

annual report



ICC DURBAN

INTERNATIONAL CONVENTION CENTRE
INKOSI ALBERT LUTHULI ICC COMPLEX
DURBAN, SOUTH AFRICA

2010



where africa and the world meet



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company profile

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The International Convention Centre Durban is the operating and management company for the Inkosi Albert Luthuli ICC Complex. The convention complex integrates the Arena, ICC Exhibition Centre and the Hilton Hotel. The entire complex can be turned into a completely secure island site for large events. The complex is widely acknowledged as one of the most advanced conference facilities in the world. The ICC Durban is, without doubt, world-class in every respect. It is renowned for its high standards of service, cutting edge technology and top-level catering. The architecturally appealing purpose-built centre offers supreme flexibility and versatility, ensuring its ability to deliver in terms of meeting any need, big or small. The centre is strategically located near Durban's central business district, just minutes from hotels and beaches and a quarter of an hour from the International airport. Durban's excellent infrastructure, warm climate and wide variety of cultural experiences and entertainment facilities have added to its appeal with international tourists.



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the international convention centre durban

The centre's three interlinked convention halls may be seamlessly configured to provide for a range of needs, or be opened to provide a cavernous 7000 square metre column free floor space with seating for some 5000 people. A unique feature of the centre is its retractable raked-seating system in Hall One. With the raked seating lifted into the ceiling, the flat floor configuration provides for an area divisible into two separate venues of 925 square metres each. The raked-floor configuration provides for an auditorium seating 1800 people and may also be divided into two halls accommodating 840 people in each. Hall two employs operable walls dividing halls one, two and three, which may be moved to create a single venue seating up to 5000 people. Hall two is serviced by two satellite kitchens and has three different room configurations. Further venues include up to 40 meeting rooms, varying from 43 to 396 square metres, three hospitality suites and press rooms.

The ICC Durban Arena

The ICC Durban Arena provides a cultural hub in the very heart of the city, a uniquely practical venue designed for concerts, sporting events and much, much more. This is a multi-purpose platform which meets and beats exacting international standards. The Arena provides the perfect platform for any event, with operable walls and retractable seating creating the flexibility for a variety of configurations and the accommodation of between 2500 and some 10 000 people. The space, with a 12 metre height capacity, may be divided into eight smaller halls or a full size oval arena.

The Arena's unique design allows for the effective staging of both local and international concerts, indoor sporting events and even ice shows, figure skating and ice hockey. The Arena's floor area, loading bays and entrances are all on one level, providing simple, cost effective event set-up, while the venue's technical specifications are regarded as being on par with the best in the world. The Arena features four media booths, a 40-seater VIP booth, medical facilities, dressing and change rooms and an operations centre.

The ICC Durban Exhibition Centre

The ICC Durban Exhibition Centre has a reputation of a world-class, multi-purpose

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exhibition, function and conference centre. The 3 600 square metre exhibition area is column-free and may be utilized as a single venue or divided into three separate areas. In addition to an organiser's office and a VIP suite, Hall two provides a gallery comprising four booths for media or private use. Adjacent smaller venues, consisting of Coast of Dreams, Mystrals, and Hall six are perfect for meetings, break-away sessions, cocktail functions and the like.

chairperson's review

Many believed that the ICC Durban would be immune to the global economic crisis; however this was not the case and we too have been hit although somewhat later and not as hard. In particular we suffered a substantial decline in government business. Despite the adverse impact of the economic downturn on the ICC Durban's performance our balance sheet remains strong. It must be noted that the ICC was built to serve as a catalyst for economic prosperity and can therefore not be judged solely on its balance sheet. Stringent cost reductions have enabled us to generate a small profit.

The ICC Durban contributed significantly to the development of the City of Durban in terms of economic impact, transformation and job creation.

In 2010 the ICC Durban generated a total of 1 442 760 delegate and visitor days in Durban. This resulted in the ICC Durban contributing R2.59bn to national GDP and R450.5m to KwaZulu-Natal GGP. From an employment perspective, 3 334 people were employed directly in the province as a result of the ICC Durban while a further 4 463 were employed indirectly throughout the country. These performance indicators clearly highlight the continued contribution of the ICC Durban to the economic development and job creation goals of the eThekwin Municipality and the Province of KwaZulu-Natal.

Other macroeconomic benefits are the generation of R234.4m in tax revenue and the creation of R1.3bn in indirect household income. In each of the macroeconomic contributions mentioned above, the contribution of delegate expenditure accounts for between 64% and 77% of the impact, while induced tourism contributes about 17%. The ICC Durban was a net generator of R363.2m in foreign exchange earnings for the country. As a Board, we remain proud to be part of the greater effort to drive the developmental goals of our shareholders through this strategic asset.

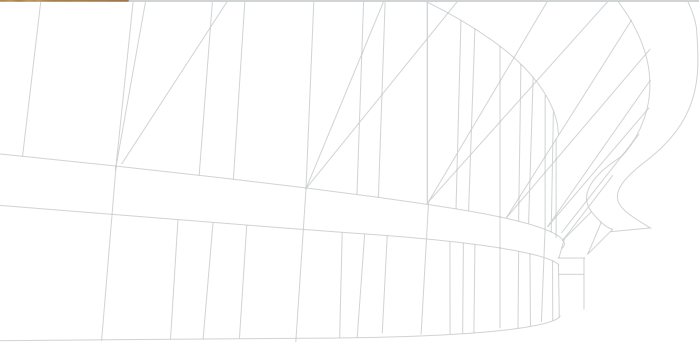
The ICC Durban executive team, with the assistance of all employees have shown resilience and succeeded in preserving cash to see the company through the economic downturn. On behalf of the Board of Directors I thank the executive management team for their hard work throughout the year and for their commitment to the long term sustainability of our company.



My thanks is also extended to the ICC Durban Board and our shareholders for their support, guidance and contributions throughout the year. We will continue to do everything in our power to live up to the expectations placed in us for the next fiscal.

Sincerely

Mato Madlala
Chairperson
ICC Durban (Pty) Ltd



chief executive's review



The ICC Durban contributed significantly to the development of the City of Durban in terms of economic impact, transformation and job creation.

EXECUTIVE SUMMARY

General

I am pleased to report that despite the challenging year the centre still performed very strongly with turnover ending at R105m. This is a satisfactory performance when considering that there was a 51% decline in government business year on year. All other market segments held their own with only the association's segment turnover declining by 3%.

The special events market segment showed particularly strong growth with an 87% increase in revenue over the prior year.

MARKET SEGMENT	REVENUE 2009-2010	REVENUE 2008-2009	% CHANGE REVENUE
Association	30 059 334	31 002 228	-3%
Corporate	31 102 937	29 966 440	4%
Government	24 770 512	50 546 384	-51%
Private Functions	5 386 806	4 309 160	25%
Special Events	8 273 006	4 428 755	87%
Total	99 592 595	120 252 967	-17%

Fig 1

Due to the lower turnover above, and pressures placed on operating expenditure, the company ended with a R10.7million operating loss.

It must be noted that in terms of economic development of the region, one of the primary objectives, the ICC managed to achieve a 6% increase in contribution to national GDP of R2.59 billion (2009: R2.37 billion) and also increased its contribution to gross geographic product to R450 million (2009: R399 million). This reflects the vital position the ICC plays in contributing to local and national economic development.

The high cost of event and permanent staff costs put extreme pressure on operating costs. However the gross profit margin improved 21% to 76% (2009: 55%), and was also 25% greater than the 61% budgeted for. Management will continue to focus on strategies to improve these margins.

Most of the executive management team were employed in the last fiscal year, this has however not lead to any lowering of performance. To the contrary, client and customer feedback has been particularly positive in the 4th quarter reflecting new initiatives to empower the ICC operational departments to deliver service excellence.

The sales and marketing department have also increased its focus on improving the forward calendar which is the most important aspect to assuring the ongoing sustainability of the company. The Tourism Indaba has now been secured for the next five years and a further five bids were also won in this period.

Our operational department has embarked on extensive training programs and the identification of talent which has improved our service offering significantly. We have also maintained our AIPC ranking as one of the worlds top 20 convention centres. Furthermore we have again been voted as "Africa's Leading Convention Centre" which consistently confirms our position in the market.

FINANCIAL PERFORMANCE SUMMARY

Due to the lower business levels, revenues year to date are 12.7% below budget. Gross profit margins were 25% greater than budgeted at 61%; with a negative operating loss of R10.7million being posted as at the end of the financial year.

Financial Performance

	ACTUAL 09/10 R'000	ACTUAL 08/09 R'000	BUDGET 09/10 R'000	VARIANCE %
Turnover	104,981	126,865	120,203	
Gross profit %	76%	55%	61%	25%
Operating Profit / (Loss)	(10,767)	847	(4,232)	-153%
Operating Profit / (Loss) %	-10%	1%	-4%	-150%

2010 FIFA World Cup effect on Business

The financial results of the company reflect the unique year the ICC has experienced. The whole country was focused on the 2010 FIFA World Cup event had an impact on the results of the ICC. The centre effectively lost one month of turnover as the usual business of conferencing could not take place during the world cup period due to a shortage of hotel accommodation and extremely high air travel prices at the time that contracts for this period were being finalised. It is disappointing that closer to that time accommodation became available and the air travel prices dropped, however the conferences concerned had already been moved to new dates.

Sincerely

Jeremy Hurter
Acting CHIEF EXECUTIVE OFFICER
ICC Durban (Pty) Ltd

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board of directors



Ms Mato Madlala
CHAIRPERSON, ICC DURBAN



Ms Bulelwa Paledi



Mr Themba Ngcobo

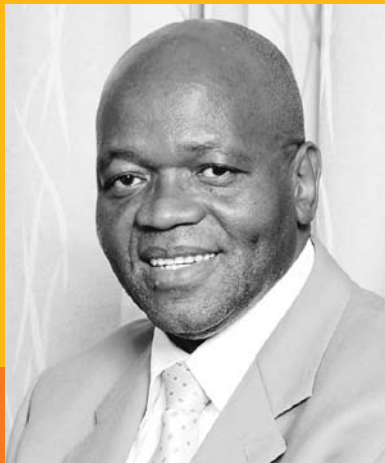
The ICC board of directors and executive management have both contributed significantly to the development of the ICC's achievements during the challenging adverse economic climate that we experienced in 2010.



Mr John van Rooyen



Mr Ashok Sewnarain



Mr Mvuseni Ngubane



Ms Linda Pampallis

executive management



Mr Jeremy Hurter
ACTING CEO



Ms Lyrene Zimmerman
MARKETING & SALES DIRECTOR



Mr John Moatshe
EXECUTIVE CHEF



Mr Eric M van Piggelen
OPERATIONS DIRECTOR



Ms Sibusisiwe Sibanda
FACILITIES SERVICES MANAGER



Ms Khanya Nembula
HUMAN RESOURCES MANAGER



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performance summary



OUR HIGHLIGHTS FOR THE PERIOD

With all its challenges and the adverse economic climate which characterized the period for the 2010 financial year, we were able to record the following achievements:

- Economic impact exceeded the R2.5 billion mark, 6% higher than the past three years.
- We obtained gold certification for the heritage environmental programme.
- We were once again awarded the World Travel Awards award for the “Leading Convention Centre in Africa”.
- We maintained our 5 Star Grading of the Arena and Convention Centre.
- Ranked within the Top 20 Convention Centres by AIPC.
- We funded our second SACCI bursary student, Nonyameko Dube, who after completing her theory will join us for in-service training from the 1st July 2010.
- We secured the bid to host the Tourism Indaba for the next five years.
- We embarked on the ISO9000 and ISO22000 programmes.

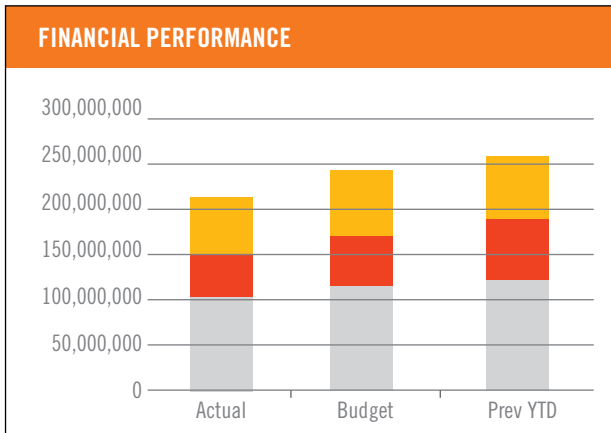
Once again, the team rose to the occasion and continued to deliver many successful events for our clients; new and repeat.

FINANCIAL PERFORMANCE HIGHLIGHTS

Budgeted sales targets for the year were not achieved as a result of 2010 FIFA World Cup business which did not materialize as anticipated. However, gross profit percentage improved in comparison with prior year. Business levels produced a gross turnover of R105.5 million.

	ACTUAL	BUDGET	PREV YTD	VARIANCE BUDGET	VARIANCE PRIOR
Revenue	104,981,364	120,203,001	126,854,473	-13%	-17%
Cost of Sales	25,203,785	46,920,644	57,388,310	-46%	-56%
Gross Profit	79,777,579	73,282,357	69,466,163	9%	15%
GP %	76%	61%	55%		
Operating Expenditure	90,544,310	77,514,891	68,751,271	17%	32%
Operating Profit / Loss)	(10,766,731)	(4,232,534)	714,892		
Operating Profit %	-10%	- 4%	1%		

Revenue ended up being 13% below budget and 17% below prior year. Operating expenditure ended up being 17% more than budget.



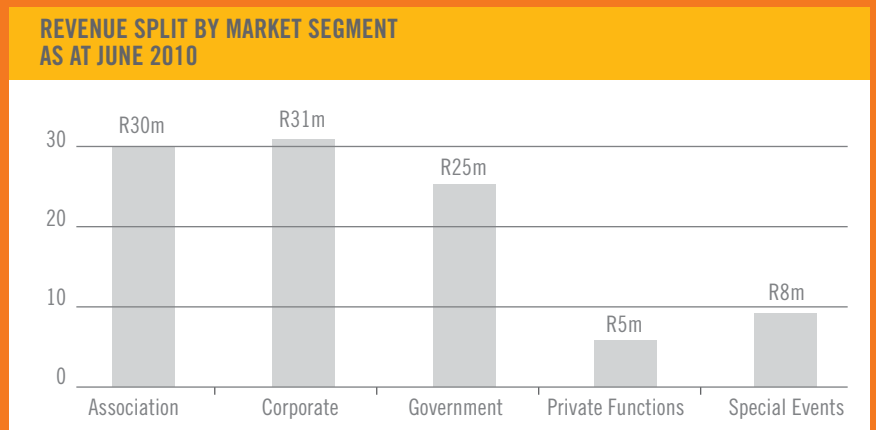
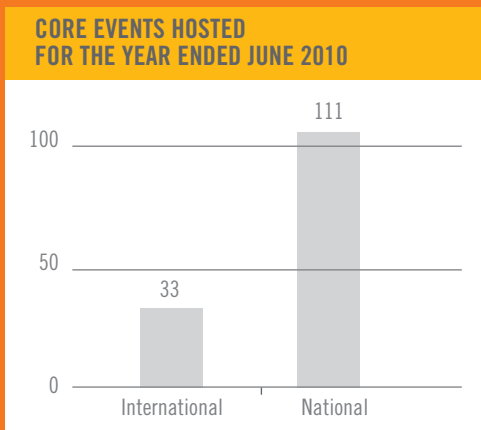
EVENTS HOSTED

During the period under review the ICC hosted a total of 574 events of which 25 were international conferences and 549 national ones. There were 34 association events, 220 corporate events and 96 government events. This represents a 16% decrease in number of events hosted from the previous fiscal; however the events were more qualitatively represented and hence generated higher revenues and an average increase in the duration of the events. In addition average revenue per event has increased by 10%. A total of 363 354 delegates attended the international and national conferences hosted by the ICC.

We hosted several international events that attracted delegates from across the globe which include the International Symposium on Veterinary, Epidemiology and Economics; 57th Session on Statistics; 2nd Conference of African Ministers for Maritime Transport and the World Education Congress on Botanic Gardens.

In terms of Revenue, the government market segment was the biggest contributor, followed by the association market segment.

We hosted several international events that attracted delegates from across the globe.



MARKET SHARE

As the ICCD's core business is international conferences, greater emphasis and focus continued to be placed increasing market share of core business. With the exception of the international association market share, all other figures are relative against our main competitor.

performance summary

MACROECONOMIC CONTRIBUTION DURING THE 2009 FINANCIAL YEAR

The number of events hosted were lower than the previous fiscal, but were qualitatively better as reflected in the economic impact.

This resulted in the ICC Durban contributing R2.59bn to the national Gross Domestic Product (GDP) and R450.5m to the Gross Geographic Product (GGP) of KwaZulu-Natal GGP. The effect of induced tourism (which is the result of international tourists from previous conventions returning as visitors to the country) made a significant contribution to the economy as well.

MACROECONOMIC CONTRIBUTION FOR THE 2010 FINANCIAL YEAR

RAND MILLION, 2010 PRICES	GDP	KZN GGP	DIRECT KZN JOBS	INDIRECT SA JOBS	INDIRECT TAXES	INDIRECT H-HOLD INCOME	NET FOREX EARNINGS	DELEGATE & VISITOR DAYS
ICC Capital Expenditure	8.8	1.5	13	14	0.9	4.8		
ICC Operational Expenditure	34.1	7.1	26	55	3.9	17		
Host/Organiser Expenditure	49.1	10.5	32	83	5.2	26.3		
Exhibitor Expenditure	364	57.7	136	541	34.9	182.9		
Delegate Expenditure	1,690	306.1	2,570	3,035	148.7	856.1		
Sub-Total	2,146	383	2,778	3,729	193.7	1,087.1		
Induced Tourism	440.9	67.5	556	735	40.8	221.9		
Total Contributions FY 2010	2,586.9	450.5	3,334	4,463	234.4	1,309.1	363.2	1,442,760
Total Contribution FY 2009	2,371.1	399	3,147	4,289	214.7	1,200.8	368.1	1,435,689

From an employment perspective, 3 334 people were employed directly in the province as a result of the ICC Durban's activities while a further 4 463 were employed indirectly throughout the country. These numbers total 2 778 and 3 729 respectively if the effect of induced tourism is excluded.

Other macroeconomic benefits are the generation of R234.4m in tax revenue and the creation of R1.31bn in indirect household income.



In each of the macroeconomic contributions mentioned above, the contribution of delegate expenditure accounted for between 63% and 77% of the impact, while induced tourism contributed about 17%. The delegate expenditure includes expenditure on accommodation while in the province, meals at restaurants, travel expenses, tours and souvenirs. The ICC Durban was a net generator of R363.2m in foreign exchange earnings for the country. This takes into account foreign exchange brought into the country by international delegates and returning visitors, as well as the purchase of imports. Thus, it can be seen that the ICC Durban has made a significant contribution to the South African and particularly the KwaZulu-Natal economy both in terms of increased economic output and job creation during the period under review.

Delegate, Visitor and Tourist Days

The ICC Durban contributes in part to the provincial and national economies by attracting local and foreign delegates and visitors to Durban. During the year under review, the ICCD generated a total of 1.4million delegate, visitor and tourist days.

TOTAL DAYS GENERATED BY				
	FY2007	FY2008	FY2009	FY2010
CONGRESSES				
KwaZulu Natal	38,149	7,551	17,008	24,359
Rest of South Africa	56,957	24,356	20,121	85,519
International	12,480	14,335	39,511	38,753
Total Days	107,586	46,242	76,640	148,630
EXHIBITIONS & OTHER EVENTS				
KwaZulu Natal	329,737	339,950	390,434	358,527
Rest of South Africa	388,339	400,367	475,168	459,323
International	403,286	415,777	493,456	476,281
Total Days	1,121,362	1,156,094	1,359,058	1,294,130
TOTAL ALL EVENTS				
KwaZulu Natal Delegates	367,886	347,501	407,441	382,886
Rest of South Africa Delegates	445,296	424,723	495,289	544,841
International Delegates	415,766	430,112	532,967	515,034
Total Days	1,228,948	1,202,336	1,435,698	1,442,760
International Tourist Days	217,501	164,225	232,872	231,056
Total International Visitor Days	633,266	594,337	765,840	746,089



Some delegates and visitors are expected to return to Durban as tourists at a later stage and some are likely to become repeat visitors. This phenomenon called induced tourism, is a function of the success of the centre in attracting international delegates in prior years.



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performance summary



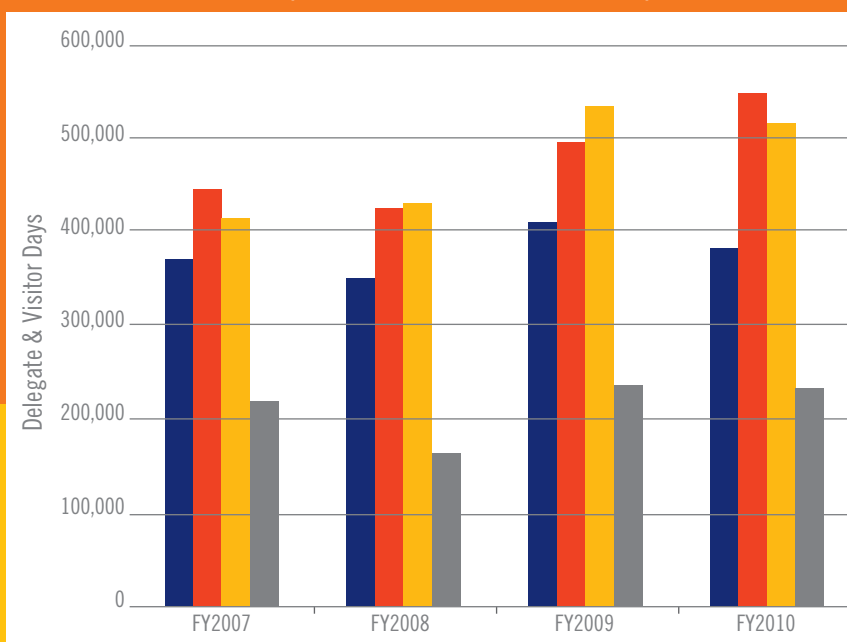
Total Delegate and Visitor Days

Total delegate and visitor days are the sum of the congress delegate days and exhibition and other event visitor days. Total delegate and visitor days amounted to 1,442,760 days, this is a 0.5% increase on the 1,435,698 in 2009. International delegate and visitor days accounted for between 36% of the total delegate and visitor days. This proportion is in line with that of 2007, 2008 and 2009.

Another benefit of the conferences attracted to Durban by the ICC is that delegates spend time and money in the city and province, thereby adding to the value captured by sectors such as tourism.

The number of days that delegates and visitors spend in Durban includes time outside the congress or exhibition and includes those people in the party accompanying delegates but not necessarily attending the congress or exhibition. It must be noted that these numbers allow for displacement effects which means that all those events that could have been staged elsewhere in the province or the country are not included in the report.

DELEGATE & VISITOR DAYS (INCLUDING DISPLACEMENT EFFECTS)

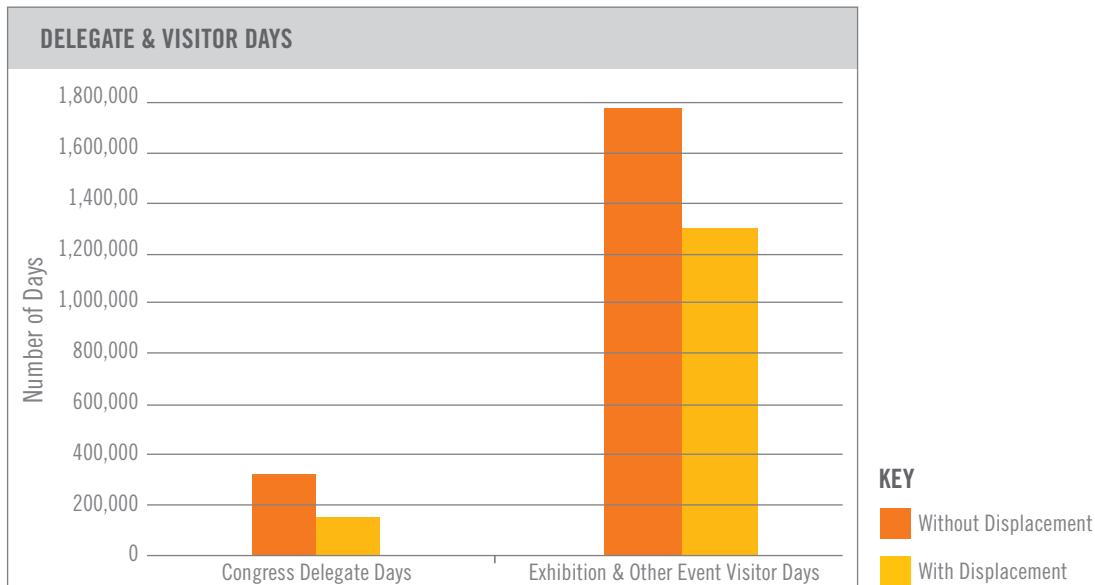


The graph at the top of page 13 illustrates the magnitude of this displacement effect, where the number of congress delegate days and exhibition and other event visitor days with and without displacement effects are shown. The graph also illustrates the relative magnitude of the congress delegate days and other event visitor days compared to one another.

The most important economic contribution made by ICC Durban is from the hosting of exhibitions. In 2010 there were 314 294 congress days and 1 774 610 exhibitions days before displacement effects are taken into account.

KEY

- KwaZulu Natal Delegates
- Rest of South Africa Delegates
- International
- International Tourist Days



Congress Visitor Days

Congress visitor days are the number of days that delegates and their party attending congresses spend in Durban. On average this is about one and a half days more than the actual duration of the congress.

A total of 148 630 congress delegate days were generated by the ICC Durban during 2010. This is an increase on the 76 640 congress delegate days of 2009, and is the highest of the four years analysed.

More than half of these days in 2010 were by delegates from elsewhere in South Africa (85 519). KwaZulu-Natal congress days amounted to 24 359 and international days to 38 753. This proportion is different from last year where international delegates made up half of the total congresses days.

Exhibition and Other Event Delegate Days

Exhibition and other delegate days refer to the number of days that visitors to exhibitions and other events spend in Durban.

A total of 1 294 130 days resulting from exhibitions and other events were generated by the ICC Durban during 2010. This number is a decrease on the 2009 number of 1 359 058 but higher than 2007 and 2008.

In 2010 international visitor days accounted for 476 281 days, KwaZulu-Natal visitor days 358 527 and rest of South Africa for 459 323. The relative proportion of these visitors is similar for all years under review.

International Tourists and Induced Tourism

It is estimated that this year international tourists spent over 230 000 days in South Africa as a result of induced tourism generated by the ICC Durban. This number is probably understated because it excludes the effect of repeat tourism.

The number of international tourist days (which is a combination of international congress days, international exhibition and other event visitor days and induced tourism days) is similar to 2009 but higher than 2007 and 2008. As more and more visitors will return to South Africa on a regular basis it is therefore anticipated that induced tourism will have growing impact on total international visitors and spending.



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operational review

MARKETING AND SALES



The Marketing & Sales efforts for the fiscal were focused on revenue growth, increase in new and repeat business, improvements in marketing approaches and vehicles. Key targets for the period under review were achieved and the department performed well with respect to most of its performance indicators for the financial year under review. Sales revenue figures achieved were R105.5 million against budgeted revenues of R120 million.

Business Confirmed

While the meetings industry continued to be highly competitive with most international association conferences being diverted to other destinations and venues, the ICC still managed to secure and confirm a total of 93 conferences. Of these, nineteen (19) were international conferences and seventy four (74) national conferences.

Bids Submitted and Won

The Marketing & Sales Department was involved with the preparation and submission of thirty three (33) bids for international conferences. Of these, the following 12 bids were successful and the events secured for Durban:

1. World Soybean Research Conference 2013
2. International Human Resources Conference 2014
3. World Congress of the World Federation of Society of Intensive Critical Medicine 2013
4. Federation of African Societies of Biochemistry & Molecular Biology 2012
5. Global Organization for People of Indian Origin 2010
6. IST Africa 2010
7. 2nd Biannual Summit 2010
8. TWAS 2009
9. African Ports Maritime 2009
10. AU African Ministers 2009
11. Africa Europe Summit 2009
12. Commonwealth Pharmacists Association Congress 2011



Forward Calendar

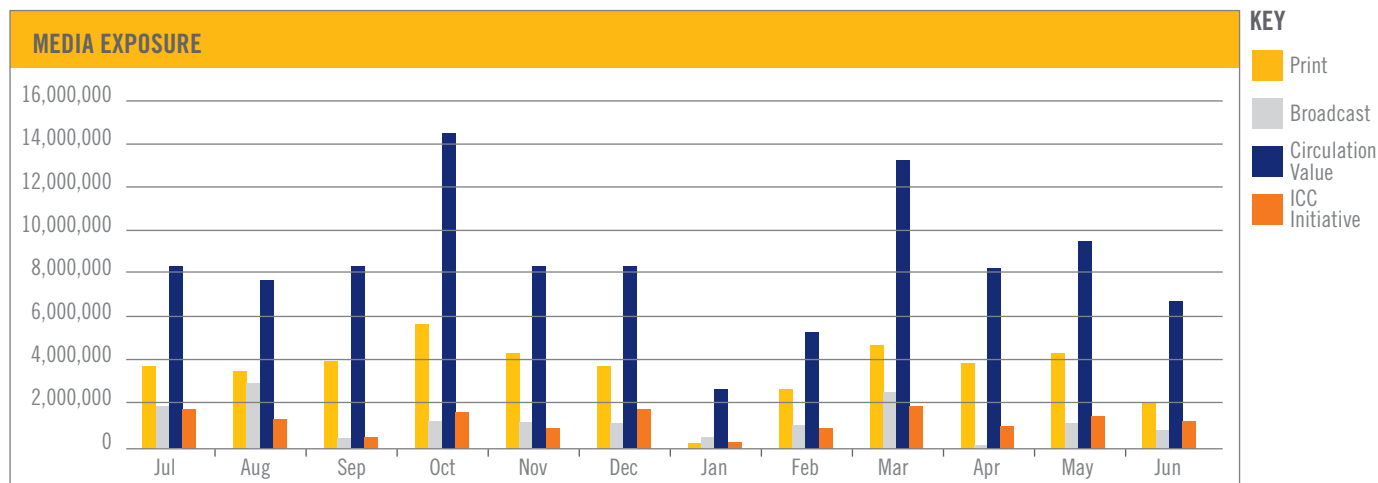
During the period under review 20 international and 194 national events were confirmed on the forward calendar. Several cancellations / postponements of national conferences were experienced; largely due to the economic downturn.

Press, PR & Media Relations

Communication promotes the image and identity of the ICC Durban by;

- Meeting the organizations communication needs through internal and external communication, and by dealing with the local and international media.
- Building community relations.
- Doing communication planning and research.
- Effectively using various mediums of communication such as the ICCD website, intranet, newspapers and trade journals.

The media exposure value generated by the ICC during the period under review was R13.2million against a budget of R11.5million. Management is cognizant of the need to improve favourable publicity for the centre and to inform stakeholders about its economic impact to the economy of the city and region.



Management is cognizant of the need to improve favourable publicity for the centre and to inform stakeholders about its economic impact to the economy of the city and region.

Internal communication is achieved through a range of initiatives, channels, interventions, newsletters and briefing sessions. Induction programmes provide new employees with a knowledge and perspective of the ICC Durban; whilst structured employee meeting, briefing and team talk sessions ensure collective communication reaches all levels of employees in an efficient and effective manner. The “CEO UPDATE” provides corporate information from the CEO on a regular basis. The ICC’s Intranet site provides employees with online access to information.

operational review

The ICC Durban retained its five star grading after the International Convention Centre and Arena were both graded by the Tourism Grading Council of South Africa.

OPERATIONS

The Operations Department has managed to produce higher service levels which resulted in improved client feedback when compared to the previous fiscal. Much focus was given on streamlining the communications flow between departments thereby ensuring less service lapses.

Beverage

We have seen a significant increase in revenue during concerts breaking all the previous revenues. Concerts are managed more effectively and we can safely say that the ICCD (Arena) is the leading venue for successfully hosting large type special events in Southern Africa.

Training and Development

The Operations Department has produced training schedules and development programs which talks directly to the individual and his/her growth. Emphasis on succession planning was placed high on the agenda and forms part of our ongoing strategy plan. Our people story was incorporated into the department's vision.

Revenue Collections

Weekly sessions and meetings with Events Coordinators have resulted in managing this process in an efficient manner. Regular updates are imperative to manage the process effectively.

ACCOLADES

International Association of Congress Centre's (AIPC)

The ICC Durban was nominated and ranked in the top 20 of the World's Best Congress Centre's by AIPC during the Annual conference in Liverpool.



World Travel Awards

The World Travel ceremony took place in Johannesburg and the ICC Durban was awarded the title of 'Africa's Leading Meetings and Conference Centre', the ninth time that the centre has won this prestigious award.

Five Star Grading

The ICC Durban retained its five star grading after the International Convention Centre and Arena were both graded by the Tourism Grading Council of South Africa.

CULINARY

During the period under review, the culinary department successfully achieved and focused on the following issues;

Executive chef hosted 4 chefs' tables, one of which was in honour of guest chef from Kuala Lumpur from the International Conference Centre in Malaysia. The focus was on introducing and launching a stunning and exquisite new concept of buffet to the table.

To improve our culinary offering, Royal service menus were designed for the VVIPs, this entails a personalized menu selection and service.

All public catering is now successfully done in house and menu choices have become popular with a noticeable increase in sales.

The coffee shop saw the introduction of a new improved menu, with weekly specials and the response has been very positive, with increased revenue sales recorded.

New pastry equipment was purchased to enhance the pastry, bakery department.

The Culinary team is constantly striving to improve skills, and in this light, we have contracted with two institutions whereby we have a traineeship program focused on flexi staff. This has increased our skills base by 98%. The result of this training is evident in our positive guest satisfaction survey responses. The team has put in place all requirements for ISO 22000 certification which will take place early in the next fiscal.



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operational review

HUMAN RESOURCES



The International Convention Centre Durban (ICCD) employs ninety eight (98) permanent and twelve (12) Full Time Contract personnel. The core values of the Human Resources department are;

- Maintaining fairness and equity in all operations
- Stimulating Innovation within the company
- Ensuring transparency, accountability and accessibility
- Upholding all company policies and procedures

The Human Resources department is crucial to the success of the ICC Durban; ensuring that the company has the most effective, efficient and economical personnel to deliver on its mandate to the shareholder.

Employer of Choice

In the fiscal under review the ICCD made preparations for participation in the Best Company to Work for (BCTWF). Workshops will be held with each department to feedback on action plans and implementation progress; then to participate in the survey.

Training

Personnel are developed by providing needs based training in line with their Individual Development Plan (IDP). During the period under review 63% of all IDPs' were implemented and a total of 82 training days were recorded. The new fiscal will see the development and implementation of a Workplace Skills Plan for the ICCD which will be aligned to THETA requirements.

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Performance Management

Through performance management systems, an employee's purpose, role, function and accountability are defined. Employees are reviewed / assessed quarterly to ensure the appropriate skill sets are available to enable performance at optimum levels. Training resources and facilities are in place to assist and encourage employees to enhance their levels of competence and performance.

Going into the new fiscal Performance Management contracts will be aligned to the departmental business plans.

Reward and Recognition

A programme that will recognise and reward employees for performance, living the values, innovation, customer service and teamwork was approved by management. This programme will be implemented in the new fiscal.

Diversity Task Team (DTT)

Following the selection of the new DTT, training was conducted to equip members with skills to develop an EE Plan, Diversity Strategy and address discrimination issues at ICCD in conjunction with management.

FINANCE & ADMINISTRATION

Supply Chain Management and BEE

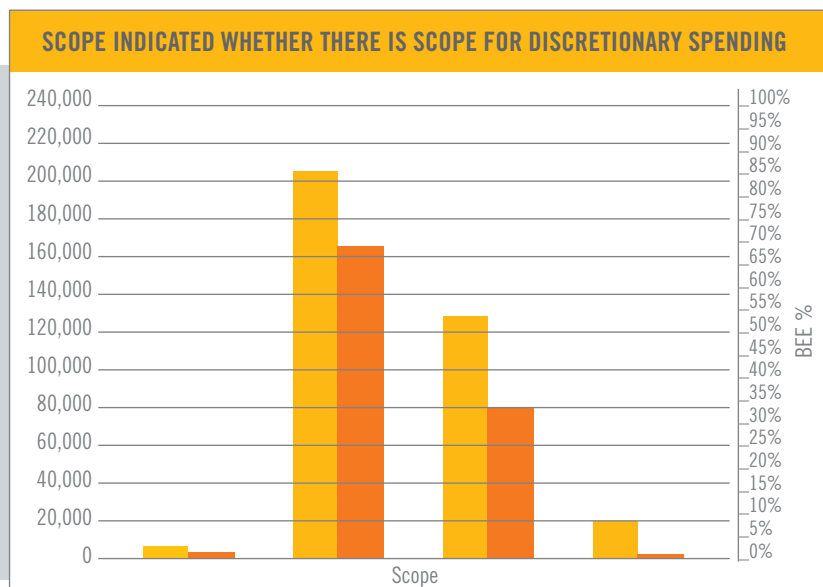
Significant progress was made in obtaining a more accurate analysis of the ICC's suppliers. This has allowed the procurement department to track the BEE and SMME spend more accurately. Progress has been made with meat suppliers with the addition of a new SMME supplier from the preferential procurement group. A supplier day was held to educate suppliers on the requirements for food standards at the ICCD.

A BBBEE accreditation agency has been appointed and work is underway to ensure the ICC receives a rating by 30 September 2010. The ICC is aligning its structure in accordance with the enterprise development and socio economic development BBBEE strategies. Additionally, the procurement department is implementing ISO 22000 and the stock replenishment functionality of EBMS. This is expected to further reduce costs of the procurement cycle. See Fig 2 below.

Finance Department Achievements and Progress

The finance department is proud to have completed its first full operating year on the ERP system implemented in August 2007 and Events Business Management Systems (EBMS). The draft annual financial statement was available within two (2) weeks of the year end which was a major achievement.

Furthermore, the implementation of the Qlikview Business Intelligence tool also resulted in better service delivery to all departments and much clearer financial information that users can interrogate themselves.



The Finance Department, in conjunction with procurement has captured the supplier ownership information into EBMS. This has allowed a more flexible analysis of the BEE spend of the company. The current analysis of the ICC expenditure is showing a 61% BEE discretionary spend percentage.

KEY
■ Expenditure
■ BEE Spend

Fig 2

Extensive work was done on the outstanding debtors' balances resulting in a significant reduction in the outstanding amounts. This was due to very close communication with the operational departments involved.

The finance department continued to identify further areas of efficiency and cost containment. One of the initiatives was to consolidate the flexible staff billing. This has reduced the invoice load from 50-100 invoices per week to one invoice per week. This weekly invoice is also easier to reconcile to source timesheets. This has had a major impact in terms of accuracy and time saving in the invoicing value stream.

operational review

Asset Management

The finance department embarked on a project to verify all fixed assets on site. This process has been used to update the fixed asset register with the latest information on location and existence. The department has also managed to get the perpetual inventory system working in EBMS.

Progress was made in the current year in terms of complying with GRAP 17 with respect to the ICC building. The City Architecture department was able to supply detailed costing information on the building which has enabled the unbundling of the building into major components. The process of unbundling of movable assets has also commenced. Furthermore, details quarto pro spreadsheets were obtained listing all moveables which were purchased when the ICC was built. This has provided a basis on which to accurately cost the movable items still on site at the ICC.

Risk Management

Management completed a risk review during the period under review. This resulted in an updated risk register. This process will now be carried out on a quarterly basis in alignment with business plan objectives.

The CURA risk management system which has been supplied by the municipality has been implemented at the ICC. The ICC therefore has access to the latest risk management software. This software was used for the risk assessments and reviews through maintaining of a risk register.

FACILITY SERVICES

The Facilities Services Department was reorganised for more efficiency and for risk reduction. IT which was previously outsourced is now managed internally. Additionally a Risk Manager was employed to focus on Safety and Security.

ISO

To reduce risk to the business, the ICCD embarked on a drive to obtain ISO9001 and ISO22000 accreditation. Policies and Procedures were put into place and the centre is at the final stage of accreditation.

Outsourced Services

ICCD went through a process of tightening the Service Level Agreements (SLA) s and there was much more focus in managing these contracts. This resulted in a big pay-off with most of the contracts performing very well. A notable improvement was in the performance of the security contracts.

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QUARTER 4 - ORGANISATIONAL SCORECARD FOR THE ICC DURBAN

National Key Performance Area / Shareholder / owner KPA	Strategic Focus Area	ICCD Key Performance Indicators	Actual 2009	Target 2010	Actual 2010	Achieved
ECONOMIC DEVELOPMENT	Business Expansion and Growth	1. Macro Economic Impact				
		1.1 Economic Impact (Increased Receipts)	R2.37bn	2,840,000,000	2,590,000,000	No
		1.2 % Contribution to GDP		1.05%	0.72%	No
		1.3 Jobs Sustained	7,436	8,923	7,797	No
		1.4 Foreign Exchange Earnings				
		1.5 Incremental Tax Revenue				
		1.6 Confirmed Bookings	58	71	214	Yes
		a. International Meetings	23	20	20	Yes
		b. National Meetings	35	51	194	Yes
		FINANCIAL VIABILITY AND STABILITY	Business Expansion and Growth	2. Financial Sustainability		
2.1 Revenue Growth R'million	125.5			120	105.0	No
2.2 Operating Profit Margin	2.32%			0.00%	-10%	No
2.3 Operating Subsidy (Reduction)	0			0	0	Yes
2.4 International Meetings Hosted	15			27	25	No
a. Association	11			15	9	No
b. Corporate Market	1			5	10	Yes
c. Government	2			5	5	Yes
d. Exhibitions	1			2	2	Yes
2.5 National Meetings Hosted				532	549	Yes
a. Association	43			50	25	No
b. Corporate Market	243			190	210	Yes
c. Government	135			90	91	Yes
d. Special Events	29			20	43	Yes
e. Exhibitions	41			42	29	No
f. Other	182			140	151	Yes
2.6 Market Share (% By No of International Events)		20%	19%	No		
SERVICE DELIVERY	Delivering Excellence through people	3. Customer Focus				
		3.1 Enhance Service Standards				
		a. Client satisfaction rating	97%	98%	93%	No
		b. Maintain 5 star grading (ICC and Arena)		Retain 5 Star Status	Achieved	Yes
		3.2 Enhance Quality				
		a. World Travel Awards - Benchmarking Criteria	Yes	Retain WTA	Achieved	Yes
		b. Maintain AIPC finalist status	Yes	Retain AIPC Status	Achieved	Yes
		3.3 Enhance Food Safety Standards				
		a. ISO 22000 implementation ongoing for certification	Yes	Yes	Stage 2 Audit Completed	No
		b. Obtain HACCP compliance certificate	Yes	Yes	Annual Target Achieved	Yes
c. FCS audit compliance percentage	86	98%	86%	No		
3.4 Human Capital Development						
a. Training Days	93	102	82	No		
b. Engage Trainees	25	25	21	No		
SERVICE DELIVERY	Transformation	4. Sound Corporate Governance				
		4.1 Review Risk Register	Yes	Clean Audit Report	Yes	Yes
		4.2 Achieve Unqualified Audit Report - For Prior Year (2009)	Yes	Unqualified Audit Report	Achieved	Yes
		4.3 Effective media coverage & internal communication				
		a. Internal communication		Team Talk, Quarterly Newsletter, Staff Communiques, Intranet, Internal Communication Audit 90%	Annual Target	Yes
		b. External communication		R 11,500,000	13,252,603.00	Yes
		c. Increase ICC coverage	9.6			
		d. Hold Team Talks	9			
		e. Written internal communiqués	40			
		f. Quarterly Newsletter	2			
g. CEO Updates	3					
4.4 Corporate Policies & Procedures						
a. ISO compliant policies	3	ISO compliant policies	Yes	Yes		
5. Transformation & Change Management						
5.1 Continuous Improvement in Business Processes						
- Innovations required	2	8	0	No		
5.2 BEE Compliance in accordance with the ICCD BEE Strategy						
a. Discretionary Spend %	60%	65%	64%	No		
b. Contractual Spend	83%	60%	60%	Yes		
5.3 EE Compliance	A=66%, I=18%, W=13%, C=2%	A=66%, I=18%, W=13%, C=2%, PWD=1%	A=69%, C=3%, I=13%, W=15%	No		
5.4 Greening Programmes in place	Yes	Yes	Yes	Yes		
5.5 People Personal Development & Quality of Life improvement						
a. Percentage of staff performing at 3 or upwards	52%	80%	52%	No		
b. Absenteeism percentage	1%	5%	12%	No		
c. Staff Turnover percentage	15%	5%	1%	Yes		
d. Hold employee wellness day		2	2	Yes		

operational review

Notes – Scorecard for the year ended 30 June 2010

ICCD Key Performance Indicators	Reasons for Variance (Target vs Actual)	Action Plan
1.1 Economic Impact (Increased Receipts)	Targeted business from the 2010 FIFA World Cup did not materialize. This resulted in revenue and operating margin targets not being met. This resulted in revenue and operating margin targets not being met.	International business is being targeted. Large conferences have been secured for future years. The Durban KZN Convention Bureau has been established which will assist greatly in securing more business for the ICC.
1.2 % Contribution to GDP		
1.3 Jobs Sustained		
2.1 Revenue Growth		
2.2 Operating Profit Margin	There was not enough secured business to achieve targets set.	International business is being aggressively targeted. Focus on government & corporate business to achieve revenue targets.
2.4 International Meetings Hosted – Association		
2.5 National Meetings Hosted – Association and Exhibitions		
3.1 Enhance Service Standards – Satisfaction ratings	Food and Service were main areas of concern.	Implementation of ISO 9000 will result in improved food quality and service delivered to our clients.
3.1 Enhance Service Standards – FCS Audit compliance percentage	Key areas development were around infrastructure and building upkeep.	Obtain the required approvals for building improvements to ensure it is properly maintained.
3.4 Human Capital Development – Training Days	Due to operational requirements scheduled training was not met.	Training Development Plan has been prepared and implemented.
3.4 Human Capital Development – Engage Trainees	We were in the process of finalizing Memorandum of Agreements (MOA's) with learning institutions.	MOA's in place.
5.1 Continuous Improvement in Business Processes	From the innovation ideas received none were suitable for implementation by the ICC Durban.	Continuous Improvement has become a KPI on all departments Business Plans.
5.2 BEE Compliance	Some of the BEE suppliers did not have BEE Accreditation Certificates hence we were not Able to claim points on those.	A Supply Chain Practitioner has been appointed to ensure all supplier documents are received and captured.
5.3 EE Compliance	This target was substantially achieved.	Indian and PWD candidates will be targeted for new positions in order to meet deadlines.
5.5 Percentage of staff performing at 3 or upwards	This target was not achieved as a result of unreasonable performance measures placed which were also not in line with the company Business Plan.	A revised performance management system has been implemented in alignment with the business plan.

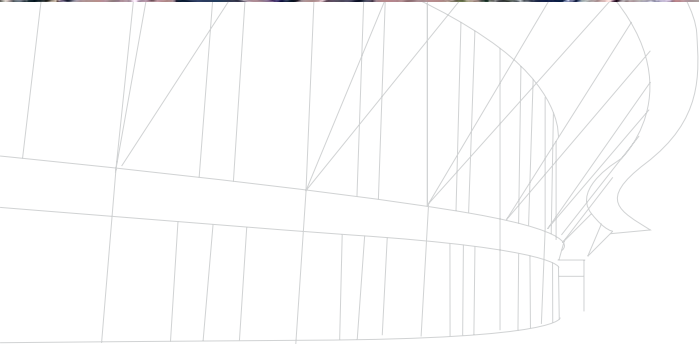
OUTLOOK FOR THE FUTURE

The outlook for the ICC remains extremely positive. The successful hosting of the 2010 FIFA World Cup, especially the way Durban presented itself has had a major impact on the image and brand of the City. Durban was seen as an extremely attractive destination with fantastic weather and many world class attractions. This has had the effect of raising the profile of Durban with the meetings industry decision makers. We are confident that this will impact on the amount of successful bids the ICC is able to achieve. As far as the product offering that the ICC delivers is concerned, the ICC has been receiving extremely positive feedback and is regarded as one of the easiest and efficient meetings venue in the country. These factors will serve to increase business volumes going forward. The securing of the Tourism Indaba for the five years from 2011 – 2015 is also contributing to the on-going success of the ICC and is an endorsement of the quality of the centre as a whole.

Another exciting development is the establishment of the Durban KZN Convention Bureau. This bureau will further improve the competitiveness of the City in the meetings market by adding another research, marketing and information gathering support to the local meetings industry. We are quite confident that the Bureau will also increase the business volumes at the ICC. It must be noted however that this impact will only be felt from the 2012/13 financial years due to the long event lead times.

The ICC is facing a number of challenges, these mainly relate to operating costs and age of the venue. In order to remain sustainable management will have to constantly re-evaluate current operating costs. Items such as the cost of electricity, municipal rates and contracted expenditure are increasing impacting the sustainability of the centre. The operating costs are especially exposed to the cost of labour increases; innovations and efficiencies are being developed to manage these costs more effectively. Further investment in the ageing exhibition centre is required in order to capitalise on this lucrative market segment.

The outlook for the ICC remains extremely positive. The successful hosting of the 2010 FIFA World Cup, especially the way Durban presented itself has had a major impact on the image and brand of the City.



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There are a number of very large bids the company is working on, these include a large UN congress amongst others. The news that Durban will be bidding for the 2020 Olympic Games is also ensuring that the profile of Durban remains prominent in the mind of our customers.

CONCLUSION

The 2009/10 fiscal year was a challenging one for the centre. We faced increased pressure on our operating costs and had to deal with the effect on revenue of the drop off in government business and the low business levels during the World Cup period. Despite this the other market sectors performed well. We are confident that the 2010/11 fiscal year will see an increase in government business once again. We will remain committed to delivering the highest quality experience to our customers and ensuring we aggressively market the centre in order to deliver the economic and other benefits as required by the business plan.



sustainability report

MESSAGE FROM THE CEO

We are advocates of environmental protection and the ICC Durban has recently received Gold status from Environmental Heritage which is the only tourism based environmental agency in the country. ICC Durban's target is to reach Platinum status in 2011.

The ICCD has made great strides in energy saving efficiencies and the effective implementation of our environmental policy now sees our venue extending greening down the supply chain.

The International Convention Centre Durban (ICCD) understands the need to conduct our activities in an environmentally responsible manner. To this end the ICCD complies with the following: National Environmental Management Act 107 of 1998, National Water Act 36 of 1998 and National Health Act of 63 of 1977.

The ICCD's response to the climate change challenge includes offering our customers products and solutions with limited environmental impacts thereby reducing the negative environmental consequences of our activities.

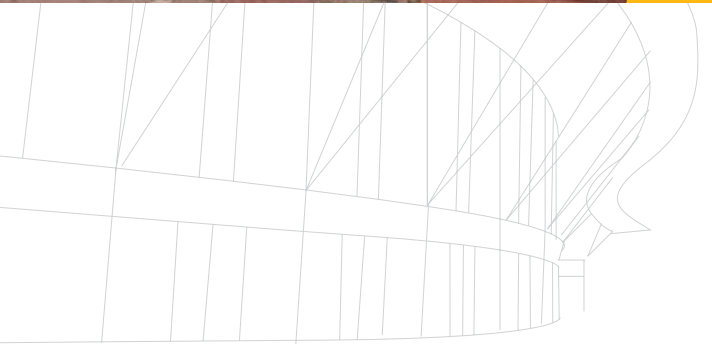
We manage measure and report on all aspects of our business that contributes to climate change and we are committed to minimize and strive to reduce our consumption of natural resources. The ICCD supports customers in their efforts to reduce the negative impacts of their activities.

The responsibility and accountability for the execution of our Environmental Policy which sets the overall standards and expectations' of the company lies with the CEO although the daily responsibility is dedicated to the Heads of Departments and ultimately every employee.



The ICCD is currently preparing for ISO 22000 and 140001 certification later this year which forms the basis of good environmental practices.

As part of our energy saving initiative, an ice making machine was introduced to save energy for the ICCD, whereby ice is used via the air conditioning unit to cool the building during peak hours.



sustainability report

Energy - Operation of Ice Making Machine

The machine is designed such that it has two modes, the ice making mode and the off mode. During the off peak hours the machine is scheduled to make and store ice. Then during the peak hours the machine switches off. The ice that was made during the off peak hours is then used to cool the building during peak hours thus saving power in that time.

Water

The ICCD appreciates that water is a scarce resource and obtains all its water from the local municipality. The culinary department is the largest consumer of water in the company due to food preparation. In a move to decrease water consumption we have installed additional meters to investigate the viability of recycling efforts.

ICC Durban's operations obtain most of their water from municipal and local government water supply systems. For all of our operations, water is sourced from municipal systems and is disposed of in municipal sewerage systems. The quality of effluent is dictated and controlled by municipal by-laws and standards. As no water is released into the natural system, no water sources, related ecosystems or habitats are affected by discharges of water or runoff from our operations.

Three large diameter domestic water feeds serve the ICC, Arena and Exhibition Centre. This serves the fire system, sprinklers and is for potable consumption as well as air conditioning evaporative cooling.

Air Quality

In the air conditioning air handlers all return air is filtered to remove up to 99 % of dust and precinct carbon particles.

All food preparation is done with electrical power as no liquid petroleum gas (LPG) is permitted to be stored on the site.



A comprehensive internal air quality survey is planned to ensure a healthy internal environment including an ablution hygiene test as well as for legionella on air conditioning condenser water and portability testing on the domestic water.

Food Waste Disposal

All food waste is treated and processed/grinded into small particles through a food disposal unit. All small particles/sludge are then disposed of into the sewer system.

Waste

The ICCD does not generate large volumes of waste. Waste that is produced is either recycled or disposed of through certified waste contractors or accredited service providers. All waste is monitored by type, volume, disposal method and destination. Hazardous waste is safely disposed of at legitimate sites and all oil is recycled. We remain committed to reporting waste by weight in order to ensure consistency and comparability.

Waste handling and removal is outsourced to certified waste contractors or accredited suppliers, who dispose of the waste at licensed disposal sites. Hazardous waste is disposed of at permitted hazardous waste sites, and certificates of safe disposal are issued to ICC Durban.

All oil and fat contaminated wet waste are discharged through a fat trap unit where the residue is treated regularly and disposed of and converted into bio-fuel. All used vegetable oil is disposed of and certified similarly.

Solid waste is sorted into glass, paper, metal and other at the point of disposal and is removed off site by a service provider. Storm water is channeled into the coastal storm water drainage system. Additional skips is provided for exhibition waste (event specific, woods, papers, etc.) and are disposed of as such.

Indaba 2010

The following reflects the environmental performance of Indaba 2010, Africa's leading travel and tourism expo.

The event took place at the ICC Durban between the 8th and 11th May 2010 and it attracted 13 818 visitors and exhibitors during this period.

The greening of Indaba has been a three year project to date and Indaba 2010 aimed to improve its environmental performance standard on previous years with the introduction of a number of new initiatives and strategies by the organisers. While progress was made in raising awareness of the environmental objectives of the event – and this year saw greater effort being made by many exhibitors, there were aspects of this year's event that reflected a lower standard than 2009.

We are pleased to see continued progress on the management of resources such as water and energy, while the availability of accurate waste statistics was less than effective. The effort made by the ICCD to reduce the use of non-recyclable packaging and the introduction of recycling bins was welcomed.

Further guidelines were provided for the greening of Indaba and to the eventual positioning of Indaba as the worlds' most environmentally responsible travel show. We believe that what has already been done will add to the overall success of Indaba and we look forward to once again being involved in 2011.

Advantages

- **Healthier Municipal Solid Waste working environment.**
- **Reduced transportation emissions and costs.**
- **Environmental friendly and sustainable food waste disposal option.**
- **As food waste is 70% water, the system reduces leach diverted from landfill and compost systems which reduces potential contamination to ground water.**
- **Improved hygienic environment in comparison to food waste storage/ collections.**



sustainability report



Suppliers

ICC Durban requires suppliers to adhere to all relevant environmental legislation. However, for most of our operations, there are no standard programmes in place across departments to measure supplier performance in this regard. Agreements, structured meetings, reporting requirements and reviews as well as ongoing informal communication ensure constant contact with our main suppliers. Should specific matters arise, these are taken up with suppliers on a case-by-case basis. We encourage suppliers and contractors to provide environmentally sound goods and services. Providers of employee benefits such as medical aid and retirement funds are also included in structured meetings.

EMPLOYEES

ICC Durban's continued success lies in its ability to attract, develop and retain globally competitive people.

Employment Equity Report

With a turnover of 1%, slightly above the norm, the ICC has maintained its Equity target. The ICC Durban employs 98 permanent and 12 fixed term employees.

Employee Wellbeing

The company introduced an employee wellness programme via Careways Group, to assist employees in getting a work-life balance. This programme sought to take away the stress of personal issues getting in the way of productivity for our employees and has yielded positive outcomes. Against an industry norm of 5% utilization, the ICCD has seen 13% utilization in 2007/8, 18% in 2008/9 and 12% in 2009/10. This journey continues and the employees know they have access to the best services together with their families at no cost to them.

An Employee Wellness Day is held annually in January and both permanent and flexi staff are tested for a range of medical conditions including hypertension; vision; cholesterol; diabetes and weight related illnesses.



Employee training and development

ICC Durban recognises the strategic importance of employee training and development and comprehensive reviews are held throughout the company to assist in the development of our employees to achieve their full potential. A wide range of both internal and external programmes, courses and initiatives ensure the ongoing development of employees at all levels. Training and Development is individually focused and assists employees to realize their potential. Learnership programmes continue within various departments. Changes in individual roles also result in being trained to the relevant requirements.

Internal career opportunities are displayed on the internal intranet, notice boards and employees are able to apply as appropriate for them. Talent and skills shortages are identified as a key risk within the organisation.

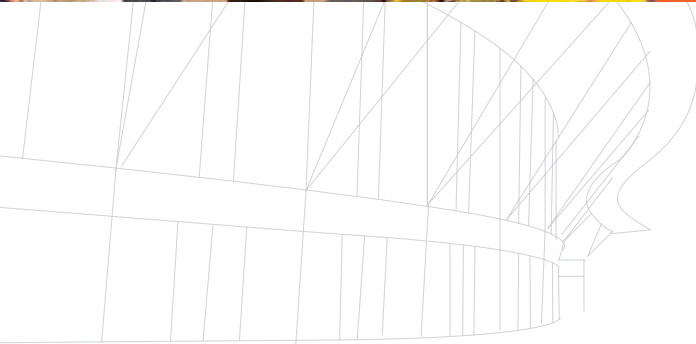
Structured succession plans are in place with particular emphasis on senior employees and critical positions within the organisation. These plans are reviewed annually.

Performance Management

Structured performance management processes are in place to ensure employees focus on their relevant activities and that their performance is reviewed quarterly in a formal manner using the balance scorecard methodologies. Good performance is acknowledged and recognized by senior management and employees share in a performance bonus system. Through a structured process excellent performers are nominated for the CEO Award.

Remuneration Philosophy

Remuneration plays a critical role in attracting, motivating and retaining high-performing and talented individuals to achieve ICC's objectives. Rewards are set at responsible and competitive levels in relation to local and relevant markets. ICC's philosophy aims to establish a level of guaranteed remuneration that is competitive, and that rewards individuals for achieving exceptional performance. ICC's total reward philosophy is aligned with the strategic direction and specific value drivers of the business as well as with the interests of shareholders.



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sustainability report



Communication

Transparency and openness are essential. Regular, structured employee meetings are encouraged within our operation between employees and management. Most employee communications are conducted through personal contact, supported by newsletters, committees, briefings and employee participation forums (Team Talk).

Another communication initiative is through formal induction programmes. These facilitated sessions share company initiatives and strategies with new employees.

Our quarterly electronic newsletter is sent to all employees and stakeholders. The ICC's Intranet site provides employees with online access to information. An email contact to the CEO "Tips for CEO" was introduced. This is an anonymous email system where employees can "air their views" to the CEO.

2010 saw the introduction of an Employee Opinion Survey which will be undertaken annually to determine employee satisfaction and whether management actions have had the desired impact. The Employee Opinion Survey will focus on:

- Perceptions of ICC's senior management
- Department management
- Customer focus
- Employee interaction/engagement
- Corporate Responsibility

The ICC has many communication systems in place to ensure that meaningful, transparent information reaches all employees timeously. This is essential in creating an inspiring workplace climate as well as ensuring employee commitment and development.

Health & Safety

The health and safety of our employees is critically important. The management of occupational health and safety is an integral part of employee value creation. The implementation and rollout of OH&S compliance strategies is the direct responsibility of all department heads.

Our Occupational Safety and Health management systems include:

- the identification, elimination or control of work-related hazards or risks;
- instruction or training of line managers to take responsibility for health and safety, and engage employees through workplace forums and health and safety committees;
- setting targets for continuous improvement; and
- complying with the relevant national laws and regulations.

We have established formal joint health and safety committees comprising management and worker representatives. In accordance with the Occupational Health and Safety Act, these cover all staff. The current OH&S management system is structured to ensure that legal compliance is achieved in all our operations.

Regular audits of the OH&S management systems and the set key performance indicators are conducted annually.

During the reporting period, no material fines, deviations or instances of non-compliance with Regulations were recorded. To ensure that OH&S issues are comprehensive, training and communication are considered part and parcel of the OH&S management system.



Safety

During the reporting period, a few minor injuries were recorded and investigated. These were classified as sprains and minor lacerations. An intense on the job safety propaganda campaign will be launched to sensitize employees against this type of injury and incident.

As part of our safety management strategy, we ensure that all accidents and incidents are recorded, investigated and measures initiated to prevent reoccurrences. We continue to enforce stringent safety rules within all operations.

The health of our workforce is an important component of sustainability. There are stringent occupational health requirement expectations within our operations. These include the wearing of suitable personal protection equipment (PPE) and vigilance to dangerous situations in the workplace.

With large events, recommendations as per the proposed SAFETY at SPORTS and RECREATIONAL EVENTS STANDARDS are adhered to. The necessary interface with local Officials at the SAPS and Fire and Rescue are maintained. A Venue Operations Centre is headed by an External Event Safety Specialist and staffed with representatives of relevant Local Authorities.

Customers

A Service Improvement Plan was designed and introduced, this plan enables the ICC for the first time to implement guidelines that affect both operations and marketing, resulting in improved execution of service commitment to its customers.

The Xcalibre pen innovation has been successfully implemented. Compliments and complaints can now be logged and routed to a central database. The data received gives feedback on service delivery and customer experience. This data also gives management a report on staff who have gone "the extra mile" in ensuring customer satisfaction. This initiative creates a platform where individual excellent performance is celebrated and rewarded for going the extra mile in delivering customer service.

Going forward the ICC will continue to drive towards further entrenching a customer centric culture by providing leading edge knowledge (Blue Print) on customer experience in the market, hence enabling the ICC to excel at customer service. A customer experience component will also be included in our induction programme.

Although international events still continue to attract a higher delegate count, there has been a marked increase in both the government and corporate delegates.

As the meetings and exhibition industry has become an integral part of the global village so too have we recognized that the exhibitor profile has changed with many of the exhibitions no longer attracting only local and national companies. With the inception of the arena, the ICC Durban has penetrated into a concert market thus engaging with a segment that did not usually frequent the centre.

Our operations have been streamlined to continue to attract delegates across all market segments but more importantly delegates from all international spheres that have chosen to do business at the ICC Durban.

Society/Community

ICC Durban is implementing BBBEE in line with Governments requirements. It is doing so because it is in the best interests of our country and of the company and its employees, customers, suppliers and the communities in which we operate. ICC Durban subscribes to the principle of equal opportunity and embraces diversity. The only way we can ensure a sustainable future is by enabling as many South Africans as possible to have a real stake in the economy.

The company therefore places emphasis on meeting each of the objectives of BBBEE – direct empowerment through ownership; management at senior level; human resource development and employment equity; and indirect empowerment through preferential procurement, enterprise development and corporate social investment, in line with the company's objectives.





On another level, ICC Durban's corporate social responsibility supports skills development, through on-going introductory training, particularly for casual staff. This training enables them to move into permanent employment in the industry. Many ICC trainees have found employment in the conference and tourism industry locally, nationally and internationally, in addition the ICC has committed to the Southern African Association for the Conference Industry (SAACI) a three (3) year bursary to fund students from historically disadvantaged backgrounds who wish to pursue careers in the hospitality industry. We funded our second SACCI bursary student, who after completing her theory joined us for in-service training. We established a partnership with the International Hotel School (IHS) and initiated an experiential learning programme with 19 Learners being attached to the ICC. We offered in service training for one graduate student, for a 1 year period.

The ICC Durban also supports a local empowerment initiative Youthwise Community Centre by procuring hand made crafts for use in international trade shows as well as international bids.

Experiential training also forms part of ICC Durban's corporate social responsibility programme and strong affirmative procurement policies ensure that local and previously disadvantaged companies are supported.

CORPORATE GOVERNANCE

Code of Ethics

The staff of ICC Durban are bound by a Code of Ethics, which they agree and commit to on appointment.

Philosophy

We realise that success can only be achieved by understanding the needs of our clients.

This is achieved by:

- Continuous improvement of our products
- Addressing our customer needs accurately and timeously
- A professional team of employees, dedicated to customer service
- Investment in modern technology and in our employees

Board of Directors

The ICC Durban Board is tasked with providing strategic direction and oversight on governance; risk management and statutory reporting. Whilst all directors have equal responsibility for managing the company's affairs, it is the role of the chief executive and the executive management team to run the business within the parameters laid down by the board and to produce clear, accurate and timely reports to enable the board to make informed decisions. The global nature of ICC Durban allows the company to utilize both local and international expertise to ensure continued market leadership.

Board Charter

A Board approved Charter is in place which governs the activities and roles of the Board of Directors. The Charter is reviewed annually by the Board and any amendments deemed fit effected.

Risk Management

The ICCD has developed a risk management framework and policy. A risk register was also determined and will be reviewed annually. In addition, a fraud prevention plan and policy exists which enables management and all staff to report and react to fraud related matters.

Going Concern

The Financial Director has engaged with the members of the board and the shareholder around the issue of going concern. What has been proposed is that the loan account owing to the shareholder be repaid by issuing an equity instrument to the shareholder. This will mean that the ICC would then be solvent. All the legal and taxation implications of this proposal are currently being investigated.

ICC Durban will continue to improve on systems developed and introduced during the year particularly the measurement of our carbon footprint, energy consumption, the reduction of water consumption and increasing water recycling capabilities. Materials consumed and waste will also be monitored closely.

income statement

	2009-2010	2008-2009	2007-2008
Beverage Revenue	8,422,843	10,285,559	7,928,953
Food Revenue	39,474,267	41,850,561	24,497,968
Other revenue	32,000	70,436	15,492
Parking Revenue	3,392,258	3,890,774	3,720,935
Recoveries Revenue	10,892,253	22,909,089	8,440,146
Technical Services	4,898,617	10,022,732	6,916,848
Venue Hire	37,869,126	37,069,589	39,088,115
Total Revenue	104,981,364	126,098,741	90,608,457
Cost of Sales	-25,203,785	-39,147,281	-18,736,767
Gross Surplus	79,777,579	86,951,460	71,871,690
Other Income	664,978	755,732	2,987,446
Operating Expenditure			
Facility Expenditure	-26,161,494	-27,370,136	-22,907,539
Marketing, sales and advertising	-4,185,512	-4,928,500	-4,347,260
Personnel	-46,156,056	-41,508,104	-36,679,473
Other Operating Expenditure	-14,706,226	-13,049,373	-7,328,085
Total Operating Expenditure	-91,209,288	-86,856,113	-71,262,357
Operating Profit (- Loss)	-10,766,731	851,079	3,596,779
Finance Income	6,841,789	11,878,634	11,617,701
Fair Value Adjustment	-287,032	-	-
Finance Cost	-7,291	-3,960	-38,752
Profit Before Depreciation and Rates	-4,219,265	12,725,753	15,175,728
Municipal Rates and Taxes	-7,290,163	-6,245,800	-8,054,458
Depreciation	-33,833,026	-32,565,342	-28,275,191
Net Profit (- Loss)	-45,342,454	-26,085,389	-21,153,921
Value Added Statement			
Revenue	104,981,364	126,098,741	90,608,457
Less Bought in Goods and Services	-70,257,017	-84,495,290	-53,319,651
Value Added	34,724,347	41,603,451	37,288,806
Income from Investments	6,841,789	11,878,634	11,617,701
Total Wealth Created	41,566,136	53,482,085	48,906,507
Applied As Follows			
To Employees (Salaries and Flexible Staffing Costs)	46,156,056	41,508,104	36,679,473
To the Shareholder as Municipal Rates	7,290,163	6,245,800	8,054,458
To provide for maintenance and expansion of assets	-11,880,083	5,728,181	4,172,576
Total	41,566,136	53,482,085	48,906,507

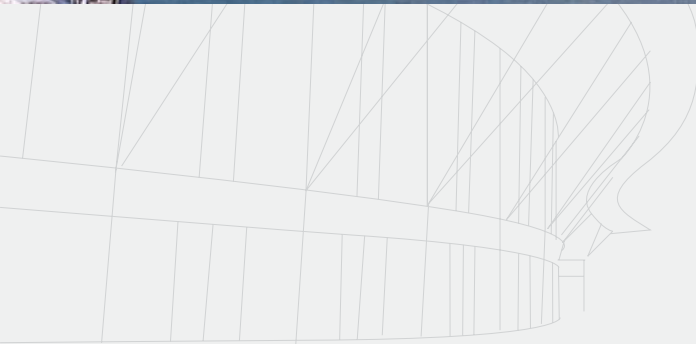
balance sheet as at 30 June 2010

	2010	2009
NET ASSETS AND LIABILITIES		
NET ASSETS		
Contributions from owner	1	1
Accumulated surplus / (deficit)	561,352,966	606,695,420
	561,352,967	606,695,421
LIABILITIES		
Non-Current Liabilities		
Loans from shareholder	226,589,660	226,589,660
Current Liabilities		
Trade and other payables	29,652,661	37,415,316
Total Liabilities	256,242,321	264,004,976
Total Net Assets and Liabilities	817,595,288	870,700,397
ASSETS		
Non-Current Assets		
Property, plant and equipment	714,346,128	741,994,709
Intangible assets	568,824	653,917
	714,914,952	742,648,626
Current Assets		
Inventories	1,190,712	923,689
Trade and other receivables	5,595,343	5,593,192
Cash and cash equivalents	95,894,281	121,534,890
	102,680,336	128,051,771
Total Assets	817,595,288	870,700,397



statement of changes in net assets for the year ended 30 june 2010

	Contribution from owner	Accumulated Surplus/ (Deficit)	Net Assets
Opening balance as previously reported	1	-179,293,279	-179,293,278
Adjustments			
Change in accounting policy		810,831,018	810,831,018
Prior year adjustments		1,243,070	1,243,070
Balance at 01 July 2008 as restated	1	632,780,809	632,780,810
Changes in net assets			
Deficit for the year		-26,080,813	-26,080,813
Prior year error		-4,576	-4,576
Total changes	-	-26,085,389	-26,085,389
Balance at 01 July 2009	1	606,695,420	606,695,421
Changes in net assets			
Deficit for the year		-45,342,454	-45,342,454
Total changes	-	-45,342,454	-45,342,454
Balance at 30 June 2010	1	561,352,966	561,352,967



2009



ICC DURBAN
EXHIBITION CENTRE

INTERNATIONAL CONVENTION CENTRE
INKOSI ALBERT LUTHULI ICC COMPLEX
DURBAN, SOUTH AFRICA