CAPE TOWN INTERNATIONAL CONVENTION CENTRE

2017/18 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

JANUARY 2018

Cape Town International Convention Centre
Convention Square, 1 Lower Long Street,
Cape Town 8001, South Africa
Tel: +27 21 410 5000 Fax: +27 21 410 5001
Email: info@cticc.co.za
www.cticc.co.za

CONTENTS

PART 1 – REPORT TO THE BOARD OF DIRECTORS AND PARENT MUNICIPALITY

1. Executive Summary

The purpose of this report is comply with Section 88 of the Municipal Finance Management Act (MFMA) and deals with the matters referred to hereunder, namely the performance of the CTICC as reflected in the monthly statements, performance against the KPI's and any matters raised in the Annual Report and Mid- year review and performance assessment.

Section 88 of the MFMA states:

1) *The accounting officer of a municipal entity must by 20 January of each year—*
   a) *assess the performance of the entity during the first half of the financial year, taking into account—*
      i. *the monthly statements referred to in section 87 for the first half of the financial year and the targets set in the service delivery, business plan or other agreement with the entity's parent municipality; and*
      ii. *the entity's annual report for the past year, and progress on resolving problems identified in the annual report; and*
   b) *submit a report on such assessment to—*
      i. *the board of directors of the entity; and*
      ii. *the parent municipality of the entity.*
2) *A report referred to in subsection (1) must be made public.*

2. High level assessment of performance for the first half of 2017/18

2.1. Against annual budget (original approved and latest adjustments)

Revenue by Source

Current revenue[1] is 7.7% or R11.3 million below the year-to-date budget projection for December 2017.

Reasons for under-recovery in the revenue budget

- Rental of facilities and equipment, due to the revised completion date of the CTICC2 expansion project. The adjustment also takes into account current actual events on the booking system.
- Other revenue (food and beverage), due to the revised completion date of the CTICC2 expansion project.

[1] Refer Table E2 - financial performance (revenue and expenditure)

Operating expenditure by type

Current expenditure[2] is 86.8% or R709 million below the year-to-date budget projection for December 2017.

Reasons for under expenditure in the operating budget

- Employee related costs, largely due to the revised opening date of the CTICC2, while CTICC1 takes into account year to date savings as a result of vacant positions. The budget includes the permanent appointment of 49 positions for CTICC2 to be filled at different stages from November 2017.
- Finance charges, due to the loan funding not being required for this financial year.
- Other Expenditure, due to the revised completion date of the CTICC2 expansion project. Categories which contribute to this are mainly building costs such as utilities and operations general.

Capital expenditure

The year-to-date expenditure is above the year-to-date target by 109.4% or R26.4 million.

The reasons for this material variance in capital expenditure relates mainly to the CTICC 2 expansion project and is due to the later than anticipated completion date (November 2017; previously June 2017) of the CTICC 2 expansion project.

3. 2017/18 Performance Scorecard

The entity's 2017/18 Performance Scorecard - 1 July 2017 To 31 December 2017 (Draft) is included as Part 5 of this document.

This scorecard is discussed under part 3 (Service Delivery Performance) of this report.

4. 2016/17 Annual Report

The CTICC's 2016/17 Annual Report will be tabled at Council on 31 January 2018.

5. Conclusion

The mid-year budget and performance assessment indicates that an adjustments budget for 2017/18 is required and this adjustments budget, which will form part of the parent municipality's adjustments budget, must be approved by Council by no later than 28 February 2018.

[2] Refer Table C4 – Total expenditure by type

PART 2 – FINANCIAL PERFORMANCE

The tables below were extracted from the entity's December 2017 (M06 2018) in-year monthly budget statement, which forms part of the parent municipality's Section 71 report. Full year forecasts were revised as part of the mid-year review and performance assessment. Revised forecasts will inform the adjustments budget tabled at Council for approval.

Table F1: Monthly Budget Statement - Summary

Description	2016/17	Current Year 2017/18						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance								
Property rates	–	–	–	–	–	–		–
Service charges	–	–	–	–	–	–		–
Investment revenue	28,825	11,671	–	8,597	5,969	2,628	44.0%	11,671
Transfers recognised - operational	–	–	–	–	–	–		–
Other own revenue	215,648	272,780	–	127,113	141,007	(13,894)	-9.9%	249,738
Total Revenue (excluding capital transfers and contributions)	**244,473**	**284,451**	**–**	**135,710**	**146,976**	**(11,266)**	**-7.7%**	**261,409**
Employee costs	57,457	88,887	–	27,552	45,327	(17,776)	-39.2%	77,513
Remuneration of Board Members	578	804	–	182	402	(220)	-54.7%	700
Depreciation and asset impairment	24,424	702,868	–	18,823	684,940	(666,117)	-97.3%	705,317
Finance charges	3	3,651	–	–	1,856	(1,856)	-100.0%	–
Materials and bulk purchases	–	–	–	–	–	–		–
Transfers and grants	–	–	–	–	–	–		–
Other expenditure	104,551	167,947	–	61,665	84,883	(23,218)	-27.4%	147,477
Total Expenditure	**187,013**	**964,158**	**–**	**108,221**	**817,408**	**(709,187)**	**-86.8%**	**931,008**
Surplus/(Deficit)	**57,460**	**(679,707)**	**–**	**27,489**	**(670,432)**	**697,921**	**-104.1%**	**(669,599)**
Transfers recognised - capital	–	–	–	–	–	–		–
Contributions & Contributed assets	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**57,460**	**(679,707)**	**–**	**27,489**	**(670,432)**	**697,921**	**-104.1%**	**(669,599)**
Taxation	**13,983**	**–**	**–**	**7,697**	**–**	**7,697**		**–**
Surplus/ (Deficit) for the year	**43,476**	**(679,707)**	**–**	**19,792**	**(670,432)**	**690,224**	**-103.0%**	**(669,599)**
Capital expenditure & funds sources								
Capital expenditure	**367,936**	**47,982**	**–**	**50,233**	**23,991**	**26,242**	**109.4%**	**175,476**
Transfers recognised - capital	–	–	–	–	–	–		–
Public contributions & donations	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–		–
Internally generated funds	367,936	47,982	–	50,233	23,991	26,242	109.4%	175,476
Total sources of capital funds	**367,936**	**47,982**	**–**	**50,233**	**23,991**	**26,242**	**109.4%**	**175,476**
Financial position								
Total current assets	268,623	248,244	–	269,644	–	–	–	149,536
Total non current assets	961,750	345,398	–	995,490	–	–	–	431,909
Total current liabilities	77,470	109,454	–	96,016	–	–	–	98,140
Total non current liabilities	–	37,552	–	(3,577)	–	–	–	–
Community wealth/Equity	**1,152,904**	**446,636**	**–**	**1,172,696**	**–**	**–**	**–**	**483,304**
Cash flows								
Net cash from (used) operating	46,030	40,398	–	49,481	27,290	22,191	81.3%	49,982
Net cash from (used) investing	(405,437)	(47,982)	–	(52,563)	(23,991)	(28,571)	119.1%	(175,476)
Net cash from (used) financing	193,000	(2,573)	–	–	(1,256)	1,256	-100.0%	–
Cash/cash equivalents at the year end	**252,188**	225,378	**418,595**	**249,106**	**420,638**	**(171,532)**	**-40.8%**	**293,102**

Table F2: Monthly Budget Statement - Financial Performance (revenue and expenditure)

Description	2016/17	Current Year 2017/18						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source								
Property rates	–	–	–	–	–	–		–
Service charges - electricity revenue	–	–	–	–	–	–		–
Service charges - water revenue	–	–	–	–	–	–		–
Service charges - sanitation revenue	–	–	–	–	–	–		–
Service charges - refuse revenue	–	–	–	–	–	–		–
Service charges - other	–	–	–	–	–	–		–
Rental of facilities and equipment	104,571	131,571	–	58,765	69,461	(10,696)	-15.4%	121,642
Interest earned - external investments	28,825	11,671	–	8,597	5,969	2,628	44.0%	11,671
Interest earned - outstanding debtors	–	–	–	–	–	–		–
Dividends received	–	–	–	–	–	–		–
Fines, penalties and forfeits	–	–	–	–	–	–		–
Licences and permits	–	–	–	–	–	–		–
Agency services	–	–	–	–	–	–		–
Transfers and subsidies	–	–	–	–	–	–		–
Other revenue	111,077	141,209	–	68,348	71,546	(3,198)	-4.5%	128,096
Gains on disposal of PPE	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)	**244,473**	**284,451**	**–**	**135,710**	**146,976**	**(11,266)**	**-7.7%**	**261,409**
Expenditure By Type								
Employee related costs	57,457	88,887	–	27,552	45,327	(17,776)	-39.2%	77,513
Remuneration of Directors	578	804	–	182	402	(220)	-54.7%	700
Debt impairment	–	–	–	–	–	–		–
Depreciation & asset impairment	24,424	702,868	–	18,823	684,940	(666,117)	-97.3%	705,317
Finance charges	3	3,651	–	–	1,856	(1,856)	-100.0%	–
Bulk purchases	–	–	–	–	–	–		–
Other materials	–	–	–	–	–	–		–
Contracted services	–	–	–	–	–	–		–
Transfers and subsidies	–	–	–	–	–	–		–
Other expenditure	104,551	167,947	–	61,665	84,883	(23,218)	-27.4%	147,477
Loss on disposal of PPE	–	–	–	–	–	–		–
Total Expenditure	**187,013**	**964,158**	**–**	**108,221**	**817,408**	**(709,187)**	**-86.8%**	**931,008**
Surplus/(Deficit)	**57,460**	**(679,707)**	**–**	**27,489**	**(670,432)**	**697,921**	**-104.1%**	**(669,599)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–	–	–	–	–	–		–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–		–
Surplus/(Deficit) before taxation	57,460	(679,707)	–	27,489	(670,432)	697,921	-104.1%	(669,599)
Taxation	13,983	–	–	7,697	–	7,697	100.0%	–
Surplus/(Deficit) for the year	**43,476**	**(679,707)**	**–**	**19,792**	**(670,432)**	**690,224**		**(669,599)**

Table F3: Monthly Budget Statement - Capital Expenditure

Description	2016/17	Current Year 2017/18						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure by Asset Class/Sub-class								
Investment properties	**351,231**	**25,300**	**–**	**45,023**	**12,650**	**(32,373)**	**-255.9%**	**151,793**
Revenue Generating	351,231	25,300	–	45,023	12,650	(32,373)	-255.9%	151,793
Improved Property	351,231	25,300	–	45,023	12,650	(32,373)	-255.9%	151,793
Computer Equipment	**12,853**	**15,224**	**–**	**2,866**	**7,612**	**4,746**	**62.4%**	**15,224**
Computer Equipment	12,853	15,224	–	2,866	7,612	4,746	62.4%	15,224
Furniture and Office Equipment	**3,165**	**6,110**	**–**	**923**	**3,055**	**2,132**	**69.8%**	**6,110**
Furniture and Office Equipment	3,165	6,110	–	923	3,055	2,132	69.8%	6,110
Machinery and Equipment	**687**	**1,348**	**–**	**1,421**	**674**	**(747)**	**-110.8%**	**2,348**
Machinery and Equipment	687	1,348	–	1,421	674	(747)	-110.8%	2,348
Total Capital Expenditure	**367,936**	**47,982**	**–**	**50,233**	**23,991**	**(26,242)**	**-109.4%**	**175,476**

Funded by:								
National Government	–	–	–	–	–	–		–
Provincial Government	–	–	–	–	–	–		–
Parent Municipality	–	–	–	–	–	–		–
District Municipality	–	–	–	–	–	–		–
Transfers recognised - capital	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Public contributions & donations	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–		–
Internally generated funds	367,936	47,982	–	50,233	23,991	(26,242)	-109.4%	175,476
Total Capital Funding	**367,936**	**47,982**	**–**	**50,233**	**23,991**	**(26,242)**	**-109.4%**	**175,476**

Table F4: Monthly Budget Statement - Financial Position

Vote Description	2016/17	Current Year 2017/18			
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS					
Current assets					
Cash	14,301	–	–	9,765	–
Call investment deposits	237,887	225,378	–	239,341	126,694
Consumer debtors	–	–	–	–	–
Other debtors	15,237	21,004	–	19,022	21,396
Current portion of long-term receivables	–	–	–	–	–
Inventory	1,198	1,862	–	1,517	1,445
Total current assets	**268,623**	**248,244**	**–**	**269,644**	**149,536**
Non current assets					
Long-term receivables	–	–	–	–	–
Investments	0	0	–	–	0
Investment property	–	–	–	–	–
Property, plant and equipment	961,750	345,398	–	995,490	431,909
Agricultural	–	–	–	–	–
Biological	–	–	–	–	–
Intangible	–	–	–	–	–
Other non-current assets	–	–	–	–	–
Total non current assets	**961,750**	**345,398**	**–**	**995,490**	**431,909**
TOTAL ASSETS	**1,230,373**	**593,642**	**–**	**1,265,135**	**581,444**
LIABILITIES					
Current liabilities					
Bank overdraft	–	–	–	–	–
Borrowing	–	–	–	–	–
Consumer deposits	19,687	49,100	–	20,213	22,799
Trade and other payables	56,399	56,680	–	72,939	69,964
Provisions	1,383	3,673	–	2,864	5,376
Total current liabilities	**77,470**	**109,454**	**–**	**96,016**	**98,140**
Non current liabilities					
Borrowing	–	36,821	–	–	–
Provisions	–	731	–	(3,577)	–
Total non current liabilities	**–**	**37,552**	**–**	**(3,577)**	**–**
TOTAL LIABILITIES	**77,470**	**147,006**	**–**	**92,439**	**98,140**
NET ASSETS	**1,152,904**	**446,636**	**–**	**1,172,696**	**483,304**
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	(124,524)	(839,004)	–	(104,732)	(794,123)
Reserves	–	–	–	–	–
Share capital	1,277,428	1,285,640	–	1,277,428	1,277,428
TOTAL COMMUNITY WEALTH/EQUITY	**1,152,904**	**446,636**	**–**	**1,172,696**	**483,304**

Table F4: Monthly Budget Statement - Cash Flows

Description	2016/17	Current Year 2017/18						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	–	–	–	–	–	–		–
Service charges	–	–	–	–	–	–		–
Other revenue	194,518	268,000	–	126,097	141,007	(14,910)	-10.6%	247,272
Government - operating	–	–	–	–	–	–		–
Government - capital	–	–	–	–	–	–		–
Interest	28,825	11,671	–	8,597	5,969	2,628	44.0%	11,671
Dividends	–	–	–	–	–	–		–
Payments	–	–	–	–	–	–		–
Suppliers and employees	(177,310)	(235,621)	–	(85,214)	(117,830)	32,617	-27.7%	(208,961)
Finance charges	(3)	(3,651)	–	–	(1,856)	1,856	-100.0%	–
Dividends paid	–	–	–	–	–	–		–
Transfers and Grants	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**46,030**	**40,398**	**–**	**49,481**	**27,290**	**22,191**	**81.3%**	**49,982**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	–		–
Decrease (Increase) in non-current debtors	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables	–	–	–	–	–	–		–
Decrease (increase) in non-current investments	–	–	–	–	–	–		–
Payments	–	–	–	–	–	–		–
Capital assets	(405,437)	(47,982)	–	(52,563)	(23,991)	(28,571)	119.1%	(175,476)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(405,437)**	**(47,982)**	**–**	**(52,563)**	**(23,991)**	**(28,571)**	**119.1%**	**(175,476)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–		–
Borrowing long term/refinancing	193,000	–	–	–	–	–		–
Increase (decrease) in consumer deposits	–	–	–	–	–	–		–
Payments	–	–	–	–	–	–		–
Repayment of borrowing	–	(2,573)	–	–	(1,256)	1,256	-100.0%	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	**193,000**	**(2,573)**	**–**	**–**	**(1,256)**	**1,256**	**-100.0%**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD	**(166,407)**	**(10,157)**	**–**	**(3,082)**	**2,043**	**(5,125)**	**-250.9%**	**(125,493)**
Cash/cash equivalents at the year begin:	418,595	235.535	418,595	252,188	418,595	(166,407)	-39.8%	418,595
Cash/cash equivalents at the year end:	252,188	225.378	418,595	249,106	420,638	(171,532)	-40.8%	293,102

Supporting Table F3 Entity Aged debtors

Detail R thousands	Current Year 2017/18 0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	Bad Debts	>90 days
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	–	–	–	–	–	–	–	–	–	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	–	–	–	–	–	–	–	–	–	–	–
Receivables from Non-exchange Transactions - Property Rates	–	–	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Waste Water Management	–	–	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Waste Management	–	–	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	–	–	–	–	–	–	–	–	–	–	–
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	–	–	–	–	–	–	–	–	–	–	–
Other	7,856	533	47	(36)	(306)	–	–	–	8,094	–	–
Total By Income Source	**7,856**	**533**	**47**	**(36)**	**(306)**	**–**	**–**	**–**	**8,094**	**–**	**–**
Debtors Age Analysis By Customer Group											
Organs of State	–	–	–	–	–	–	–	–	–	–	
Commercial	–	–	–	–	–	–	–	–	–	–	
Households	–	–	–	–	–	–	–	–	–	–	
Other	7,856	533	47	(36)	(306)	–	–	–	8,094	–	
Total By Customer Group	**7,856**	**533**	**47**	**(36)**	**(306)**	**–**	**–**	**–**	**8,094**	**–**	

Table F4 Entity Aged creditors

Detail R thousands	Current Year 2017/18 0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Creditors Age Analysis By Customer Type									
Bulk Electricity	–	–	–	–	–	–	–	–	–
Bulk Water	–	–	–	–	–	–	–	–	–
PAYE deductions	–	–	–	–	–	–	–	–	–
VAT (output less input)	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	–	–	–	–	–	–	–	–	–
Loan repayments	–	–	–	–	–	–	–	–	–
Trade Creditors	–	–	–	–	–	–	–	–	–
Auditor General	–	–	–	–	–	–	–	–	–
Other	23,995	1,525	–	–	–	–	–	–	25,521
Total By Customer Type	**23,995**	**1,525**	**–**	**–**	**–**	**–**	**–**	**–**	**25,521**

Supporting Table F6 Entity Board member allowances & staff benefits

Summary of Employee and Board Member remuneration R thousands	2016/17 Audited Outcome	Current Year 2017/18 Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Remuneration								
Board Members of Entities								
Board Fees	584	804	–	182	402	(220)	-54.7%	700
Sub Total - Board Members of Entities	**584**	**804**	**–**	**182**	**402**	**(220)**	**-54.7%**	**700**
% increase		**37.8%**						**20.0%**
Senior Managers of Entities								
Basic Salaries	6,314	8,603	–	4,301	4,301	–		8,226
Sub Total - Senior Managers of Entities	**6,314**	**8,603**	**–**	**4,301**	**4,301**	**–**		**8,226**
% increase		**36.2%**						**30.3%**
Other Staff of Entities								
Basic Salaries	51,078	80,285	–	23,250	41,026	(17,776)	-43.3%	69,287
Sub Total - Other Staff of Entities	**51,078**	**80,285**	**–**	**23,250**	**41,026**	**(17,776)**	**-43.3%**	**69,287**
% increase		**27.0%**						**35.7%**
Total Municipal Entities remuneration	**57,975**	**89,691**	**–**	**27,734**	**45,729**	**(17,996)**	**-39.4%**	**78,213**
Unpaid salary, allowances & benefits in arrears	–	–	–	–	–	–	-	-

PART 3 - SERVICE DELIVERY PERFORMANCE

1. Introduction

As a results-driven organisation, much emphasis is placed on attainment of targets, firstly at an organisational level, and then cascading down to departmental and finally to individual performance assessments. The system of performance management is integral to achieving financial and non-financial targets. The CTICC's performance is measured by the City of Cape Town against a set of KPIs which are reviewed annually by both stakeholders.

2. Some highlights from the 2017/18 Performance Scorecard

a. Operating Profit/(Loss) before tax - Percentage achievement of annual budgeted operating profit

CTICC is a self-sustaining business and has successfully hosted 265 events as at 31 December 2017.

The company achieved a surplus of R19.8 million on a budgeted deficit of R670.4 million, thus exceeding the target. Total expenditure reflects a saving of R709.2 million, mainly due to the timing of the budgeted impairment of the CTICC2, which had been budgeted at July 2017 and has been subsequently deferred to June 2018. Other savings are as a result of continued cost containment measures across all categories of indirect expenditure.

b. Capital Projects - Percentage of the total number of capital projects for the year completed or committed

The company planned to complete or commit seven (7) projects by mid-year. Special focus has been placed on projects relating to the water crisis and water harvesting initiatives resulting in a total of eight (8) projects being completed or in progress.

c. Events - Number of events hosted and international events

CTICC activated various promotions from July to December 2017, which resulted in a number of additional events being secured. CTICC 2 was completed and allowed the company to secure additional events. These are as a direct result of the company's drive to convert enquiries into confirmed events.

d. Human Capital Development - Percentage of annual total salary cost spend on training of permanent and temporary staff

The CTICC is committed to developing and strengthening its employees by prioritising training at all levels and for whatever skills necessary to fulfil the centre's mandate and realise its vision. To this end, the CTICC has exceeded its target of spending 2% of the annual total salary cost and has spent 3% to date. Training has been accelerated to ensure that the CTICC team is well equipped in statutory, vocational and developmental training and values-based leadership.

e. Customer Centricity and Service Excellence -77% of minimum aggregate score for all CTICC internal departments and external suppliers

CTICC has repeatedly achieved and exceeded targeted scores for customer service. It all starts from recruiting passionate staff who strive to deliver world class experiences to all our clients and delegates.

Our service providers also endeavour to do the same as they are managed through service level agreements and also live by our service ethos to our clients. Our staff consistently offers what our brand promises and build relationships with our clients. CTICC is geared and will continue to provide memorable experiences to all our local and International visitors ensuring they return, not only to the CTICC but to Cape Town as the destination of choice.

f. Procurement - Supply Chain Procurement from BBBEE suppliers measured ito of BBBEE Act

The CTICC is committed to growing its contribution in supporting broad based black economic empowerment (BBBEE). Indeed, we have excelled in particular in sourcing 88% of our total net spend by the end of the second quarter of 2017/18 from B-BBEE suppliers, up more than 28% on our target of 60%. This has been achieved through the continued focus on preferential procurement practices adopted in our supply chain management system.

PART 4 – RECOMMENDATIONS

1. Adjustments Budget

It is recommended that an 2017/18 adjustments budget be prepared and approved as part of the parent municipality's adjustments budget by Council no later than 28 February 2018.

2. Mid-year changes to measurable performance indicators

It is recommended that following the approval of the adjustments budget, the revised measurable performance indicators be approved by Council.

PART 5 – 2017/18 PERFORMANCE SCORECARD - 1 JULY 2017 to 31 DECEMBER 2017 (DRAFT)

CTICC - 2017/18 2nd QUARTERS PERFORMANCE SCORECARD - 1 JULY 2017 to 31 DECEMBER 2017 (DRAFT)

Well Above | Above | On target | Below | Well below | AT - Annual Target

No	Indicator	2016/17 (Q2 - Previous financial year) Target	2016/17 (Q2 - Previous financial year) Actual	2017/18 (Q2 - Current financial year) Target	2017/18 (Q2 - Current financial year) Actual	Rating	Reason for variance	Remedial action
Strategic Focus Area 5: Well Run City								
Corporate Objective 5.1: Ensure a transparent and corruption-free government [Programme 5.1 (a): Transparent government (oversight) programme.]								
1	**Operating Profit/(Loss) before tax -** Percentage achievement of annual budgeted operating profit	60%	200%	60%	156.8%		Significant savings on indirect costs and a favourable revenue variance due to a focus on selling additional services having resulted in a significant increase in operating profit.	Maintain the momentum
2	**Capital Projects -** Percentage of the total number of capital projects for the year completed or committed	40%	76.90%	40%	44%		Well above target	Maintain the momentum
3	**Capital Expenditure (CTICC East Expansion) -** Percentage of total capital expenditure spend	33%	30%	43%	TBC	–	Reporting result is still outstanding - 17 January 2018.	
4	**Quality Product Offering -** Maintain five star tourism grading through effective management of maintainance & quality of service delivery	–	–	Achieved	Achieved		On Target	Maintain the momentum
5	**Events -** Number of events hosted	16	21	251	265		Target achieved	Maintain the momentum
6	**Events -** Number of international events hosted	250	251	16	22		Well above target	Maintain the momentum
7	**External Audit Report -** Clean Audit Report	Unqualified Audit report	Unqualified Audit report - achieved	Annual	Achieved		On Target	Maintain the momentum
8	**Human Capital Development -** Percentage of annual total salary cost spend on training of permanent and temporary staff	2%	2%	2%	3%		Target achieved	Maintain the momentum
9	**Minimum Competency Level -** Number of senior managers registered for MFMA Competency Course	4	9	7	9		Target achieved	Maintain the momentum
10	**Customer Centricity and Service Excellence**	75%	83%	77%	85%		Well above target	Maintain the momentum
11	**Procurement -** Supply Chain Procurement from BBBEE suppliers measured ito of BBBEE Act	50%	91.80%	60%	88%		Well above target	Maintain the momentum
12	**Financial Ratios -** Ratio of cost coverage maintained (RCC)	Annual Target	N/A	Annual Target	# N/A	N/A	Annual target for reporting in the 4th quarter of the 2017/18 financial year.	
	Net debtors to annual income (ND)	Annual Target	N/A	Annual Target	N/A	N/A	Annual target for reporting in the 4th quarter of the 2017/18 financial year.	
	Debt Coverage by own billed revenue (DC)	Annual Target	N/A	Annual Target	N/A	N/A	Annual target for reporting in the 4th quarter of the 2017/18 financial year.	
13	**Student Programme -** Contribution to youth employment and skills development. Number of student opportunities provided.	Annual Target	N/A	Annual Target	N/A	N/A	Annual target for reporting in the 4th quarter of the 2017/18 financial year.	
14	**Graduate Programme -** Contribution to youth employment and skills development. Number of graduate opportunities provided.	Annual Target	N/A	Annual Target	N/A	N/A	Annual target for reporting in the 4th quarter of the 2017/18 financial year.	
15	**The number of people from the employment equity target groups employed in the three highest levels of management in compliance with a municipal entity's approved employment equity plan -** Percentage of Exco, Manco & Leadership positions held by persons from designated groups.	Annual Target	N/A	Annual Target	N/A	N/A	Annual target for reporting in the 4th quarter of the 2017/18 financial year.	

* - Clean Audit is defined as an unqualified audit report with no material findings on compliance to laws, regulations and predetermined objectives.
\# Not Applicable for reporting period