



10.0

ENABLING OUR PEOPLE



10.1 LEADERSHIP AND EMPLOYEE DEVELOPMENT

MANAGEMENT APPROACH

In the 2012/2013 reporting year Umgeni Water developed and communicated a new Code of Ethics which establishes a set of principles to promote and encourage ethical behaviour and decision-making by all employees, board members and stakeholders. In terms of this code, the ethics committee monitored the following activities of Umgeni Water during the reporting period, details of which are contained in previous chapters of this annual report and in the sections that follow.

This included Umgeni Water's standing in terms of the goals and purposes of:

- The ten (10) principles set out in the United Nations Global Company Principles and OECD recommendations regarding corruption, including human rights, child and forced labour, environment, anti-corruption, bribery, extortion and transparency,
- The Employment Equity Act, No 55 of 1998, and
- The Broad-Based Black Economic Empowerment Act, No 53 of 2003.



Good corporate citizenship

- Promotion of equality, prevention of unfair discrimination, and measures to address corruption,
- Corporate social contribution to development of the communities in which Umgeni Water's activities are predominantly conducted or within which its products or services are predominantly marketed, and
- Just record of sponsorship, donations and charitable giving.

The environment, health and public safety

- This included the impact of Umgeni Water's activities and of its products or services.

Consumer relationships

- Consumer relationships, including Umgeni Water's policies and record relating to advertising, public relations and compliance with consumer protection laws.

Labour and employment matters.

- Human capital and workforce matters: recruitment and selection, succession and coaching, health and safety, HIV awareness, wellness programmes, training and development.

Labour practices and decent work

Umgeni Water recognises the importance of its employees in the delivery of its strategic goals and objectives. The organisation has embraced the principle that its organisational goals and human resources needs are mutual, compatible and strongly inter-dependent. Umgeni Water's Human Resources policies encourage a focused, skilled workforce and good employee relations, thus creating a healthy working environment.

EMPLOYMENT

Umgeni Water seeks to maintain a workforce that will enable it to deliver quality services to all its stakeholders. In the year under review a Five-Year Workforce Plan, aligned to the strategic objectives of the organisation, was implemented to ensure current and future workforce needs are met. As part of the Workforce Plan implementation process a Succession, Mentoring and Coaching Action Plan was approved. The purpose of the Succession, Mentoring and Coaching Plan is to create a pool of competences aimed at meeting Umgeni Water's future skills' demand by:

- Targeting positions in all divisions from the Executive, Senior Management, Professionals and Technical levels that are critical for the organisation's success and retention of institutional memory with proven potential and preparing individuals to assume higher levels of responsibility in key and strategic positions that may become vacant due to planned or unexpected absence,
- Identifying and agreeing Scarce, Core and Critical positions with relevant Line Managers,
- Developing a profile of all potential retirees – employees between 60 – 65 years of age - that are holding scarce and critical position as identified per Five-Year Workforce Plan,
- Determining and documenting the required job competencies from the job profiles of identified key positions using competency mapping and workforce plan in assisting Line Managers to compile Job Profiles,
- Developing a skills database comprising all employees who have completed developmental programmes through Assisted Education and others to be used when identifying successors, and
- Developing a skills database for Learners, Apprenticeships and Trainees that have completed and/or are currently on training, to be considered when filling Scarce, Core or Critical vacancies and vacancies due to retirees.

Table 10.1 2012/2013 workforce by employment type/category, and race and gender is shown for the permanent establishment for **(a)** parent company and **(b)** wholly-owned subsidiary.

(a) Umgeni Water (permanent establishment)

Employment Type/ Category	Total	Male				Female			
		Indian	African	Coloured	White	Indian	African	Coloured	White
Top Management	5	0	2	0	1	0	1	0	1
Senior Management	27	8	7	2	3	3	3	0	1
Professionally qualified and experienced specialists and mid-management	202	34	57	5	28	19	49	4	6
Skilled Technical and academically qualified workers, junior management, supervisors, foremen and superintendents	370	43	163	7	17	25	104	6	5
Semi-skilled and discretionary decision-making	177	2	164	1	0	4	6	0	0
Unskilled and defined decision-making	31	0	25	0	0	0	6	0	0
Total	812	87	418	15	49	51	169	10	13

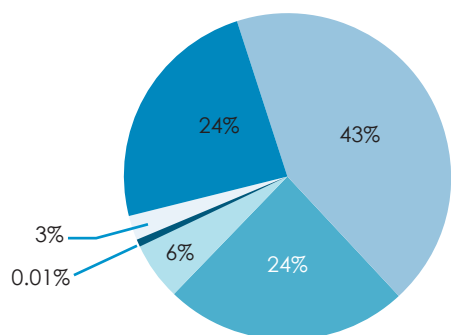
(b) Msinsi Holdings (Pty) Ltd (permanent establishment)

Employment Type/ Category	Total	Male				Female			
		Indian	African	Coloured	White	Indian	African	Coloured	White
Senior Management	2	1	1	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	7	0	1	1	1	1	3	0	0
Skilled Technical and academically qualified workers, junior management, supervisors, foremen and superintendents	11	0	5	0	0	6	0	0	0
Semi-skilled and discretionary decision-making	33	0	33	0	0	0	0	0	0
Unskilled and defined decision-making	20	0	9	0	0	0	11	0	0
Total	73	1	49	1	1	7	14	0	0

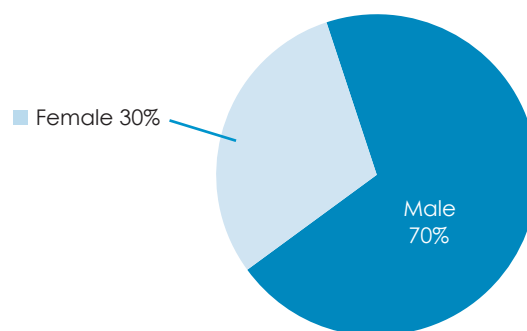
Umgeni Water created 38 new establishment posts in 2012/2013.

Figure 10.1: Employment (Group) in 2012/2013 – showing (a) category, (b) race and (c) gender

(a) Employment (Group) status by type/category



(c) Employment (Group) status by gender



- Top Management
- Senior Management
- Professionally qualified & experienced specialists & mid-management
- Skilled Technical & academically qualified workers, junior management, supervisors, foremen & superintendents
- Semi-skilled and discretionary decision-making
- Unskilled and defined decision-making

(b) Employment (Group) status by race

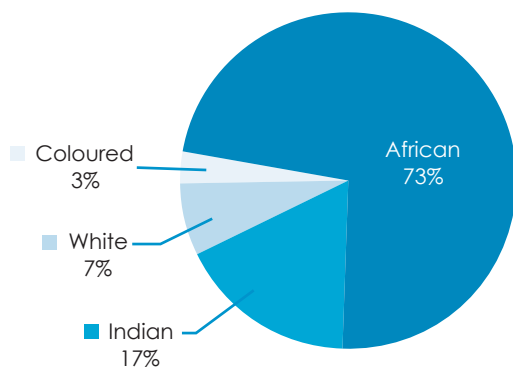


Table 10.2 Summary of staff numbers as at 30 June 2013

Staff Numbers	Total
Parent permanent	812
Msinsi permanent	73
Group permanent	885
Group fixed term contracts:	91
Group Total	976

All Umgeni Water's employees are based in KwaZulu-Natal. All full time and fixed term contract employees are provided with the following benefits: provident fund or retirement fund, housing allowance and medical aid. All female employees are entitled to maternity leave, of which seventeen (17) took maternity leave in the reporting year and returned to work after their leave.

Recruitment and turnover (Parent)

In 2012/2013 there were one hundred and seventy two (172) new recruits, comprising:

- One hundred and four (104) permanent employees, and
- Sixty-eight (68) contract employees.

75% of the new engagements were in the age range of 20-40 years. The turnaround time for filling of vacant posts was 93 working days and higher than the targeted ≤ 45 working days. Going forward systems will be streamlined to improve the turnaround time of filling vacancies.

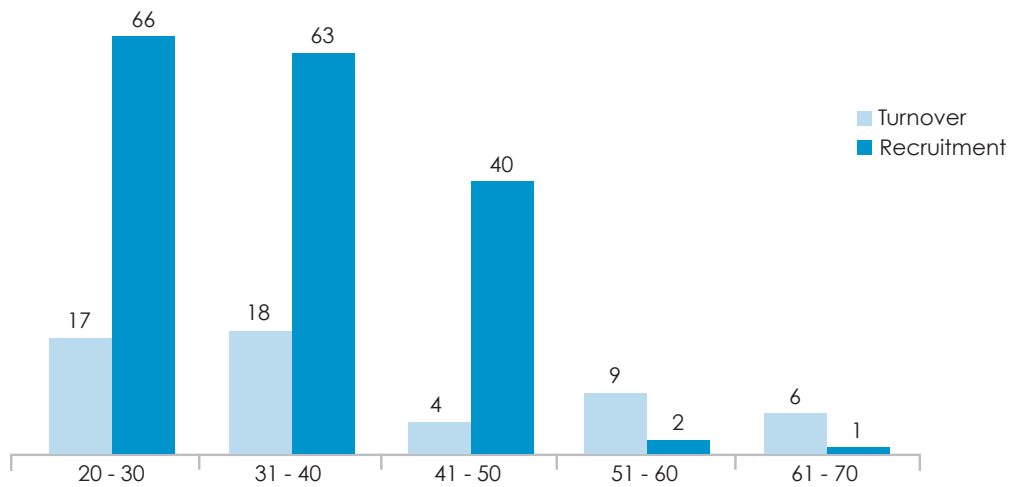
In 2012/2013 the turnover was fifty-four (54), comprising:

- Twelve (12) resignations,
- Twenty-six (26) employment contract completions,
- Six (6) natural deaths,
- Four (4) normal retirees,
- Two (2) dismissals, and
- Four (4) medical boarding (disabilities).

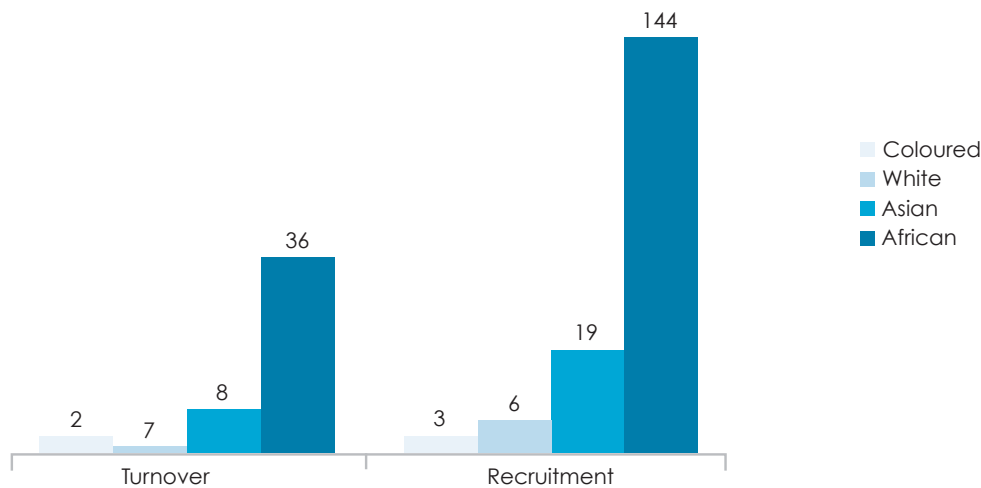
The turnover percentage is 5.04% and is less than the industry benchmark of 10.3%.

Figure 10.2: Recruitment and Turnover in 2012/2013 – showing (a) age, (b) race and (c) gender

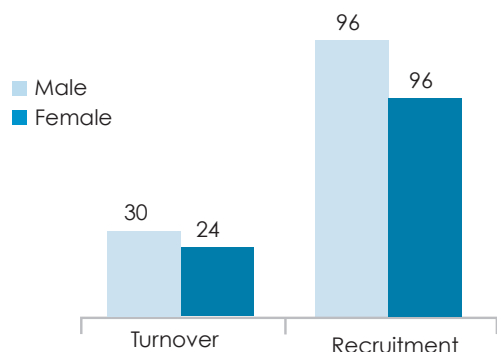
(a) Turnover and Recruitment Age Profiles



(b) Turnover and Recruitment Race Profiles



(c) Turnover and Recruitment Gender Profiles



Labour/Management Relations

Umgeni Water has aligned all its policies to ensure these are, at minimum, compliant with all relevant legislation, such that the rights and well-being of its employees can be safe-guarded and protected.

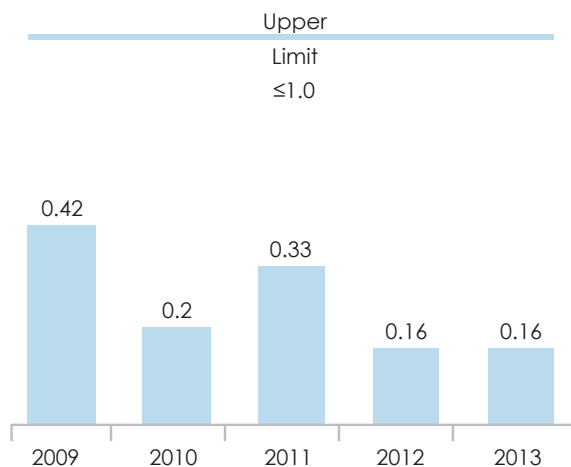
Umgeni Water has a Collective Agreement with its union, NEHAWU, and sixty one per cent (61%) of the total workforce are members of the union of which fifty-six per cent (56%) are within the collective bargaining unit. Umgeni Water and the union met at least quarterly in 2012/2013, excluding special meetings that were needed. Notwithstanding a collective agreement, Umgeni Water is committed to information sharing and giving reasonable notification to organised labour regarding any significant operational changes that may affect employees directly or indirectly. During the year, management actively engaged labour regarding concerns raised and sought to achieve resolution of issues without any stand-offs or disputes being formally submitted to external dispute resolution agencies.

OCCUPATIONAL HEALTH AND SAFETY (PARENT)

Umgeni Water maintained its joint management-worker health and safety committees throughout its operations in order to strengthen its health and safety programmes. Membership of its committees includes union shop stewards. The committees meet on a monthly basis and discuss pertinent occupational health and safety issues, report any incidents and deviations and identify actions for further investigation, as may be needed. The organisation collects, analyses and assesses key statistics relating to occupational diseases, rates of injuries, lost days and absenteeism, amongst others.

Figure 10.3 shows the disabling injury frequency rate trend.

Figure 10.3 Disabling Injury Frequency Rate (DIFR)



Umgeni Water's health and safety representatives have significant knowledge and expertise and are actively involved in health and safety in the workplace. To strengthen the functioning of this committee, democratic elections have been held to re-elect the chairpersons. This practice is aligned with legislative requirements. The occupational health programmes, which are aligned to the Occupational Health and Safety Act and standards, assist employees in the following areas:

- Provision of health education,
- Provision of guidance and counselling,
- Management of employee assistance programme,
- Primary health care including minor ailments treatment and referrals where necessary,
- Workplace observation and intervention if circumstances become hazardous to health, and
- Medical Surveillance Programmes are conducted annually to screen employees exposed to hazardous environments and ultimately ensuring a safe workforce.

SKILLS DEVELOPMENT (PARENT)

Skills development remains essential at Umgeni Water to enable employees to excel in their individual and organisational roles and functions and deliver on the organisation's strategy. Umgeni Water annually compiles and submits a Workplace Skills Plan to EWSETA, which identifies the skills needs of the organisation. Skills training and development is effectively being achieved through the following avenues, amongst others:

- Training and development,
- Learnership and apprenticeship,
- Bursary programme,
- Graduate trainee programme and Internships, and
- Assisted education.

Training and Development

Table 10.2 shows the average hours of training per employee, by gender and by employee category.

- All categories of employees were exposed to training,
- Relative to the 30:70 proportion of female to male employees, female employees received more training than male employees, and
- In 2012/2013, 13 776 hours were spent in training and development for 644 employees yielding an average of 21.4 hours per employee trained.

Table 10.2 Training Hours by occupational level, gender and per employee in 2012/2013.

Occupational Levels	Employees Trained	Total Female	Total Male	Total Hours per category	Average hours per Employee
Top Management	5	1	4	128	25.6
Senior Management	15	5	10	240	16
Professionally qualified and experienced specialists and mid-management	43	20	23	1 032	24
Skilled Technical and academically qualified workers, junior management, supervisors, foremen and superintendents	430	172	258	10 320	24
Semi-skilled and discretionary decision-making	106	50	56	1 696	16
Unskilled and defined decision-making	12	2	10	96	8
Non-Permanent.	33	8	25	264	8
Totals	644	258	386	13 776	21.4

Learnerships and Apprenticeships

In 2012/2013 forty-seven (47) learners were in training, all of which have completed their level 4 (final level) of the programme. Electrical engineering and Instruments learners have completed and passed their trade tests and are employed as Artisan Trainees. The Mechanical Engineering learners are to complete their trade tests at the end of July 2013 after which they will be absorbed as Artisan Trainees.

Bursary and Graduate Programme

Umgeni Water has offered bursaries to thirteen (13) students for tertiary enrolment in the fields of Civil Engineering, Mechanical Engineering and in Finance. During the year, four (4) students completed their studies in Civil Engineering on schedule and are currently absorbed as Graduate Engineers.

Assisted Education

Fifty (50) employees are on the Umgeni Water assisted education programme of which 45% are enrolled in programmes that are directly targeting critical and scarce skills for the organisation.

Graduates and In-service Trainees

Umgeni Water provided development opportunities to a total of twenty (20) graduates and in-service trainees in the year:

- Seven (7) graduates are enrolled in engineering, science and other required professional fields in the organisation. Umgeni Water's graduate trainee programme is a two-year mentorship programme aligned to guidelines provided by professional registration bodies, such as, South African Council for Natural Scientific Professions in the case of scientists,
- Thirteen (13) students from the Institute of Higher Learning were recruited into the Work Integrated Learning Programme, which is a one-year mentorship programme that provides continuous integrated theoretical and practical learning experience. The students are exposed to learning in Laboratory/Analytical methods and Process Control. Students trained by Umgeni Water are generally successful in gaining employment within Umgeni Water or elsewhere in the sector after completing their development programmes, and
- In partnership with National Treasury, Umgeni Water continued to implement the graduate development programme of engineers, technologists, process controllers and technicians with specific emphasis on meeting the skills shortages in the municipalities in KwaZulu-Natal and OR Tambo District Municipality in Eastern Cape. As part of this programme, forty-four (44) trainees were enrolled for a period of five years.



PRE-RETIREMENT TRAINING

One hundred and thirty-eight (138) employees from age fifty-five (55) to sixty-five (65) were exposed to pre-retirement training and counselling. This is undertaken annually, aligned to the expected number of retirees and assists employees with managing their retirement benefits.

KEY MEMBERSHIPS AND ASSOCIATIONS

Organisational and employee memberships are shown in **Table 10.3**. These straddle governance and risk, water, science and engineering, natural resources and social impact management, business, finance and accounting, standards, occupational health and safety, amongst others. These help ensure the organisation keeps abreast in its core fields, participates in sector knowledge sharing and retains and enhances its core and distinctive competencies.

Table 10.3 Key Memberships and Associations

Category	Memberships
Governance and Risk	Institute of Directors in Southern Africa (IoDSA) Institute of Risk Management South Africa (IRMSA) Ethics Institute of South Africa (EthicsSA)
Financial and Business	South African Institute of Chartered Accountants (SAICA) Association of Corporate Treasurers of Southern Africa (ACTSA) National Business Initiative (NBI) Durban Chamber of Commerce and Industry Pietermaritzburg Chamber of Business (PCB)
Product Quality, Infrastructure Stability, Research, Innovation, Science and Technology	Water Institute of Southern Africa (WISA) South African Association of Water Utilities (SAAWU) International Desalination Association South African Institute of Agricultural Engineers South African Institute of Mechanical Engineers International Association of Hydrological Sciences American Water Works Association (AWWA) International Water Association (IWA) Engineering Council of South Africa (ECSA) South African Institute of Civil Engineers (SAICE) construction industry development board (cidb) South African Institute of Chemical Engineers (SAIChe) Project Management Institute
Community and Environmental Sustainability, Science and Technology	International Association for Impact Assessment (IAIASa) South African Council for Natural Scientific Professions (SACNASP) Institute of Waste Management
Employee and Leadership Development, Operational Resiliency, Operational Optimisation	Institute of Information Technology Professional of South Africa (IITPSA) South African National Standards Association (SABS) South African Council for Professional and Technical Surveyors (PLATO) South African Institute of Draughting Electrical Contractors' Association NACE International South African Right of Way Association (SARWA) Institute of Safety Management Fire Protection Association of South Africa South African Board of People Practice (SABPP) South African Society of Occupational Health Nursing Practitioners (SASHON) Chartered Institute for Purchasing and Supply (CIPS) State Owned Entities Procurement Forum (SOEPF) Society of South African Archivists (SASA) Library and Information Association of South Africa (LIASA)

PERFORMANCE, ALIGNMENT TO STRATEGY AND REMUNERATION

Umgeni Water, implements a three-component performance management system which ensures that all employees have conceptual knowledge and understanding of the role and purpose of their jobs in relation to the organisation's strategy, whilst having an explicit understanding of their own performance objectives and targets.

In this regard, each year following review of the organisational strategy, key performance indicators and targets, all divisions of Umgeni Water develop divisional plans, indicators and targets, which are then cascaded further to individuals, who develop individual performance agreements with line management.

The Board of Umgeni Water and Executive Management, respectively, assess organisational and divisional performances against targets on a quarterly basis, whilst formal corporate-wide employee performance assessments are undertaken twice a year. The performance management at Umgeni Water is development orientated, which is intended to cultivate effective human resources management and career development. As a result, appraisals are used to provide feedback and coaching to individual employees concerning their job performance.

Performance, which is then clearly linked to strategy, is further linked to remuneration in that performance bonuses are paid subject to all of the following requirements being met:

- The organisation's balanced scorecard targets have been substantially met as set out in the shareholder's compact,
- The divisional balance scorecard targets have been met as per divisional business plans,
- The individual performance targets have been met as per individual performance contracts, and
- The organisation can afford to pay the performance bonuses.

Through this structured performance management process, Umgeni Water ensures implementation of its strategic goals through skilled, competent, motivated and committed employees, whilst recognising and rewarding good performance.

DIVERSITY AND EQUAL OPPORTUNITY

Umgeni Water's workforce by employment type/ category, race and gender is shown in **Table 10.1** and **Figures 10.1**. The organisation annually submits an Employment Equity Plan to the Department of Labour and prepares quarterly equity reports to track the status of its workforce diversity against its plan.

HUMAN RIGHTS

INVESTMENT AND PROCUREMENT PRACTICES

Umgeni Water has committed to a system of acquisition of goods and services that is fair, equitable, transparent, competitive and cost effective and promotes the objectives of Broad-Based Black Economic Empowerment. Furthermore the organisation strives to ensure it facilitates an efficient and cost effective system of management of goods and services for its water business throughout the elements of Demand, Acquisition, Logistics and Disposal.

In the year under review, the organisation had improved its procurement systems by continuing to improve its supplier database, reducing the number of expired contracts which posed a risk to the organisation and by developing procurement and disposal plans aligned to legislation and the strategic objectives of the organisation. Umgeni Water's tender screening processes have sufficient rigour that will screen out unsuitable suppliers, e.g. suppliers who have been blacklisted due to corrupt or other unethical behaviour. Awareness continues to be built amongst the organisation's employees through requesting mandatory disclosures of interests in support of fair, equitable, transparent, competitive procurement practices.

In the year Umgeni Water revised and enhanced its approach to BBBEE to expand and improve implementation through the introduction of Contract Participation Goals (CPGs). CPGs require tenderers to commit a certain percentage of the tender scope of work and value for which the tenderer will contract targeted enterprises through provision of meaningful economic opportunities. There was wide acceptance and commitment to the approach by stakeholders both internally and externally. Performance with contract participation goals in the year is shown in an earlier section of this annual report.

Table 10.4 Ratio of remuneration of women to men by occupational category

Employment Type/Category	2011	2012	2013
Top Management	0.7	1.3	1.1
Senior Management	0.9	1.0	1.0
Professionally qualified and experienced specialists and mid-management	0.9	1.0	1.4
Skilled Technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0.9	0.9	1.2
Semi-skilled and discretionary decision-making	1.2	0.9	0.8



In line with the organisation's commitment to empower small, medium and micro enterprises through facilitating work for them, a highly successful briefing session was held with suppliers - both practising and potential - to provide information on Umgeni Water's planned projects and project opportunities that will be available to SMMEs. Umgeni Water has appointed two analysts, part of the functions of which will be to monitor BBEE/CPG implementation of awarded contracts to ensure that established enterprises are in fact engaging the targeted enterprises as per contracts, targeted enterprises are in fact performing the scope as per contract and payments due to targeted enterprises are processed at the correct rates and at agreed timeframes. As a result of these initiatives Umgeni Water is contributing to effective economic transformation the result of which will be visible in the forthcoming period.

CHILD AND FORCED LABOUR

Umgeni Water, as a state-owned entity, subscribes fully to National Legislation which ensures a healthy and safe work environment for its employees. The organisation's Human Resources Policies comply

and are in line with the Labour Relations Act (No. 66 of 1995), Basic Conditions of Employment Act (No. 75 of 1997) and their relevant Codes of Good Practice. Umgeni Water recognises that its employees are the organisation's most valuable asset and continues to be a socially responsible organisation which does not practise child and forced labour.

NON-DISCRIMINATION

During the year zero (0) incidents of discrimination were reported.

INDIGENOUS RIGHTS

Umgeni Water subscribes fully to the Bill of Rights in terms of the Constitution of the Republic of South Africa (Act 108 of 1997). During the year there were zero (0) reported incidents of violation of rights of indigenous people in any aspect of the organisation's business.

HUMAN RIGHTS REMEDIATION

Zero (0) grievances related to human rights were filed.

