



**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

ANNEXURE 32

CAPE TOWN INTERNATIONAL CONVENTION CENTRE (CTICC) (MUNICIPAL ENTITY) BUSINESS PLAN

CTICC 2021/22 BUSINESS PLAN

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Section One

Highlights

The CTICC will focus on operational performance in order to achieve the following targets in the 2021/22 financial year

1. Financial – R25.8 Million Revenue Target EDITDA Loss R119.0 Million
2. Sales & Marketing - 28 Events 0 International Conferences
3. Event Delivery – 75% Client Satisfaction
4. 5 STAR Grading
5. Procurement - 60% of spend to BBBEE suppliers
6. Youth Skills Development – 1 Students & 1 Graduate Placements

Section Two

Executive Summary

Introduction

Since it opened its doors in 2003, the Cape Town International Convention Centre (CTICC) has met and exceeded its intended purpose—to contribute to economic growth and job creation in the city and province, by hosting international and national conferences, meetings, exhibitions and events.

The centre was on track to achieve revenue of R285m or higher, before all travel and tourism operations were brought to a halt by the impacts of the COVID-19 global pandemic.

Regulations issued by the government to protect the health and safety of citizens had an adverse impact on the operations of the CTICC from March 2020, onwards. At the time of writing, attendance at events is capped at 250 people and international travel is largely still restricted. As such, we do not expect operations to return to 'normal' in the foreseeable future. This business plan and budget have been developed on the expectation that these restrictions will be in place for the financial year under consideration.

Contribution to Economy

The CTICC has sustained more than 142 326 direct and indirect jobs since inception. Its cumulative contribution to South Africa's Gross Domestic Product (GDP) is R52.8bn and the centre has injected more than R44.5bn into the Western Cape's Gross Geographic Product (GGP) to date. As it approaches its 18th year in operation, the centre has clearly fulfilled the expectations outlined when its doors opened, the difficulties experienced in the past year notwithstanding.

Due to the increased capacity and flexibility delivered by the CTICC 2 expansion, the past four years have seen higher delegate numbers, as well as an increasing variety of events held concurrently across CTICC 1 and 2. This has positioned the centre as a leading international venue, supporting the city's objective of establishing Cape Town as Africa's top business events destination and boosting Cape Town's global standing in the MICE industry.

The centre has drawn on the innovation for which it has become known, to adapt its business operations in response to the challenges presented by the COVID-19 pandemic. We are pleased to have added a range of digital events options that will boost our potential economic contribution while conditions for in-person events remain restrictive.

2020/2021 contribution to the economy

R5.5bn

South Africa's Gross Domestic Product (GDP)

R4.9bn

Western Cape's Gross Geographic Product (GGP)

Centre for Knowledge Exchange and Service Excellence

Along with its important economic contribution, the CTICC has actively pursued events that contribute to growing the 'knowledge economy' of Cape Town, the Western Cape and South Africa.

Many of the 397 events hosted by the CTICC in the 2019/20 financial year, especially the international conferences, supported the advancement of industries identified as key catalytic sectors by the City of Cape Town for trade, investment, and growth.

The MICE industry is highly competitive and to attract events that develop essential expertise, knowledge and skills in these sectors, the CTICC has focused on excellence in its offering and service delivery, as well as leadership in triple bottom line sustainability. The centre's strong commitment to customer-centric innovation and financial stability continues to be at the heart of how we do business.

Knowledge is considered pivotal for value creation. In the knowledge economy, the value of countries, regions, organisations and individuals is directly related to their knowledge and intellectual capital. The CTICC has a significant role to play in providing a platform for knowledge exchange, for the development of countries, regions, organisations and individuals alike.

As a state-owned entity, the CTICC's Business Plan for the 2021/22 financial year is aligned with the City of Cape Town's Integrated Development Plan (IDP), as well as the Western Cape Government's Economic Growth Strategy. It is based on the CTICC's stated purpose: *to create jobs by attracting events in key economic sectors and exceeding clients' expectations.*

It includes an organisational overview of the CTICC and the core reasons for its formation. The market analysis section, business plan and budget provide insight into the challenging global context and the impact of the COVID-19 pandemic on the operations and finances of the company.

All permanent employees have so far continued to receive their full salaries since the National State of Disaster was announced and lockdown was instituted, despite normal operations having ceased.

Financial Management

In the past number of years, the CTICC has generated positive growth in revenue and operating profit before interest, taxation, depreciation and amortisation (EBITDA), while successfully navigating various challenges facing the region and industry, until the past year.

The budget for the 2021/22 financial year has been compiled by management, taking into account the significant negative impact of the COVID-19 pandemic on the company's ability to host events in the short to medium term.

Due to the National State of Disaster and lockdown restrictions, the CTICC was unable to host events from mid-March 2020. This has had a devastating impact on operations. During this time, no significant revenue was earned, yet most operating costs remained in place. A large percentage of the staff was provided with the tools to work from home and, while it proved challenging at times, this arrangement was largely successful.

When the restriction levels were eased in May 2020, events for up to 250 people could be hosted. However, there has not been a significant uptake by clients during this time, and these challenging business conditions are expected to continue until the National State of Disaster regulations allow the hosting of events with larger numbers of participants.

During the lockdown, the CTICC was able to mitigate total revenue loss by concluding agreements with the Western Cape Provincial Government (WPCG) to:

- Utilise CTICC 1 as a COVID-19 temporary intermediate care hospital for 3 months (ending mid-September 2020); and
- Utilise CTICC 2 for storage of medical supplies until 12 July 2020.

The CTICC has until recently, been in the desirable position of generating its own financial resources, which funded its growth through reinvestment for the future. This trend is not likely to persist in the 2021/22 financial year, as a result of the loss in business due to the COVID-19 pandemic. All available cash resources are being allocated to fund operational and critical capital expenditure, while minimal revenue is being earned. The company has embarked on a staff rationalisation exercise to reduce costs, this included offering voluntary retrenchments to all staff, freezing of vacant positions and going through a s189A process relating to redundant positions. The process was concluded by the end of April 2021.

To mitigate against the issue of being a going concern, the Company has approached the shareholders for a capital injection by proposing the purchasing of additional shares. The City of Cape Town—the majority shareholder—has approved the purchase of shares in the CTICC up to a maximum of R200 million. These shares will be from a new class to be created, which will be offered to the City as and when the CTICC requires cash resources for its operations.

The CTICC's overall impact is not judged solely on its own financial results but its overall benefit to the citizens of Cape Town, the Western Cape and South Africa. In a year of business unusual, this has taken the form of hosting the Hospital of Hope and CSR initiatives, such as the donation of space to Ladles of Love for the preparation and distribution of food to vulnerable communities.

Each business unit has a detailed action plan and an implementation framework for the next year that supports business objectives. These unit strategies support the core business strategy, explain how key performance indicators will be achieved and outline how each unit will contribute to the sustainability of the organisation.

Given the company's economic mandate, the CTICC continues to focus on expanding its regional and broader international reach. Now, more than ever, it is important to ensure that the CTICC plans for the future and adapts in a way that allows it to achieve success in the post-pandemic environment. Sales, client relations and marketing strategies are in place to, first, keep the CTICC top of mind with key role-players and decision-makers and, second, position the CTICC as a venue that has the staff, skills, track-record and vision to deliver and exceed clients' expectations. The CTICC has several client engagements planned, nationally, regionally and internationally, to support this strategy.

Reinvestment in the Business

To retain and expand its client base in a challenging, highly competitive market, the CTICC is committed to investing for future growth and to ensuring that the centre can offer the professionalism, outstanding service, cutting-edge technology and events capabilities to rival its competitors in the rest of the world.

Food and Beverage

The centre's exceptional culinary experience, quality food and personalised service is one of our key differentiators that positions us ahead of many competitors.

One of the outcomes of strategy sessions to identify potential new revenue streams and keep the centre top of mind during the pandemic is *Good Food on the Go*—individually wrapped meals available to order, and collection from the Coffee Shop. Deliveries to offices nearby are also potentially viable.

This concept was identified as an opportunity to develop a 'side' brand that would allow the CTICC to showcase and promote a value-for-money food offering to people in and around

the City of Cape Town. At the same time, *Good Food on the Go* keeps our kitchen staff busy at a time when eventing is curtailed by current COVID-19 related restrictions.

We believe that the concept of meals to order, individually wrapped and available for collection from a central point, will become the basis for future public catering once the COVID-19 restrictions are lifted and when events get underway again.

In 2020/21, the centre maintained its ISO 22000 certification (food safety management), ensuring its food and beverage offering meets exacting international standards. The CTICC is committed to remaining competitively priced and aligned to the latest trends to ensure its competitive advantage in this sector.

From an IT perspective

With wide-scale cancellation of events worldwide, the CTICC moved quickly to develop a bouquet of innovative digital event options that would allow clients to present their events in an immersive and engaging manner, while adhering to the safety protocols for gatherings.

The centre's digital studio is equipped with a green screen and extensive digital broadcast capabilities. The solution installed at the CTICC has been used by other clients before us for a wide variety of events including talk shows, successful car and product launches, educational programmes and broadcasts of conferences. The CTICC studio, enables clients to accommodate an onsite audience capacity (currently 250 pax) that meets the regulated social-distancing safety restrictions, as well as an online audience of thousands.

The CTICC continues to focus on supplying industry-leading tech support services and infrastructure. Upgrades to enhance the system integration are ongoing, with a focus on driving standardisation and support of a common platform for CTICC 1 and 2.

The CTICC recognises the associated benefits of moving towards digital and cloud platforms. With this in mind, cybersecurity remains top of the company's ICT agenda, supported by continual advancement of disaster recovery programmes.

Own Events

The CTICC Owned Events Unit was created in 2019 and forms part of the Commercial and Business Development Department. This department's key objective is the creation of owned events and looking at additional non-conventional revenue sources. The focus is on creating a platform to stimulate the economy, providing employment and revenue sources to local businesses while continuing to contribute to the country's knowledge economy.

The department has analysed methodologies and mechanisms that will allow us to safely host events that meet social-distancing constraints.

The current portfolio of CTICC owned events includes:

AllSport – This Expo will bring together—under one roof—virtually every indoor, outdoor and water sport enjoyed in the Western Cape. When restrictions ease, we envisage attendees being able to meet the players and try some of the sports, participate in coaching sessions, for example, have their swing/kick/volley analysed, and purchase the latest sporting equipment, accessories and apparel.

With COVID-19 related restrictions in place, the department introduced a related digital event—AllSport Coaches Online Workshop—a successful, revenue-producing digital offering, on 14 October 2020. The workshop focused on helping sports coaches recondition their teams for when competitive sport resumes. The main topics were sports psychology and sports physio, with a key focus on injuries and nutrition.

Gift Fair – The CTICC hosted a very successful Gift Fair market in 2019, with 148 vendors and more than 3 000 visiting consumers. Due to the pandemic, no event was held in 2020. The department has plans in place to host a restrictions-compliant, access-controlled event soon. The second CTICC Gift Fair will therefore be held from 1-3 October 2021. The department continues to promote market entrepreneurs on The Gift Fair social media streams.

Procurement Show – There is a need across various governmental sectors for knowledge and insights into supply chain management. We propose an inter-governmental conference in partnership with the National Treasury to impart best practices, knowledge and lessons learned in the public sector. All state-owned entities would also be invited to attend this 2-day conference where solutions to current challenges within the supply chain industry will be discussed.

A post-conference workshop will be hosted for the private sector after the public sector conference. The objective of this workshop is to give the private sector a better understanding of how to do business with government entities, in compliance to the MFMA and PFMA.

Beverage Expo - In South Africa there are 200 local craft gin brands alone; then there are all the craft beer brands, other artisan-produced spirits, boutique wineries and coffee producers. Market research testing potential uptake amongst local craft beverage producers demonstrated a clear interest in such an Expo.

Only locally produced craft beverages will be featured. On the first morning, restaurants and hotels will be invited for a trade experience, thereafter the Expo will admit consumers.

One of the main drivers will be the option for stand-holders to sell their beverages; with restrictions on alcohol sales a continuing possibility, the department has investigated online Digital Training Sessions for this sector, hosted not only to drive revenue but also to assist struggling sectors with new opportunities to increase market share.

Suggested workshop topics include driving beverage sales through digital platforms and e-commerce, technical skills to improve craft beverage quality, and low-alcohol and organic wine production techniques.

This is Art – Providing highly regarded local artists with the opportunity to exhibit their products, this exhibition/exposition will include an interactive aspect where visitors may commission bespoke art pieces and observe the artists at work. It is envisaged that This is Art will span a wide range of artistic expression from paintings to décor pieces, sculptures to jewellery.

Staff Engagement

The CTICC is committed to investing in its staff, their knowledge, skills and personal development.

At the outset of the national lockdown, the company equipped the majority of staff with the skills and equipment necessary for remote work. The ability displayed by staff to adapt, and find innovative and appropriate ways to do business into the future has been gratifying.

A concerted effort was made during this time to ensure that all staff have direct access to the Employee Wellness Programme. The HR Business Partners have also been tasked with making regular staff check-ins, and staff have direct access to the management and HR team even while working remotely.

During the 2020/21 financial year, the company will continue to upskill all employees, broadening their capacity to contribute to the achievement of the organisation's goals.

Audit Outcome

The audit for the 2019/20 financial year is in the final stage of completion and the Auditor-General of SA has issued its Draft Management Report and the Draft Audit Report. The CTICC has again achieved an unqualified clean audit, which makes it seven consecutive years. The CTICC remains committed to maintaining this record through rigorous management and regulation of processes throughout the organisation.

Procurement from B-BBEE companies is a priority, and the CTICC has not only met, but exceeded the targets set. The company will continue to strive to increase procurement from B-BBEE and women-owned enterprises.

Ethical Business Culture and Governance

The CTICC subscribes to the United Nations Global Compact (UNGC) and adheres to its ten guiding principles as part of the centre's commitment to an ethical and principled approach to doing business.

As an adopter of the King IV Report on Corporate Governance for South Africa, 2016, the CTICC and its Board of Directors are committed to a governance structure that cultivates good governance outcomes concerning ethical culture, performance, effective controls, and legitimacy. Business operations are directed and governed in a way that ensures that the CTICC delivers on its mandate to be self-sustaining and contribute to economic growth and job creation.

Cautionary Note

In drafting the 2021/22 Business Plan and Budget due consideration has been given to all factors that could impact on the CTICC's ability to achieve the objectives set out herein. These objectives include the financial information relating to the budget and non-financial targets as detailed in Section 3.5 (Table 3 – CTICC Key Performance Indicators (KPI's)).

The achievement of the targets set out in the 2021/22 Business Plan is based on various assumptions made regarding uncertainties for the future period, one of them being the ongoing impact of the global COVID-19 pandemic.

COVID-19 Pandemic

The 2021/22 Business Plan was based on the following assumptions:

Due to the COVID-19 pandemic, many of the CTICC's existing Contracts of Hire from March 2020 to February 2021 have been cancelled or postponed. It is anticipated that event hosting will resume in the latter half of 2021.

These event cancellations and postponements have had a significant impact on the company's financial projections and events numbers.

This will have a direct impact on the KPI targets, should the assumptions used in the budget not be realised.

The expected reduced delegate numbers will, in turn, also have a negative economic impact on the centre's contribution to GGP and GDP.

In addition to the above, in response to the COVID 19 pandemic:

On the announcement of the national lockdown, immediate plans were put in place to ensure staff were able to perform their duties remotely, where reasonably possible. The Working from Home / Remote Working policy was drafted and approved by the Board.

As mentioned previously, measures were put in place to ensure staff had access to Employee Wellness, with communication taking place via Zoom or other online portals to ensure adherence to health and safety protocols.

Facilities have been upgraded to ensure the provision of best practice standards for the events industry. This includes hand sanitiser dispensers throughout the centre, manufacture of individual delegate furniture, setup of social distancing shields, construction of medic-assist/isolation rooms, installation of touchless parking sensors and provision of a wide range of signage to support COVID-19 awareness/compliance.

Food & Beverage service procedures have been amended to make the organisation compliant with COVID-19 protocols. Table talkers were designed as a reminder to patrons, and table seating for sit-down meals has been adjusted to maintain social distancing. Certain areas have already been designated as low or no-touch to reduce contact. Cutlery is sterilised and individually sealed to ensure that it is not contaminated. Tables and chairs are sanitised after each use and identified with a table talker as 'ready for use'. The Coffee Shop and OPC counters have been fitted with Perspex screens to safeguard delegates and patrons from cross-contamination. Depending on service style, food is individually wrapped or served under a cloche in the Coffee Shops, from kitchen to table.

Section Three

About the CTICC

The architect-designed, purpose-built CTICC is Africa's leading convention centre. For 18 years, the national and international conferences, exhibitions, trade fairs, banquets and special events that it hosts have drawn visitors from across the globe to South Africa and Cape Town, firmly putting the country and the City on the business tourism map. It is also a much-in-demand venue for film shoots.

The success of this world-class convention centre has had a sustainable positive impact on the economic and social development of Cape Town, the Western Cape and South Africa as a whole. This is eloquently illustrated by the CTICC's R52.8bn cumulative contribution to the national Gross Domestic Product (GDP) and the R44.5bn contributed by the CTICC to the Western Cape economy. More than 140 000 jobs have been created and sustained over the years.

The CTICC campus comprises two light-filled buildings. CTICC 1 and CTICC 2 are connected by an elegant skybridge and together boast 140 855m² of floor space. We are fortunate to be able to offer our clients a wide variety of flexible spaces to meet the growing demand for event space, both for traditional capacities and, now, with social distancing taken into account. In addition, the centre is fully equipped to meet the growing demand for unique digital experiences.

The CTICC's reputation is not purely built on its magnificent facilities but also on its scrupulous adherence to international standards of excellence, borne out by the internationally recognised management system certifications it maintains (ISO 9001, 14001, 18001 and 22000), as well as its Tourism Grading Council 5-star and Gold AIPC (International Association of Convention Centres) quality standard certifications and the recently received Safe Travels Stamp from the World Travel and Tourism Council in August 2020.

The CTICC has transitioned from ISO 9001:2008 to ISO 9001:2015 and ISO 14001:2008 to ISO 14001:2015 standards. It is anticipated that we will transition from the current OHSAS 18001 standard to the new ISO 45001 standard in Occupational Health and Safety by 2021.

The CTICC's Board of Directors places a strong emphasis on maintaining high standards of financial management, accounting and reporting to ensure that the company's affairs are managed in an ethical, transparent and responsible manner, while also taking into consideration appropriate risk parameters.

The CTICC is expected to meet or exceed a set of key performance indicators (KPIs) that are agreed upon on an annual basis by the centre and the City of Cape Town. (Please see the earlier Cautionary Note in this regard.)

3.1 Shareholding Structure

The holding company of the CTICC is the Cape Town International Convention Centre Company (Convenco). This is a state-owned company (ring-fenced) formed in 1999 through a collaboration between the City of Cape Town (71.4%), the Western Cape Government (23.2%) and the private sector (SunWest International (Pty) Ltd – 5.4%).

3.2 CTICC's Purpose, Mission and Values

Purpose

The CTICC connects people to create jobs by attracting events in key economic sectors and exceeding clients' expectations.

Mission

How the CTICC will bring its vision to reality:

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

Values

The CTICC will achieve its mission and vision by applying these values to every endeavour:

- Passion – We live to go beyond.
- Integrity – We are transparent in all our actions.
- Innovation – We create magic that gives us the edge.
- Excellence – We create superior experiences.
- Gratitude – We are appreciative of the opportunities provided by the CTICC, City of Cape Town and the country we live in.
- Caring – We care for one another, our clients, our business, our building and our equipment.

In addition to this purpose and these values, we aim to grow the knowledge economy of the country by attracting international events and delegates, which will also meet the goal of establishing Cape Town as a preferred business tourism destination. To this end, we are pleased to report that of the more than 8,300 (397 more from F2020) events hosted by the CTICC over the past 18 years, 657 (34 more from F2020) were international association conferences from a broad spectrum of sectors. This includes the priority sectors identified by the City of Cape Town.

3.3 Strategic Alignment with City of Cape Town's Integrated Development Plan (IDP)

The CTICC is committed to ensuring its activities align with and support the City of Cape Town's IDP and the centre's business strategy is geared towards the development of the 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:

Oil & gas	Tourism	Agro-processing	Business Process Outsourcing
Renewables	Film	Electricity	Water
ICT	Logistics	Financial Services	Education
Health			

Table 2:



City of Cape Town 2017-'22 IDP Focus Areas



The CTICC's business objectives aligned to the City of Cape Town's IDP focus

<div data-bbox="161 510 209 555"></div> <div data-bbox="220 517 434 546">The Opportunity City</div> <div data-bbox="172 622 443 674">Economic Growth and Job Creation</div> <div data-bbox="196 792 427 846">Promote a sustainable environment</div> <div data-bbox="185 927 437 981">Infrastructure-led growth and development</div> <div data-bbox="185 1010 437 1064">Leverage assets to drive economic growth</div> <div data-bbox="220 1088 405 1142">Training and skills development</div>	<p>The CTICC aims to maximise economic impact and job creation by:</p> <ul style="list-style-type: none"> • Driving the knowledge economy and skills exchange • Attracting more meetings and events to Cape Town • B-BBEE procurement of no less than 60% • Partnering with business tourism role-players • Creating new strategic business opportunities. <p>The CTICC places a priority on integrating economic, social and environmental sustainability into every aspect of its business. This triple bottom line approach is informed by a comprehensive environmental policy and monitored by a dedicated sustainability committee.</p> <p>CTICC 2 expansion added 10 000m² to existing exhibition space and approximately 3 000m² of formal and informal multi-purpose meeting space. This allowed the CTICC to service high levels of demand by hosting more events concurrently. The expanded facility supports our commitment to the knowledge economy and economic growth.</p> <p>The CTICC's purpose is to contribute to and drive economic growth and job creation, and this mandate is achieved year-on-year.</p> <p>As an ethical employer, the CTICC focuses on employees' financial and physical wellness. The CTICC's system of continuous training, rewards, recognition and mentorship also enhances service excellence, which is supported by innovation in technology and processes.</p>
<div data-bbox="164 1344 209 1388"></div> <div data-bbox="220 1350 363 1379">The Safe City</div>	<p>The safety of visitors and staff members is imperative. While the CTICC has measures in place to ensure a safe environment on the premises, including all COVID-19 protocols, safety in the wider vicinity of the CTICC is as important. To this end, the CTICC is a member of the Cape Town Central City Improvement District (CCID) and pays a monthly fee for cleaning and security within the precinct and during large events..</p>
<div data-bbox="164 1554 209 1599"></div> <div data-bbox="220 1561 384 1590">The Caring City</div>	<p>The CTICC supports the City of Cape Town's strategic focus to be a caring city. Our commitment extends beyond financial support of deserving causes to creating opportunities for our staff to volunteer their time and talents in the service of others. The centre supports five local community partners as well as several other charities and NGOs working with the elderly, our youth and those at risk.</p>
<div data-bbox="164 1742 209 1787"></div> <div data-bbox="220 1749 405 1778">The Inclusive City</div>	<p>By consistently meeting and exceeding the target of spending 60% with B-BBEE suppliers, women-owned businesses and SMMEs, the CTICC contributes to transformation and inclusivity.</p>
<div data-bbox="164 1908 209 1953"></div> <div data-bbox="220 1915 400 1944">The Well-run City</div>	<p>As a municipal entity, the CTICC contributes to a well-run city through its compliance with MFMA and other legislation, and in adopting the principles contained within the King IV Report on Corporate Governance for South Africa. While the audit for the 2019/20 financial year is expected to be concluded by February 2021, the centre proudly boasts seven consecutive clean audits.</p>

3.4 Key Performance Indicators 2021/22

The CTICC's performance is measured by the City of Cape Town against a set of KPIs that are reviewed annually.

As a results-driven organisation, much emphasis is placed on the attainment of these targets – at an organisational, departmental and individual level of performance appraisals. This system of performance management is integral to achieving financial and non-financial targets.

The table on the next page illustrates the agreed KPIs for the 2021/22 financial year:

Table 2:
CTICC Key Performance Indicators (KPIs)

	Category	Measurement	Annual Target 2019/20	Actual 2019/20	Annual Target 2020/21	Annual Target 2021/22	Annual Target 2022/23	Annual Target 2023/24
1	Operating Profit/(Loss) before tax	Percentage achievement of annual operating profit	100%	153%	100%	100%	100%	100%
2	Capital Projects	Percentage of total number of capital projects for the year completed or committed	90%	97%	90%	90%	90%	90%
3	Capital Expenditure (CTICC Expansion)	Percentage of total capital expenditure spend	75%	100%	100%	n/a	n/a	n/a
4	Quality Offering	Maintain 5-star grading through effective management & maintenance of quality of service delivery	Achieve 5-star tourism grading	5-star tourism grading achieved	Achieve 5-star tourism grading	Achieve 5-star tourism grading	Achieve 5-star tourism grading	Achieve 5-star tourism grading
5	Events	Number of events hosted	394	397	28	50	120	250
6	International Events	Number of international events hosted compared to annual budgeted target	34	34	0	5	12	17
7	External Audit Report	Clean Audit Report ²	Clean Audit Report (2nd Quarter)	Clean Audit Report for 2018/19 Financial year achieved	Clean Audit Report (3rd Quarter)	Clean Audit Report (2nd Quarter)	Clean Audit Report (2nd Quarter)	Clean Audit Report (2nd Quarter)
8	Human Capital Development	Percentage of annual total salary cost- spend on training of permanent and temporary staff	5%	6%	3%	4%	5%	5%
9	Minimum Competency Level	Number of senior managers registered for MFMA Competency Course	7	11	7	7	7	7

3.4 Key Performance Indicators 2021/22 (continued)

Category	Measurement	Annual Target 2019/20	Actual 2019/20	Annual Target 2020/21	Annual Target 2021/22	Annual Target 2022/23	Annual Target 2023/24
10	Customer Centricity and Service Excellence	Minimum aggregate score for all CTICC internal departments and external suppliers	80%	85%	75%	75%	75%
11	Procurement	Supply chain procurement BBBEE suppliers measured in terms of BBBEE Act	Percentage spend not lower than 60 %	86%	60%	60%	60%
12	Financial ratios	Total cash and investments, less restricted cash for monthly operating expenditure	RCC = 6.0 times	9.4 times	0 times	0 times	0 times
	• Ratio of cost coverage maintained (RCC)						
	• Net debtors ³ to annual income (ND)	Net current debtors divided by total operating revenue	ND = 2.0%	0.2%	9.0%	8%	7% 5%
	• Debt coverage by own billed revenue operating (DC)	Total debt divided by total annual income	DC = 0.0%	0.0%	0.0%	0.0%	0.0%
13	Student programme contribution to youth employment and skills development	Number of student opportunities provided	6	11	4	1	2 4
14	Graduate programme contribution to youth employment and skills development	Number of graduate opportunities provided	6	13	4	1	2 4
15	Number of 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 people Exco, Manco and Leadership positions held by persons from designated groups	79%	79%	75%	75%	75%

KPI Definitions and notes

1. Operating profit/(loss) is defined as earnings before interest, taxation, depreciation and amortisation (EBITDA)
2. Clean audit is defined as an unqualified audit report with no material findings on compliance of laws, regulations and predetermined objectives
3. Net debtors is defined as gross debtors less impairment

3.5 Situational Analysis 2021/22

Macro Environment

An ever-changing macro-environment presents a complex and dynamic context for the CTICC, not least the current challenges related to hosting events during the restrictions related to a global pandemic. This PESTLE analysis, consisting of six sub-environments or variables, namely political, economic, social, technological, legal and environmental, highlights the CTICC's current environment and the implications for the business.

Table 3: PESTLE Analysis

PESTLE ANALYSIS	
Sub-environment	Implications for the CTICC
Political	<ul style="list-style-type: none"> • Global challenges faced by governments due to Covid-19 • Limited governmental support from the National Convention Bureau (Subvention Fund) • Good synergy with shareholders • Government's National Lockdown restrictions on business (currently adjusted lockdown level 3) limit capacity for indoor events to 250 pax • The impact of municipal elections • Changes in regulations and legislation by SA Government in response to the pandemic
Economic	<ul style="list-style-type: none"> • Global economic recession due to COVID-19 • Exchange rate depreciation • Financial downgrade by credit rating agencies • Shift in traditional markets • Electricity and fuel costs/load-shedding • Flight and accommodation costs • Lack of transport infrastructure • American trade restrictions/new USA cabinet and its impact on South Africa • Brexit • Geopolitical influences • Increasing food and beverage costs and availability challenges
Social	<ul style="list-style-type: none"> • Negative impact on delegates of inner-city homelessness and vagrancy • Sustainability of job creation • High rate of poverty • Crime • Increased unemployment in South Africa • Gender-based violence and the impact this has on perceptions of SA as a destination • Responsible citizenry • Limited social interaction due to COVID-19 • Effect of the pandemic on access to skilled labour
Technological	<ul style="list-style-type: none"> • Digitisation of business activity due to COVID-19 • Adoption of new technology trends

	<ul style="list-style-type: none"> • Emergence of new and advanced mobile technology • Cyber threats • Information security
Legal	<ul style="list-style-type: none"> • Existing and new general legislation • Municipal entity legislation • Immigration and visa regulations • POPI Act and GDPR compliance and possible amendment due to Covid-19 • Adherence to SASREA Act • Changes in regulations and legislation by SA government in response to the pandemic
Environmental	<ul style="list-style-type: none"> • Adverse weather conditions and climate changes • Electricity-supply interruptions • Reduced food security resulting from the breakdown of the supply chain • Reduction of carbon footprint

3.6 Company Analysis

3.6.1 Brand Essence and Brand Positioning

The CTICC defines its brand as a connector and a platform for opportunity: a brand that creates jobs by bringing people together through the hosting of world-class events through a culture of customer-focused teamwork.

The CTICC's brand positioning is echoed in its purpose: "to create jobs by attracting key economic business events and exceeding clients' expectations". While the CTICC Strategy Pyramid and Value Proposition have been well documented in previous annual submissions, it is important to reinforce this core message. T

3.7 Market Attractiveness

The expansion of the centre when CTICC 2 was opened in 2017 made the CTICC the largest venue in South Africa. This allowed the company to increase the number of events hosted annually and attracted a higher volume of large-scale exhibitions and international conferences of 10 000 or more delegates to Cape Town. Repeat exhibitions, international congresses and large-scale special events clients have been able to increase their footfall and footprint, affording more delegates an enhanced experience.

While many such events are run across both buildings, the addition of CTICC 2 offers the CTICC the scope to host multiple events simultaneously, whilst adhering to social-distancing requirements during the global pandemic.

The CTICC has also expanded its digital event capabilities to meet the needs of clients in the current environment.

3.8 SWOT Analysis

To remain competitive, the CTICC constantly monitors the environment and the factors that affect the business, both positively and negatively. This revision of the previous year's SWOT Analysis is useful in guiding the CTICC on how to grow its business, capitalise on opportunities and mitigate risk.

Table 4: SWOT Analysis

SWOT ANALYSIS	
<p>Strengths</p> <ul style="list-style-type: none"> • Excellent/diverse culinary offering • Well maintained, modern/upmarket architecture and building facilities • Good governance and service ethics • International standards • Highly skilled, committed and passionate staff • High-quality in-house service providers • Diverse and flexible product offering • Strong brand awareness • Strong industry commitment to brand and 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 large international conferences and exhibitions/trade fairs • Diverse accommodation options including surrounding high-end hotels • Long-standing relationships with suppliers • Healthy cash reserves • Development of staff • COVID-19 protocol adherence and facilities • Staff rewards and recognition • Good working conditions • Sound Code of Good Conduct policy for all employees 	<p>Opportunities</p> <ul style="list-style-type: none"> • Targeting the South African market for larger incentive groups and corporate business • Capitalising on limited competition with the capacity to host events of more than a 1 000 pax, or 250 pax with social distancing • Leveraging stakeholder relationships and Cape Town brand initiatives • Maximising the potential of long-term commitment to current target markets • Growth of Cape Town as a prime destination • Growing niche and emerging-economy markets • New market opportunity in Africa • Communicating product range to new markets • Enhanced digital strategy • Use of technology to reduce costs (virtual meetings and contracting with essential service providers, such as call centres during COVID-19) • Venue capacity to accommodate the regulated COVID-19 social distancing • Favourable exchange rate for international events • Use of technology to streamline registration experiences • Event ticketing solutions for both digital and hybrid experiences • CTICC e-commerce platform could be used to explore other revenue streams. E.g. online sales of art pieces, should we host an art expo • CTICC own events • Maximising strong brand awareness and employer-of-choice status to attract high-calibre candidates

<ul style="list-style-type: none"> • Sound Employee Wellness Programme for all staff and immediate family members 	<ul style="list-style-type: none"> • Development of Student and Graduate Programme to help attract, retain, coach and mentor staff • Exploring the possibility of staff secondment to other SOEs or government departments
<p>Weaknesses</p> <ul style="list-style-type: none"> • IT policy and resources limiting innovation • Attracting and retaining skilled staff • Inconsistency of customer service delivery, which impacts on reputation and/or financial loss • SCM constraints which impact on competitiveness • Difficulty in meeting ever-changing technology demands and sustaining standards 	<p>Threats</p> <ul style="list-style-type: none"> • The impact of the COVID-19 pandemic on gatherings and travel regulations – i.e. business sustainability • International demand for short-haul destinations (economic pressure) • Increased local competition from new venues in Cape Town, including conferencing facilities within hotels • Increase in crime in the areas surrounding the CTICC and the limited presence of law enforcement • Long-term weakness of the rand, resulting in increasing operating costs (equipment, international trade shows, etc.) • Government regulations and policies (particularly related to labour legislation, land reform, visa regulations, etc) • Long-haul destination – associated costs and increased carbon footprint related to travel • Profit-margin erosion due to factors such as increased costs related to food, beverages and labour • Revenue erosion due to decreasing customer spend and delegate attendance • Varying business models allowing other venues to be more competitive • Outbreaks of communicable and food-borne diseases • Potential terrorist threats • Implementation of capital works given business demands • Political instability and the impact of service delivery

	<ul style="list-style-type: none"> • Competitors not adhering to legislative requirements (i.e. SASREA Act) • Shortage of scarce and / or critical skills in previously disadvantaged group • Job-hopping due to unpredictable post COVID-19 recruitment market • Threat of strikes and protests due to high unemployment, rising cost of living and increasing political / social instability
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Whilst international meetings and conferences represent higher-yielding business opportunities and greater macroeconomic benefits than local events, the market- environment analysis indicates that there is a need to have a parallel focus on the CTICC's national and regional (Africa) market segments footprint. The CTICC's strategic plan for the future, therefore, needs to take a holistic approach that maximises opportunities across all market segments.

Section Four

Sales & Marketing

The Sales and the Marketing & Communications teams, together with Revenue Management, play a central role in ensuring that the business meets and exceeds its strategic objectives.

Marketing and Communication's role is to establish the CTICC brand, promote the centre's capabilities and services to maintain and gain clients. In the wake of the COVID-19 pandemic, there has been a shift towards more digital and social channel promotion of the CTICC's hybrid and virtual offerings.

Sales and Marketing strive towards the following objectives:

- Maximising revenue
- Exceeding event number targets for international and national conferences
- Positioning the CTICC (and the City of Cape Town) as a highly desirable destination for meetings and events
- Securing a range of events
- Exceeding client expectations through service excellence
- Creating more CTICC Own Events

Stakeholders/Shareholders

- The City of Cape Town
- The Western Cape Government
- SunWest International (Pty) Ltd
- CTICC Board Members
- Relevant sector organisations and associations, both regional and global, including Cape Town Tourism, South African Association for the Conference Industry (SAACI), Cape Town and Western Cape Convention Bureau, National Convention Bureau, International Association of Convention Centres (AIPC), The Global Association of the Exhibition Industry (UFI) and International Congress, Convention Association (ICCA) and Union of International Association among others

Clients

- International associations and corporations
- Regional associations and corporations
- National associations
- Professional conference organisers (includes travel agents and destination marketing companies)
- Exhibition clients
- Visitors and delegates
- Corporate clients
- Government organisations and embassies
- Non-government organisations
- Event organisers and meeting planners
- Production companies

Media

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

CTICC Staff

- Permanent staff
- Contract staff

Suppliers

- Strategic suppliers
- Generic suppliers

Public

- Local communities

4.1 Sales

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

Due to the COVID-19 pandemic and current business dynamic, the CTICC will focus primarily on local events, followed by national events, regional events and international events per the various levels of restrictions as enforced by government. Bidding for international association conferences is continuing.

As a part of the centre's recovery from the impact of the pandemic, the focus will be aimed at the following elements:

- Proof of Concept events to showcase and establish the CTICC's ability to host events in a safe environment to restore the confidence levels required for events to resume
- Promoting the CTICC's digital events offerings. These allow the centre to adapt to the shift in demand for digital and hybrid events due to the pandemic
- A combined sales and marketing effort in the form of campaigns and promotions that will target and attract clients interested in the use of outdoor and unconventional spaces
- Marketing the CTICC's unconventional spaces will also target weddings as one of the niche markets

As a venue, the CTICC specialises in delivering events in the following segments:

- International conferences
- National Conferences
- Exhibitions
- Trade fairs
- Special events (sports, cultural and leisure events)
- Banquets
- Film and Photo Shoots
- Other events including workshops, training seminars, exams, product launches, breakfasts, AGMs & corporate roadshows
- Own Events

The impact of government regulations associated with the pandemic will affect how and which clients are targeted.

To effectively attract and host events, the CTICC targets clients and event planners in the following markets:

- International, regional and local associations
- Businesses and corporate (local and international) organisations
- Exhibition and trade fair organisers
- Government departments and government agencies
- International developmental organisations
- Film production companies
- Music and sports promoters
- Digital meeting organisers
- Wedding planners and organisers

On a national level, trade fair, exhibition and national conference segments remain key revenue generators for the business.

In the international market, the centre's primary business will continue to be derived from the European and British associations markets. Opportunities also exist with international associations headquartered in Africa, as well as the American corporate and associations market.

The business of securing international conferences involves a bidding process and differs from securing other event segments, where clients book directly with the CTICC. Before the outbreak of the pandemic, international associations staged such conferences (also known as congresses, symposiums and general assemblies) regularly. Often a local representative or association is required to place a bid for the event to take place in their country.

Specialised research is needed to determine upcoming bid opportunities for Cape Town (and the CTICC), the exact bidding process involved, venue requirements and the national host that would most likely be in a position to extend the invitation. The CTICC works closely with the City of Cape Town and the Western Cape Convention Bureau, as well as the National Convention Bureau to bid for international conferences.

Lead times can be very long – it is not unusual to have gaps of up to eight years between bids to host a particular world congress and the actual event. However, shorter lead times are becoming more common.

One of the alternatives for recovery from the pandemic is to focus on new revenue streams such as CTICC's own events.

The Gift Fair was the first CTICC-owned event and was hosted in November 2019. Due to COVID-19, the second edition of The Gift Fair was moved to October 2021. It was intended that the AllSport Expo would launch in September 2020; this was postponed to September 2021. A spin-off of the AllSport Expo, a workshop for coaches, was successfully hosted digitally in 2020.

New owned events to be hosted in 2021/22 are:

- This is Art Exhibition
- This is Art Show
- Ultimate Beverage Exhibition
- Ultimate Beverage Trade Show

The team will continue to grow this portfolio and develop new events based on the needs and opportunities within the key economic sectors.

4.1.1 Sales Objectives

1. Build and maintain strong client relationships
2. Generate leads within the City's catalytic sectors
3. Acquire and grow all market segments
4. Retain and grow repeat business
5. Match trends and tactics to maximise the above objectives
6. Develop new or alternative revenue streams

4.1.2 CTICC Own Events Objectives

1. Due to the impact of COVID-19, the costs to participate were not increased for 2021 to retain repeat exhibitors and sponsors
2. To make up for revenue losses as a result of COVID-19, digital conference and workshop elements were added to exhibitions and trade shows
3. Pursue new sponsorship opportunities for each event. Due to the current environment, more sponsorship opportunities are available, such as branded hand sanitiser, branded masks, floor talkers to increase social distancing
4. Increase brand visibility before event dates and make up for possible revenue losses due to COVID-19 by creating digital experiences such as online workshops
5. Create smaller events to ensure current regulations related to mass gatherings are adhered to
6. Create more exhibitions and trade shows in market sectors that show promising growth

4.1.3 Sales Trends

The top trends internationally and locally in the meetings and events sector are as follows:

1. The COVID-19 pandemic has seen a shift from in-person events to digital and hybrid events. (ICCA May 2020)
2. The pandemic has impacted the international associations market and more regional meetings are anticipated (ICCA May 2020)
3. Rotations of associations' meetings have changed (ICCA 2020). Clients require more multi-functional venue capabilities and flexibility, as well as enhanced technology and telecommunications (AIPC)
4. Increasing competition is giving rise to challenging client demands. There is a need for greater flexibility concerning lead times, packages and pricing to meet clients' requirements
5. The average number of participants per meeting is decreasing (ICCA)
6. Local and international corporate meetings have the best growth outlook (AIPC)
7. Regional rotation is a growing trend (ICCA)
8. Universities are becoming a popular venue choice (ICCA)
9. Duration of meetings is getting shorter (ICCA)
10. Due to global economic growth, larger countries enjoy the majority of the market share in trade shows outside of China. In the Middle East-Africa region, there was less profit shown in 2018 than in 2017
11. Exhibition visitors have shifted their focus from attending exhibitions to online marketplaces
12. Lead times between the bidding and hosting of events are becoming shorter

Sources: 2019 AIPC Member Survey & ICCA 55 Year Trend Report (1963 – 2017), July 2018, UFI Global Exhibitions Barometer 21st Edition, ICCA Future of Global Association Meetings, The New Association Reality ICCA May 2020.

4.2 Marketing & Communications

The Marketing and Communications Department provides a support function to all departments within the organisation. There is a strong focus on building brand reputation and aiding in acquiring and retaining new clients, as well as building relationships with internal and external stakeholders. The impact of COVID-19 has seen the department moving into a new chapter of adaptation, re-imagination and innovation.

4.2.1 Marketing & Communication Objectives

The CTICC's reputation has been built on the centre's ability to host world-class events. This reputation has been maintained during the COVID-19 pandemic through messaging that is intended to educate, alleviate anxiety, inspire new ways of doing business and express our appetite for new and niche markets. While the centre's Marketing & Communications department manages expectations during the 'new normal', we continue to engage with stakeholders using the overarching 'Experience Extraordinary' messaging.

As can be inferred from the above, the impact of COVID-19 has necessitated a change in our approach. We will concentrate on the objectives below in the short term:

1. A greater focus on the digital funnel, maximising the conversion potential of our website with best-practice search engine optimisation
2. New media monitoring tools to provide greater insights into our competitors' messaging
3. Enhance relationships with key stakeholders for cross-collaborative marketing purposes
4. Demonstrate the CTICC's adaptability and innovations by highlighting the creation of own events, digital offerings and safety protocols
5. Continue to raise the CTICC's profile with key local, national and international decision-makers

4.2.2 Marketing & Communication Trends

The CTICC will plan and execute a marketing communications strategy that will position the brand with the following trends in mind:

1. Chat apps like Facebook Messenger and WhatsApp provide tremendous engagement and is how people are choosing to engage more often. WhatsApp communication such as that used by the National Department of Health during the pandemic, will become more common. (Some WhatsApp users moved to Telegram and Signal after a recent Terms and Conditions update but assurances from the app owner (Facebook) have stemmed the tide of defections. We believe it will continue to be the most widely used messaging app in South Africa.)
2. Content marketing is the cornerstone of brand reputation
3. The convergence of marketing and corporate communication, creating an omnichannel / channel-agnostic marketing approach.
4. An increased focus on customer experience when engaging
5. Video marketing is no longer an option but a necessity with live streaming becoming an impactful way to communicate

Sources: forbes.com, digitalmarketinginstitute.com

4.2.3 Marketing & Communications Tactics

The CTICC has transitioned into the new normal and is creating, innovating, connecting and caring for its audiences. The table below outlines some areas which will further support this transition.

Table 5: Marketing & Communications Innovations

<p>Digital Alignment & Social Media Focus</p> <ul style="list-style-type: none"> • Implementation of the e-commerce section of the website, allowing direct bookings and purchases. • Further enhance search engine optimisation for the website content to draw and convert a valuable audience. • Social media content updated continuously, reviewed, and tailored to each platform's audience, trends and best practices. • Paid-for social media and search engine marketing (SEM) to increase the CTICC's online reach and audience. • Further develop interactive content, videos and collateral aligned to the brand for relevant platforms. 	<p>Writing</p> <ul style="list-style-type: none"> • Implementation of the e-commerce section of the website, allowing direct bookings and purchases. • Thought leadership content will be generated for all platforms to enhance the brand, build confidence and entrench the CTICC as an industry leader. • We will educate our audience about our offerings while expressing care and alleviating anxiety. • Our client's expectations will be managed through consistent communication. • We will educate our audience on our COVID-19 precautions (C19 Care). • Continuous and consistent communication with staff, clients and patrons will allow us to remain relevant and 'top of mind'.
<p>Branding</p> <ul style="list-style-type: none"> • Targeted messaging that is personalised for the specific audience. • We will collaborate with our partners to produce content that benefits the business tourism industry as a whole to recover from the effects of COVID-19. • A greater focus will be placed on directing valuable marketing communications towards our internal audiences as they are the ambassadors of the CTICC. • We will continue to brand from within by developing #IamCTICC brand champions • We will leverage client testimonials to maintain credibility within the industry 	<p>Reporting</p> <ul style="list-style-type: none"> • Continuously engage and share comprehensive information with our audiences facilitating their arrival at informed decisions. • Maintain and enhance business-generating partnerships with stakeholders that can exponentially broaden the reach of marketing programmes and add value to the CTICC's business development efforts • Champion the adaptation and agility of the CTICC in developing solutions, and promote our digital offerings. • Raise the profile of the CTICC among key decision-makers in local, national and international markets

4.3 Revenue Management

Revenue Management provides a support function to the organisation, with a focus on the Sales and Marketing & Communications functions. While adhering to the City's requirements in response to the global COVID-19 pandemic, the department ensures that the CTICC achieves its long-term and short-term business strategies through effective rate management, revenue-streams management, business-mix strategies, channels and distribution, strategic pricing and benchmarking.

4.3.1 Revenue Management Objectives

1. Ensure that the Commercial and Revenue Management Team is aligned to the external environment and adaptable to a changing business climate
2. Ensuring price relevance in the marketplace based on the sensitive business environment
3. Ensure a clearly defined retention and acquisition strategy is established
4. Ensure an effective base business strategy is in place with key stakeholders/business partners
5. Drive revenue streams through effective business-mix management and strategic pricing
6. Establish a clearly defined demand calendar with alignment to Sales and Marketing
7. Drive an effective and efficient contract management process while ensuring audit and City requirements are met

4.3.2 Revenue Management Tactics

The global pandemic is having an unprecedented impact on revenues due to cancellations and postponements. The Revenue Department responded quickly to market developments as outlined below:

1. The 2020 Rate Strategy (Venue Rental and DCP) has been implemented for the 2021 calendar year
2. To mitigate the further risk of loss of revenue and to sustain client retention and relationships, the CTICC has applied flexibility in re-negotiation of contracts whilst ensuring audit and City requirements are met
3. To adapt to the rapid change in the business environment, the CTICC made changes to contractual language as a result of the impact of the outbreak
4. Three Year Deals, which form the base of CTICC business had to be reviewed and renegotiated to sustain the business
5. The demand calendar was adapted with alignment to Sales and Marketing to be inclusive of digital offerings

4.3.3 Revenue Management Trends

1. The pricing strategy for 2021 has remained the same as 2020
2. Clients have been requested to add pandemic to the 'force majeure' clause
3. Events have been postponed without extra charge to 2021
4. Relaxed cancellation and postponement clauses have been offered for the next 12 months to avoid charging penalties
5. Alternative revenue streams, including digital offerings, have been researched

Source: AIPC Member Survey 2020 - COVID-19 Crisis Impacts and Responses

Section Five

Events Delivery

Events delivery consists of five areas that together ensure seamless, profitable and sustainable service delivery across all event segments and activities. They are:

- Events Management
- Conference & Exhibition Services
- Facilities Management Operational Support
- Food & Beverage

Within these five areas are logistics, ICT, security, parking and food and beverage services.

5.1 Events Management

The event management team strives to deliver service excellence with a 24-hour turnaround time while building client relations to promote repeat business. The department is tasked with contributing to meeting and exceeding budgets, such as those set out for the Food & Beverage and Operations Departments.

5.1.1 Events Management Objectives

1. The successful and profitable management of events
2. Up-selling food & beverage offerings, IT, facilities and branding sites
3. Constant improvement of client-relationship management
4. Departmental training and development, cross-departmental training
5. Monitoring of systems and internal processes to improve efficiencies, turnaround times and client experience
6. Securing the forward book for repeat events by entering into multi-year agreements

These objectives are met through a range of tactical implementations.

The global Covid-19 pandemic has caused a dramatic shift in the way we host events. We have seen an acceleration of technology adoption and the fast pace at which digitalisation had an impact on events delivery in 2020. As part of the department's recovery response, we are working closely with our repeat events clients to ensure we secure bookings whilst maintaining relationships. Upselling of our digital offerings and core service providers is a key focus area.

5.1.2 Events Management Trends

1. Virtual and hybrid events are here to stay
2. Single event platform for total events programme
3. Smaller, more personalised events will potentially have a financial impact as clients book fewer and smaller venues
4. Social distancing in sessions and breakouts – floorplan review process will be in line with COVID-19 protocols
5. Contractual changes to clearly define Force Majeure and contingency event cancellation clauses. This may result in a reluctance to enter into multi-year agreements and a more conservative approach to the volume of space contracted and secured
6. Move away from buffets to plated service or covered single portions. This will impact the additional space requirements for the service of meals, especially for conferences
7. Growth in demand for venue telecommunications, internet and technology services

Source: <https://www.cvent.com/en/blog/events/meetings-events-trends/>
<https://blog.cort.com/event-planning/7-major-trends-in-the-event-industry-for-2021/> AIPC
Event Management Trends & Outlook Study - <https://aipc.org/research/> City of Cape Town
[Standard Operating Procedures: Event Risk Reduction - Covid-19](#)

5.2 Conference and Exhibition Services

The Conference and Exhibition Services Department is responsible for providing a turnkey solution to all clients by establishing partnerships with key suppliers. These suppliers can offer services to all conference and exhibition organisers. Services range from audio-visual and electrical connections to plumbing, safety and security, cleaning and décor services.

As part of the department's recovery response to the COVID-19 pandemic and the change in the business landscape, we are exploring other revenue streams with our current service providers; for example, transportation, the sale of personal protective equipment, as well as the leasing of furniture.

In addition to this, the department will also focus on providing digital ticketing, registration systems and infrastructure to reduce contact and the need for queueing while social distancing remains an imperative.

The Conference and Exhibition Services Department is tasked with meeting and exceeding the budgets set for the department. In addition to the revenue component, the department focuses on ensuring all events comply with the by-laws set by the City of Cape Town and the Safety at Sports and Recreational Events Act.

5.2.1 Conference and Exhibition Services Objectives

1. Increase market for subcontracted services by ensuring all clients are advised of our offerings
2. Improve relationships with the City of Cape Town's Events Office to ensure all events are timeously issued with the necessary permit documentation
3. Focus on departmental training for all operations services coordinators
4. Strengthen relationships with all service partners by hosting regular meetings and SLA reviews to ensure that we deliver world-class events for our clients
5. As all budget line items are adversely affected due to the impact of the COVID-19 pandemic on the major revenue streams, the department is exploring other revenue streams with suppliers; for example, PPE sales, sanitising stations and digital registration experiences. Also mentioned in the preamble, opportunities around event ticketing, audiovisuals and data services for digital events will be explored, although this will be at a lesser earning rate than normal
6. Increase awareness and initiatives to provide more sustainable events
7. Ensure compliance with all regulations to safe-guard clients and delegates during events, including social distancing etc.
8. Ensure that technology from all suppliers supports the trend towards offering clients digital experiences and hybrid solutions

5.2.2 Conference and Exhibition Services Trends

1. Increase in providing sustainably sourced food at events
2. Provision of creative meeting room and exhibition floor plans
3. Increase in experiential meetings
4. Increase in event technology for a superior delegate experience
5. Increase in digital and hybrid event experiences

5.3 Facilities Management

The CTICC is a facility that meets both national and international standards. The business continues to meet and exceed its objectives and drive a positive client-satisfaction rating.

The company seeks to ensure that the facility is maintained in a pristine, 5-star condition at all times (within budgetary constraints) by continually investing in upgrades and refurbishments that will contribute to memorable customer experiences and position the CTICC as one of the world's leading conference centres.

With the rising use of technology and remote or 'smart' working, an increasing number of employees are no longer desk-bound. In the interests of meeting the challenges of the COVID-19 business environment, employees are now equipped to work from home. They are also able to access 'hot desks' that have been set up in both CTICC buildings.

It is this innovative approach that has allowed the business to remain functional, while it continues to support the concept of social distancing during the pandemic restrictions and lockdown period.

Facilities Management Objectives

1. Preventive maintenance to uphold the 5-star grading year on year
2. Continually upgrade and refurbish the facilities within budgetary constraints
3. Ensure core services and clients are not impacted by utility interruptions such as load-shedding or water supply shortages

Facilities Management Trends

The 2019 trend analysis by the International Facility Management Association (IFMA) shows a shift in workplace strategy. These focus areas are as follows:

1. Sustainability remains important worldwide
2. Complex building systems and controls offer opportunities and challenges
3. Older buildings demand a growing focus on 'repair or replace' policies
4. Disaster preparation is required to ensure business continuity after a disrupting event
5. Complex information poses challenges but also offers opportunities to improve services
6. Recruiting top talent is challenging and requires improved marketing of the facilities-management profession
7. Facilities that safeguard the health of building occupants are becoming imperative
8. Special needs and accessibility standards are increasingly covered by local codes and regulations

At the time of writing the country was again experiencing load-shedding. The department can confirm that the CTICC has sufficient back-up electricity generation capacity at both CTICC 1 and CTICC 2. SLAs for the supply of emergency diesel to run the generators will be put in place to ensure adequate provision of diesel at all times.

While the worst of the 2015-2020 drought is thankfully behind us, the Western Cape remains a water-scarce region. The reverse osmosis plant installed in 2018 to mitigate the CTICC's dependence on the municipal supply can produce sufficient drinking water for our events, should there be any disruptions.

5.4 Operational Support

5.4.2 Parking

With parking our clients' first and last experience of the CTICC, we place a strong focus on service excellence in this environment. The department assists clients in event build-up and breakdown logistics planning, while ensuring sufficient parking is available for event attendees, staff and contractors.

Parking Objectives

1. Provide easy access to and from the parking facilities for all event stakeholders
2. Facilitate and maximise parking availability within the CTICC precinct for as many of its patrons as possible
3. Enhance parking location and accessibility
4. Ensure that all CTICC Covid-19 standards, policies and procedures are adhered to and that contactless technologies are utilised as far as possible.

5.4.3 Marshalling Yard Logistics

The department continues to have to allocate additional build-up and breakdown time and resources as approvals have not been received for the expansion of the existing offsite Marshalling Yard and associated access and egress routes.

Marshalling Yard management is essential for the smooth build-up and breakdown processes required to meet client timelines.

Marshalling Yard Objectives

1. Ensure compliance with the City Traffic Services' requirements to properly manage the Marshalling Yard and alleviate city congestion
2. Implement event logistics plans and ensure that these are proactively communicated to include both CTICC 1 and CTICC 2
3. Agree build-up and breakdown schedules with clients and stand builders
4. Provide clear access regulations / instructions seven days prior to build-up
5. Post signage when and where required and as dictated by event needs and COVID-19 protocols

5.4.4 ICT

The Information Communication and Technology (ICT) Department supports the business both through the provision of service, as well as by generating revenue.

ICT Objectives

1. Support good governance through technical solutions
2. Resilient delivery and availability of services
3. Scalable, flexible and reliable cybersecurity control
4. Prioritise transformation to digital processes to meet the needs of the current environment, both for staff working remotely and in terms of digital demands from clients for virtual and hybrid event options.
5. Technology to support secure operations in physically remote environments
6. Privacy-enhancing technologies that protect data while it's being used

5.4.5 Health & Safety

The safety and security of people, property, patrons and assets at the CTICC is imperative, as is the safe and secure execution of events hosted within the complex. At the same time, the necessary quality, environmental and safety management systems must be maintained at every level to retain our ISO Certification and ensure full legislative compliance, as required by the Safety at Sports and Recreational Events Act and Regulations (SASREA).

In preparing to host events after the COVID-19-related lockdown, the CTICC upgraded existing operational protocols to ensure the health and safety of guests, clients, and staff.

New C19Care© protocols were developed in collaboration with local and international health, tourism and industry leaders. All National Department of Health guidelines were also applied in their development.

Highlighting the fact that the centre has followed all health and safety procedures to ensure that it is compliant with all Covid-19 industry protocols, the CTICC received the globally recognized Safe Travels Stamp of the World Travel and Tourism Council (WTTC).

Health & Safety Objectives

1. Maintain and secure infrastructure that is safe for clients and stakeholders
2. Comply with all COVID-19 government regulations, and adopt industry hygiene best practice
3. Provide our stakeholders with COVID-19 focused health and safety services
4. Provide a COVID-19 safe facility to host world-class MICE industry events
5. Support our clients to host safe events
6. Obtain Venue Safety and Risk Grading Certificate
7. Work in collaboration with CBD stakeholders to improve security measures in the city
8. Comply with safety and security requirements at events
9. Provide reassurance and promote confidence in the safety of international/ national delegates visiting the CTICC
10. Ensure medical safety officers and trained staff are available should a delegate begin showing signs of COVID-19 infection.
11. Manage queuing and any congestion that is not in line with social-distancing regulations.
12. Ensure that all those who enter the facility are complying with mask and sanitising regulations.

5.4.6 Occupational Health & Safety

The CTICC meets ISO workplace safety standards and will continue to maintain these standards in the current environment for contractors and employees alike. The following ISO certification is maintained:

ISO 9001:2015 Quality Management, ISO 14001:2015 Environmental Management, OHSAS 18001:2008 Occupational Health and Safety Management System (BS), and ISO 22000 Food Safety Management.

There are three components to promoting a safety culture: a healthy environment, emotional well-being as well as safety and protection. Trends in this area focus on training and supervision as part of the safety culture. Staff have received extensive training and education around personal safety precautions and the protocols governing event hosting in the context of the COVID-19 pandemic. All staff are regularly screened and supplied with the necessary Personal Protection Equipment (PPE) to perform their duties.

The CTICC attracts local and international clients, VIPs, celebrities and dignitaries to events that might pose risks to the centre. The CTICC has engaged and formed close relations with

external and supporting law-enforcement agencies to mitigate security and cybersecurity risks to those in the centre. These agencies include the SA Police Service (SAPS), Metro Police, City of Cape Town Fire Department, Central City Improvement District (CCID) and City of Cape Town Disaster Risk Management Centre. During this financial year, we plan to coordinate and conduct training exercises with the stakeholders mentioned.

The CTICC continues to engage with Deloitte to refine and improve our disaster preparedness plan that covers eventualities such as fires, viral outbreaks, power-cuts, water shortages, bomb threats, terror attacks or incidents resulting in mass casualty.

Occupational Health and Safety Objectives

1. Ensure full compliance per legislation governing work and events, including all COVID-19 regulations and protocols
2. Provide continuing education to staff and contractors
3. Retain a low accident rate
4. Offer a safe workplace to staff and contractors in the COVID-19 context and beyond
5. Ensure all persons entering the CTICC wear a facemask to protect staff and contractors as well as clients and guests
6. Ensure all persons entering the building sign a Visitor Health Screening Form

5.5 Food and Beverage

One of the most visible and tangible ways that clients and visitors to the CTICC experience its world-class service is through the food and beverage refreshments served at events. In the 2018/2019 financial year, the Food & Beverage department generated about 40% of the CTICC's annual turnover through its impressive food and beverage offerings. The COVID-19 pandemic severely impacted our revenues especially the Food and Beverage contribution. The food and beverage department from June to September 2020, provided all meals for the patients and staff of the Hospital of Hope and this provided an opportunity for the team to learn and enhance their skills.

CTICC has always maintained stringent measures to minimise food safety risks by maintaining the ISO 22000 certification. Our food service has been adjusted to ensure compliance to COVID-19 regulations for example buffets have been replaced with plated service and individual pre-packed or covered meals. The staff will be continuously trained to ensure adherence to the health and safety protocols regarding the handling of food.

In order to mitigate the loss of revenue from large-events catering, the menu for a 'sub-brand', Good Food on the Go, has been developed. Based on research that pinpointed high demand for home cooked meals by families and residents in the CBD, the menu is based on natural and organic ingredients and include gluten conscious, carb conscious, dairy free, vegetarian and vegan options. Locals will be able to order salads, sandwiches, burgers, chef's plates, pasta, sweets and beverages for collection from the Coffee Shop.

The COVID-19 pandemic has caused unprecedented changes to traditional norms in the food and beverage industry. Adapting to the technology to reduce the spread of COVID-19 and touchpoints, CTICC has phased out the paper menu and introduced the scanning of QR codes with cell phones. This service allows guests to view the menu and order without the need to download an application. We have introduced cashless payment solutions with our digital wallets.

5.5.1 Food & Beverage Trends

1. Safety first exacerbated by the COVID-19 pandemic
2. Culinary Tourism where consumers are spending less time traveling and going to restaurants, therefore will seek out products that provide adventurous culinary experiences at home
3. Experiential dining that is unique, authentic and relevant to the local culture
4. Convenience: grab-and-go and self-service kiosks
5. Home cooked meal delivery service forced by the COVID-19 pandemic
6. Food safety as the industry is vulnerable to foodborne diseases e.g. avian flu, foot and mouth disease
7. Healthy and ethical lifestyle choices are influencing demand, for example: low or no carbohydrate and low sugar meals, plant-based/vegan meals, the use of natural, organic or gut-friendly (digestive wellness) food, low-alcohol or no-alcohol beverages
8. Using locally sourced ingredients including meat and seafood
9. Using sustainably sourced and produced products, e.g. Fairtrade coffee. Consumers are interested to know where their food is sourced. Packaging that is more environmentally sustainable, plastic free and Biodegradable
10. Botanical beverages, e.g. craft gins, flavoured coffees and teas
11. Use of food technology mixing science and nutrition, e.g. digitisation, apps for ordering food and robotics
12. Food-waste reduction
13. Mood enhancing food and beverage offerings

5.5.2 Objectives

1. Produce exceptional quality food and beverage offerings in line with international trends, highest service standards and safety
2. Maintain the ISO 22 000 Food Safety Management standard
3. Ensure COVID-19 safety protocols and food safety regulations are adhered to at all times
4. Promote the "Good Food on the Go" to ensure revenue generation
5. Regular competitor analysis to ensure we understand the strengths and weaknesses of the CTICC food offering when measured against our competitors. This will facilitate the formulation of strategies to provide CTICC with a distinct food and beverage advantage
6. Maintain event-based costing and ensure cost saving in the department
7. Continuous training of staff to ensure we provide the highest standard of service
8. Enter competitions for chefs, bar staff and baristas when these are organised to enhance the skills for the staff
9. Productivity based rostering to ensure maximum output from the staff
10. Partner with local celebrity chefs, baristas and mixologists for our coffee shops and roof top venue
11. Partner with reputable food banks to ensure we donate any leftover food
12. Leverage the CTICC's outdoor venues to meet increased demand and paradigm shift where social-distancing must be maintained when serving food and beverage

Section Six

Sustainability

Sustainability is central to every operation, every decision and every event at the CTICC and each department has a responsibility to ensure that they 'think sustainability' at all times. That said, the commercial team is responsible for the CSR component while our operations team takes care of the environmental component of our sustainability strategy.

The CTICC's NOW initiative drives the company's sustainable practices and supports objectives such as ISO Certification (ISO 9001 Quality Management, ISO 14001 Environmental Management and OHSAS 18001 BS Occupational Health and Safety Management).

6.1 Sustainability Objectives

1. To review all sustainability activities in response to COVID-19. This includes relevant tracking to ensure they have a significant impact (financial and non-financial) on the organisation and contribute to the achievement of our vision and objectives.
2. To review how events can be sustainable in light of COVID-19 measures and continue to promote sustainable events through early assessment of the construction and waste material to identify CSR donations and opportunities for LCP event attendance relevant to their operations.
3. To measurably build the CTICC brand as a world leader in sustainability, safety and sanitation. Additionally, while leveraging sustainability and relief response as a compelling selling point for the CTICC.
4. To refine the CSR strategy to maximise its impact, while ensuring the safety of targeted investments in support of LCPs and other non-profit organisations, including upcycling initiatives, education events, enterprise development and needs analyses.

These objectives seek to meet the needs of two core strands of our sustainability strategy, namely social sustainability and environmental sustainability.

6.1.1 Social sustainability

Given that the City of Cape Town is the CTICC's majority shareholder, it is expected that the CTICC focuses on maximising its contribution to social capital. A comprehensive CSR strategy has been developed, which lists various focus areas for the CTICC's community support, namely job creation, education, food security, senior citizens and environmental sustainability. These focus areas extend beyond financial support and include skills development, education and overall community upliftment.

Core to this is the CTICC's partnership with its five identified Local Community Partners. The staff-driven process to nominate new partners took place in 2020 and three new partners will be selected in 2021.

The Foundation for Alcohol Related research will remain as a long-term partner and we will continue to assist them with venue sponsorship.

The CTICC's social commitment to the betterment of communities was served through several initiatives that took place in 2020/2021. These included but were not limited to; a youth day campaign; celebration of seniors with Neighbourhood Old Age Home elders on International Day of Older Persons; celebrating the legacy of former South African President, Nelson Mandela, on Mandela Day, by donating food parcels; and highlighting awareness about Foetal Alcohol Spectrum Disorder (FASD) on International FASD Awareness Day, to name but a few.

Special attention was placed on personal hygiene due to the COVID-19 pandemic and all five of our partners received sanitation donations for World Day of Health and Safety at Work to help assist their communities curb the spread of the virus.

The Centre's LCPs are assisted in several ways, but primarily through donations funded from the NOW fund, which is replenished through a portion of the DCP packages purchased by clients. Due to the pandemic and subsequent lack of events the company has remodelled this strategy by selecting new LCP's who can fully take advantage of the centre's venue sponsorship programme, skills exchange, food and beverage donations and conference construction and waste materials.

In addition to the above, the centre hosted the Hospital of Hope in CTICC 1 and was proud to support the Ladles of Love food distribution project as vulnerable Cape Town communities battled hunger during the National Lockdown. The use of 1 500m² at CTICC 2 was donated to the NPO so that they could safely prepare, package and store meals for distribution to those in need.

6.1.2 Environmental Sustainability

The CTICC has made great strides in environmental sustainability in recent years and this success has become one of the centre's unique selling points. The CTICC continually improves its energy and water efficiency, as well as providing adequate services for the safe disposal and, where possible, recycling of its waste. It has also made a concerted effort to raise awareness amongst staff of the need to reduce its carbon footprint.

Water

The CTICC has been reducing its municipal water consumption through its environmentally sustainable practices for several years.

The centre is fortunate to have a reverse osmosis plant which in a 24-hour cycle has the capacity to produce 200 000 litres of drinking water from groundwater. Over the past year the CTICC used a total of 21 860.2kL from the municipal supply, representing a substantial decrease of 33.1% compared to 2018/19 (32 668.6kL).

Grey water is recycled where possible for the purposes of irrigation and cleaning, and 265 000 litres of rainwater is captured in our storage tanks.

Going forward, we intend to:

1. Continue to focus on water resilience plans to reduce dependence on the municipal supply.
2. Source water for cooking and food preparation from non-municipal sources.

Electricity

The CTICC's electricity consumption decreased by 574 457 kWh, which equated to a 4.7% reduction in the 2019/20 year. The decline is attributed to the impact of the COVID-19 pandemic on business demand and thus no energy-saving conclusions can be drawn from such.

As outlined in our five-year strategy, we continue to explore the feasibility of more sustainable electricity generation options such as photovoltaic solar panels. Heat pumps for more efficient water-heating have recently been installed in CTICC 1. These assist in reducing the total energy consumed to heat water and further enhance our commitment to energy consumption reduction.

Waste

The CTICC is committed to waste reduction in general and minimising waste being sent to landfill sites in particular. Action around this policy includes a focus on eco-procurement from suppliers who offer reusable and recyclable products. Our objective going forward is to continue diverting more than 70% of our waste from landfill year on year.

The Conference and Exhibition services department with the assistance of the Sustainability Officer proactively identify events where they can either advise clients to adhere to more sustainable practices during their event or where they can upcycle conference materials, such as wood from exhibition stands delivered to schools and conference banners that are donated to various projects that repurpose the donated items.

6.1.3 ISO Certification

These certifications were awarded in 2018 for a period of three years and will need to be renewed in September 2021: ISO 9001: 2015, ISO 14001: 2015 and OHSAS 18001: 2007 (BS)

Certification for ISO 22000, which superseded the previous SANS 10330:2007 HACCP certification, will be renewed in October 2021.

The CTICC constantly strives to improve its service delivery and product offering, and it is to this end that we will focus on the following:

1. Drive ISO standards as part of the embedded CTICC work-life culture
2. Maintain ISO certification
3. Prepare to migrate ISO18001 into ISO 45001 by the end of 2021
4. Maintain ISO 22000 (Food Safety) certification

Section Seven

Governance

The company's Board of Directors ('the Board') subscribes to the principles set out in The King Report on Corporate Governance for South Africa 2016 ('King IV TM'). The Board places a strong emphasis on maintaining high standards of financial management, accounting and reporting to ensure that the company's affairs are managed in an ethical, transparent and responsible manner, while also taking into consideration appropriate risk parameters.

The company has an experienced and stable Board, which directs, governs and remains in effective control of its business. The Board is ultimately responsible for determining the strategic direction of the company through the establishment of strategic objectives and policies. Board meetings are held at least quarterly to review the company's performance against budgeted targets, and more frequently if necessary.

The Board with the assistance of its Committees has undertaken an exercise to ensure that emphasis is placed on principle 11, 12, 13, 15 and 16 of King IV. These principles relate to the governance of risk, information technology, compliance with applicable laws, regulations, codes and standards and assurance services and functions as well as ensuring that its stakeholder-inclusive approach balances the needs, interests and expectations of material stakeholders in the best interests of the CTICC over time.

The Company Secretariat

The core focus of the Company Secretariat 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 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 CTICC within the constraints of the legal framework within which it operates.

Board members must be made 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 also important that Board members and shareholders respectively receive comprehensive reports to enable them to make informed decisions regarding the CTICC.

Ethical Business Culture and Governance

The CTICC is committed to upholding and building an ethical business culture. As mentioned previously in this document, the CTICC subscribes to the United Nations Global Compact (UNGC) and adheres to its ten guiding principles in support of a principled approach to doing business.

The Board of Directors directs and governs the centre based on its mandate to be self-sustaining and contribute to economic growth and job creation.

As an adopter of King IV, the Board ensures that governance structure in the centre cultivates good governance outcomes concerning ethical culture, performance, effective control and legitimacy.

The Board of Directors, with the assistance of the Social and Ethics Committee and the Audit and Risk Committee, has undertaken an exercise to ensure that all of the CTICC's ethics-related policies are in line with prevailing laws, regulations, codes and industry standards.

7.1 Supply Chain Management

The core function of the Supply Chain Management (SCM) unit is to ensure that the correct products and services are procured to meet client needs in a manner that is cost-effective and in line with prevailing legislation. SCM plays a pivotal role, working in tandem with the business units, to ensure proper planning, market analysis and development of the correct specifications for goods and services.

7.1.1 Supply Chain Management Objectives

1. Ensure legislative compliance, including MFMA, PPPFA, SCM regulations
2. Implement detailed demand management and strategic sourcing
3. Institute effective cost-saving mechanisms to improve profitability, without compromising service standards
4. Maximise enterprise supplier development and empowerment, and align this to the CTICC's B-BBEE strategy/target
5. Ensure that SCM forms an integral part of the financial-management system and the CTICC's digital strategy
6. Align the company with industry trends and ensure that CTICC adheres to international best practices
7. Encourage sustainable procurement
8. Have no material findings in SCM which impacts achieving an unqualified audit

7.2 United National Global Compact (UNGC) Principles

Principle 1- Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2- Businesses should make sure they are not complicit in human rights abuses

Principle 3- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4- Businesses should uphold the elimination of all forms of forced and compulsory labour

Principle 5- Businesses should uphold the effective abolition of child labour

Principle 6- Businesses should uphold the elimination of discrimination in respect of employment and occupation

Principle 7- Businesses should support a precautionary approach to environmental challenges

Principle 8- Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9- Businesses should encourage the development and diffusion of environmentally friendly technologies

Principle 10- Businesses should work against corruption in all its forms, including extortion and bribery

The CTICC continues to follow these principles as part of its leadership strategy, which is divided into four groups: human rights, fair and equal labour principles, embedded environmental principles and anti-corruption. In addition, this helps position the CTICC based on its care for and commitment to the communities in which it operates.

Section Eight

Human Resources

The Human Resources (HR) function is to empower the organisation to deliver on its mandate of job creation through a strong and skilled workforce that operates in a safe environment where innovation, creativity and open communication are encouraged.

The HR department has transitioned from a service delivery model to a model where HR partners with the business in the formation of strategy, the design of the organisation and the implementation of the business model.

The emphasis during the Covid-19 pandemic was a huge focus on employee wellbeing, with a specific focus on staff's mental wellbeing. The HR Business Partner's focus during the initial hard lockdown was to check in with staff on a regular basis with referrals to the Employee Wellness Programme for further assistance.

With Integrity being a stated corporate value, the CTICC makes it clear that transparency and ethical behaviour is expected of employees in all areas of business. Similarly, the company's adherence to the UN's Global Compact demonstrates its commitment to fair labour practices and ethical conduct in terms of contractual obligations to business partners and clients.

A key KPI for HR is human capital development. Over and above standard training courses for permanent staff, employees are selected to participate in international knowledge exchange programmes, summits and professional development programmes. These initiatives provide a targeted, industry-specific form of training and development as well as opportunities to establish the kind of industry networks that facilitate future professional growth.

Another way in which the human capital is developed is through our graduate programme where graduates from the hospitality sector are provided with valuable work experience.

8.1 HR Objectives

1. Recruit senior, professional, scarce, skilled and specialised staff. A concerted effort will be made to meet employment equity targets while exceeding disability and special needs targets.
2. Retain talented employees. Providing an organised, professional and supportive environment is key to this objective from an HR perspective. The CTICC also aims to recognise and reward high performing employees. We will develop staff to close skills gaps identified and increase internal promotions while creating an environment for staff development through a secondment process.
3. Deliver training and development to enable and enhance the knowledge, practical skills and workplace experience and behaviour of individuals and teams. This will be based on current and future occupational requirements for optimal organisational performance and sustainability.
The CTICC aims to develop disabled and special needs staff. To this end, we train and develop staff in alignment with the CATHSSETA Sector Skills Plan and CTICC scarce skills.
The CTICC will also provide funding through a bursary scheme for staff and immediate family members to meet scarce skills gaps.
Ensure all management are compliant with the Minimum Finance Management Act and adhere to skills development related BEE targets.
4. Create a safe, harmonious, transparent working environment at the CTICC. Management of individual and collective employment relations and the implementation of good practices enables the achievement of objectives compliant with the legislative framework and appropriate to socio-economic conditions.
5. Strategically focus on B-BBEE and EE compliance and implementation.

8.2 HR Trends

1. Executive coaching for Executive Management team as part of Executive Development Programme
2. Introduction of instant rewards for high achievers through recognition and rewards programme.
3. Employee Assistance Programme
4. Appointment of bursary management service provider
5. Bi-annual management training on legislation, company policies and procedures to ensure adherence and implementation, as well as in their people management responsibilities
6. Minimum competency training for managers
7. Upskilling of HR Business Partners to ensure holistic service delivery to departments.
8. Leadership development – focus on Senior Management Development Programme, Management Development Programme and New Management Development Programme
9. Diversity Awareness training to be conducted for all staff annually
10. Inclusion and Sensitivity training for all management staff
11. Annual training for the Employee Relations Forum (ERF) and Employment Equity and Training Committee on relevant legislation, policies and procedures
12. Board development and training

We will successfully achieve this through the development and implementation of a strategic HR plan that provides support across all CTICC departments whilst acting within the boundaries of all the relevant national labour legislation and international benchmarks and trends.

Section Nine

Financial Projections

The operational plans that give effect to the strategy and 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 costs. The business needs in respect of capital expenditure, which is also funded from CTICC reserves, have been budgeted at R11.2 million for the year. The capital expenditure is for new and existing assets, which will contribute to the CTICC remaining a world-class facility.

The 2021/22 budget process followed a similar approach to that used in previous years, with the exception of taking into account the impact of the COVID-19 related regulations and the revised operating environment. The budget takes into account the current market conditions, such as regulations, inflation, historical trend analysis, as well as the proposed city budget guidelines. Zero-based budgeting was used, where all expenses were justified and analysed for the centre's needs and cost.

Revenue for the 2021/22 financial year is forecast to be R25.8-million, mainly due to the COVID-19 related restrictions in place, which impacts on the operations. It is not expected that events in excess of 250 people will be hosted during the financial year.

The budgeted 2021/22 operating loss before interest, tax depreciation and amortisation (EBITDA) for the company is projected at R119.0-million for the year.

The 2021/22 budget includes the events currently on the books and contracts that can be held under the current restrictions, which limit capacity to 250 people.

Due to the nature of our business and the increase in short-term bookings, we have always included a portion of revenue for the unknown or short-term business; due to the current environment it is not possible to estimate when the current restrictions will be further relaxed given that hot spots can flare up and previous levels can be reimposed, as has happened in the recent past.

Gross margins are budgeted to be maintained at 70%.

Indirect costs have been budgeted to decrease by 17.9% in total, mainly as a result of the decrease in payroll, utility services, maintenance, travel, marketing & communications, advisors and catering material costs. The payroll costs reduces by 27.8% as a result of the reduction in headcount post the rationalisation process, freezing of vacant positions and placing a significant number of staff on permanent part-time contracts with a guarantee of 110 hours paid per month.

The budget of 2021/22 reflects a R125.7-million net loss after tax for the year.

The below table shows the 2019/20 actual amounts as well as the current financial year's original and adjusted budgets, and the projected budget for the 2021/22 financial year.

Table 6:
Revenue Projections

Description	Actual 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Revenues	205 607 837	36 930 860	25 766 022	203 318 009
Venue Hire	101 386 649	19 909 322	9 898 240	99 211 893
Food & Beverage	70 217 950	7 726 550	4 725 044	73 128 006
Parking & Other Income	34 003 238	9 294 989	11 142 738	30 978 111
Less: Direct Costs	39 241 382	7 386 494	7 230 403	42 736 457
Cost Of Sales	22 938 181	2 382 515	2 566 130	30 410 800
Other Direct Costs	16 303 201	5 003 979	4 664 273	12 325 656
Gross Profit	166 366 455	29 544 366	18 535 619	160 581 553
Less: Indirect Costs	178 916 210	167 455 897	137 529 884	147 980 288
Personnel & Management	78 822 551	81 720 574	59 011 416	64 941 437
Building Costs	74 418 703	57 540 018	55 275 997	58 588 139
Marketing & Other Indirect Costs	25 674 956	28 195 304	23 242 470	24 450 712
EBITDA	(12 549 755)	(137 911 530)	(118 994 264)	12 601 265
Interest Received	15 296 116	3 664 518	225 000	233 325
Less: Depreciation	54 692 844	57 906 764	50 738 087	46 959 610
Less: Impairment	100 458 094	179 311 362	-	-
Net Profit/(Loss) Before Taxation	(152 404 577)	(371 465 138)	(169 507 351)	(34 125 020)
Taxation	39 946 897	104 011 358	43 779 132	8 761 873
Net profit/(loss) after taxation	(112 457 680)	(267 453 780)	(125 728 220)	(25 363 147)

Table 7:
Capital Expenditure Budget 2020/21 – 2023/24

Category and description	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Building Enhancements	10 161 821	4 950 000	11 530 000	13 855 000
It & Electronic Infrastructure	10 254 211	3 600 000	5 000 000	2 550 000
Kitchen Enhancements	501 404	21 921	342 000	1 927 000
Catering Furniture & Equipment	613 721	600 000	1 600 000	5 405 000
Operational Capex Budget	21 531 157	9 171 921	18 472 000	23 737 000
CTICC2	2 000 000	2 000 000	2 000 000	2 000 000
Total Capex Budget	23 531 157	11 171 921	20 472 000	25 737 000

Annexures

Financial Performance

Three-year budget 2020/21 – 2023/24

Category	Actual 2019/20	Budget 2020/21	Adjustments	Adjustment Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Revenue By Source							
Rent Of Facilities And Equipment	101 386 649	115 959 738	(96 050 416)	19 909 322	9 898 240	99 211 893	105 464 299
Interest Earned – External Investments	15 296 116	8 075 500	(4 410 982)	3 664 518	225 000	233 325	270 657
Other Revenue	104 221 188	91 947 015	(74 925 477)	17 021 538	15 867 782	104 106 117	110 594 513
Total Revenue	220 903 953	215 982 253	(175 386 875)	40 595 378	25 991 022	203 551 334	216 329 469
Expenditure By Type							
Employee Related Costs	(78 194 525)	(95 385 413)	14 316 032	(81 069 381)	(58 314 576)	(64 209 755)	(68 569 224)
Remuneration Of Board Members	(628 026)	(581 200)	(69 993)	(651 193)	(696 840)	(731 682)	(775 583)
Depreciation & Asset Impairment	(155 150 937)	(54 499 187)	(182 718 939)	(237 218 126)	(50 738 087)	(46 959 610)	(47 319 026)
Other Expenditure	(139 335 042)	(161 941 665)	68 819 849	(93 121 816)	(85 748 870)	(125 775 307)	(133 799 974)
Total Expenditure	(373 308 530)	(312 407 465)	(99 653 051)	(412 060 516)	(195 498 373)	(237 676 354)	(250 463 808)
Surplus/(Deficit) before Taxation	(152 404 577)	(96 425 212)	(275 039 930)	(371 465 138)	(169 507 351)	(34 125 020)	(34 134 339)
Taxation	39 946 897	25 519 564	78 491 794	104 011 358	43 779 132	8 761 873	8 764 266
Surplus/(Deficit) after Taxation	(112 457 680)	(70 905 648)	(196 548 136)	(267 453 780)	(125 728 220)	(25 363 147)	(25 370 073)

Annexures

Financial Position

Three-year budget 2020/21 – 2023/24

	Actual 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Assets					
Non-current Assets	832 620 643	725 674 563	727 763 552	707 913 839	692 972 102
Property, Plant And Equipment	482 684 461	292 294 264	252 728 098	226 240 488	204 658 462
Investment In Subsidiary	100	100	100	100	100
Service-in-kind benefit	172 927 048	170 803 072	168 679 096	166 555 120	164 431 144
Deferred Taxation	164 117 023	262 577 126	306 356 258	315 118 131	323 882 397
Current Assets	206 214 841	38 223 477	28 385 640	73 718 013	66 041 407
Inventories	2 967 950	1 929 168	1 783 130	2 139 755	2 193 249
Trade and Other Receivables	29 410 900	17 058 623	17 251 869	30 497 701	32 408 822
Service-in-kind benefit	2 123 976	2 123 976	2 123 976	2 123 976	2 123 976
Current tax receivable	663 252	-	-	-	-
Cash and Cash Equivalents	171 048 763	17 111 710	7 226 666	38 956 580	29 315 360
Total Assets	1 038 835 484	763 898 039	756 149 192	781 631 852	759 013 510
Net Assets And Liabilities					
Net Assets	935 120 730	703 666 950	700 938 730	716 575 583	691 205 510
Contribution from Owners	1 277 427 701	1 313 427 701	1 436 427 701	1 477 427 701	1 477 427 701
Accumulated Deficit	(355 198 982)	(609 760 751)	(735 488 971)	(760 852 118)	(786 222 191)
Non-current liabilities	136 018	-	231 456	373 521	459 042
Operating lease liability	136 018	-	231 456	373 521	459 042
Current Liabilities	103 578 736	60 231 089	54 979 006	64 682 748	67 348 958
Client Deposits	50 972 654	24 466 874	25 934 886	30 343 817	31 861 008
Trade and Other Payables	48 330 021	35 764 216	29 044 119	31 367 649	32 308 678
Provisions	4 276 061	-	-	2 971 282	3 179 271
Total Net Assets and Liabilities	1 038 835 484	763 898 039	756 149 192	781 631 852	759 013 510

Annexures

Cash Flow Statement

Three-year budget 2020/21 – 2023/24

	Actual 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Cash Flow From Operating Activities	45 212 988	(166 405 895)	(121 713 123)	11 201 914	16 095 780
Cash Receipts from Customers	244 400 803	42 444 780	27 568 209	194 949 499	216 205 179
Cash Paid to Suppliers and Employees	(216 857 093)	(212 515 194)	(149 506 332)	(183 980 910)	(200 380 055)
Suppliers	(140 099 687)	(139 969 797)	(96 803 146)	(128 642 564)	(141 721 409)
Employee Costs	(76 757 406)	(72 545 396)	(52 703 186)	(55 338 346)	(58 658 646)
Cash Generated from Operations	27 543 710	(170 070 414)	(121 938 123)	10 968 589	15 825 123
Finance Income	15 330 306	3 664 518	225 000	233 325	270 657
Taxation Refund/(Paid)	2 338 972	-	-	-	-
Cash Flow from Investing Activities	(56 407 705)	(23 531 157)	(11 171 921)	(20 472 000)	(25 737 000)
Acquisition of Property, Plant and Equipment	(56 521 711)	(23 531 157)	(11 171 921)	(20 472 000)	(25 737 000)
Proceeds from sale of Property, Plant and Equipment	114 006	-	-	-	-
Cash Flow from Financing Activities	-	36 000 000	123 000 000	41 000 000	-
Proceeds from share issue	-	36 000 000	123 000 000	41 000 000	-
Decrease In Cash and Cash Equivalents	(11 194 717)	(153 937 052)	(9 885 044)	31 729 914	(9 641 220)
Cash and Cash Equivalents at Beginning of the Year	182 243 480	171 048 763	17 111 710	7 226 666	38 956 580
Cash and Cash Equivalents at End of the Year	171 048 763	17 111 710	7 226 666	38 956 580	29 315 361
Cash Generated from Operations					
Profit/(Loss) Before Taxation	(99 565 668)	(371 465 138)	(169 507 351)	(34 125 020)	(34 134 339)
Adjustments for:					
Depreciation	54 692 844	57 906 764	50 738 087	46 959 610	47 319 026
Impairment	82 014 828	179 311 362	-	-	-
Finance income	(15 296 116)	(3 664 518)	(225 000)	(233 325)	(270 657)
Finance income received	15 330 306	-	-	-	-
Annual charge for deferred taxation	(34 395 642)	-	-	-	-
Movement in tax receivable and payable	2 338 972	-	-	-	-
Loss on Disposal of PPE	49 725	-	-	-	-
Service-in-kind Benefit	2 123 976	2 123 976	2 123 976	2 123 976	2 123 976
Lease Straight-lining	(199 137)	(136 018)	231 456	142 065	85 521
Decrease in Provisions	(1 300 834)	(4 276 061)	-	2 971 282	207 990
Increase in Provision for Impairment of Trade Receivables	(221 776)	-	-	-	-
Movements in Working Capital	39 641 510	(29 870 780)	(5 299 291)	(6 869 998)	493 606
Increase/Decrease in Inventories	(902 485)	1 038 783	146 038	(356 626)	(53 494)
Decrease/(Increase) in Receivables	33 636 252	13 015 529	(193 245)	(13 245 833)	(1 911 120)
Increase/(Decrease) in Payable	6 907 743	(43 925 092)	(5 252 084)	6 732 460	2 458 220

CTICC 1

Convention Square, 1
Lower Long Street, Cape
Town 8001, South Africa
GPS co-ordinates: -33.915141°, 18.425657°

CTICC 2

Corner of Heerengracht & Rua Bartholomeu Dias,
Foreshore, Cape Town 8001, South Africa
GPS co-ordinates: -33.91747°, 18.42908°

Tel +27 21 410 5000 | **Fax** +27 21 410 5001

info@cticc.co.za | www.cticc.co.za

Cape Town International Convention Centre

