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2016 2017

CTICC

CAPE TOWN INTERNATIONAL CONVENTION CENTRE BUSINESS PLAN 2016/17

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1. EXECUTIVE SUMMARY

Cape Town International Convention Centre opened its doors 12 years ago, with a very clear mandate. To promote economic spin off for the region and to create jobs. Since then the centre has not only met, but exceeded those expectations on every level. CTICC has sustained 83 000 direct and indirect jobs since inception, and contributed well over R28 billion to South Africa's Gross Domestic Product (GDP), of which over R25 billion was injected directly into the Western Cape's Gross Geographic Product (GGP).

As its product offering evolves, CTICC has refined its vision to become one of the world's top ten leading long-haul convention centres by 2020 in terms of determining the deliverables and criteria.

After more than a decade of successful operations CTICC's positive growth trajectory is set to continue as the expansion is now well underway. The expansion will raise the global competitiveness of Cape Town as a premier world-class meetings and events destination, giving effect to the City's objective of establishing Cape Town as Africa's business events destination. The expansion plays a pivotal role in continuing to bring international business to the region. It will allow CTICC to meet the growing demand to stage more events, offer more flexibility and allow for an increase in the concurrent hosting of various sizes of meetings, conventions, exhibitions and other events.

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

At a time of financial prudence and budget frugality, CTICC is challenged to find innovative ways to stay ahead of the game. CTICC have enjoyed business success over the past 12 years through maintaining high standards and service excellence, as well as leading in triple bottom line sustainability. CTICC's success will continue to set us apart from the rest of the players in the industry, by being a fundamental driver of the knowledge economy.

The majority of the 502 events hosted by the CTICC in the 2014/15 financial year, could be categorised into a broad spectrum of sectors, including Agro-processing, Finance, Health and Medical Technology, ICT, Metals, Tooling and Niche Engineering, Mining, Oil and Gas, Retail, The Green Economy, and Tourism and events. These are all sectors that align closely to the City of Cape Town and the Western Cape Government's economic growth strategies. By attracting global associations to the City for these events, the CTICC is making a vital contribution towards growing the City's expertise, knowledge and skills in all these areas.

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

This document represents the CTICC's Business Plan for the 2016/17 financial year, with a long term vision towards positioning CTICC as one of the world's top 10 leading long haul international convention centres by 2020.

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

The business plan begins with an organisational overview of the CTICC and the core reasons for its formation. The CTICC operates in a challenging global context and the market analysis section of this plan provides deeper insight into the broader market environment that the organisation operates in.

CTICC's financial history indicates that the company has managed to generate an operating profit year on year despite global and economic challenges. The operating profit before interest depreciation and tax (EBITDA) for the 2016/17 financial year is budgeted at R2.3m. The 2016/17 financial year has taken into account revenue and costs for the new building with the assumption being that practical completion is October 2016 and the opening date being March 2017. The 2016/17 budget reflects a R14.3m profit before tax for the existing building and a net loss before tax of R32.4m for the new building. The budgeted loss for the new building is based on the assumption that revenue can only be generated from the opening date whereas costs will be incurred from completion date. The total revenue budget excluding interest for the 2016/17 financial year is budgeted at R218m.

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

The CTICC, through its Commercial and Business Development Department remains focussed on expanding the centre's international footprint, with strategies and action plans to continue to position CTICC as top of mind with key role-players and decision makers in the search for not only a destination for business events, but indeed a venue that has the ability, track-record and vision to deliver on and exceed clients' expectations. Several client engagements, nationally, and particularly internationally, are on the cards to support this strategy. The CTICC also remains driven to meet and exceed its event numbers, in particular on the international front and of course to deliver on the target of the operating profit.

The Operations Department is geared to maintaining their 100% spend on capital expenditure, and has refined their business processes in this regard. CTICC's cuisine offering remains a huge contributing factor to successful events and as such has been adapted in line with international trends to ensure that the it remains competitively priced while still delivering quality of the highest standards. The ICT function within the organisation is being systematically insourced, not only to reduce costs, but to protect intellectual property and improve business efficiencies.

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

In the Human Resources Department, human capital development remains a priority and are committed to attracting employees of a high calibre, retaining staff through providing focused training and development, and offering affordable employee benefits and competitive remuneration, within a safe working environment.

With regard to governance, the CTICC is very privileged to work with a Board of Directors that is hands-on, and that is actively involved in steering the CTICC, based on its mandate to promote economic spin-off and create jobs. The Secretariat remains committed to effective administration of Board and Shareholder matters and to ensure that procedures and structures are in place to promote good corporate governance within the Company.

CTICC will ensure that the business plan is activated in an integrated manner, maximising synergies across all departments and ensuring that performance is monitored as per the agreed targets.

2. COMPANY OVERVIEW

2.1. About the CTICC

When the CTICC opened its doors in 2003, the media spoke of how this institution would welcome visitors from around the world to this great new venue in Cape Town. Those aspirations have not only been met – they have indeed been exceeded on all levels. After 12 years, the CTICC has become an iconic landmark on the business tourism map of Cape Town, South Africa and indeed Africa.

The mettle of any internationally competitive convention centre is gauged by its economic contribution. And for a convention centre to contribute significantly and sustainably to an economy, it needs to be invested in that economy and its people. Since inception, the CTICC injected more than R28 billion into the national Gross Domestic Product (GDP) with over R25 billion going directly to the Western Cape economy. A staggering 83 000 jobs have also been created and sustained since its inception.

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

The expansion will double the CTICC's existing exhibition capacity by adding 10 000m² of multi-purpose conference and exhibition space, as well as almost 3000m² of formal and informal meeting space.

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

The CTICC has earned a reputation for excellence in all its operations, often leading the way in the quest for improved systems and functionality and sustainability. It therefore comes as no surprise that the CTICC was the first convention centre in

Africa to gain three internationally recognised management system certifications (ISO 9001, 14001, 18001) simultaneously; the centre upholds a Hazard Analysis Critical Control Process (HACCP), has maintained its Tourism Grading Council 5-star rating and achieved Gold AIPC (International Association of Convention Centres) quality standard certifications.

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

Shareholding Structure

The Cape Town International Convention Centre Company (Convenco) is the holding company of the CTICC. Convenco was formed in 1999 through collaboration between the City of Cape Town, the Western Cape Government and the business sector.

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

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

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

Entity	Share portion in 2014	Share portion as at 30 June 2015
City of Cape Town	62.8%	69.9%
Western Cape Government	24.9%	21.9%
SunWest International (Pty) Ltd	12.3%	8.2%

2.2. Vision, mission and values

Vision

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

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

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

The CTICC does not exist in isolation of the destination and the CTICC's ability to attract business events and achieve its vision is highly dependent upon the City of Cape Town being considered a well-run, business-event friendly City. Accordingly, support from the City of Cape Town in respect of subvention as well as in kind support in respect of traffic management, etc. are critical. Furthermore, the City of Cape Town and Western Cape Government's role in supporting businesses and associated professional institutions is of significant importance as without these organisations the CTICC is not able to bid for International Association events.

In refining the CTICC vision, the centre has identified a clear set of deliverables including maximising its economic impact, achieving its budgeted operating profit, increased community engagement through a range of CSR projects and maintaining the internationally recognised certifications, i.e. ISO and AIPC Gold Standards.

The following criteria are to be used in evaluating the performances against the vision: Long-haul Convention Centre for European /American Associations

- Occupancy capabilities of centres (between 10 000 and 15 000 delegates)
- Target Association Conferences – minimum of 10 annually.
- The CTICC has also identified its competitors, based on their distance from Europe, comparable size and bids lost. These competitors are located in Australia, Canada, Indonesia, Malaysia, Korea, Singapore, Thailand and South Africa.

Mission

The objectives underpinning the achievement of this vision remain the following:

- Maximising economic spin-off and job creation
- Focusing on innovation and exceeding expectations
- Service excellence by building capable and quality staff
- Becoming a world leader in sustainability.
- A fully self-sufficient organisation

Through the consistent achievement of the Key Performance Indicators, economic and social sustainability contributions, and the effectiveness in raising the profile of Cape Town and the Western Cape, the CTICC continues to achieve and exceed all these stated objectives.

Values

The achievement of the above vision and mission will continue to be driven by the CTICC's value-driven culture, which is founded on:

- **Passion** – The CTICC lives to go beyond
- **Innovation** – The CTICC creates magic that gives us the edge
- **Integrity** – The CTICC is transparent in all that is created
- **Excellence** – The CTICC creates superior experiences

The above values will continue to propel the CTICC into the future, underpinning its vision of being the one of the top 10 best long-haul convention centres in the world, by 2020.

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

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

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

- Agro- processing
- Finance
- Health and medical technology

- Information Communication Technology (ICT) Metals, Tooling and Niche Engineering
- Mining, Oil and Gas
- Retail
- The Green Economy including Renewable Energy
- Tourism and Events

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

	City of Cape Town **2012-2017 IDP focus Areas**	**CTICC** **Mission statement and Activities**
1.	**The Opportunity City** *Economic Growth and Job Creation*	**Maximizing economic impact and job creation through** • Driving the knowledge economy and skills exchange • Attracting more meetings and events to Cape Town • BBBEE procurement of no less than 50% • Partnering with business tourism role players • The expansion (CTICC East) • New strategic business opportunities
	Infrastructure-led growth and development	The **CTICC East expansion** will effectively double the size of the existing exhibition capacity by adding 10 000m2 of multi-purpose exhibition space and approximately 3000m2 of formal and informal meeting space. This will service high levels of demand. The expanded facilities will further enable us to continue to drive the economic multiplier effect.
	Promote a sustainable environment	The CTICC places a priority on integrating economic, social and environmental sustainability into every aspect of its business. The triple bottom-line approach is informed by a comprehensive environmental policy and monitored by a dedicated sustainability committee within the company.

	Leverage assets to drive economic growth	The **CTICC's raison d'etre** is to contribute and in fact, drive economic growth and job creation, and the CTICC have successfully delivered on this mandate year-on-year.
	Training and skills development	The CTICC is focused on **building capable and quality staff** through a constant focus on rewards and recognition, mentorship, financial and physical wellness. **Service excellence** is further enhanced through continuous innovation of technology and processes.
2.	**The Safe City**	The CTICC is focussed on putting measures in place to ensure a safe environment for anyone that walks through its doors. CTICC is a member of Cape Town Central District (CCID) and pays a monthly fee for support of cleansing and securing within the precinct and during large events.
3.	**The Caring City**	The CTICC is committed to the local community and the contribution we can make in uplifting and empowering the local communities. The organisation supports four key Local Community Partners that link back to the CTICC's core business in order to provide ongoing support in the industries that are related to the company. The CTICC has a strong focus on volunteerism and encourage staff, suppliers and clients to assist the Local Community Partners through activations, giving their time, and direct skills exchange. In addition to the four local community partners the CTICC is involved in a number of broad community initiatives.
4.	**The Inclusive City**	The CTICC contributes to **transformation** by consistently meeting and exceeding the target of no less than a 50% of the expenditure being with BBBEE suppliers.

5.	**The Well-run City**	• Compliance with MFMA and other legislation • Adherence to the principals of King III Code of Governance • Adequate risk identification and management processes • Obtaining clean, unqualified audits

2.4. Key performance indicators 2016/17

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

Table 2: CTICC Key Performance Indicators (KPIs)

The following table below illustrates the agreed KPIs for the financial year 2016/17 (*)

Category		**Measurement**	**Reporting Interval**	**Annual Target 2016**	**Annual Target 2017**
1	Operating Profit/ (Loss) before tax Q1 -40%, Q2 – 60%, Q3 – 65%, Q4 – 100%	Percentage achievement of annual budgeted operating profit	Quarterly	100%	(100%)
2	Capital Projects Q1 – 20%, Q2 – 40%, Q3 – 60%, Q4 – 85%	Percentage of the total number of capital projects for the year completed or committed	Quarterly	80%	85%

3	Capital Expenditure (CTICC East Expansion) Quarterly targets to be confirmed	Percentage of total capital expenditure spend	Quarterly	90%	100%
4	Quality Product Offering	Maintain five star tourism grading through effective management of maintenance & quality of service delivery	Quarterly	Achieve Five Star Tourism Grading Council	Achieve Five Star Tourism Grading Council
5	Events Q1 – 130, Q2 – 250, Q3 – 375, Q4 - 510	Number of events hosted	Quarterly	500	510
6	Events Q1 – 6, Q2 – 16, Q3 – 22, Q4 - 32	Number of international events hosted	Quarterly	32	32
7	External Audit Report	Clean Audit Report (1)	Annually	Unqualified Audit Report (2nd Quarter)	Clean Audit Report (2nd Quarter)
8	Human Capital Development Q1 – 1%, Q2 – 2%, Q3 – 4%, Q4 – 5%	Percentage of annual total salary cost spend on training of permanent and temporary staff	Quarterly	5%	5%
9	Minimum Competency Level Q1 – 2, Q2 – 4, Q3 – 5, Q4 - 7	Number of senior managers registered for MFMA Competency Course	Quarterly	7	7

Category		Measurement	Reporting Interval	Annual Target 2016	Annual Target 2017
10	Customer Centricity and Service Excellence Q1 – 76%, Q2 – 76%, Q3 – 76%, Q4 – 76%	75% of minimum aggregate score for all CTICC internal departments and external suppliers	Quarterly	75%	76%
11	Procurement Q1 – 60%, Q2 – 60%, Q3 – 60%, Q4 – 60%	Supply Chain Procurement from BBBEE suppliers measured in terms of BBBEE Act	Quarterly	Percentage spend not lower than 50%	Percentage spend not lower than 60%
12	Financial ratios o Ratio of cost coverage maintained (RCC)	Total cash and investments , less restricted cash for monthly operating expenditure	Annually	N/A	RCC = 11,07 times
	o Net debtors to annual income (ND)	Net current debtors divided by total operating revenue	Annually	N/A	ND = 2%
	o Debt coverage by own billed revenue (DC)	Total debt divided by total annual operating income	Annually	N/A	DC = 25,90%
13	Student programme Contribution to youth employment and skills development	Number of students opportunities provided	Annually	N/A	6
14	Graduate programme Contribution to youth employment and skills development	Number of graduate opportunities provided	Annually	N/A	6

15	The number of people from the employment equity target groups employed in the three highest levels of management in compliance with a municipal entity's approved employment equity plan	Percentage of Exco, Manco & Leadership positions held by persons from designated groups	-	-	80%

Notes:

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

(2) The KPI's in Table 2 above were updated in April at the request of the City and are subject to board approval. These KPI's will be tabled at the next Board meeting to be held on 19 May 2016.

2.5. Core Target Markets

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

Target Market

Stakeholders/Shareholders

Focus Areas

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

Clients

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

CTICC Staff

- Permanent staff
- Contract staff

Media

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

Public

- Local communities

3. MARKET ANALYSIS

3.1. Situation Analysis

Macro Environment

The combination of changing political, economic, social and natural environments presents a complex and dynamic situation in which the CTICC operates. The

CTICC's macro environment consists of six sub-environments or variables namely Political, Economic, Social, Technological, Legal and Environmental (PESTLE).

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

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

Political: • International political instability • Negative perception from international clients • Governmental Support – National Convention Bureau (Subvention Fund) • Synergy with Shareholders	**Economic:** • Exchange rate fluctuations • Geo-political influences • Shift in traditional markets • Electricity and petrol increases which have knock-on effects • Increasing food costs • Flight travel costs • Subvention – required for bids
Social: • Cultural aspects • Perception from society and local communities • Sustainability/Job creation • Unemployment rate leads to poverty, which affects the image of the destination	**Technological:** • Rate of technological change • Adaption to new technological trends • Lack of national infrastructure to support the new technology • Emergence of mobile technology

Legal: • Existing legislation • Municipal entity legislation • New immigration and Visa Regulations	**Environmental:** • Climate change risks • Shortage of energy • Water restrictions affect operations • Ebola Virus

3.2. Company Analysis

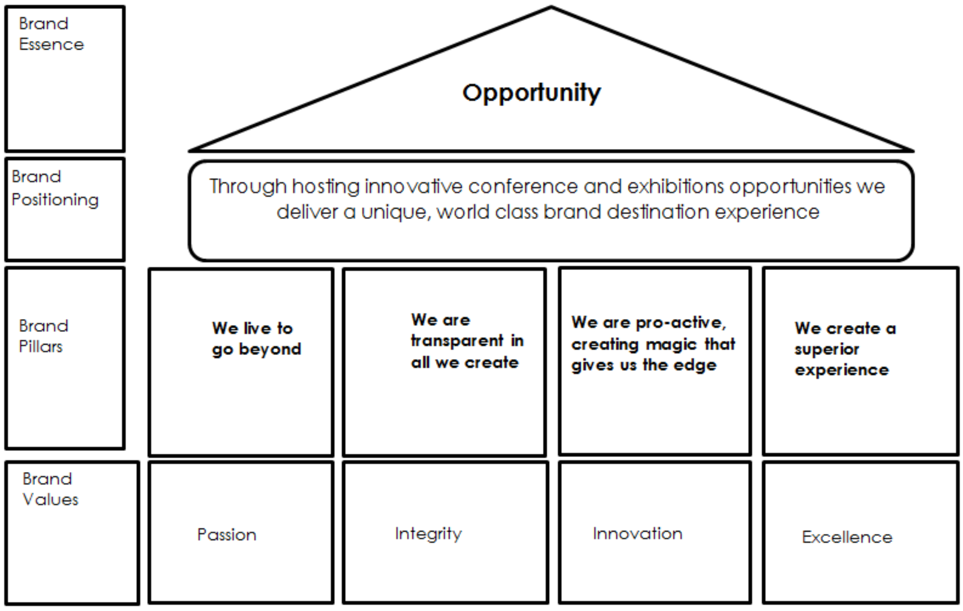
Brand Essence

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

Brand Positioning

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

CTICC Strategy Pyramid Value Proposition



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

3.3. Market Attractiveness

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

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

3.4 SWOT Analysis

In order for CTICC to stay ahead of the game, it is important to constantly monitor the environment and the factors that affect the business, both positively and negatively. The SWOT Analysis was revised from the previous year and continues to guide how the CTICC can grow its business, capitalise on opportunities and mitigate risks to the centre.

Strengths	**Weaknesses**
• Excellent/diverse culinary offering • High quality building infrastructure • Good governance and service ethics • International standards driven • Committed & passionate staff • High quality in-house service providers • Diverse & flexible product offering • Strong brand awareness • Strong industry commitment to brand & marketing initiatives • Well-established high-yielding repeat client base • Competitive pricing relative to long-haul competitors • Sustainability-conscious organisation • Good city location and access to high quality amenities • Lack of similar-sized venue supply in Cape Town for international conferences, exhibitions/ trade fairs • Surrounding hotels (high level/ diverse options/hotel categories)	• Lack of capacity to host events in high seasons • Insufficient parking facilities CTICC key suppliers not meeting standard requirements • Succession planning • Retention of skilled staff • Inconsistency of service delivery which impacts on CTICC's reputation and/or financial loss • MFMA restrictions which impacts on CTICC's competitiveness • Ability to sustain every changing technology standards. • Lack of "down time" to ensure effective major facility refurbishments
Opportunities	**Threats**
• Targeting 2nd & 3rd tier SA market for incentive and corporate business • Limited amount of large capacity convention facilities, as compared to other destinations • Leveraging stakeholder relationships and Cape Town brand initiatives • Long-term commitment on current target markets	• International demand for short-haul destination (economic pressure) • Increased local competition from new venues within Cape Town including Century City Convention Centre and increased conferencing facilities within hotels. • Not enough recognition as a safe and accessible destination

• Growth of Cape Town as a prime destination • Growing niche and emerging economy markets • Educating new markets on the CTICC product range • Expansion of CTICC East • Insourcing resulting in additional revenue and minimisation of costs. • Revenue opportunities with commissions being earned on all accredited service providers. • Use of technology to save costs • Favourable exchange rate	• Long-term weakness of Rand resulting in increasing operating costs (equipment, international trade shows, etc.) • Government regulations and policies (particularly related to labour legislation, compliance, etc.) • Long-haul destination – associated costs and carbon footprint related to travel • Expansion delays that compromise the short-term revenue streams • Profit margin erosion due to factors such as increased costs including direct and indirect costs • Revenue erosion due to decreasing customer spend and delegate attendance • Increasing costs particularly related to food & labour

Remaining competitive in a turbulent environment

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

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

3.5. Client Buying Behaviour

International Association Conferences

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

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

International Corporate/Government Conferences

The Corporate and Government segments do not have to conform to a formal buying behaviour and there seems to be no specific pattern for event rotation. The end client can book directly or via third parties i.e. meeting planner or a Professional Conference Organiser (PCO). These events generally have a lead time of 12 – 18 months. Events are secured either via a tender/procurement process or directly with the venue.

National Conferences

The national market segment comprises of national associations, corporate organisations, government meetings, civic and other organisation meetings. National conferences are attended by a minimum of 50 delegates and are organised annually with an average period of two days. During the 2014/15 financial year 52% of national conferences, were booked within one year of the start date and 30% within two years. Only 4% of the events are booked more than 4 years in advance.

Exhibitions (Business to consumer)

The exhibition market comprises primarily of domestic events aimed at the consumer market and is hosted on average 3-4 days. 39% of exhibitions are booked within 1 year of the start date and 33% booked more than 4 years in advance. This is due to repeat events booked in advance and generally for three years. The general trend however is for new exhibitions to be booked with significantly shorter lead times.

Trade Fairs (Business to Business)

The trade fair market largely exists for the purposes of promoting business to business commerce. Like the exhibition segment, trade fairs are also showing an increase in shorter lead times with 50% of event bookings taking place within one year of the event. Only 29% were booked within 2 years and 14% were booked more than 4 years in advance.

Other Events

The category of other events refers to any other meetings or events that take place. They are mainly of a local or provincial nature and have less than 50 participants, e.g. training sessions, roadshows, product launches and breakfast sessions. During the 2014/15 financial year, this segment consisted of 305 events of which 72% were booked on a short term basis i.e. within a 3 month lead time. Of these short term events, 44% were booked within a month of the event day.

Banquets

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

Special Events

Special events are events hosted on a large scale for members of the public. It can be categorised as cultural, religious or sport related. Special events require a longer lead time as the event organisers need to market these events to the public. 30% of the Special Events hosted at the CTICC are booked within 3 months of the event date and only 15% were booked within a 1 month window period. Special Events with a shorter lead time fall predominantly within the corporate segment hosting product launches.

Film Shoots

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

Competitive Market Analysis

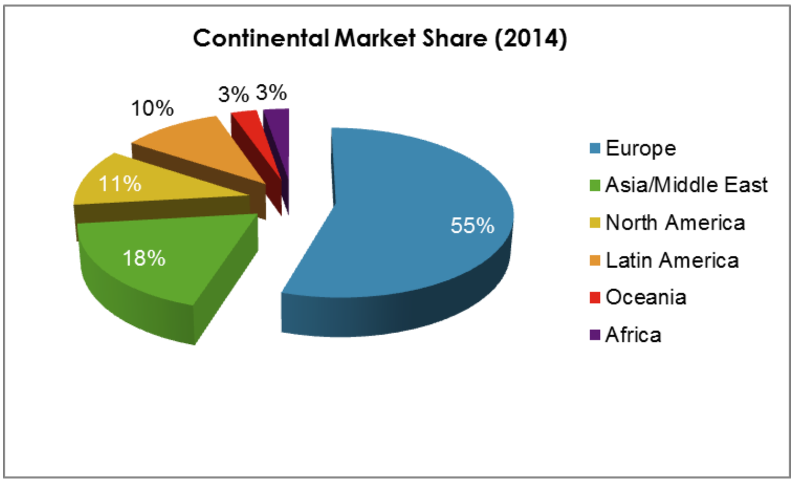
The CTICC constantly benchmarks itself against its various competitor sets, the most important of which is the International Associations market. It is estimated that there are on average 10,600 different International Association meetings[1] organized on an annual basis, over the last 10 years:

Rank	Region	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Totals
1	Europe	4,264	4,662	5,025	5,480	5,708	6,241	6,490	6,775	6,618	6,316	**57,579**
2	Asia/Middle East	1,303	1,576	1,738	1,908	1,971	2,217	2,128	2,332	2,295	2,105	**19,573**
3	North America	1,044	1,086	1,171	1,316	1,321	1,398	1,437	1,433	1,360	1,270	**12,836**
4	Latin America	694	792	876	964	1,070	1,121	1,193	1,271	1,277	1,194	**10,452**

[1] ICCA (International Congress and Convention Association) Statistics Tool: International association events hosted internationally from 2005 to 2014, with an international rotation, per continent.

Rank	Region	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Totals
5	Oceania	219	250	258	269	256	311	275	329	290	312	**2,769**
6	Africa	249	238	273	344	388	358	359	343	374	308	**3,234**
	Totals	**7,773**	**8,604**	**9,341**	**10,281**	**10,714**	**11,646**	**11,882**	**12,483**	**12,214**	**11,505**	**106,443**

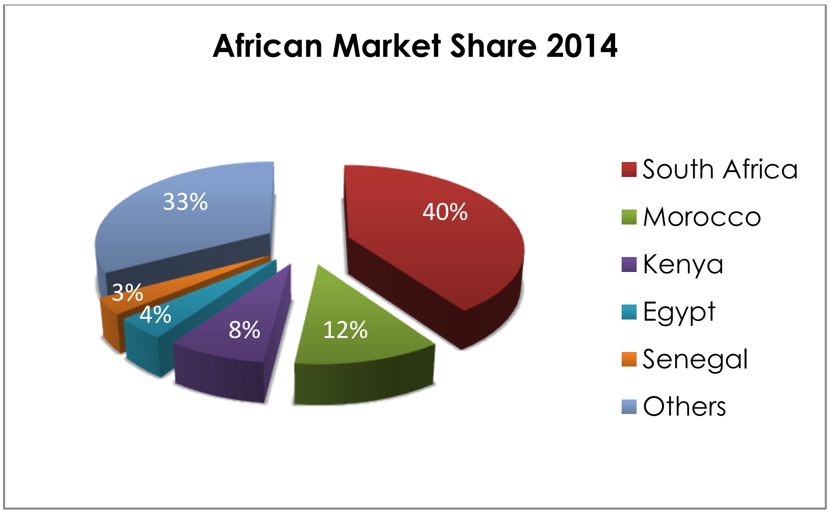
For the 2014 calendar year, the market share is illustrated as follows:



Source: ICCA (International Congress and Convention Association) Statistics Tool: International association events hosted internationally from for the 2014 calendar year, with an international rotation, per continent.

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

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



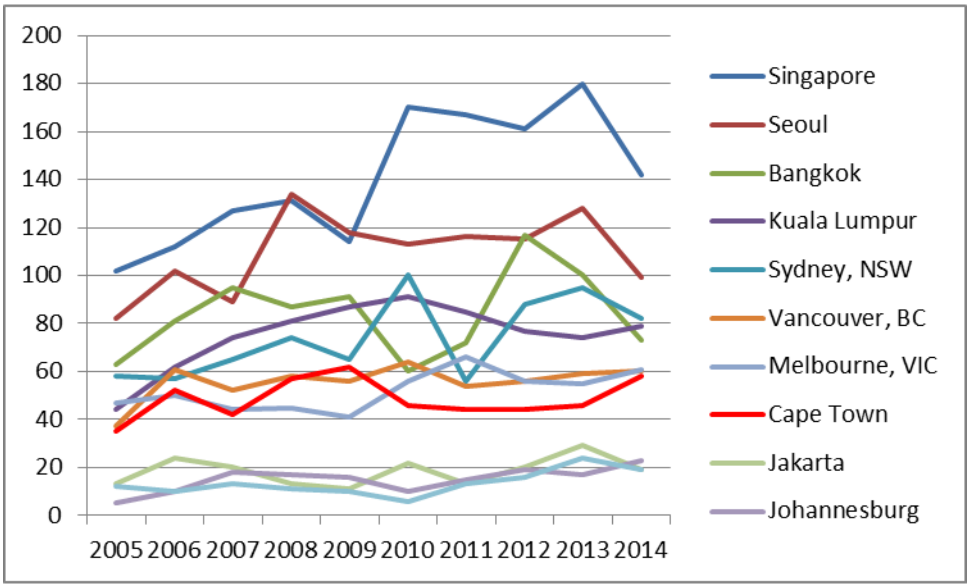
Source: ICCA (International Congress and Convention Association) Statistics Tool: International association events hosted in Africa in the 2014 calendar year, with an international rotation, per African city.

When focusing on the Cape Town context in the analysis of these two graphs, the status of the City as an international meetings destination becomes even more positive. This is further reinforced when reviewing the number of events hosted per year between 2005 and 2014.

The table and graphic illustration below[2] indicates performances by a 'long-haul' competitor set between 2005 and 2014 with relation to the number of meetings hosted and percentage overall market share:

[2] ICCA (International Congress and Convention Association) Statistics Tool: International association events hosted internationally from 2005 to 2014, with an international rotation, per selected competitor destination

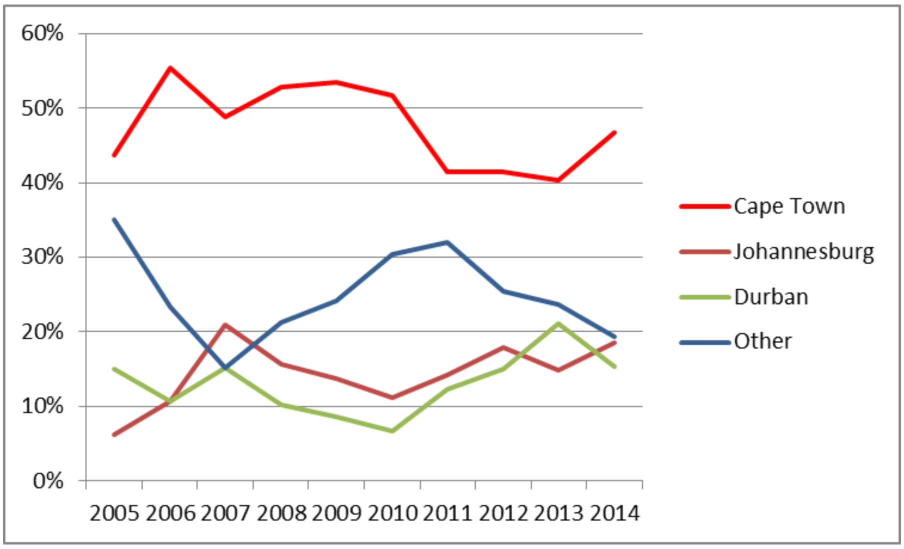
Competitor City	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total	Total %
Singapore	102	112	127	131	114	170	167	161	180	142	1406	20%
Seoul	82	102	89	134	118	113	116	115	128	99	1096	16%
Bangkok	63	81	95	87	91	60	72	117	100	73	839	12%
Kuala Lumpur	44	62	74	81	87	91	85	77	74	79	754	11%
Sydney, NSW	58	57	65	74	65	100	56	88	95	82	740	11%
Vancouver, BC	37	61	52	58	56	64	54	56	59	60	557	8%
Melbourne, VIC	47	50	44	45	41	56	66	56	55	61	521	8%
Cape Town	**35**	**52**	**42**	**57**	**62**	**46**	**44**	**44**	**46**	**58**	**486**	**7%**
Jakarta	13	24	20	13	11	22	13	20	29	19	184	3%
Johannesburg	5	10	18	17	16	10	15	19	17	23	150	2%
Durban	12	10	13	11	10	6	13	16	24	19	134	2%



While the majority of the competitor cities saw a drop in 2014, Cape Town experienced an increase in the number of events hosted.

A comparison between major national competitors is illustrated in the table below[3] and further reinforces this point through a comparison of market share of events in the city compared to the total number of events in the country. It takes into account the 2014 calendar year only with events hosted in South Africa:

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Totals
Cape Town	44%	55%	49%	53%	53%	52%	42%	42%	40%	47%	48%
Johannesburg	6%	11%	21%	16%	14%	11%	14%	18%	15%	19%	15%
Durban	15%	11%	15%	10%	9%	7%	12%	15%	21%	15%	13%



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

Of the 308 meetings held in Africa in 2014, 124 (40%) were hosted in South Africa, and 58 of these events were hosted in Cape Town (18% of meetings in Africa / 47% of meetings in South Africa).

[3] ICCA (International Congress and Convention Association) Statistics Tool: International association events hosted in South Africa from 2005 to 2014, with an international rotation, per selected major conference/convention city

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

Overall, Cape Town's ranking increased by 11 places in 2014 (41st) compared to the ranking of 52nd in 2013. CTICC is ideally placed to strengthen this growth, year-on-year.

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

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

The Kigali Convention Centre in Kigali, Rwanda will be opening in 2016. Early in 2015 the Calabar Convention Centre opened in Calabar, Nigeria and the Bomas Convention Centre in Bomas, Kenya has a planned opening of 2017.

Locally, the Century City Conference Centre is expected to open in February 2016 which will compete directly with the CTICC while nationally, the Tshwane Convention Centre is expected to open by 2019.

4. DEPARTMENTAL STRATEGIES

4.1. Commercial and Business Development Department

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

The Department consists of the following sub units:

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

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

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

The revenue budget for the Commercial and Business Development for the 2016/17 financial year is R108m for the various market segments.

According to the findings of the 2015 International Association of Convention Centres (AIPC) Annual Member Survey, the global convention industry is still growing as many other economic sectors continue to shrink. Africa has the fastest growing convention industry, which presents CTICC with exciting opportunities, but also significant challenges, particularly in terms of competition. In fact 73% of convention centres sight the increase in competition as one of their major risks.

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

4.1.1. Marketing Services and Sustainability Unit

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

In support of CTICC's strategic objectives, a particular marketing and sustainability focus for 2016 and beyond will be on positioning and raising awareness of the CTICC expansion. The unit is also the CTICC brand custodian supports centre's special projects and internal activations. The unit will continue with its commitment to reinforce the CTICC's connection and engagement to communities in the Western Cape and further afield.

Rationale

Marketing

The focus for the year will be on the following:

- Digital Approach
- Marketing Campaigns
- Marketing Collateral
- CTICC West and East alignment
- Integrated Annual Report

Sustainability: economic, social and environmental

the key objective of the unit is to contribute effectively to the CTICC's triple bottom line approach of sustainability.

As the City of Cape Town is CTICC's majority shareholder, it is truly a centre owned by the people of Cape Town. As such it is vital for CTICC to focus on maximising its contribution to economic sustainability. A fair and transparent process is underway to re-select the CTICC's Local Community Partners. Staff will nominate organisations, which will be evaluated based on criteria linking to CTICC's social sustainability strategy and a thorough needs analysis.

CTICC will continue to make great strides in environmental sustainability. At an operational level, CTICC continually improves its energy and water efficiency, as well as providing adequate services for safe disposal of waste and tracking of responsible waste management.

Key Objectives & Action Plans

The objective of the CTICC Marketing & Sustainability Unit is as follows:

Enhancing the CTICC brand

To enhance CTICC's brand awareness, the following projects will be executed:

- An advertising plan for CTICC East aligned to the existing plan
- The development of short on-line testimonials of CTICC visitors illustrating the exceptional experiences created at the centre for social media platforms
- Develop more client testimonials, particularly of the international Association clients and repeat clients for the website
- Update marketing and sustainability content to be displayed on CTICC electronic signage and social media platforms

Raise the CTICC profile through CTICC awards

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

Develop an organisational Integrated Management System (IMS) Plan

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

Produce an organisational Corporate Social Responsibility (CSR) Plan

Oversee the organisation's Corporate Social Responsibility action plans with a particular focus on supporting the local community partners and other community activations.

CTICC Campaigns

Three key campaigns have been identified for rollout in 2016, focusing on the banqueting, film and conferencing business segments, to particularly focus on CTICC East.

Marketing Collateral

Update all standard marketing collateral for electronic dissemination. In 2016, the collateral will be redesigned to align with CTICC East to illustrate the connection of one product offering. Further interactive tools will be linked to the on-line collateral to offer clients a more user-friendly interactive experience.

Integrated Annual Report (IAR)

Develop an IAR again for the new financial year that goes beyond mere reporting, but also serves to highlight CTICC's triple bottom line performance approach.

Advertising

During the 2016/17 financial year the advertising objectives will be as follows:

- Communicate effectively and holistically with all the business segments on their preferred communication platforms.
- Reach the maximum target markets across all segments, within allocated budget and track the reach.
- Create meaningful awareness of CTICC that can result in real leads and sales.
- Ensure sound frequency levels to ensure target market breakthrough. CTICC has an increased number of competitors within the national segment, particularly Century City Conference Centre. In order to remain at top of mind within the market, the focus will be on continuous communication and effective use of digital marketing.

The advertising budget is split between the print and on-line advertising as per the various industry and mainstream publications with a ratio of 65% for the international market segment and 35% national market segments, including banqueting, national conferences, special events and corporate events. The focus this year will be on the launch of the CTICC Expansion project with specialised advertisements and collateral being developed with the intention of position the CTICC has one facility.

Measures and Metrics

Marketing

At a local level, CTICC is committed to increasing its marketing share of all event types. At an international level, the primary focus remains large industry association events, which offer the best ROI. The advertising objectives of CTICC are geared to communicate holistically with all its business segments on their relevant platforms. The relevant advertising platforms and campaigns will be tracked in terms of business leads obtained and the value of editorial content obtained.

Sustainability: Reporting and data monitoring

CTICC has reported on sustainability using the Global Reporting Initiative (GRI) G3.1 framework. This framework was developed internationally as the standard practice for sustainability reporting, linking to integrated reporting styles and the requirements of the United Nations Global Compact. Using the GRI framework has allowed the centre to streamline its reporting. As such, Centre will continue to report on major performance indicators. The viability of continuing with the GRI assurance for the IAR is being assessed.

Nurture Our World (NOW) and International Organisation of Standards (ISO) Merger

The CTICC's Integrated Management System (IMS) incorporates various business processes and includes many of the environmental deliverables championed by the Nurture Our World Committee. A decision was therefore taken to merge the NOW Committee with the ISO Committee in order to form the Integrated Management System Committee (IMS Committee). This merger will result in the sustainability action plan falling under the umbrella of the ISO standards and being at the forefront of everything we do.

Trend Analysis

As technology evolves so will consumer behaviour evolve in ways which are not predictable. Below are the top trends which are likely to manifest in the foreseeable future and where marketing & sustainably unit will focus their efforts through.

- Creating engagement and conversations at every consumer touch point
- Utilising mobile platforms more effectively through web based applications.
- Take advantage of big data as it becomes more available in Africa to gain insight into effective customer engagement.

Marketing & Sustainability Unit's Budget for 2016/17 financial year:

Marketing collateral and activations: R1.7m
Advertising: International and National: R1.1m

4.1.2 Business Development: International Unit

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

CTICC also remains committed to driving and developing the knowledge economy. Of the nearly 5000 events hosted by the CTICC over the past 12 years, more than 450 were international association conferences across a broad spectrum of sectors, including agro-processing, the green economy, ICT, property, mining and medical industries.

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

Rationale

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

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

Key Objectives and Action Plans

The section below outlines the objectives of Business Development: International Unit's key objectives for the 2016/17 financial year.

Generating business leads

- Research International Association events with the focus on utilising both CTICC West and East which falls within the identified catalytic sectors
- From a government perspective, research events associated with the World Health Organisation and UNICEF
- Identify national associations with the potential of attracting their international association's event to Cape Town and strategically approach them
- Increase leads from International Sales Representation to improve the long-term forward book

Collaborative partnerships and Industry Stakeholders

- Maintain and develop the relationship with the Cape Town Convention Bureau (CVB) and the South African National Convention Bureau with regards to aligning lead generation.
- Collaborate at trade shows to either share costs or alternate attendance.

- Increased synergy to be achieved by sharing CTICC's targets with the CVB. The convention bureau's targets have been shifted to track delegate attendance for economic contribution reporting

CTICC Ambassador Programme

- Maintain and develop the relationships with the CTICC Ambassadors
- Review the terms of their memberships, in terms of responsibilities and duration
- Focus on creating networking opportunities and improve on communication with the CTICC Ambassadors

Research

Continue to focus the research of the City of Cape Town and the Western Cape Government's catalytic sectors. Increase the research on the international corporate market opportunities.

Trade Shows and Road Shows

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

Trend Analysis

2015 Member Survey - Centre Growth & Engagement

In July 2015, the International Association of Convention Centres (AIPC) released its global survey results, which received responses from 107 member venues, which represents an excellent response rate of 60%. The new AIPC Member Survey data shows continued signs of industry expansion at a faster rate than worldwide economic growth. Five of the key insights from the new survey include:

- There was strong 5.8% revenue growth worldwide in 2014 compared to 3.1% in 2013. CTICC experienced a revenue growth of 11.3% in 2014.as compared to 2013 which as well above the international norm.
- Last year (2014) saw the strongest attendance growth since 2011. On average attendance grew worldwide by 4.5% in 2014.
- Major capital investment projects are slowing. While 71% of members said they had some type of major project underway or in planning stages in 2014, in this year's survey the figure has decreased to 63%. Specifically there are less new building projects underway around the world, although expansion and renovation projects are increasing.
- Africa continues to be the fastest growing region of the world. African members expanded gross revenue by over 15% in 2014.

Measures and Metrics

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

International Sales Representation (ISR)

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

The scope of the agreement does not include any marketing activation, i.e. marketing collateral and media publications. During this financial year, the focus will be on tracking the identified catalytic sectors of the City of Cape Town and the Western Cape Government. A European road show is also identified to be conducted and the qualification of these meetings will be monitored in terms of the conversion into securing bids within the future.

Trade Shows/Trips and Sales Meetings:

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

Budget:

The 2016/17 financial year revenue budget for the Business Development: International Unit's is R45.7m

4.1.3. Business Development: National Unit

The core function of the National Sales Unit is to actively pursue direct and indirect revenue generating activities to meet and exceed CTICC's revenue targets. Another objective is to increase event numbers to maximise occupancy levels. The National Sales Unit also upholds customer relationships to nurture loyalty and convert new business into repeat business.

Rationale

Attend more industry events nationally

Attending relevant industry events will provide the sales executives with further exposure and building a network for business opportunities. This continues to ensure that the CTICC positions itself as a venue of choice, particularly with national competitors, like Century City Conference Centre. Trend observations will be used to develop product according.

Increase the conversion rate of long term client bookings

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

Manage the short term event process effectively

- Short term events, booked within 1 – 2 months from the event date, is becoming more prevalent
- During the 2014/15 financial year, 138 events were booked on short term basis and co-ordinated which consists of 38% of the number of events hosted.
- The process will need refined to ensure a smoother and seamless experience for clients

Key objectives and Action Plans

- To build and strengthen relationships with key stakeholders
- Product enhancement for specific market segments
- Continuous improvement to manage short-term business effectively
- Selling CTICC East aggressively related to the lost opportunities data and research conducted
- Promote multi-year deals within the exhibitions and trade fairs segments
- Secure new exhibitions and trade fairs related to research

Product development

An exhibition hall package will be launched to provide smaller and new exhibition organisers with a turnkey and one stop shop solution. This package also includes all CTICC service providers ensuring that consistency of service offering.

Manage the short term bookings process effectively

Streamline the short term event process to ensure effective communication within the various units of CTICC.

Selling CTICC East

- The booking system has been opened and the relocation of the smaller exhibition clients will facilitate securing larger exhibitions.
- Conduct national road shows to corporate clients and reputable exhibition organisers who are based on research and current database information.
- In collaboration with the marketing unit – run campaigns for the corporate, national conferences and banqueting market segments. Track the return on investment.
- Space for new, longer running, exhibitions have been booked and multiple year agreements are in progress

Trend Analysis

Banquets Trends

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

Special Event Trends

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

National Association Conferences, Corporate and Government Trends

- Event organizers are supporting local communities and CSR programmes
- Non-traditional conference programme, i.e., interactive sessions
- Decrease in delegate attendance
- Conference budgets continue to be scrutinised
- Corporate companies are building in-house conference facilities
- Events are being arranged at much shorter lead times.

Exhibition and Trade Fair Trends

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

Measures and Metrics

The key performance documents for the Business Development: National teams will be updated prior to the 2016/17 FINANCIAL YEAR to incorporate the above mentioned objectives targets to be set to measure performance and the conversion of business will be tracked accordingly.

Budget:

The revenue budget for the Business Development: National Sales Unit: R59m

4.1.4. Event Management Unit

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

Rationale

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

Key Objectives and Action Plan

The key objectives of the Event Management Unit are:

- The successful and profitable management of repeat events
- To increase revenue for sub-contracted services & catering
- Departmental training & development
- Improve Client Relationship Management

With new pricing released for both 2016 and 2017, the focus will be on increasing the rate at which repeat events are contracted. Multiple year agreements will be the focus for longstanding repeat exhibitions and trade fairs as well as a few key conference clients.
Finance process to be strictly managed in conjunction with the Finance Unit with specific focus on addressing payment concerns and providing a 2 month forecast report for upcoming events.

Research new public catering options in conjunction with the Catering Unit. CTICC still see this trend in the International Conference segment. The unit will implement new reports that will speak to specific areas i.e. contract statuses, payments for upcoming events and venue availability to convert new events to repeat events.

Weekly departmental meetings with a specific focus on measuring progress.

Public Catering:

- Pre-planning based on research
- Partnering with small business owners i.e. Food Trucks Cape Town
- Investing in permanent public catering area within the Centre
- Stricter analysis of the viability of public catering for events

Repeat Events:

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

Trend Analysis for Events:

- Event Mobile Apps
- Social Media Marketing
- Ambassador programmes as marketing tool

As venues become more expensive, more event organisers will seek alternative venues/space for events

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

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

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

Measures and Metrics and ROI

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

4.1.5. Revenue Unit

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

Rationale

General conditions of hire client contracts

In 2015 a decision was made to review the general terms and conditions of hire to ensure that this is aligned with legislation, protects both the client and CTICC in terms of potential cancellations due to unforeseen circumstances. It also streamlines the CTICC's payment processes.

Optimal Yielding Policy

The new optimal yielding policy was approved by the Board in November 2015. This is to ensure that negotiations with clients who require financial assistance or multiple year agreements are consistent. The Sales and Events teams have a clear framework. This will be tracked by the Revenue unit and reported to General Manager: Commercial & Business development monthly.

Key Objectives and Action Plan

- Develop Pricing for CTICC East in line with the current pricing. During this year the focus will be to ensuring that CTICC West booking system is also combined with CTICC East and the revenue and occupancy targets are met and exceeded. CTICC West and East prices were loaded for 2016 and 2017 years at the end of 2015.
- Accurate Reporting: Ensure that the actual attendance or events are captured immediately to ensure that data is correct.
- Regular internal sessions to understand needs from sales and events teams, regarding yielding of events relating to pricing, long term contracts, conversion of bookings as well as any contractual queries.
- Monitor competition venues via google alerts and other sources in preparation for future years' pricing.

Measures and Metrics

Analyse data entered on a quarterly basis where required.

4.1.6. Corporate Communications Unit

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

Rationale

The CTICC's vision is to be one of the world's top 10 leading long-haul international convention centres by 2020. In order to entrench this perception amongst the intended target markets it is important to engage in relevant targeted communication messages and initiatives. Utilising effective communication platforms in this way is vital in order to personalise and create top of mind awareness. Through effectively engaging with the target markets, CTICC will be able to be more responsive to their needs and adapt the service offerings to suit those needs, thereby adding value.

Key Objectives and Action Plans

To effectively communicate CTICC brand essence of opportunity and the experience economy to the relevant target markets in order to:

- Position CTICC to achieve its vision
- Create awareness regarding CTICC East and the expansion project
- Raise the profile of CTICC in the local and international market
- Create top of mind awareness amongst key decision makers

The CTICC wants to communicate the fact that it offers more than just space and catering and is, in fact, a platform for collaboration and knowledge sharing. The CTICC also wants to be known for creating unique and memorable experiences across all event segments.

In terms of social media, CTICC wants continue to increase market visibility with respect to social media platforms and grow the CTICC community on Facebook and Twitter by building brand equity and loyalty. Also expand the social media platforms to keep up with other emerging channels like Instagram and Pinterest.

Interactive Multimedia Press Releases & Editorials

Create multimedia press releases. This will be a traditional press release with interactive short video clips embedded. The chances of news being showcased are substantially higher if it contains interactive elements that are geared at audience engagement.

Press conferences/media roundtables

Focus on strengthening existing ties with local media through hosting regular press conferences and media roundtables. It is important for journalists to engage with the CTICC on its role within the City and the Western Cape as well as the social sustainability initiatives and the role CTICC play within the communities. The focus will also be on the CTICC East opening in 2017.

Create a virtual community of fans of the CTICC

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

Collaborative Social Media Marketing with key event organisers

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

Proactive Marketing and Sustainability Social Media Campaigns

Run innovative social media campaigns geared at promoting the CTICC's Expansion launch, product offerings and campaigns.

Tap into clients networks

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

Mobile Marketing; Videos /YouTube

Integrate opportunities for customer feedback and response through marketing activities. It is important to ensure that the CTICC has a call to action for all the marketing collateral and client engagements. A focus will be on developing customised messaging that is targeted at upselling CTICC's product and services. Develop a mobile information and event calendar application, which will allow people to download relevant events and information that they require.

Trend Analysis

Top 5 Business Communication Trends for 2016

- Communications tools are increasingly web-based
- Continued shift towards mobile
- Increased reliance on cloud-based solutions
- Bigger emphasis placed on enterprise and cloud security

The Commercial Department has noted the continued shift towards mobile and the one-year plan sees an introduction to mobile interaction through the activations as well as a consideration of how these activations will grow exponentially. The aim is to use Mobile Relationship Marketing (MRM) to put more interaction in the hands of the client and engage with them at every touch point. For this reason, CTICC will ensure that it starts to incorporate and integrate this method of marketing across all the platforms, creating a consistent and effective call to action.

Measures and Metrics

Measuring social media traction of campaigns on a monthly basis. Analyse client feedback and engagement to see if targets were achieved and objectives reached.

Budget:

The Corporate Communications Unit has an expense budget of R1.6m for the 2016/17 financial year

4.2. Operations Department

The Operations Department is the largest at the CTICC and is responsible for executing all operational and food and beverage service offerings.
The department consists of the following sub units:
Information Communication and Technology
Maintenance and Facilities
Food and Beverage
Safety and security
Conference and Exhibition services
Parking logistics

• Conferences and Exhibitions

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

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

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

4.2.1. ICT Unit

ICT Overview

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

Rationale

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

- Continual focus on excellent service delivery
- Drive good governance
- Deliver on planned ICT projects and infrastructure
- Exploit revenue generation opportunities

Achieve a full conformance maturity level in line with the DPSA assessment standard through implementation, observation and evaluation in line with the respective frameworks.

The ICT Unit will ensure that all projects are accompanied by approved business cases and project plans, within the agreed format, as contained in the *DPSA Outline for ICT Planning 2014* document.

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

Further enhance the implementation of the DPSA requirements to a point where the maturity level is that of continuous improvement and maintenance.

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

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

Key Objectives and Action Plan

Service Delivery

- A continuous improvement in service delivery for all aspects of ICT.

IT Governance

- Reduced audit findings supported by a mature governance level.

Projects and Infrastructure

- ICT projects and infrastructure completed on time and within budget.

Exploit revenue generation opportunities

- Increase in revenue generated by the unit.
- Deliver on planned ICT projects and infrastructure

CCTV

- Installation of the CCTV head end system
- Installation of CCTV camera's

Access control

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

BMS and Fire Detection

- Replacement of end of life fire system components
- Replacement and upgrades to building management systems
- Replacement and upgrades to end of life building management controllers and software
- Installation of venue management systems
- Installation of integrated weather impact system

Networking and Wi-Fi

- Replacement of end of life Wi-Fi system components
- Replacement of end of life network infrastructure
- Upgrade of network cabling
- Extend Wi-Fi connectivity to the marshalling yard

End user equipment

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

Backup and discovery

- Replacement of end of life backup and storage hardware

Parking

- Replacement of parking informational signage
- Replacement of end of life parking components

Continual focus on excellent service delivery

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

Drive good governance

DPSA Requirements

- Compile information plan
- Document the enterprise architecture
- Formulate Risk Management Policy
- Develop ICT portfolio framework

- Develop ICT performance framework

Trend Analysis

Corbin Ball: Nine Amazing Meetings Technology Trends to Watch in 2016:

- Augmented Reality (AR) and Virtual Reality (VR) will see major growth at exhibitions and events.
- Mobile event apps will mature into full-featured event intelligence and data analytic platforms.
- Second-screen technology and other mobile participant engagements tools will flourish.
- Images and videos will dominate social channels at events.
- The Internet of Things (IOT) will connect people and objects in unprecedented ways for events.
- Bluetooth Low Energy (BLT) and beacon technology will continue to evolve and be deployed at events.
- Wearables (including smart watches, smart bracelets, smart name badges, and wearable beacons) will see increasing use at exhibitions and events.
- Event Intelligence will be the next BIG thing!

Despite the increased use of virtual meetings technology, face-to-face meetings and tradeshows will remain viable.

Measures and Metrics

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

Budget

Front of house projects: R 6,1m
Back of house projects: R 8,5m

4.2.2. Maintenance & Facilities

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

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

Rationale

Provide a world-class facility that meets both national and international 5 star standards, allowing the business to continue to meet & exceed its objectives

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

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

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

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

Key Objectives and Action Plan

- Ensure maintenance & enhancement targets are achieved.
- Generate revenue through provision of electrical services
- Generate revenue through provision of plumbing services
- Manage expenditure
- Maintenance CAPEX projects completed on time and within budget

Trend Analysis

IFMA report - Top 10 trends impacting facility management

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

- **Sustainability** continues to grow in importance and prominence worldwide. Organizations have begun to incorporate it into business goals and culture, and within the profession, it has moved from an emphasis primarily for new construction to influencing existing building operations.

- **Complex building systems and controls** increasingly offer opportunities and challenges for the profession. The industry can leverage new technologies to better manage facilities, but it also needs to ensure that adequate training is in place to educate practitioners on new systems.

- **Older buildings** - facility management faces problems stemming from the aging building stock — difficulties compounded by the global recession. As facilities and mechanical systems reach and exceed their expected operating lives, significant issues of "repair or replace" must be addressed.

- **Disaster preparation -** facility managers play a critical role in business continuity after a disrupting event, not only by crafting and implementing the prepared response plan, but also by serving as role models for the organization in emergency preparedness and business continuity planning.

- **Complex information** - the increasing quantity and complexity of data available to facility managers through new reporting protocols poses challenges and opportunities for the profession. More facility units have added the ability to convert raw data into usable and meaningful information that fosters informed decision making.

- **Finding top talent** in facility management is gaining greater importance. Recognizing that facility management is often not the first choice of today's new graduates, the profession will need to increase its branding and outreach.

- **Marketing** - there is a growing desire to elevate facility management to improve the recognition and perceived value of the profession within the corporate hierarchy. Many have achieved success in this arena through careful alignment with their organization's mission and by emphasizing facility professionals' role as managers of significant assets and enablers of the organization's mission, vision and values.

- **Business acumen -** increasingly, organizations are expanding their expectations of facility management to include both technical and business acumen, which drives the need for an evolving skill set for those in the profession. While the technical aspects are generally well understood, the increased focus on business acumen will require facility professionals to think and act strategically and to communicate their positions in the language of the c-suite.

- **Healthy facilities** - there is a growing recognition that facility management contributes to the health and well-being of building occupants, thereby benefiting efficiency, productivity and profitability — key pillars of an organization's bottom line.

- **Changing work styles** significantly affect both occupant behaviour and the vacancy rate of buildings, which affects how buildings must operate. Facility management increasingly faces challenges posed by open work plan arrangements, differing hours of operation, and varying occupancy rates and densities — all of which impact power use and other considerations.

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

Measures and Metrics

- Manage project plan through gant charts
- Manage monthly and annual budgets to zero percentage variance
- ROI will be reflected in the budgets

Budget	**Amount**
Opex	R5.7m
Capex	R 16.5m

4.2.3 Food and Beverage Unit

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

During 2015, the CTICC successfully catered for thousands of patrons at consumer events hosted within the exhibition halls and surrounding areas. The CTICC also successfully hosted numerous plated dinners for up to 2000 guests.

The kitchen at the CTICC is one of the largest and most sophisticated in the Western Cape, directly linked to seven satellite kitchens, ensuring prompt and efficient delivery of hot, fresh meals for any number of delegates. Using the latest in cooking technologies and following the latest trends, we are recognised as the preferred provider of convention services and facilities within the Western Cape.

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

This unit strives to deliver with the mind-set of a restauranteur, in order to break the perception of the Centre's culinary offering being that of an institutional Food and Beverage offering. With this in mind, as well as recognising that Food and Beverage costs are escalating at alarming rates, the unit remains focused on achieving levels of profitability as attained in years gone by. The unit has therefore implemented the following controls / initiatives:

- Panels of vendors to leverage buying power
- Tools such as 'Menu Engineering'
- Introduction of high end banqueting product at an extra cost
- Introduction of event based costings
- Resourceful management of costs without compromising on service delivery
- An automated goods receiving process called "Procure.net" which is an extended module of the existing Ankerdata Point of Sale (POS) system. (Procure.net is running as a stand-alone system at present, but it is the intention to integrate it fully with EBMS.)
- Together with the Sales Unit be pro-active in upselling banqueting sales
- Creative packages with higher contribution margin

- Maintain the high standards of hygiene principles and the HACCP accreditation

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

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

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

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

Rationale

The CTICC wants to achieve and exceed customer satisfaction results above the required bench mark of 75%

The Food and Beverage Unit's strategy has been developed to achieve specific objectives over the coming year. The CTICC wants to increase revenue, reduce operating costs and offer clients flexibility.

In addition, the CTICC wants to position the Food and Beverage Unit alongside any similar units, internationally. By achieving the goals set above the CTICC will maintain the existing clientele and potentially bring in new business. This will be achieving through various innovative departmental product and service enhancements , with a specific focus on;

- Keeping the menu pricing modest while offering superior food quality and presentation
- Producing fresh, innovative Food and Beverage concepts keeping sustainability in mind
- Interactive cooking and beverage stations and self-service stations
- Provision of all-inclusive Food and Beverage solutions
- Improving the public catering concept offering through interaction with clients and acknowledging their feedback
- Explore self service solutions
- Focus on quality and quantity at a reasonable and consistent price
- Integrate the existing Procure.net stock control system into EBMS

Key Objectives and Action Plan

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

- Achieve high levels of customer satisfaction & exceed the targets.
- Stay ahead of the game
- Be innovative in the approach to cuisine offerings.

Increase the percentage of income through public catering and innovative culinary offerings.

- Once the CTICC has created a new theme for the public catering with competitive pricing, it anticipates increased support from the locals for the public catering areas

Reduce staff turnover within the unit

- Cross training of staff
- Keep staff updated on event legislation matters
- Encourage staff to innovate and improve productivity
- Create a comfortable environment, to lift staff morale

Enhance digital content of the Food and Beverage offering on CTICC website for ease of reference

Optimize stock control within the Food and Beverage Unit

Measures and Metrics

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

- People Metrics – To invest in the staff by giving opportunities to individuals who have potential to grow within the unit. This will boost the morale of the staff and in turn increase operational efficiency.

- Process Metrics – Analysis of the CSI reports for the unit will indicate whether the processes are in line with what they should be to ensure service excellence. The CTICC intends to improve in areas that require attention, like the Beverage Unit.

- Customer Metrics – Client relationships are crucial and the CTICC intend to leverage this by creating memorable experiences. The dedicated staff are skilled and are determined to portray the values.

- Financial Metrics – Profit will determine how much money both Food and Beverage contributes to the Catering Unit. The CTICC intends on evaluating its cost effectiveness and how best it can reduce and manage costs within the Food and Beverage Unit. By analysing the projected vs actual revenue streams it will be able to determine its financial viability. The CTICC also intends to evaluate each segment in order to determine which is valuable and which is not.

4.2.4 Safety and Security Unit

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

Rationale

Drive ISO standards, maintain accreditation and implement:
In April 2015, the CTICC successfully completed a SANS 10330:2007 HACCP surveillance audit, and in September 2015 the CTICC successfully underwent the process for ISO re-certification for ISO 9001: 2008, ISO 14001: 2004, ISO OHSAS 18001: 2007. The CTICC achieved full re-certification from the South African Bureau of Standards (SABS), for all, ISO certifications.

The CTICC constantly strives to improve the service delivery and product offering. To this end, it is the intention of the Food and Beverage Unit to initiate the process for the establishment of systems, to support the application for certification as being both ISO 45001 and ISO 22000 compliant by 2018. The ISO 45001 certification will replace the existing ISO OHSAS 18001: 2007, and the ISO 22000 will replace the SANS 10330:2007 HACCP certification. It is intended that the ISO 9001: 2008, ISO 14001: 2004 will remain, and when re-certified, achieve the improved level of ISO 9001: 2015, ISO 14001: 2015.

Key Objectives and Action Plan

Implement the necessary systems to maintain ISO certifications.

- Introduce and maintain service provider accreditation .i.e. new ID card system.
- Introduce and apply to the City of Cape Town for event permit exception and venue grading certificate.
- Security measures pertaining to the control of stock, equipment and people moving in and out of the building is not sufficient and the current security design “accommodates” staff placed in certain areas of the building. Internal tests have shown that there are gaps within the security design. These are being addressed.
- Develop and introduce online training pertaining to Safety, Health, Environmental and Quality (SHEQ) IMS and ISO accreditation to prepare for the recertification on the new standards.
- Create a CTICC Safety and Security booklet as part of the induction process.
- Develop online accreditation and induction training for service providers.
- Re-design the staff entrance and introduce separate contractor and staff entry point with enhanced security features.
- Install and restrict access via P3 Parking by introducing a biometric lock system on each door.
- Develop and introduce a key policy.
- Identify key areas for CCTV expansion i.e. Kitchen

Measures and Metrics

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

4.2.5 Conference and Exhibition Services Unit

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

Rationale

- A turnkey product and service offering through an appointed panel of 3 service providers, for the exhibition clientele.
- This will assist us in the objective in providing seamless exhibition and conference services.

- In collaboration with the Health and Safety Unit, implement an accreditation process whereby all non CTICC preferred suppliers will have to undergo a process of attaining accreditation to render their respective services at the CTICC.
- This will assist the business in having better control measures in place as it aims to consistently provide a world class service offering for all conference and exhibition related services.

- The sole use CTICC's in-house, contracted; cleaning service provider will take care of all event cleaning requirements in the building.
- This will assist the business in having better control measures in place as it aims to consistently provide a world class service offering for all conference and exhibition related services.

- Event Permit Applications – This is a labour intensive process and will going forward, only be conducted for international clients, at a cost.

Key Objectives and Action Plan

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

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

Historically, the CTICC has advertised multiple tenders for the provision of stand building and exhibition services. Although the CTICC has always been successful in the appointment of exhibition services service providers, unfortunately clients have not always been sufficiently happy with the quality of service being provided by a multitude of suppliers for a single event, and more often than not choose to employ the services of a single provider to deliver a turnkey solution for their event.

To this end, with the intention of improving the level of service the service providers provide to clients, as well as to capitalize on being able to access a rebate on as many services being provided within the centre as possible, the CTICC has engaged in the process of appointing a panel of three turnkey exhibition services suppliers, so as to ensure that whatever the clients personal preference may be with respect to the provision of exhibition services, the CTICC's subcontractor offering should meet such requirements.

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

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

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

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

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

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

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

Budget

The consolidated Sub-contracted Services budget for 2016/17 has been set at R9.3m.

4.2.6 Parking and Logistics Unit

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

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

Rationale

Ease of access to and from the parking facilities

- Seamless access of the parking facilities for all event stakeholders
- Enable and maximise parking availability within the CTICC precinct to as many of its patrons. To this end, the CTICC will require the assistance by the City of Cape Town in the following;
  - That we be afforded the opportunity to lease the vacant piece of land along FW de Klerk boulevard, commonly known as "Areas 1 and 2", on a long term lease, in order to cater for the parking demand when hosting larger and multiple events
  - That we be afforded the opportunity of leasing the area in FW de Klerk boulevard, commonly known as "Area 3", on a long term lease, so as to be suitably developed to accommodate the anticipated delivery vehicle stacking. It is intended for the area to be used as a staging area, prior to them accessing CTICC East complex's Marshalling Yard. The very limited availability of marshalling space within CTICC East, as well as logistical challenges relating to having to operate exhibition halls on two levels, the CTICC has identified that strict logistic controls will be required to alleviate congestion of the Marshalling Yard. To this

end, dedicated logistics personnel will be appointed to control access into the Marshalling yard, from "Area 3".

- The CTICC be afforded the opportunity of leasing basement B -1 within the CTICC East development until such time as the tower is opened.

The implementation of a parking bay indicator system which will provide further ease of accessibility of the parking bays.

Build-up and breakdown logistics

- Smooth build-up and breakdown processes which will increase efficiency from stand builders and client satisfaction.
- Compliance with the City Traffic Services requirements to properly manage the Marshalling Yard and alleviate city congestions.

Easy access of parking facilities and parking bays

- The implementation of the parking bay indicator system which will provide further easy accessibility of the parking bays.

Safe parking facility

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

Key objectives and Action Plan

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

- To ensure a smooth running of event build-ups and breakdowns
- Ensure better planning relating to road closures and through regular engagement with the existing taxi service provider, ensure that they provide

an increased number of shuttle and meter taxi services as and when required for large events to ensure easy access of the parking facility and bays for the visitors, the CTICC will be upgrading the SATT signage system. The upgrade will communicate the availability of bays and the number available in each parking garage.

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

- The current system has exceeded its lifespan and thus provides little or no assistance at all. The SATT Signage system upgrade will alleviate the need for the clients to drive around when looking for available parking, as this in turn creates congestion in the City
- The introduction of the Logistics Unit within the Parking Unit was essential. The Logistics Unit is responsible for identifying and evaluating major build-up and breakdown challenges which may negatively impact on traffic. After the assessment, planning and scheduling will take place in conjunction with event organisers and suppliers.

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

Easy access of parking facilities and parking bays

- SATT signage upgrade for easy access of the parking facility and the implementation of the parking bay indicator for fast and convenient way to find available parking.

Build-up and breakdown logistics

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

Measures and Metrics

Easy access of parking facilities and parking bays

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

Build-up and breakdown logistics

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

4.3 Finance Department

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

- Finance Unit
- Supply Chain Management Unit

4.3.1 Finance Overview

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

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

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

Rationale

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

Key Objectives and Action Plan

Working capital management: Maximising interest income yield

Monitoring debtors and ensuring that outstanding debts are recovered

- To ensure that debtors pay outstanding amounts according to the credit control policy and that outstanding debts are collected according to the debt collection policy. This ensures that sufficient funds are available and that the organisation remains a going concern.

- Debtors' days maintained at healthy levels where debts are collected according to the debt collection policy, monitoring debtors and ensuring that outstanding debts are recovered. This will be monitored by calculating debtors' days on a monthly and annual basis.

Timeous payment to suppliers

- To timeously pay SMME suppliers 15 days from statement. These suppliers have a turnover of less than R5m per annum and rely heavily on cash flow. In addition, the development of these suppliers contributes to the BBBEE rating. To timeously pay other suppliers 30 days from statement as per the MFMA. These suppliers have a turnover of above R5m per annum
- Ensuring that supplier payment terms are strictly enforced.
- Cash flow management and optimising interest earned
- Ensure that there is enough cash available to finance business operations and that surplus cash is invested according to the investment policy, yielding maximum interest income.

Improving the fixed asset management control environment

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

Asset barcoding project

- In order to further improve the accuracy and control of fixed assets and the fixed asset register, the CTICC would like to embark on an asset barcoding project. This would involve barcoding assets and tying this back to the fixed asset register.

- Improving the fixed asset management control environment: Physical assets can be traced back to the fixed asset register. All asset descriptions are standardised and serial numbers and other important information captured for each asset in EBMS and on the fixed asset register

Monitoring of cash payments made in relation to CTICC East

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

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

Financial reporting

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

Ensure that all reports are distributed by the respective deadline dates.
Better decision making and transparency.

Internal audits

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

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

Achieving an unqualified, clean audit report annually

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

Efficient receipting of supplier invoices and statements

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

CTICC East: Setting up of Management Report

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

4.3.2 Supply Chain Management Unit

Supply Chain Management Overview

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

Key Objectives and Action Plans

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

Enterprise development and empowerment

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

Detailed demand management

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

Institute effective cost saving mechanisms to improve profitability

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

Green procurement / sustainable procurement

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

Trend Analysis

Enterprise development and empowerment - At the end of 2014/15 financial year, SMME's comprised 68% of total suppliers. During 2013/2014 financial year, these comprised 63% of total suppliers. The organisation is therefore developing these suppliers which have contributed to the trend of achieving a level 2 BBBEE rating since 2009. BBBEE spend increased from 78.44% in 2013/2014 to 85.52% in 2014/15.

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

Achieving an unqualified, clean audit annually - The CTICC has achieved an unqualified, clean audit report for the 2013/2014 and 2014/15 financial years. The CTICC's goal is to maintain this trend and achieve this in the 2015/2016 financial year and beyond.

4.4 Governance Unit

4.4.1 Governance overview

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

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

Rationale

It is important that Board members are aware of their duties and responsibilities as directors in terms of the applicable legislation and Good Corporate Governance Principles in general. New Board members must therefore receive a thorough induction as soon as possible to enable them to add value to the Company.

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

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

Key objectives and action plan

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

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

The Company Secretary will aim to timeously provide the necessary support and information to enable her colleagues and other employees to make informed decisions and submit accurate and to complete documentation where necessary (e.g. bids).
An important ongoing task is ensuring that the necessary information is compiled to ensure that the Company receives the best possible BBBEE rating under the new Sector code, based on the information provided.

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

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

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

4.5 Human Resources Department

4.5.1 Human Resources Overview

The Human Resource department is transitioning from a service delivery model to a business partnering model, by becoming more of a strategic partner. HR will partner with the business in the formation of strategy, the design of the organisation, and implementing the business mode. The operational goal of the Human Resources Department is to drive and support the workforce through development, recruitment and retention.

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

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

Human Capital Development is one of the Company KPIs.

Key Objectives

To ensure that the CTICC remains an employer of choice, and nourish the development of the employees in order to create an environment that recognizes hard work and talent. The three key objectives of the HR department for 2016/17 are:

- Efficiency – identifying and improving the cost of HR service delivery (e.g. cost of hiring) as well as time taken to provide the services (e.g. time take to fill vacancies)

- Effectiveness – cost/benefit analysis of HR service delivery, as well as the HR dashboard or scorecard to measure effectiveness

- Impact – this is the quality of talent decisions, as well as the business impact of low vs high performance of staff

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

- Attracting the best calibre employees. CTICC will continue to provide competitive market related remuneration and affordable benefits, while aligning recruitment processes to best practice;

- Retaining employees by providing competitive market related remuneration, and through offering development opportunities to the employees. CTICC will also retain employees through the provision of safe and compliant working environment, where the leaders are developed to effectively lead their teams;

- Continuing with the Training and Development initiatives. Training needs are identified through a skills audit, per department. Individual personal development plans will be drawn up for all employees. Internship and 'Job shadow opportunities are on-going initiatives;

- Continuing to acknowledge exceptional performance through the approved Rewards and Recognition Programme

- Ensuring compliance with all applicable legislation. This includes having identified staff skilled in the Minimum Competency Levels Training course, designed by National Treasury, specified in Government Gazette 29967, of June 2007;

- Developing and updating the company policies to ensure that they are aligned with legislation and best practice and to continue communicating these to all staff.

Rationale

In order to continue to successfully run a convention centre of such high calibre, CTICC would need to retain the best staff and ensure ongoing development, in order to remain aligned to international standards, expectations and best practice. By engaging with staff and keeping staff engaged, CTICC will be able to be more responsive to their needs. Simply by taking care of the employees CTICC will ensure that the business runs smoothly, as research has found that the more engaged employees are, the more happy employees are in their jobs, thus ensuring that they perform optimally at all times.

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

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

Design a retention and engagement strategy by:

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

Trend Analysis

Human Resources Trends

Engaged Employees and their commitment to the organisation:

Increasing levels of employee engagement through focusing on holistic employee wellbeing.

Creating an environment and brand that allows the CTICC to be an employer of choice alongside the current reputation of success.

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

The following strategies will be implemented:

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

Measures/ Metrics and Return on Investment (ROI)

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

The key measures in this regard are:

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

Additional measures / metrics include:

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

5. BUDGET

5.1 Financial Projections

Despite global and national economic challenges, the CTICC's financial history indicates that the company has managed to generate an operating profit year on year. As a municipal entity the CTICC is mandated to ensure its financial sustainability, while also contributing to GDP and job creation. The financial plan for 2016/17 reflects that, with the projected hosting of 500 events, the company will be generating a total revenue of R218m for the year. The 2016/17 financial year budget has taken into account four months of trade of the CTICC East Expansion; however costs have been accounted for from practical completion date being October 2016. The result of this is that the existing operation has to absorb the start-up costs for the new building. The 2016/17 operational plans which are factored into the budgets have taken into account growth in primary and secondary revenue streams, as well as the continuous drive to save on costs. The business needs in respect of capital expenditure for the existing building, which is also funded from CTICC reserves, have been budgeted at R34.8m for the year. The capital expenditure is for new and existing assets, which will contribute to the CTICC remaining a world class facility.

The 2016/17 budget process was prepared following a similar approach used in

previous years. The budget takes into account the current market conditions, such as inflation, historical trend analysis, as well as the proposed City budget guidelines. The combined budgeted 2016/17 operating profit before interest depreciation and tax (EBITDA) for the company is projected at R2.3m for the year. The existing facility will generate a R26.7m operating profit before interest depreciation and tax (EBITDA), however, this will be absorbed by the start-up costs of the R24.4m for the new building.

The 2016/17 budget includes a 41% (R43m) "blue sky" revenue, as the budget is prepared for the City well in advance of the start date of the 2016/17 financial year, where there are few bookings in the system on which the budget can be based. Due to the nature of the business and the increase in short term bookings we have always included a portion of "unknown" revenue for the unknown or short term business. As venue rental income is the primary source of revenue the other revenue streams' budgets are prepared with these same assumptions.

Gross Margins is budgeted to be maintained at an average of 77%. Indirect costs for the existing facility has been budgeted to increase at 6.5%, for most of the categories of indirect costs except for maintenance, electricity, water, refuse, personnel costs and building costs, which have been budgeted to increase in line with the City budget guidelines. The 2016/17 budget reflects a R14.3m profit before tax for the existing facility and a net loss before tax of R32.4m for the new building. The combined net loss after tax for the 2016/17 financial year is budgeted at R18m.

5.2 Financial Year Comparative

The following table shows the 2014/15 actual amounts as well as the current financial year budget projected to the 2016/17 financial year.

	Actual 2014/15	Budget 2015/16	Adjustment Budget 2015/16	Budget 2016/17
Revenues	**196 536 776**	**192 726 498**	**194 726 498**	**217 851 350**
Venue hire	95 218 946	91 104 096	92 104 096	104 435 184
Food & beverage	73 554 573	77 208 242	77 208 242	87 297 999
Parking & other income	27 763 257	24 414 160	25 414 160	26 118 167
Less: direct costs	**39 066 078**	**41 007 804**	**42 132 115**	**48 471 952**
Cost of sales	22 908 429	24 879 928	26 004 239	29 521 768
Other direct costs	16 157 649	16 127 876	16 127 876	18 950 184
Gross profit	**157 470 698**	**151 718 694**	**152 594 383**	**169 379 398**
Less: indirect costs	**104 524 646**	**124 743 215**	**125 840 712**	**167 015 368**
Personnel & management	44 372 341	54 901 387	56 361 387	74 322 753
Building costs	39 306 805	45 772 626	44 750 009	63 536 289
Marketing & other indirect costs	20 845 500	24 069 202	24 729 316	29 156 326
EBITDA	**52 946 052**	**26 975 479**	**26 753 671**	**2 364 030**
Interest received	30 836 658	22 567 788	27 111 735	15 084 150
Less: Interest paid	(95 104)	-	-	(6 130 748)
Depreciation	22 968 436	29 789 593	29 789 593	29 356 304
Net profit/(loss) before taxation	**60 719 170**	**19 753 674**	**24 075 813**	**(18 038 872)**
Taxation	18 576 298	5 531 029	6 741 228	-
Net profit/(loss) after taxation	**42 142 872**	**14 222 645**	**17 334 585**	****(18 038 872)**

** includes operational activity for CTICC East for four months of 2016/17 financial year and based on the assumption that: (1) Lakeside is secured and that (2) CTICC will open as per the expected practical completion date in October 2016.

5.3 Capital Expenditure Budget 2016/17

Category and Description	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19
Building enhancements	16 495 000	16 500 000	13 950 000	14 856 750
IT & electronic infrastructure	10 849 109	14 534 833	13 918 166	14 822 847
Kitchen enhancements	1 050 000	1 040 730	1 348 100	1 435 726
Catering furniture & equipment	4 174 897	2 733 050	4 260 000	4 536 900
CTICC operational capex budget	**32 569 006**	**34 808 613**	**33 476 266**	**35 652 223**
CTICC East	467 975 076	238 171 026	7 000 000	7 000 000
Total capex budget	**500 544 082**	**272 979 639**	**40 476 266**	**42 652 223**

Operational capital expenditure will be funded from the company's cash reserves, CTICC East capital expenditure will be funded as agreed upon by its shareholders by way of a share issue.

Annexure

Financial Performance
3yr budget 2017 – 2019

Category	Actual 2014/15	Budget 2015/16	Adjustments	Adjustment Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19
Revenue by source							
Rent of facilities and equipment	95 218 946	91 104 096	1 000 000	92 104 096	104 435 184	145 716 179	170 337 645
Interest earned – external investments	30 741 554	22 567 788	4 543 947	27 111 735	8 953 402	4 585 068	5 232 169
Other revenue	101 317 830	101 622 402	1 000 000	102 622 402	113 416 166	152 508 924	176 661 252
Total revenue	**227 278 330**	**215 294 286**	**6 543 947**	**221 838 233**	**226 804 752**	**302 810 171**	**352 231 066**
Expenditure by type							
Employee related costs	44 016 802	54 028 087	1 460 000	55 488 087	73 268 680	92 505 990	98 518 879
Remuneration of board members	355 539	873 300	-	873 300	1 054 073	1 386 726	1 476 863
Depreciation & asset impairment	22 968 436	29 789 593	-	29 789 593	29 356 304	53 565 829	57 446 188
Other expenditure	99 218 383	110 849 632	761 808	111 611 440	141 164 567	177 054 001	194 611 081
Total expenditure	**166 559 160**	**195 540 612**	**2 221 808**	**197 762 420**	**244 843 624**	**324 512 546**	**352 053 011**
Surplus/(deficit) before taxation	**60 719 170**	**19 753 674**	**4 322 139**	**24 075 813**	**(18 038 872)**	**(21 702 375)**	**178 055**
Taxation	(18 576 298)	(5 531 029)	(1 210 199)	(6 741 228)	-	-	(49 855)
Surplus/(deficit) after taxation	**42 142 872**	**14 222 645**	**3 111 940**	**17 334 585**	****(18 038 872)**	**(21 702 375)**	**128 200**

** includes operational activity for CTICC East for four months of 2016/17 financial year and based on the assumption that: (1) Lakeside is secured and that (2) CTICC will open as per the expected practical completion date in October 2016.

Financial Position
3yr budget 2017 – 2019

	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19
ASSETS					
Non-current assets	**264 119 857**	**734 874 346**	**978 497 681**	**965 408 118**	**950 609 486**
Property, plant and equipment	264 115 089	734 869 578	978 492 913	965 403 350	950 609 386
Investment in subsidiary	100	100	100	100	100
Deferred taxation	4 668	4 668	4 668	4 668	-
Current assets	**582 845 409**	**155 236 163**	**238 171 582**	**252 579 608**	**277 477 959**
Inventories	1 765 555	2 002 326	2 273 176	3 190 701	3 695 390
Trade and other receivables	26 448 312	3 894 531	4 357 027	5 964 502	6 939 978
Cash and cash equivalents	554 631 542	149 339 306	231 541 379	243 424 405	266 842 591
Total assets	**846 965 266**	**890 110 509**	**1 216 669 263**	**1 217 987 726**	**1 228 087 445**
NET ASSETS AND LIABILITIES					
Net assets	**752 174 213**	**807 717 299**	**1 069 679 826**	**1 047 977 452**	**1 048 105 651**
Contribution from owners	967 427 701	1 005 636 201	1 285 637 601	1 285 637 601	1 285 637 601
Accumulated deficit	(215 253 488)	(197 918 902)	(215 957 775)	(237 660 149)	(237 531 950)
Non-current liabilities	**-**	**-**	**56 415 428**	**52 435 825**	**48 062 843**
Deferred taxation	-	-	-	-	45 188
Long term loans	-	-	56 415 428	52 435 825	48 017 655
Current liabilities	**94 791 053**	**82 393 210**	**90 574 009**	**117 574 449**	**131 918 951**
Client deposits	36 429 117	35 050 770	39 213 243	53 680 519	62 459 801
Trade and other payables	53 938 793	36 954 022	47 407 210	59 608 278	64 813 501
Provisions	3 364 567	3 647 191	3 953 556	4 285 652	4 645 649
Receiver of revenue	1 058 576	6 741 227	-	-	-
Total net assets and liabilities	**846 965 266**	**890 110 509**	**1 216 669 263**	**1 217 987 726**	**1 228 087 445**

** includes operational activity for CTICC East for four months of 2016/17 financial year and based on the assumption that: (1) Lakeside is secured and that (2) CTICC will open as per the expected practical completion date in October 2016.

Cash Flow Statement
3yr Budget 2017 – 2019

	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19
Cash flow from operating activities	**78 796 255**	**57 043 346**	**18 764 884**	**56 338 896**	**70 488 579**
Cash generated from operations	67 809 083	30 990 187	16 552 709	51 753 828	65 256 410
Finance costs	(95 104)	-	(6 130 748)	(5 735 716)	(5 297 150)
Finance income	30 836 658	27 111 735	15 084 150	10 320 784	10 529 319
Taxation paid	(19 754 382)	(1 058 576)	(6 741 227)	-	-
Cash flow from investing activities	**(81 878 694)**	**(500 544 082)**	**(272 979 639)**	**(40 476 266)**	**(42 652 223)**
Acquisition of property, plant and equipment	(81 878 694)	(500 544 082)	(272 979 639)	(40 476 266)	(42 652 223)
Cash flow from financing activities	**202 714 500**	**38 208 500**	**336 416 828**	**(3 979 604)**	**(4 418 170)**
Proceeds from share issue	202 714 500	38 208 500	280 001 400	-	-
Proceeds from long term loan	-	-	60 000 000	-	-
Repayment of long term loan	-	-	(3 584 572)	(3 979 604)	(4 418 170)
Increase in cash and cash equivalents	199 632 061	(405 292 236)	82 202 073	11 883 026	23 418 186
Cash and cash equivalents at beginning of the year	354 999 481	554 631 542	149 339 306	231 541 379	243 424 405
Cash and cash equivalents at end of the year	**554 631 542**	**149 339 306**	**231 541 379**	**243 424 405**	**266 842 591**
Cash generated from operations					
Profit before taxation	60 719 170	24 075 813	(18 038 872)	(21 702 375)	178 055
Adjustments for:					
Depreciation	22 968 436	29 789 593	29 356 305	53 565 829	57 446 188
Interest received	(30 836 658)	(27 111 735)	(15 084 150)	(10 320 784)	(10 529 319)
Finance cost	95 104	-	6 130 748	5 735 716	5 297 150
Loss on disposal of property, plant and equipment/ (Profit)	109 288	-	-	-	-
Increase in provision for bonuses	115 062	282 624	306 364	332 099	359 995
	53 170 402	27 036 295	2 670 395	27 610 485	52 752 069
Movements in working capital	14 638 681	3 953 892	13 882 314	24 143 343	12 504 341
(Increase)/decrease in inventories	(697 142)	(236 771)	(270 850)	(917 525)	(504 689)
Decrease/ (increase) in receivables	(16 241 013)	22 553 781	(462 497)	(1 607 475)	(975 476)
Increase (decrease) in payables	31 576 836	(18 363 118)	14 615 661	26 668 343	13 984 506
	67 809 083	**30 990 187**	**16 552 709**	**51 753 828**	**65 256 410**
Capex additions	27 022 862	32 569 006	34 808 613	33 476 266	35 652 223
CTICC East	54 855 832	467 975 076	238 171 026	7 000 000	7 000 000

** includes operational activity for CTICC East for four months of 2016/17 financial year and based on the assumption that: (1) Lakeside is secured and that (2) CTICC will open as per the expected practical completion date in October 2016.