and which is not.
- Increasing revenues while managing and saving on costs will be a key indicator.

4.4 Finance Department

The Finance Department is a key support department and is responsible for the financial management of the company and supply chain management. The department consists of the following units

- Finance Unit
- Supply Chain Management Unit

4.4.1 Finance Overview

The Finance Unit provides financial support to the CTICC. The core focus is to provide a daily finance function to the organisation. The unit provides support for the various revenue streams by ensuring that monies are collected from clients and by paying suppliers/subcontractors for purchases as well as for services rendered.

Although the CTICC operates as a commercial entity, it is a Municipal Entity – the City of Cape Town holds the majority of the shares in the company. CTICC therefore has to adhere to the Municipal Finance Management Act (MFMA) and other legislation affecting Municipal Entities and State Owned Companies.

This unit plays an integral role in ensuring that the City of Cape Town's targets in relation to procurement, corporate governance and external audits are met.

Rationale

- Working capital management: Maximising interest income yield
 - Monitoring debtors and ensuring that outstanding debts are recovered
 - Timeous payment to suppliers
 - Cash flow management and optimising interest earned
- Improving the fixed asset management control environment
- Monitoring of cash payments made in relation to CTICC East
- Financial reporting
- Internal audits
- Achieving an unqualified, clean audit report annually
- Efficient receipting of supplier invoices and statements
- CTICC East: Setting up of Management Reports

Key Objectives and Action Plan

Working capital management: Maximising interest income yield

Monitoring debtors and ensuring that outstanding debts are recovered

- To ensure that debtors pay outstanding amounts according to the credit control policy and that outstanding debts are collected according to the debt collection policy. This ensures that sufficient funds are available and that the organisation remains a going concern.
- Debtors' days maintained at healthy levels where debts are collected according to the debt collection policy, monitoring debtors and ensuring that outstanding debts are recovered. This will be monitored by calculating debtors' days on a monthly and annual basis.

Timeous payment to suppliers

- To timeously pay SMME suppliers 15 days from statement. These suppliers have a turnover of less than R5m per annum and rely heavily on cash flow. In addition, the development of these

suppliers contributes to the BBBEE rating. To timeously pay other suppliers 30 days from statement as per the MFMA. These suppliers have a turnover of above R5m per annum

- Ensuring that supplier payment terms are strictly enforced.
- Cash flow management and optimising interest earned
- Ensure that there is enough cash available to finance business operations and that surplus cash is invested according to the investment policy, yielding maximum interest income.

Improving the fixed asset management control environment

- Enhancing asset verification through improving asset descriptions and verifying all assets. The CTICC will conduct an exercise that ties all physical assets back to the fixed asset register. Full asset counts will be performed bi-annually.

Asset barcoding project

- In order to further improve the accuracy and control of fixed assets and the fixed asset register, the CTICC would like to embark on an asset barcoding project. This would involve barcoding assets and tying this back to the fixed asset register.
- Improving the fixed asset management control environment: Physical assets can be traced back to the fixed asset register. All asset descriptions are standardised and serial numbers and other important information captured for each asset in EBMS and on the fixed asset register

Monitoring of cash payments made in relation to CTICC East

CTICC East contracts will require close monitoring and control of payments made according to completion of specific phases during the construction. This will require a new set of reports to assist in ensuring tight cash flow control. Continuous reporting and review of payments relating to the CTICC East will be executed.

Cash flow management, cash flow forecast in order to invest surplus funds in line with the investment policy.

Financial reporting

Monitoring of actual spend versus budget and reporting monthly, quarterly and annually to Management, Board and Shareholders. The unit will ensure that the reports are in aligned with National Treasury requirements.

Ensure that all reports are distributed by the respective deadline dates.

Better decision making and transparency.

Internal audits

Ensuring that the approved annual audit plan is adhered to and whereby the organisation benefits from the improved internal controls.

- Ensuring that these are completed during the proposed timeframes set by the external auditors.
- Compliance with legislation and good governance.

Achieving an unqualified, clean audit report annually

Ensuring sound financial management and adhering to GRAP standards to achieve an annual unqualified, clean audit. Ensuring that all management actions in response to audit recommendations, as far as possible, are implemented.

Efficient receipting of supplier invoices and statements

Registering the CTICC on supplier databases in order to access electronic statements and invoices timeously

CTICC East: Setting up of Management Report

To create a set of general ledger accounts for recording entries for Revenue & Expenditure relating to the CTICC East operation.

4.4.2 Supply Chain Management Unit

Supply Chain Management Unit Overview

The core function of the Supply Chain Management Unit is to ensure that the correct product / services are procured in order to meet client needs. SCM plays a pivotal role working in tandem with the line units, to develop correct specifications as required for goods and services and ensuring compliance to Supply Chain Management regulations.

Key Objectives and Action Plans

- To maximise enterprise development and empowerment.
- To oversee detailed demand management.
- To institute effective cost saving mechanisms to improve profitability.
- To encourage green procurement / sustainable procurement.

Enterprise development and empowerment

Empowerment of the knowledge base of SMME will increase competition within the market and assist CTICC in maintaining its current BBBEE status level. Research into employing empowerment initiatives is currently being investigated such as the compilation of CTICC procurement booklet, etc. The proposed procurement booklet will be developed to empower SMMEs knowledgebase.

Detailed demand management

The objective of demand management is to ensure that the resources required to fulfil the needs identified within the strategic plan of the organisation, are delivered at the right time, price and place and that the quantity and quality will satisfy those needs of the user. This analysis must be included as part of the strategic planning process of CTICC and will therefore incorporate future needs. Procurement plans cannot be developed in isolation, since some should form part of CTICC's other functional strategies. SCM will collaborate with other units to formalize a procurement plan.

Institute effective cost saving mechanisms to improve profitability

Negotiate with tendered suppliers (especially food and beverage suppliers) in order to affect minimum of 1 – 2% cost savings. Given the current economic environment cost saving efforts must be entrenched throughout the organisation.

Green procurement / sustainable procurement

A key focus area will be promoting environmental and sustainability practices through advocating responsible procurement processes. Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimizing damage to the environment. It will raise the profile of the centre as a green champion in its industry. Environmental and sustainability initiatives will be included within tender specifications.

Trend Analysis

Enterprise development and empowerment - At the end of 2015/16 financial year, SMME's comprised 71% of total suppliers. During 2014/2015 financial year, these comprised 68% of total suppliers. The organisation is therefore developing these suppliers which have contributed to the trend of achieving a level 2 BBBEE rating since 2009. BBBEE spend increased from 86.4% in 2014/2015 to 92.8% in 2015/16.

Detailed demand management - A 12 week's lead time is estimated for tenders from inception date until award date.

Achieving an unqualified, clean audit annually - The CTICC has achieved an unqualified, clean audit report for the three consecutive financial years. The CTICC's goal is to maintain this trend and achieve this in the 2017/2018 financial year and beyond.

4.5 Governance Department

4.5.1 Governance overview

The core focus of the department is the effective administration of Board and Shareholder matters and to ensure that procedures and structures are in place to promote good corporate governance by the Company. The department provides administrative support at various levels of the organisation and plays and oversight role in regard to governance matters. The department also liaises with CIPC, the Company's Shareholders, Attorneys, BBBEE Rating Agency and certain other stakeholders.

The Company Secretariat strives to ensure that the Company has a balanced and representative Board of Directors, which is properly informed and equipped to make the right decisions in the best interests of the Company within the constraints of the legal framework within which it operates. The Company Secretary ensures that proper records are kept of decisions and that the Company's corporate statutory records are kept up to date.

Rationale

It is important that Board members are aware of their duties and responsibilities as directors in terms of the applicable legislation and Good Corporate Governance Principles in general. New

Board members must therefore receive a thorough induction as soon as possible to enable them to add value to the Company.

It is important that Board members and shareholders respectively receive comprehensive reports to enable them to make informed decisions regarding the Company.

It is important to maintain a good working relationship and mutual understanding between the Company and its shareholders.

Key objectives and action plan

A key priority remains ensuring that the issuing of shares for cash to fund the Company's expansion is done timeously and correctly.

Seminars will be arranged for the Company's Directors on relevant topics such as the 2008 Companies Act, King IV, and relevant legislation.

The Company Secretary will aim to timeously provide the necessary support and information to enable her colleagues and other employees to make informed decisions and submit accurate and to complete documentation where necessary (e.g. bids).

An important ongoing task is ensuring that the necessary information is compiled to ensure that the Company receives the best possible BBBEE rating under the new Sector code, based on the information provided.

It is important that the Company's records with the Companies and Intellectual Property Commission are kept up to date through the timeous lodgement of forms and returns.

A further aim is to keep legal costs within acceptable limits and within budgeted targets.

It remains of the utmost importance to obtain a clean audit.

4.6 Human Resources Department

4.6.1 Human Resources Overview

The Human Resource department is transitioning from a service delivery model to a business partnering model, by becoming more of a strategic partner. HR will partner with the business in the formation of strategy, the design of the organisation, and implementing the business mode.

The operational goal of the Human Resources Department is to drive and support the workforce through development, recruitment and retention.

The success of the centre is built on individual successes of each of the employees and those successes are the result of the ability to attract the most talented people and give them every opportunity to realise their full potential.

It is the CTICC's sincere belief that growing its people contributes to growing the organisation. In doing so CTICC attracts employees of a high calibre, retains staff through providing focused training and development, and offers affordable employee benefits and competitive remuneration, within a and safe working environment.

Human Capital Development is one of the Company KPIs.

Key Objectives

To ensure that the CTICC remains an employer of choice, and nourish the development of the employees in order to create an environment that recognizes hard work and talent. The three key objectives of the HR department for 2017/18 are:

- Efficiency – identifying and improving the cost of HR service delivery (e.g. cost of hiring) as well as time taken to provide the services (e.g. time take to fill vacancies)
- Effectiveness – cost/benefit analysis of HR service delivery, as well as the HR dashboard or scorecard to measure effectiveness
- Impact – this is the quality of talent decisions, as well as the business impact of low vs high performance of staff

As a Department, we would like to continue a positive culture through:

- Attracting the best calibre employees. CTICC will continue to provide competitive market related remuneration and affordable benefits, while aligning recruitment processes to best practice;
- Retaining employees by providing competitive market related remuneration, and through offering development opportunities to the employees. CTICC will also retain employees

through the provision of safe and compliant working environment, where the leaders are developed to effectively lead their teams;

- Continuing with the Training and Development initiatives. Training needs are identified through a skills audit, per department. Individual personal development plans will be drawn up for all employees. Internship and 'Job shadow opportunities are on-going initiatives;
- Continuing to acknowledge exceptional performance through the approved Rewards and Recognition Programme
- Ensuring compliance with all applicable legislation. This includes having identified staff skilled in the Minimum Competency Levels Training course, designed by National Treasury, specified in Government Gazette 29967, of June 2007;
- Developing and updating the company policies to ensure that they are aligned with legislation and best practice and to continue communicating these to all staff.

Rationale

In order to continue to successfully run a convention centre of such high calibre, CTICC would need to retain the best staff and ensure ongoing development, in order to remain aligned to international standards, expectations and best practice.

By engaging with staff and keeping staff engaged, CTICC will be able to be more responsive to their needs. Simply by taking care of the employees CTICC will ensure that the business runs smoothly, as research has found that the more engaged employees are, the more happy employees are in their jobs, thus ensuring that they perform optimally at all times.

The Human Resources strategy focuses on the development as well as the retention of employees. With people being the core focus the Human Resources Department would like to achieve the following:

- Develop and implement a formalized Succession policy and plan.
- Develop a skills Transferal programme, to ensure that knowledge and skills are shared.
- Implementation and utilization of the Resources Centre, by all employees.

Design a retention and engagement strategy by:

- Offering competitive market related remuneration through a bench-marking exercise
- Providing a safe and compliant work environment where leaders are developed.
- Creating a culture that promotes learning and development

Trend Analysis

Human Resources Trends

Engaged Employees and their commitment to the organisation:

Increasing levels of employee engagement through focusing on holistic employee wellbeing. Creating an environment and brand that allows the CTICC to be an employer of choice alongside the current reputation of success.

This will lead to the on-boarding of passionate employees as the retention of employees. Initially individuals are drawn to the CTICC due to the brand, experience and image, but the retention is built around the environment that they find themselves working in.

The following strategies will be implemented:

- Focused training in relation to personal development plans and skills audits;
- Focussed recruitment, defined by the departmental and organizational strategic objectives and the need prior to recruitment;
- Ongoing Leadership training in terms MFMA- Minimum competency and leadership Development;
- Promotion of wellness and team cohesiveness through Team building
- Investigate market comparisons salary surveys, best suited for the Centre industry
- Review of Reward and Recognition programme
- Continue to recruit and promote internally in relation to succession plans and in accordance to the individuals job-organizational fit;

Measures/ Metrics and Return on Investment (ROI)

As part of the strategic partnering agenda, HR is accountable to the business through measuring efficiency and improving the cost-benefit ratio.

The key measures in this regard are:

- Identifying high impact talent and developing key retention / training / development strategies for them
- Assessing / evaluating HR programs and processes to ensure they are supportive of business objectives

Additional measures / metrics include:

- Employee feedback forms, exit interviews, teambuilding, training; on-going sessions with departments on a management level
- Statistics and reports pertaining to absenteeism and turnover
- Amount of staff being trained in terms of job and personal development.
- Number of internal recruits and promotions.
- Increase in employee involvement

5. BUDGET

5.1 Financial Projections

Despite global and national economic challenges, the CTICC's financial history indicates that the company has managed to generate an operating profit year on year. As a municipal entity the CTICC is mandated to ensure its financial sustainability, while also contributing to GDP and job creation. The financial plan for 2017/18 reflects that, with the projected hosting of 590 events, the company will be generating total revenue of R272.8million for the year. The 2017/18 financial year budget has taken into account twelve months of trade of the CTICC East Expansion. The result of this is that the existing operation has to absorb the start-up costs for the new building. The 2017/18 operational plans which are factored into the budgets have taken into account growth in primary and secondary revenue streams, as well as the continuous drive to save on costs. The business needs in respect of capital expenditure for the existing building, which is also funded from CTICC reserves, have been budgeted at R48million for the year. The capital expenditure is for new and existing assets, which will contribute to the CTICC remaining a world class facility.

The 2017/18 budget process was prepared following a similar approach used in previous years. The budget takes into account the current market conditions, such as inflation, historical trend analysis, as well as the proposed city budget guidelines. In certain categories, Zero-based budgeting was used, where all expenses were justified and analysed for its needs and cost.

The budgeted 2017/18 operating profit before interest depreciation and tax (EBITDA) for the company is projected at R15.1million for the year. The budget takes into account 12 months of trade of the new building. The existing facility will generate a R24.9million operating profit before interest, depreciation and tax (EBITDA), however, this will be absorbed by the start-up costs of the new building.

The 2017/18 budget includes a 54% (R70million) “blue sky” revenue, as the budget is prepared for the City well in advance of the start date of the 2017/18 financial year, where there are few bookings in the system on which the budget can be based. The new building includes budgeted “blue sky” at 96%.

Due to the nature of our business and the increase in short term bookings we have always included a portion of “unknown” revenue for the unknown or short term business. As venue rental income is the primary source of revenue the other revenue streams' budgets are prepared with these same assumptions.

Gross Margins is budgeted to be maintained at 80.2%. Indirect costs for the existing facility has been budgeted to increase at 4.8% in total, for most of the categories of indirect costs except for maintenance, electricity, water, refuse, personnel costs and building costs, which have been budgeted to increase in line with City's budget guidelines. The budget 2017/18 reflects a R4.7million net profit for the existing facility and a net loss of R684.4million for the new building. The combined net loss for the 2017/18 financial year is budgeted at R679.7million.

The following table shows the 2015/16 actual amounts as well as the current financial year budgeted, projected to the 2017/18 financial year.

Financial Projections

Description	Actual 2015/16	Budget 2016/17	Adjustment Budget 2016/17	Budget 2017/18
Revenues	209 082 235	217 851 349	210 697 236	272 780 083
Venue hire	99 937 499	104 435 184	100 755 556	131 570 813
Food & beverage	74 516 322	87 297 998	80 425 358	109 216 786
Parking & other income	34 628 414	26 118 167	29 516 322	31 992 484
Less: direct costs	43 110 930	48 471 951	43 530 801	53 986 365
Cost of sales	25 178 796	29 521 768	28 237 079	37 231 234
Other direct costs	17 932 134	18 950 183	15 293 722	16 755 131
Gross profit	165 971 305	169 379 398	167 166 435	218 793 718
Less: indirect costs	109 108 762	167 015 367	146 659 312	203 651 815
Personnel & management	48 046 825	74 322 755	72 210 311	89 691 388
Building costs	42 033 162	63 536 286	49 882 021	81 950 430
Marketing & other indirect costs	19 028 775	29 156 326	24 566 980	32 009 997
EBITDA	56 862 543	2 364 031	20 507 123	15 141 903
Interest received	35 271 843	15 084 150	23 620 728	11 670 992
Less: Interest paid	43 327	6 130 747	950 204	3 651 463
Depreciation	24 832 327	29 356 305	31 089 636	35 856 516
Impairment	-	-	-	667 011 726
Net profit/(loss) before taxation	67 259 732	(18 038 871)	12 088 011	(679 706 810)
Taxation	20 006 799	-	3 384 643	-
Net profit/(loss) after taxation	47 252 933	(18 038 871)	8 703 368	(679 706 810)

Capital Expenditure Budget 2016/17-2019/20

Category and Description	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Building enhancements	16 500 000	23 300 000	21 680 000	30 450 000
IT & electronic infrastructure	14 534 833	15 224 333	15 035 050	17 051 055
Kitchen enhancements	1 040 730	1 348 100	1 348 100	1 348 100
Catering furniture & equipment	3 733 050	6 110 000	5 380 000	1 030 000
CTICC operational capex budget	35 808 613	45 982 433	43 443 150	49 879 155
CTICC East	376 139 192	2 000 000	2 000 000	2 000 000
Total capex budget	411 947 805	47 982 433	45 443 150	51 879 155

Operational capital expenditure will be funded from the company's cash reserves,

ANNEXURES

FINANCIAL PERFORMANCE

3yr budget 2016/17 – 2019/20

Category	Actual 2015/16	Budget 2016/17	Adjustments	Adjustment Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<u>Revenue by source</u>							
Rent of facilities and equipment	99 937 499	104 435 184	(3 679 628)	100 755 556	131 570 813	140 122 807	149 931 404
Interest earned – external investments	35 271 843	15 084 150	8 536 579	23 620 728	11 670 992	10 099 736	9 533 935
Other revenue	109 144 735	113 416 165	(3 474 485)	109 941 680	141 209 270	128 160 895	137 132 157
Total revenue	244 354 077	232 935 499	1 382 466	234 317 964	284 451 075	278 383 438	296 597 496
<u>Expenditure by type</u>							
Employee related costs	47 589 399	73 268 681	(1 995 104)	71 273 576	88 887 384	87 045 188	92 792 931
Remuneration of board members	457 426	1 054 074	(117 339)	936 735	804 004	856 264	916 203
Depreciation & asset impairment	24 832 327	29 356 305	1 733 334	31 089 638	702 868 243	37 367 122	39 795 984
Other expenditure	104 172 866	141 164 562	(23 184 763)	117 979 800	167 946 791	168 779 655	151 167 173
Finance Charges	42 327	6 130 748	(5 180 544)	950 204	3 651 463	3 394 718	3 112 353
Total expenditure	177 094 345	250 974 370	28 744 416	222 229 953	964 157 885	297 442 947	287 784 644
Surplus/(deficit) before taxation	67 259 732	(18 038 871)	30 126 882	12 088 011	(679 706 810)	(19 059 509)	8 812 852
Taxation	20 006 799	-	(3 384 643)	3 384 643	-	-	2 084 497
Surplus/(deficit) after taxation	47 252 933	(18 038 871)	26 742 239	8 703 368	(679 706 810)	(19 059 509)	6 728 355

FINANCIAL POSITION

3yr budget 2016/17 – 2019/20

	Actual 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
ASSETS					
Non-current assets	622 079 336	1 000 283 859	345 398 049	353 474 078	365 557 249
Property, plant and equipment	619 425 592	1 000 283 759	345 397 949	353 473 978	365 557 149
Investment in subsidiary	100	100	100	100	100
Deferred taxation	2 653 644	-	-	-	-
Current assets	437 925 550	253 170 776	248 243 568	224 789 316	219 215 968
Inventories	1 259 812	1 411 854	1 861 562	1 652 389	1 821 186
Trade and other receivables	18 070 712	16 223 687	21 004 066	20 657 845	22 103 894
Cash and cash equivalents	418 595 026	235 535 235	225 377 940	202 479 082	195 290 888
Total assets	1 060 004 886	1 253 454 635	593 641 617	578 263 394	584 773 217
NET ASSETS AND LIABILITIES					
Net assets	916 427 146	1 126 342 514	446 635 704	435 081 368	441 809 723
Contribution from owners	1 084 427 701	1 285 639 701	1 285 639 701	1 285 639 701	1 285 639 701
Accumulated deficit	(168 000 555)	(159 297 187)	(839 003 997)	(850 558 333)	(843 829 978)
Non-current liabilities	-	40 125 145	37 552 377	34 722 865	31 610 988
Deferred taxation	-	730 999	730 999	730 999	730 999
Long term loans	-	39 394 146	36 821 378	33 991 866	30 879 989
Current liabilities	143 577 740	86 986 976	109 453 536	108 459 161	111 352 506
Client deposits	46 620 494	37 925 503	49 100 415	48 291 066	51 671 441
Trade and other payables	91 973 122	41 841 825	56 680 400	56 469 843	53 872 788
Provisions	3 537 828	3 835 006	3 672 721	3 698 252	3 723 782
Receiver of revenue	1 446 296	3 384 642	-	-	2 084 495
Total net assets and liabilities	1 060 004 886	1 253 454 635	593 641 617	578 263 394	584 773 217

CASH FLOW STATEMENT

3yr budget 2016/17 – 2019/20

	Actual 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Cash flow from operating activities	127 269 799	(11 718 132)	40 397 906	19 519 770	47 802 838
Cash generated from operations	114 308 339	(32 942 361)	35 763 018	12 814 752	41 381 256
Finance costs	(42 327)	(950 204)	(3 651 463)	(3 394 718)	(3 112 353)
Finance income	35 271 842	23 620 729	11 670 993	10 099 736	9 533 935
Taxation paid	(22 268 055)	(1 446 296)	(3 384 642)	-	-
Cash flow from investing activities	(380 306 315)	(411 947 805)	(47 982 433)	(45 443 150)	(51 879 155)
Acquisition of property, plant and equipment	(380 306 315)	(411 947 805)	(47 982 433)	(45 443 150)	(51 879 155)
Cash flow from financing activities	117 000 000	240 606 146	(2 572 768)	(2 829 512)	(3 111 877)
Proceeds from share issue	117 000 000	201 212 000	-	-	-
Proceeds from long term loan	-	40 000 000	-	-	-
Repayment of long term loan	-	(605 854)	(2 572 768)	(2 829 512)	(3 111 877)
Increase in cash and cash equivalents	(136 036 516)	(183 059 791)	(10 157 295)	(28 752 892)	(7 188 194)
Cash and cash equivalents at beginning of the year	554 631 542	418 595 026	235 535 235	231 231 974	202 479 082
Cash and cash equivalents at end of the year	418 595 026	235 535 235	225 377 940	202 479 082	195 290 888
Cash generated from operations					
Profit before taxation	67 259 732	12 088 011	(679 706 810)	(19 059 509)	8 812 852
Adjustments for:					
Depreciation	24 832 129	31 089 638	35 856 516	37 367 121	39 795 984
Interest received	(35 271 842)	(23 620 729)	(11 670 993)	(10 099 736)	(9 533 935)
Impairment	-	-	667 011 727	-	-
Finance cost	42 327	950 204	3 651 463	3 394 718	3 112 353
Loss on disposal of property, plant and equipment/ (Profit)	163 683	-	-	-	-
Increase in provision for bonuses	173 261	297 178	(162 286)	25 531	25 530
Increase in provision for impairment of trade receivables	(9 784)	-	-	-	-
	57 189 506	20 804 302	14 979 618	11 628 125	42 212 784
Movements in working capital	57 118 833	(53 746 663)	20 783 401	1 186 627	(831 528)
(Increase)/decrease in inventories	505 743	(152 042)	(449 708)	209 173	(168 798)
Decrease/ (increase) in receivables	8 387 384	1 847 025	(4 780 379)	346 221	(1 446 049)
Increase (decrease) in payables	48 225 706	(55 441 646)	26 013 488	631 233	783 319
	114 308 339	(32 942 361)	35 763 019	12 814 752	41 381 256

CTICC Key Performance Indicators (KPIs) -2017/18 to 2019/20

Category		Measurement	Actual 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Annual Target 2019/20
1	Operating Profit/ (Loss)	Percentage achievement of annual budgeted operating profit	279.4%	100%	100%	100%	100%
2	Capital Projects	Percentage of the total number of capital projects for the year completed or committed	100%	85%	85%	85%	85%
3	Capital Expenditure (CTICC East Expansion Programme)	Percentage of total capital expenditure spend	99.2%	90%	90%	N/A (expansion complete)	N/A (expansion complete)
4	Quality Product Offering	Maintain five star tourism grading through effective management of maintenance & quality of service delivery	Five Star Tourism Grading Council Achieved	Achieve Five Star Tourism Grading Council	Achieve Five Star Tourism Grading Council	Achieve Five Star Tourism Grading Council	Achieve Five Star Tourism Grading Council
5	Events	Number of events hosted compared to annual budgeted targets	504	505	590	610	610

The annual target for 2019/20 is subject to board approval

Category		Measurement	Actual 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Annual Target 2019/20
6	Events	Number of international events hosted compared to annual budgeted targets	39	32	32	32	32
7	External Audit Report	Clean Audit Report (1)	Unqualified Audit Report for 2014/2015 financial year achieved	Clean Audit Report (2 nd Quarter)	Clean Audit Report (2 nd Quarter)	Clean Audit Report (2 nd Quarter)	Clean Audit Report (2 nd Quarter)
8	Human Capital Development	Percentage of annual total salary cost spend on training of permanent and temporary staff	6.9%	5%	5%	5%	5%
9	Minimum Competency Level	Number of senior managers registered for MFMA Competency Course	12	7	7	7	7
10	Customer Centricity and Service Excellence	75% of minimum aggregate score for all CTICC internal departments and external suppliers	84%	76%	78%	78%	78%

The annual target for 2019/20 is subject to board approval

Category		Measurement	Actual 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Annual Target 2019/20
11	Procurement	Supply Chain Procurement from BBBEE suppliers measured in terms of BBBEE Act.	92.8%	Percentage spend not lower than 60%	Percentage spend not lower than 60%	Percentage spend not lower than 60%	Percentage spend not lower than 60%
12	Financial ratios o Ratio of cost coverage maintained (RCC)	Total cash and investments , less restricted cash for monthly operating expenditure	N/A	RCC = 11,07 times	10.9 times	9.3 times	9.2 times
	o Net debtors to annual income (ND)	Net current debtors divided by total operating revenue	N/A	ND = 2%	7.7%	7.7%	7.7%
	o Debt (Total Borrowings) to annual operating revenue (DC)	Total annual operating revenue divided by total debt	N/A	DC = 25,90%	13.5%	12.7%	9.3%
13	Student program Contribution to youth employment and skills development	Number of students opportunities provided	N/A	6	6	6	6
14	Graduate program Contribution to youth employment and skills development	Number of graduate opportunities provided	N/A	3	6	6	6
15	The number of people from the employment equity target groups employed in the three highest levels of management in compliance with the municipal entity's approved employment equity plan	Percentage of Exco, Manco & Leadership positions held by persons from designated groups	N/A	80%	80%	80%	80%

The annual target for 2019/20 is subject to board approval