



2011  
ANNUAL REPORT



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

Where the  
**World**  
Meets **Africa**



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# COMPANY PROFILE

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 half 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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# BOARD OF DIRECTORS

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 2011.



Ms Mato Madlala  
Chairperson, ICC Durban



Ms Bulelwa Ndamase  
Paledi



Mr Themba Ngcobo



Mr John van Rooyen



Mr Ashok Sewnarain



Mr Mvuseni Ngubane



Ms Linda Pampallis



Ms Julie-May Ellingson  
Acting CEO



Mr Jeremy Hurter  
Financial Director



Mr John Moatshe  
Executive Chef



Ms Lyrene Zimmerman  
Marketing & Sales Director



Mr Eric M van Piggelen  
Operations Director



Ms Sibusisiwe Sibanda  
Facilities Service Manager



Ms Khanya Nembula  
Human Resources Manager



# CHAIRPERSON'S REVIEW

Due to the sustained focus on our strategic priorities, ICC Durban's financial performance for the year was very strong. While we maintained focus on cost containment, we continued to increase brand exposure both locally and internationally.

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

In 2011 the ICC Durban generated a total of 1 432 866 delegate and visitor days in Durban. This resulted in the ICC Durban contributing R2.70bn to national GDP and R454m to KwaZulu-Natal GGP. From an employment perspective, 3 376 people were employed directly in the province as a result of the ICC Durban while a further 4 462 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 eThekweni Municipality and the Province of KwaZulu-Natal.

Other macroeconomic benefits were the generation of R246m in tax revenue and the creation of R1.37bn in indirect household income. In each of the macroeconomic contributions mentioned above, the contribution of delegate expenditure accounts for between 62% and 74% of the impact, while induced tourism contributes about 23%. The ICC Durban was a net generator of R467m



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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.

It must be noted that the ICC Durban was well supported by government departments. The reasons for this are the ability to deliver in short lead times and the size of the meetings we are able to host. Short lead time events are becoming more prevalent in the conferencing industry. Although this creates many challenges, the ICC has the experience to still deliver 5 star service to these clients.

I have witnessed great leadership and commitment from the ICC Durban team throughout the year. The team fought for business and slimmed down on their expenses, they assumed more responsibilities to make up for vacant positions. The ICC Durban team has a culture of accountability and I thank our CEO and the executive team for their focus which has positioned us to take advantage of the global economic recovery.

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

A handwritten signature in black ink that reads "Mato Madlala".

Mato Madlala  
Chairperson  
ICC Durban (Pty) Ltd

‘3376 people were employed directly in the province as a result of the ICC Durban while a further 4462 were employed indirectly throughout the country.’





# CHIEF EXECUTIVE'S REVIEW

## OVERVIEW

During the 2011 financial year the ICC Durban performed well above target in terms of revenue generation.

We have seen a noticeable improvement in sales revenue towards the end of our financial year which contributed strongly to the ICC Durban achieving revenue of R129.4-million. There has been a very good improvement in revenue this financial year of 23.6%. This growth was particularly from Association, Government and Special Events market segments which improved when compared to the prior year. The revenue generated for the current year has been the highest since the ICC Durban's inception.

Market Segment	Revenue 2010-2011	Revenue 2009-2010	% Change Revenue
Association	41 045 993	30 059 334	36.5%
Corporate	31 023 034	31 102 937	-0.3%
Government	36 918 028	24 770 512	49.0%
Private Functions	4 853 661	5 386 806	-9.9%
Special Events	9 259 345	8 273 006	11.9%
Other Revenue Streams	6 390 939	5 472 405	16.8%
Total	129 491 000	105 065 000	23.2%





## ECONOMIC DEVELOPMENT

We commissioned independent research in order to better understand the economic impact we make and how it can be improved. Over the past three years we have produced analyses of our direct and indirect economic contribution. These studies have demonstrated that our activities make a significant positive contribution to both the national and local economy.

In the fiscal under review the ICC Durban contributed R2.70-billion to National Gross Domestic Product (GDP), (R2.59-billion in 2010) it also increased its contribution to Gross Geographic Product (GGP) to R454-million (2010: R450-million). The ICC Durban has made a cumulative contribution to GDP of R11.4-billion over the last five financial years.

## FINANCIAL PERFORMANCE SUMMARY

Due to the improved business levels, revenues for the financial year are 8% above budget. Gross profit margins were however 10% lower than budgeted at 64.9%; with an operating profit of R6-million being posted as at the end of the financial year.

Despite the tough economic conditions the ICC Durban has still managed to perform well in the 2010/11 financial year and continues to make an important contribution to the KwaZulu-Natal and South African economies.



Sincerely

Julie-May Ellingson  
Acting CHIEF EXECUTIVE OFFICER  
ICC Durban (Pty) Ltd

### FINANCIAL PERFORMANCE

	Actual 10/11 R'000	Actual 09/10 R'000	Budget 09/10 R'000	Variance %
Turnover	129,491	105,503	120,113	8%
Gross profit %	58.4%	58%	64.9%	(10%)
Operating Profit/(Loss)	6,028	(10,511)	(11,311)	153%
Operating Profit/(Loss) %	4.7%	(10%)	(4%)	147%

‘The centre contributed  
**R2,70 billion** to  
Gross Domestic Product (GDP)  
and **R454 million**  
(GGP) of KwaZulu Natal’



## HIGHLIGHTS FOR THE PERIOD UNDER REVIEW

While the economic conditions improved, the past 12 months have produced improvements in most of our market sectors and we were able to record the following achievements:

- At R2.70-billion, the ICC Durban's contribution to GDP in 2011 is the highest it has ever been.
- ICC Durban obtained ISO 9001 and ISO 22000 certification.
- The Centre was once again awarded "Africa's Leading Meetings and Convention Centre" accolade for 2010 by the World Travel Awards.
- ICC Durban maintained its 5 Star Grading in the Arena and Convention Centre.
- ICC Durban was ranked within the Top 20 Convention Centres in the world by AIPC.
- The ICC Durban embarked on the ISO 14001 and ISO 18001 certification programmes.
- Durban and the ICC Durban won the bid to host the COP17 / CMP7 Conference in November 2011 against stiff competition from Cape Town and Johannesburg

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



‘ICC Durban  
was ranked within the  
**top 20**  
Convention Centres  
in the world by AIPC’



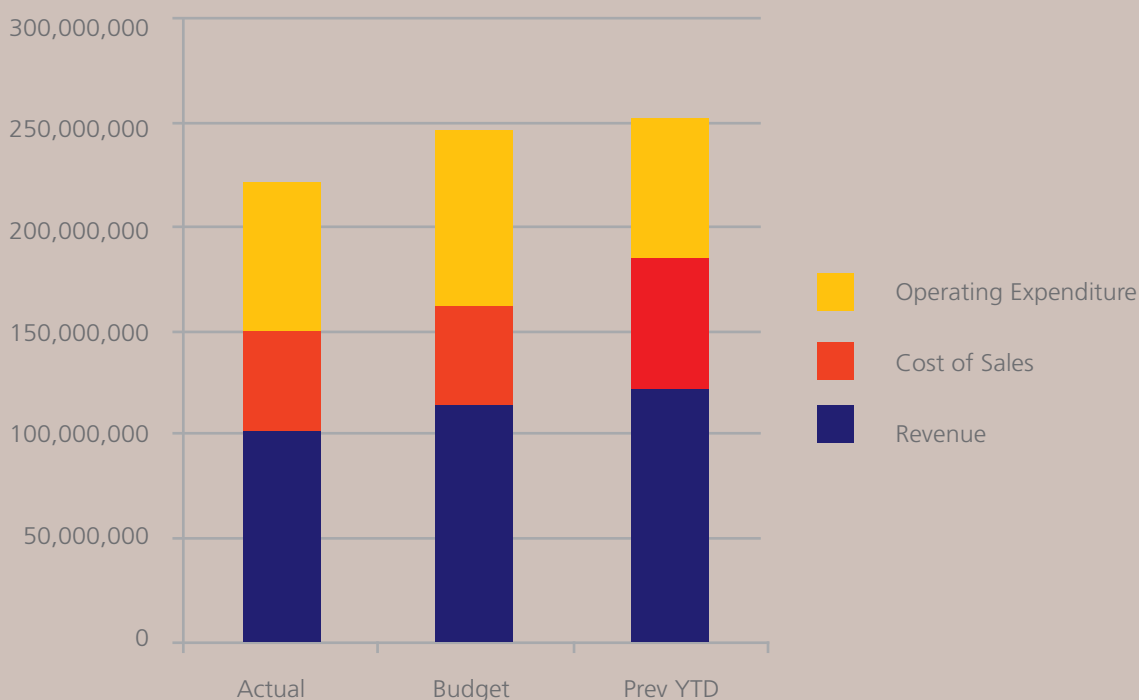
# FINANCIAL PERFORMANCE HIGHLIGHTS

Gross profit percentage improved in comparison with prior year. Business levels produced a gross turnover of R129.4-million.

	Actual	Budget	Prev YTD	Variance Budget	Variance Prior
Revenue	129,491,464	120,112,944	105,502,998	8%	23%
Cost of Sales	53,886,745	42,181,620	44,582,728	28%	-21%
Gross Profit	<b>75,604,719</b>	<b>77,931,324</b>	<b>60,920,270</b>	-3%	24%
GP %	58.4%	64.9%	58%		
Operating Expenditure	69,576,422	89,241,936	71,431,444	-22%	-3%
Operating Profit/(loss)	<b>6,028,297</b>	<b>(11,310,612)</b>	<b>(10,511,174)</b>		
Operating Profit %	4.7%	-9.4%	-10%		

Revenue ended up being 8% above budget and 23% above the prior year. Operating expenditure ended 22% lower than budget due to savings made, primarily in staff costs.

## FINANCIAL PERFORMANCE





## EVENTS HOSTED

During the period under review the ICC Durban hosted a total of 555 events of which 23 were international and 532 national conferences respectively. There were 61 association events, 169 corporate events and 74 government events. This represents a 16% decrease in the number of events hosted from the previous fiscal; however the events were more qualitatively represented and hence generated higher revenues together with an average increase in their duration.

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 Durban.

Several international events were hosted that attracted delegates from across the globe, including the prestigious International Olympic Committee Education and Culture Congress (600 delegates), Second World Congress on Refractive Error and Service Development (663 delegates), Southern Africa Aids Conference (approx 5 000 delegates bi-annually) and the International Confederation of Midwives Congress (2 350 delegates).



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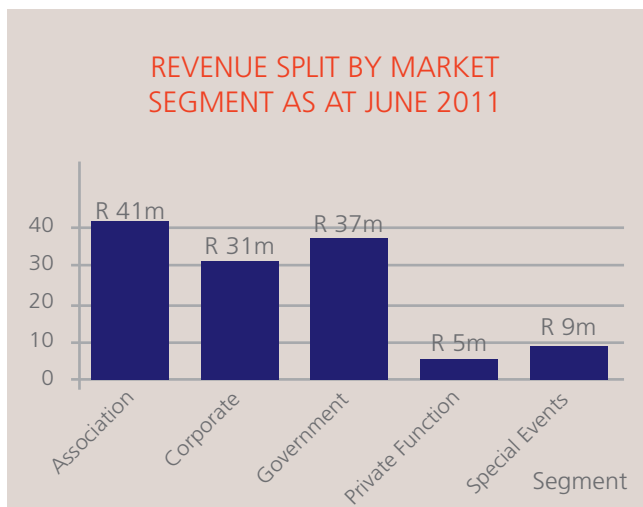
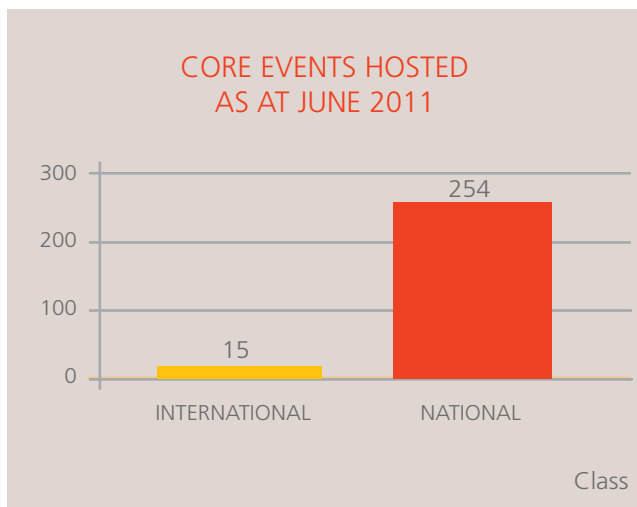


‘We hosted 23 International and 532 National events in 2011’



Of the national conferences the most prominent include: Indigenous Knowledge Systems (650 delegates), Integrating Traditional Medicine in the National HIV and AIDS strategy for South Africa (1 000 delegates), The Psychology Association of South Africa (470 delegates) and SITA GOVTECH (1 200 delegates).

In terms of Revenue, the Associations market segment was the largest contributor, followed by the Government market segment.





# MACRO ECONOMIC CONTRIBUTION DURING THE 2011 FINANCIAL YEAR

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

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 ICC Durban generated a total of 1 432 866 delegates, visitors and tourist days. This resulted in the Centre contributing R2.70-billion to Gross Domestic Product (GDP) and R454-million to Gross Geographic Product (GGP) of KwaZulu-Natal. In addition 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.

## MACRO ECONOMIC CONTRIBUTION FOR THE 2011 FINANCIAL YEAR

Rand million, 2011 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	3	0	5	6	0	0		
ICC Operational Expenditure	40	9	32	62	5	20		
Host/Organiser Expenditure	51	11	33	84	5	28		
Exhibitor Expenditure	245	39	88	350	23	123		
Delegate Expenditure	1 711	304	2 492	2 915	151	867		
<b>Sub-Total</b>	<b>2 051</b>	<b>363</b>	<b>2 650</b>	<b>3 416</b>	<b>185</b>	<b>1 038</b>		
Induced Tourism	654	92	727	1 046	60	329		
<b>Total Contribution FY 2011</b>	<b>2 705</b>	<b>454</b>	<b>3 376</b>	<b>4 462</b>	<b>246</b>	<b>1 367</b>	<b>467</b>	<b>1 432 866</b>
<b>Total Contribution FY 2010</b>	<b>2 587</b>	<b>450</b>	<b>3 334</b>	<b>4 463</b>	<b>234</b>	<b>1 309</b>	<b>363</b>	<b>1 442 760</b>

From an employment perspective, 3 376 people were employed directly in the province as a result of the ICC Durban's activities while a further 4 462 were employed indirectly throughout the country. These jobs total 2 650 and 3 416 respectively if the effect of induced tourism is excluded.

Other macroeconomic benefits are the generation of R246-million in tax revenue and the creation of R1.37-billion in indirect household income. In each of these macroeconomic contributions the contribution of delegate expenditure accounts for between 62% and 74% of the impact, while induced tourism contributes about 23%. The delegate expenditure includes expenditure on accommodation, meals at restaurants, travel expenses and tours and souvenirs.

The ICC Durban was a net generator of R467-million 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.

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TOTAL DAYS GENERATED BY:					
	FY2007	FY2008	FY2009	FY2010	FY2011
<b>Congresses</b>					
KwaZulu-Natal	38 149	7 551	17 008	24 359	16 204
Rest of South Africa	56 957	24 356	20 121	85 519	39 966
International	12 480	14 335	39 511	38 753	22 856
<b>Total Days</b>	<b>107 586</b>	<b>46 242</b>	<b>76 640</b>	<b>148 630</b>	<b>79 026</b>
<b>Exhibitions and Other Events</b>					
KwaZulu-Natal	329 737	339 950	390 434	358 527	360 118
Rest of South Africa	388 339	400 367	475 168	459 323	492 268
International	403 286	415 777	493 456	476 281	501 454
<b>Total Days</b>	<b>1 121 362</b>	<b>1 156 094</b>	<b>1 359 058</b>	<b>1 294 130</b>	<b>1 353 840</b>
<b>Total All Events</b>					
KwaZulu-Natal Delegates	367 886	347 501	407 441	382 886	376 323
Rest of South Africa Delegates	445 296	424 723	495 289	544 841	532 234
International Delegates	415 766	430 112	532 967	515 034	524 309
<b>Total Days</b>	<b>1 228 948</b>	<b>1 202 336</b>	<b>1 435 698</b>	<b>1 442 760</b>	<b>1 432 866</b>
International Tourist Days	217 501	164 225	232 872	231 056	330 873
Total International Visitor Days	633 266	594 337	765 840	746 089	855 183

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

‘The ICC Durban was a net generator of R467-million in foreign exchange earnings.’



## 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 1 432 866 days, this is a 0.7% decrease on the 1 442 760 in 2010. International delegate and visitor days accounted for 37% of the total delegate and visitor days. This proportion is in line with previous years.

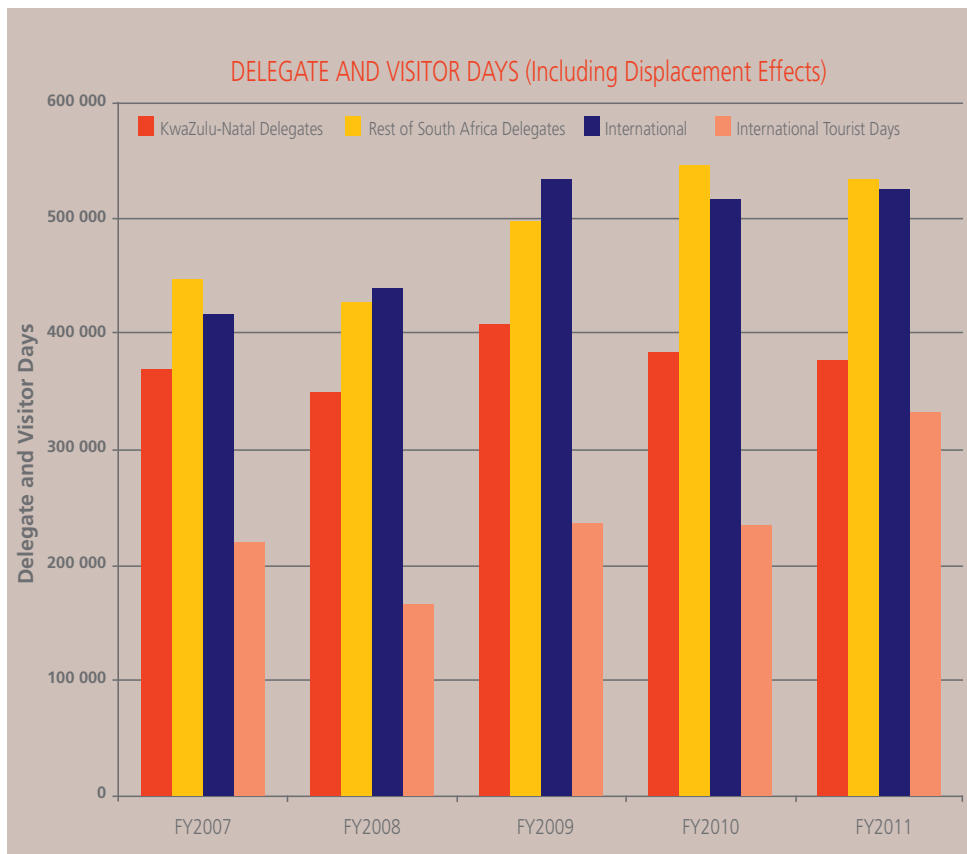
Another benefit of the conferences attracted to Durban by the ICC Durban is that delegates spend time and money in the city and province, thereby adding to the value captured by sectors such as tourism.



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







## CONGRESS VISITOR DAYS

Congress visitor days are the number of days that delegates and those traveling together with them 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 79 026 congress delegate days were generated by the ICC Durban during 2011. This is a decrease on the 148 630 days of 2010 but is higher than the 76 640 of 2009.

About half of these days in 2011 were by delegates from elsewhere in South Africa at 39 966. KwaZulu-Natal congress days amounted to 16 204 and international congress days to 22 856. This proportion is different from 2010 where the Rest of South Africa delegates made up the majority and in 2009 where international delegates made up half of the total congress days.

## EXHIBITION AND OTHER EVENT DELEGATE DAYS

As with congresses people who attend exhibitions and other types of events (such as concerts, sports events and trade fairs) also spend more time in the city than just the days at the exhibitions. Some are accompanied by friends and family.

A total of 1 353 840 days resulting from exhibitions and other events were generated by the ICC Durban during 2011. This number is an increase on the 2010 number of 1 294 130 and close to the peak of 2009.

In 2011 international visitor days for all events accounted for 524 309 days. KwaZulu-Natal visitor days were 376 323 and the rest of South Africa visitor days were 532 234. The relative proportions are similar for prior years.



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It is estimated that, this year, international tourists spent over 330 000 days in South Africa as a result of induced tourism generated by the ICC Durban. This is probably understated because it excludes the effect of repeat tourism from events held before 2004.

‘International tourists spent over 330,000 days in South Africa as a result of induced tourism generated by the ICC Durban’







# MARKETING & SALES

The Marketing and Sales efforts for the fiscal were focused on revenue growth, increasing new and repeat business and improving marketing tactics and strategies. 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 R129.49-million against budgeted revenues of R120-million.

## BUSINESS CONFIRMED

While the meetings industry continued to be highly competitive particularly in the light of the global economic crisis, the ICC Durban still managed to secure and confirm a total of 356 core conferences and events. Of these, 23 were international conferences and events, and 333 national conferences and events.

The following international conferences and events were hosted at the ICC Durban during the 2011 financial year:

Event Description	Number of Delegates
GNLD Convention	1,000
Planning Africa Conference 2010	500
2nd Biennial Substance Abuse Summit	600
International Confederation of Midwives Congress	3,000
5th Southern African AIDS Conference	5,000
Shoppex 2011	10,000
Diwali Fair 2010	7,500
Durban International Fair 2010	10,000
Indian Property Show	2,500
International SOCIAL Science and Humanities in HIV Conference	350
IOC Education and Culture Conference	600
2nd International Transport and Environment Conference	300
2nd World Congress on Refractive Error and Service	1,000
PBD Africa Conference	600
7th International Neonatal Nurses Conference	1,000
Commonwealth Pharmacists Association Conference	600
Kenya Tourist Board Breakfast	110
Greater Port Harcourt Development Authority	100
Africa City Leadership Convention	100
AAPAM Gala Dinner	400
Microsoft Technical Education 2010 Conference	2,500
123rd International Olympic Committee Session	4,000
Indaba 2011	11,500
<b>Total Delegates</b>	<b>63,260</b>

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The ICC Durban Arena proved a popular venue during the 2011 financial year with 49 concerts and related events hosted in the venue:

<b>Concerts / Special Events</b>	<b>Number of Attendees</b>
Good Friday Service	3,000
13th African Renaissance Festival	5,400
Durban International Music Festival	850
Fight Force Tournament	1,340
Fight Force Boxing Tournament	1,099
3rd Annual SABC Crown Gospel Awards 2010	5,656
Joyous Celebration Concert	5,080
Joyous Celebration Live CD and DVD Recording	9,000
2nd Annual Jacob Zuma Karate Cup	3,000
Bryan Adams Concert	9,200
CRC Durban (Gospel show)	1,500
Nando's Durban Comedy Festival	1,600
Andre Rieu Concert 2011	6,000
Joyous Celebration Auditions 2011	500
SA's Got Talent Auditions 2010	500
Tim Omotoso's 52nd Birthday Celebration	400
Crowded House	2,800
Bafunny Bafunny	6,000
Sathya Sai Central Trust ( Religious show)	1,600
World Cup SEMI FINALS	1,500
Muslim Comedy Show	2,220
International Cricket Celebrity Dinner	230
Ingxoxo, The Negotiation Movie Premier	350
UKZN Cultural Music Festival	5,000
Ferry Corsten South Africa Tour 2010	1,500
Saris for Good Karma	250
SATMA Awards 2010	3,340
Generation Next	4,000
Busta Rhymes Concert	1,500
Mixed Martial Arts - King of the Cage	1,500
Rahat Fateh Ali Khan "Live in Concert"	5,200
East Coast Productions Flowtation Party	3,000
New Year's Eve Masquerade Ball	220
Andile kaMajola Chapter 5	1,050
Abdullah Ibrahim with the International Band Ekhaya	700
Fight Force Boxing Tournament	1,386
Incredible Healing Ministries	3,000
Fundraising Cultural Live Production	1,000
Fight Force Boxing Tournament	1,400
Incredible Healing Ministries	6,000
Ayihlome ( Gospel Show)	6,000
Ayihlome ( Gospel Show)	6,000
Conquering Through Prayer Ministries - 20th Birthday Celebration	4,000
Kool and the Gang	3,649
Boxing SA Awards Dinner	420
Prayer Against Crime & Drug Abuse	1,000
Autumn Music Festival	6,000
Pankaj Udhas Concert	1,800
The Democracy Celebration Concert	1,000
Indian Idols Generation Next 2	1,831
<b>Total Attendees</b>	<b>140,571</b>





## BIDS SUBMITTED AND WON

The Marketing and Sales Department in partnership with the Durban KZN Convention Bureau was involved with the preparation and submission of 54 bids for international conferences. Of these, the following 14 bids were successful. Some bid decisions are still outstanding:

Conference / Event	Year
Disabled People International 8th World Assembly	2011
COP17 / CMP7 Climate Change Conference	2011
International Social Science and Humanities in HIV Conference	2011
Basic Education National Conference	2012
International Recreation Conference	2012
World Soybean Research Congress	2012
Association of International Women in Policing	2013
International Conference on Chemical Thermodynamics	2014
World Transplant Games	2014
21st World Congress of the International Association for Child and Adolescent Psychiatry and Allied Professions	2014
World Federation of Chiropractic Congress	2015
21st Baptist World Congress	2015
15th World Forestry Conference	2015
International Congress of Clinical Chemistry and Laboratory Medicine	2017



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## FORWARD CALENDAR

During the period under review 22 international and 334 national events were confirmed on the forward calendar. Several cancellations / postponements of national conferences were experienced which were largely attributed to the economic downturn.

## PRESS, PR & MEDIA RELATIONS

The media exposure value generated by the ICC Durban during the 2011 financial year was R12.1-million. Management is cognisant of the need to improve the favourable publicity for the centre and to inform stakeholders about its economic impact to the economy of the city and region.

Internal communication was achieved through a range of initiatives including internal newsletters and briefing sessions. Induction programmes provided new employees with knowledge and perspective of the ICC Durban, whilst structured employee meetings, briefings and team talk sessions ensured collective communication reached all employees in an efficient and effective manner. The ICC Durban's intranet site provided employees with online access to information.

‘22 International  
and 334 national  
events have been  
confirmed for 2012’





## ACCOLADES, AWARDS & ACCREDITATIONS

### INTERNATIONAL ASSOCIATION OF CONGRESS CENTRE'S (AIPC)

The ICC Durban was nominated and ranked within the top 20 of the World's Congress Centre's during the AIPC annual conference in Liverpool in the United Kingdom.

### WORLD TRAVEL AWARDS

The World Travel Awards ceremony took place in Egypt and the ICC Durban was awarded the title of Africa's Leading Meetings and Conference Centre for 2010. This is the tenth occasion that ICC Durban has secured this prestigious award.

### FIVE STAR GRADING

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

### ISO CERTIFICATION

Durban ICC obtained ISO 9001 and ISO 22000 certification during the 2011 financial year.



‘Nominated & ranked within the top 20 of the World's Congress Centres at the AIPC Annual Conference - Liverpool, UK’

The Operations Department managed to produce higher service levels during the 2011 financial year reflected in improved client feedback, in comparison to the previous fiscal.

Attention was focused on streamlining the communications flow between departments thereby ensuring less service lapses. An important factor that places the department and service levels at risk is the current level of vacancies within the department. The limitation of skills and staff vacancies have mitigated against departmental performance. The focus over the next fiscal is to address these vacancies and balance out the organogram accordingly.

## BEVERAGE

We have seen a significant increase in revenue during concerts breaking all previous revenue records with the sale of beverages. Concerts are managed more effectively and we can safely say that the ICC Durban Arena is the leading venue for the hosting of large indoor concerts in South Africa.

## TRAINING AND DEVELOPMENT

The Operations Department has produced training schedules and development programmes to facilitate the growth of skills and competence within the department. Emphasis on succession planning was placed high on the agenda and forms part of our ongoing strategic plan. Our people story was incorporated into the department's vision.

## REVENUE COLLECTIONS

Weekly sessions and meetings with Events Coordinators have resulted in managing the process of revenue collection in an efficient manner. Regular updates have proved imperative to manage the process effectively.





## CULINARY

During the 2011 financial year the culinary department focused on new offerings, guest satisfaction, improving on food presentation and quality of service in accordance with current international and local trends.

During this period 89% of our guests rated our culinary offering positively and the department managed to maintain food costs at an average of 31%.

The appointment of the new Senior Sous Chef in May 2011 assisted the team in maintaining the Cook Chill System and ensured that the department's systems and processes were ready for ISO accreditation.

## CHEFS TABLE

The Executive Chef hosted successful chef's tables, where the marketing and sales department were able to host clients and buyers. These events have proved an important part of selling the ICC Durban experience to prospective clients.



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‘89% of our  
guests rated our culinary offering  
positively’



## PUBLIC CATERING

The public catering process was reviewed and it was decided that all public catering will be managed in-house. New processes were introduced which has made public catering more efficient and more effective control measures have been put in place.

The culinary department also introduced streamlined menus with a cost effective menu choice which has simplified the control and procurement of produce.

## COFFEE SHOP

The performance of the coffee shop has been significantly improved with the introduction of a new menu. In addition new signage for the coffee shop has improved visibility and accessibility.

## FOOD SAFETY

The culinary department has once again retained the HACCP certification and in addition achieved ISO 22000 certification during the year under review.

The Food Consulting Services conducted audits on a quarterly basis.

## REFURBISHING / UPGRADE

A new industrial dishwasher was purchased resulting in a decrease in labour costs for the department. The dish wash area was revamped at the same time.

New rational ovens were purchased as part of the upgrade of technology and food safety standards.





# HUMAN RESOURCES

The International Convention Centre Durban employed 86 permanent and 9 full time contract personnel as at the end of June 2011.

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.

## TRAINING

Personnel are developed by providing needs based training in line with their Individual Development Plan (IDP). During the period under review a total of 143.5 training days were recorded. This fiscal saw the development and implementation of a Workplace Skills Plan for the ICC Durban which is 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 have been 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. During the fiscal under review employee performance management contracts were aligned to the departmental business plans and 68% of employees recorded performances of 3 and upwards.

## REWARD AND RECOGNITION

A reward and recognition programme that recognises and rewards employees for performance, living the values, innovation, customer service and teamwork was introduced and implemented during the fiscal under review.

‘Maintaining fairness & equity, stimulating innovation. Ensuring transparency, accountability & accessibility.’





# FINANCE & ADMINISTRATION

The finance department is extremely proud of its achievement for the year. There has been improvements in all areas of the department. The finance team has built a solid core of experienced members and has been remarkably stable in comparison to the industry. The focus is on continuous improvement of the process to increase efficiency and strengthen internal controls.

## INTERNAL CONTROLS

The finance department has been improving the internal controls around procurement and flexible staffing in order to ensure these areas are controlled effectively. In terms of flexible staffing, the clerks now have approved signature lists and are carefully checking that all staff are signed in and are approved by the designated ICC Durban official.

In terms of procurement controls the clerks are ensuring that SCM compliance is being maintained in terms of all procurements being made by the company. Due to the nature of the ICC Durban business (late bookings and urgent requirements etc.) there are still challenges to full compliance which are currently being addressed.



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## PROCUREMENT

The procurement department has been addressing the internal audit findings with regards to compliance with the SCM regulations. These include carefully checking all orders for compliance before these have been placed, the establishment of a deviations register for any urgent or applicable procurements. A future supplier open day is also being arranged in order to update the supplier database.

## CONTINUOUS AUDITING

One of the innovations in the finance department is the use of alert functionality to monitor the transactions and processes within the organisation. These range from notifications on large value purchase orders to e-mail notifications on customer tax clearance status. These have been extremely successful and have contributed significantly to the improvement in the internal control environment.

## EVENTS BASED COSTING AND PROFITABILITY

The department is proud that the EBMS events based profitability reports are now starting to work well. These are providing an invaluable insight into which events are contributing effectively to the bottom line. We are also able to identify overspends and other costing issues extremely quickly which is allowing for improvements going forward. Now that we are monitoring these, they are becoming easier to manage.

‘ Our focus is on  
continuous  
improvement  
of the process to  
increase efficiency &  
strengthen internal controls ’



## 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

In the fiscal under review the ICC Durban obtained ISO 9001 and ISO 22000 certification. We have embarked on a drive to obtain ISO14001 and ISO 18001 certification. Policies and Procedures have been established to support ISO certification and the centre is in the final stage of accreditation.

### OUTSOURCED SERVICES

The ICC Durban 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 most of the contracts performing very well. A notable improvement was in the performance of the security contracts.



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‘ICC Durban obtained ISO 9001 & ISO 22000 certification during the 2011 financial year’



The ICC is facing a number of challenges, these relate primarily to operating costs and the 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 increasingly 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 remain competitive in the meetings and exhibitions market.

## CONCLUSION

Looking ahead we will continue to develop our business both locally and internationally. Our strategy for increasing our revenues and profitability over the medium to long term remains clear and consistent. We have the skills, resources and capabilities to continue making progress and look forward to another year of generating value for our shareholder and other stakeholders.



Julie-May Ellingson  
Acting CHIEF EXECUTIVE OFFICER  
ICC Durban (Pty) Ltd





# FINANCIALS

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Income Statement	2010-2011	2009-2010	2008-2009	2007-2008
Beverage Revenue	9 593 993	8 422 843	10 285 559	7 928 953
Food Revenue	37 826 335	39 474 267	41 850 561	24 497 968
Other revenue	1 432 924	32 000	70 436	15 492
Parking Revenue	4 390 789	3 392 258	3 890 774	3 720 935
Recoveries Revenue	19 666 047	10 892 253	22 909 089	8 440 146
Technical Services	8 315 427	4 898 617	10 022 732	6 916 848
Venue Hire	47 458 877	37 869 126	37 069 589	39 088 115
<b>Total Revenue</b>	<b>128 684 392</b>	<b>104 981 364</b>	<b>126 098 741</b>	<b>90 608 457</b>
Cost of Sales	-33 276 835	-25 203 785	-39 147 281	-18 736 767
<b>Gross Surplus</b>	<b>95 407 557</b>	<b>79 777 579</b>	<b>86 951 460</b>	<b>71 871 690</b>
Other Income	1 043 741	664 978	755 732	2 987 446
<b>Operating Expenditure</b>				
Facility Expenditure	-27 609 648	-26 161 494	-27 370 136	-22 907 539
Marketing, sales and advertising	-3 725 285	-4 185 512	-4 928 500	-4 347 260
Personnel	-30 742 975	-46 156 056	-41 508 104	-36 679 473
Other Operating Expenditure	-28 696 621	-14 706 226	-13 049 373	-7 328 085
<b>Total Operating Expenditure</b>	<b>-90 774 528</b>	<b>-91 209 288</b>	<b>-86 856 113</b>	<b>-71 262 357</b>
<b>Operating Profit / (Loss)</b>	<b>5 676 770</b>	<b>-10 766 731</b>	<b>851 079</b>	<b>3 596 779</b>
Finance Income	5 203 152	6 841 789	11 878 634	11 617 701
Fair Value Adjustment	129 403	-287 032	-	-
Finance Cost	-213 037	-7 291	-3 960	-38 752
<b>Profit Before Depreciation and Rates</b>	<b>10 796 288</b>	<b>-4 219 265</b>	<b>12 725 753</b>	<b>15 175 728</b>
Municipal Rates and Taxes	-6 172 133	-7 290 163	-6 245 800	-8 054 458
Depreciation	-34 188 626	-33 833 026	-32 565 342	-28 275 191
<b>Net Profit / (Loss)</b>	<b>-29 564 471</b>	<b>-45 342 454</b>	<b>-26 085 389</b>	<b>-21 153 921</b>



Value Added Statement				
Revenue	128 684 392	104 981 364	126 098 741	90 608 457
Less Bought in Goods and Services	-93 308 389	-70 257 017	-84 495 290	-53 319 651
<b>Value Added</b>	<b>35 376 004</b>	<b>34 724 347</b>	<b>41 603 451</b>	<b>37 288 806</b>
Income from Investments	5 203 152	6 841 789	11 878 634	11 617 701
<b>Total Wealth Created</b>	<b>40 579 155</b>	<b>41 566 136</b>	<b>53 482 085</b>	<b>48 906 507</b>
<b>Applied As Follows</b>				
To Employees (Salaries and Flexible Staffing Costs)	30 742 975	46 156 056	41 508 104	36 679 473
To the Shareholder as Municipal Rates	6 172 133	7 290 163	6 245 800	8 054 458
To provide for maintenance and expansion of assets	3 664 048	-11 880 083	5 728 181	4 172 576
<b>Total</b>	<b>40 579 155</b>	<b>41 566 136</b>	<b>53 482 085</b>	<b>48 906 507</b>

Balance Sheet	2011	2010	2009
<b>NET ASSETS AND LIABILITIES</b>			
<b>NET ASSETS</b>			
Contributions from owner	1	1	1
Accumulated surplus / (deficit)	531 788 494	561 352 966	606 695 420
	<b>531 788 495</b>	<b>561 352 967</b>	<b>606 695 421</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Loans from shareholder	226 589 660	226 589 660	226 589 660
<b>Current Liabilities</b>			
Trade and other payables	39 274 584	29 652 661	37 415 316
<b>Total Liabilities</b>	<b>265 864 244</b>	<b>256 242 321</b>	<b>264 004 976</b>
<b>Total Net Assets and Liabilities</b>	<b>797 652 739</b>	<b>817 595 288</b>	<b>870 700 397</b>

**ASSETS****Non-Current Assets**

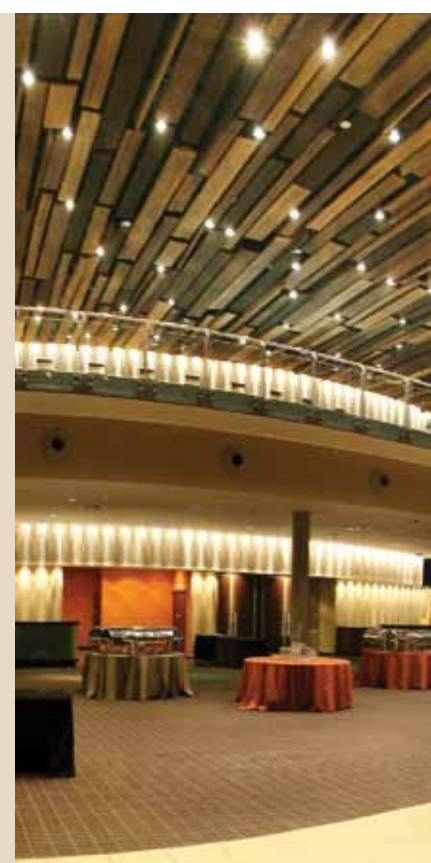
Property, plant and equipment	682 452 222	714 346 128	741 994 709
Intangible assets	392 568	568 824	653 917
	<b>682 844 790</b>	<b>714 914 952</b>	<b>742 648 626</b>

**Current Assets**

Inventories	1 438 449	1 190 712	923 689
Trade and other receivables	12 461 915	5 595 343	5 593 192
Cash and cash equivalents	100 907 585	95 894 281	121 534 890
	<b>114 807 949</b>	<b>102 680 336</b>	<b>128 051 771</b>

**Total Assets**

	<b>797 652 739</b>	<b>817 595 288</b>	<b>870 700 397</b>
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## ICC DURBAN

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