

Enabling our People

10.1 LEADERSHIP AND EMPLOYEE DEVELOPMENT

Management Approach

Umgeni Water has developed and communicated a 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 earlier chapters of this annual report and in the sections that follow:

Social and economic development

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

- The ten (10) principles set out in the United Nations Global Compact 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, including:

- 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
- Record of sponsorship, donations and charitable giving.

The environment, health and public safety including:

- Impact of Umgeni Water's activities and of its products or services.

Consumer relationships including:

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

Labour and employment matters including:

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



computer training - 1994

Leadership and Employee Development through the years

training in Umgeni Water lab - 2012



Labour Practices and Decent Work

Umgeni Water embraces the principle that its organisational goals and human resources needs are mutual, compatible and strongly inter-dependent. The entity's Human Resources policies therefore seek to ensure a competent, motivated and engaged workforce.

Employment

Umgeni Water seeks to maintain a workforce that will enable it to deliver quality services to all stakeholders. **Table 10** and **Figure 10** show the entities 2013/2014 workforce profile, for which there were 817 permanent employees in the parent company, 923 permanent employees in the group and 97 fixed term contracts providing a total staff complement of 1020 in the group.

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 359 female employees were entitled to maternity leave, of

which twenty-three (23) took maternity leave and returned to work after their leave.

Succession, Mentoring and Coaching

Umgeni Water has in place a Succession, Mentoring and Coaching Action Plan to enable the entity to create a pool of competencies to meet its future needs. The implementation approach includes:

- Identifying Scarce, Core and Critical positions, including positions critical for retention of institutional memory,
- Profiling potential retirees (60 – 65 years of age) occupying scarce and critical positions,
- Documenting competencies identified for key positions for compilation of job profiles,
- Preparing individuals to assume higher levels of responsibility in key and strategic positions, and
- Developing a skills database of Employees, Learners, Apprenticeships and other Trainees to be utilised to identify successors.

Maphumulo Water Treatment Works Operations demonstration

Enabling our People

Table 10.1: 2013/2014 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)

Occupational Category	Total	Male				Female			
		A	C	I	W	A	C	I	W
Top Management	4	2	0	0	1	1	0	0	0
Senior management	28	7	2	8	3	4	0	3	1
Professionally qualified and experienced specialists and mid-management	209	64	4	32	27	53	4	18	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	372	162	7	44	15	109	6	25	4
Semi-skilled and discretionary decision-making	173	161	1	1	0	6	0	4	0
Unskilled and defined decision-making	31	23	0	0	0	8	0	0	0
Total	817	419	14	85	46	181	10	50	12

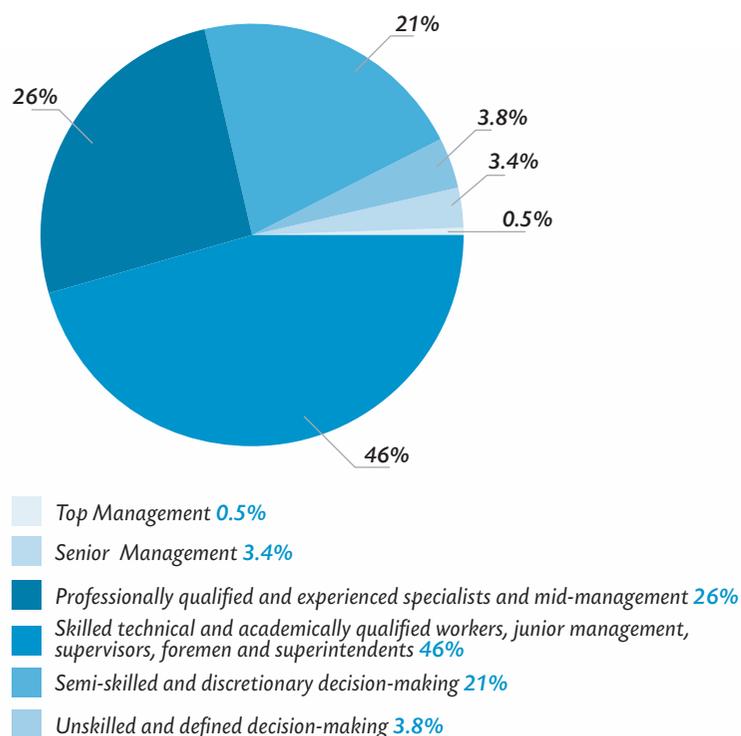
(b) Msinsi Holdings SOC Ltd (permanent establishment)

Occupational Category	Total	Male				Female			
		A	C	I	W	A	C	I	W
Senior management	1	1	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	6	1	1	0	1	2	0	1	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	18	4	0	0	0	13	0	0	1
Semi-skilled and discretionary decision-making	42	40	0	0	0	2	0	0	0
Unskilled and defined decision-making	39	19	0	0	0	20	0	0	0
Total	106	65	1	0	1	37	0	1	1

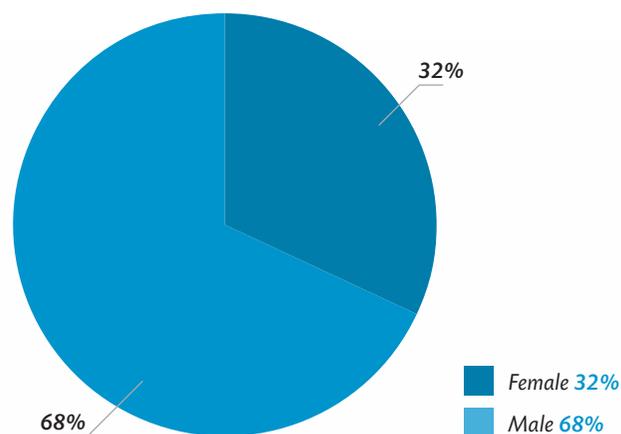


Figure 10.1: Employment (Group) in 2013/2014 – showing employment by (a) category, (b) race and (c) gender

(a) Employment (Group) by Category



(c) Employment (Group) by gender



(b) Employment (Group) by race

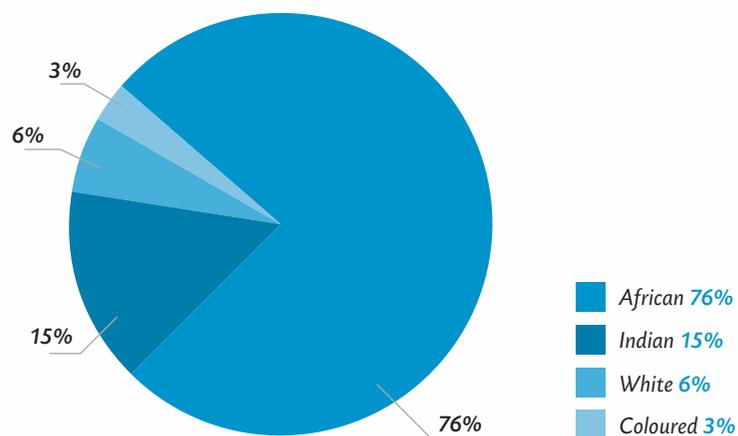


Table 10.2: Summary of staff numbers as at 30 June 2014

Staff Numbers	Total
Parent permanent	817
Msinsi permanent	106
Group permanent	923
Group fixed term contracts	97
Group Total	1020



Recruitment and turnover

Recruitment and turnover numbers for 2013/2014 are shown in Figure 10.2 (a), (b) and (c).

In 2013/2014 there were one hundred and twenty-four (124) new recruits, comprising:

- Forty-three (43) permanent employees
- Fifty-one (51) contract employees
- Thirty (30) graduates, apprentices and in-service trainees

86% of the new engagements were in the age range of 20-40 years, predominantly of African race and there were slightly more females than males engaged.

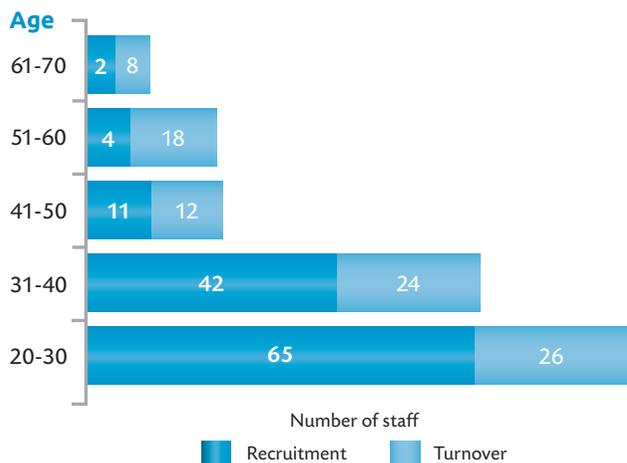
In 2013/2014 the turnover was eighty-eight (88) including:

- Twenty-nine (29) resignations,
- Thirty-one (31) completion of employment contracts,
- Seven (7) from natural deaths,
- Four (4) early retirees,
- Five (5) normal retirees,
- Two (2) dismissals,
- Three (3) from medically boarding due to ill health, and
- Seven (7) transfers to municipality, associated with bulk water treatment transfer.

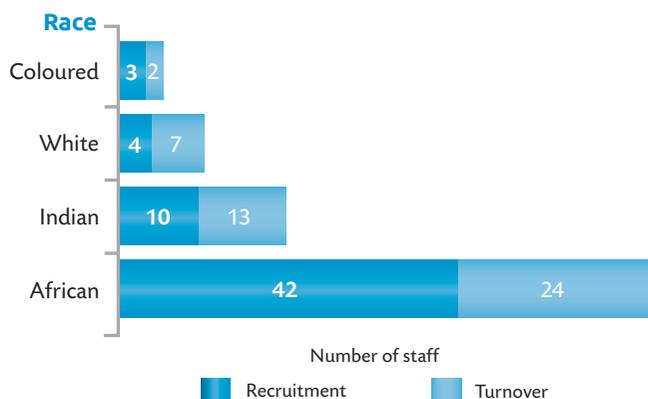
The entities turnover percentage, calculated using the total count of employees who worked in the entity in the year, is 7.7% and is less than the industry benchmark of 10%.

Figure 10.2: Recruitment and Turnover in 2013/2014 – by (a) age, (b) race and (c) gender.

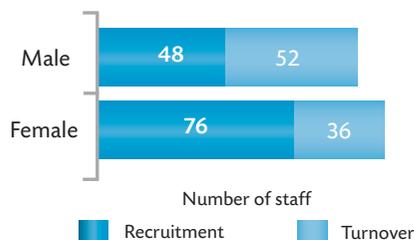
(a) Recruitment and Turnover - Age Profile



(b) Recruitment and Turnover - Race Profile



(c) Recruitment and Turnover - Gender Profile



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.

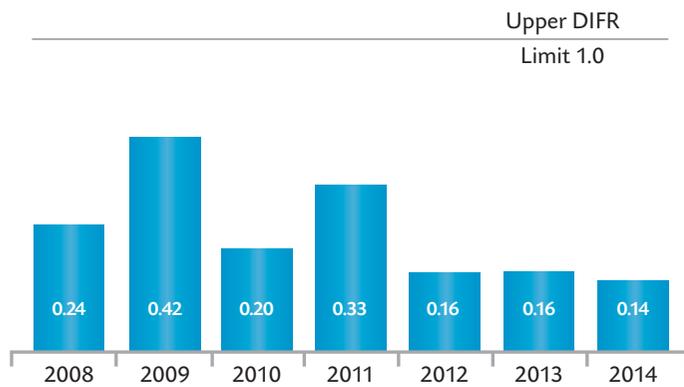
Umgeni Water has a Collective Agreement with its union, NEHAWU, and fifty-seven per cent (57%) of the total workforce are members of the union of which fifty-two per cent (52%) are within the collective bargaining unit. Umgeni Water and the union met at least quarterly in 2013/2014, excluding special meetings that were needed.

Notwithstanding a collective agreement, Umgeni Water is committed to information sharing and to always 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.

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 the committees, democratic elections are held to re-elect the chairpersons which 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

Figure 10.4 and **Table 10.3** show total training hours by gender and by employee category.

- All categories of employees were exposed to training,
- In 2013/2014, 26240 hours were spent in training and development for 1163 employees, and
- Investment in employee training has been increasing over the years.

Figure 10.4: Training Hours

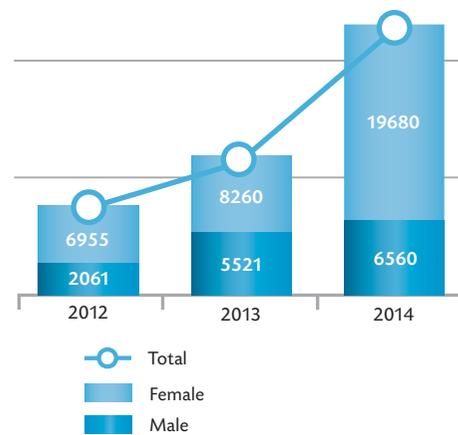


Table 10.3: Training Hours by occupation level, gender and per employee in 2013/2014.

Occupational Levels	Total Employees Trained	Total Female	Training Hours Female	Total Male	Training Hours Male	Total Hour per category
Top Management.	6	4	64	2	32	96
Senior Management	65	19	608	46	1472	2080
Professionally Qualified and Experienced Specialists and Mid-Management.	152	56	1344	96	2304	3648
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen and Superintendents.	200	64	1536	136	3264	4800
Semi-Skilled and Discretionary Decision Making.	298	84	1344	214	3424	4768
Unskilled and Defined Decision Making.	236	9	288	227	7264	7552
Non-Permanent.	206	86	1376	120	1920	3296
Total	1163	322	6560	841	19680	26240

Management Development Programme

In the year, Umgeni Water concluded a Memorandum of Agreement with the University of KwaZulu-Natal as part of the initiative to equip its leaders with the necessary skills and competencies to drive and implement the organisational strategy. The Programme commenced in May 2014 and will continue to 2016, and has its first batch of fifty-five (55) employees enrolled in the Management Development Programme.

Learnership and Apprenticeships

Umgeni Water has grown its pool of Learnerships and Apprenticeships and in the year provided training, development and exposure to both internal and external candidates.

Thirty-two (32) Artisan Trainees completed and passed their trade test and are employed within the entity as Artisan Trainees in Mechanical Engineering, Electrical Engineering and Instrumentation.

Eighteen (18) Apprentices, twelve (12) EWSETA approved and six (6) Umgeni Water apprentices are receiving training in electrical, mechanical and instrumentation disciplines.

Sixty-five (65) candidates were enrolled in either the Learnership Programme or in various courses in water and wastewater treatment including N3 Water and Waste Treatment.

The internal positions include: Superintendent, Process and Quality Technicians, Senior Operator, Operator and Process Controller

positions for which Umgeni Water assessed the skills and competency levels against requirements of Regulation 17 of the Water Services Act for Blue Drop and Green Drop certification and is addressing the skills and competency gap.

Fifteen (15) Water and Wastewater Treatment Operation Learnership candidates completed and passed NQF Level 4 of the programme in October 2013.

Bursary and Graduate Programme

Umgeni Water has offered bursaries to thirteen (13) students for tertiary enrolment in the fields of Civil Engineering, Mechanical Engineering, Electrical Engineering, Chemistry, Microbiology and Finance. Ten (10) of the students are on track with one (1) student successfully completing a degree in Civil Engineering on schedule and has been recruited as a Graduate Trainee by Umgeni Water. Three (3) students failed to progress to the next phase of their studies.

Assisted Education

Fifty-nine (59) employees are on the Umgeni Water assisted education programme of which 33% 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-one (21) graduates and in-service trainees in the year:

- Eight (8) 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.

Umgeni Water in partnership with National Treasury continued to implement the graduate development programme of engineers, technologists, process controllers, technicians and scientists 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 are enrolled and in training for a period of five (5) years.

Umgeni Water entered into a five-year collaborative agreement with Mangosuthu University of Technology to provide students with work integrated learning. Eight (8) interns are in the programme and are being provided with mentorship and an integrated theoretical and practical learning experience.

Pre-retirement training

During the course of the year information is regularly provided to employees regarding retirement planning. In addition to other communication, pre-retirement training is conducted annually, aligned to the expected number of retirees in the age group fifty-five (55) to sixty-five (65), and assists employees with sustainable management of their retirement benefits.

Key Memberships and Associations

Organisational and employee memberships are shown in **Table 10.4**. 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 10.4: Key Membership 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) Business Continuity Institute (BCI) Institute of Internal Auditors (IIA)
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) Chartered Institute of Purchasing (CIPS)
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 South African Council for Planners South African Planning Institute South African National Committee on Large Dams (SANCOLD) The Association of SA Quantity Surveyors Concrete Society of Southern Africa NPC South African Council for the Project and Construction Management Professions (SACPCMP) The Southern African Institute of Mining and Metallurgy (SAIMM) SA Geomatics Institute

Table 10.4: Key Membership and Associations

Category	Memberships
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 Professionals 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 Nursing Council (SANC) South African Reward Association (SARA) 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 and key performance indicators and targets, all divisions and departments of Umgeni Water develop plans, indicators and targets, which are further cascaded 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 process 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 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 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.

Umgeni Water does not discriminate between men and women in terms of remuneration. **Table 10.5** shows salary package ratios, which vary over the years, with an average ratio of 1.0 (equal women to men remuneration).

In addition, the entity strives to pay employees competitive market related salaries through regular comparison against industry salary survey reports. For 2013/2014 Top Management (Level 1 in **Table 10.5**) was remunerated eleven (11) times higher than the lowest category Semi-Skilled and Discretionary Decision Making (Level 5 in **Table 10.5**). Over the years the entity has actively worked on bridging the gap between the highest and lowest paid employee categories.

Table 10.5 : Ratio of Remuneration of Women to Men by Occupational Category

Occupational Levels	2011	2012	2013	2014	Average
Top Management.	0.7	1.3	1.1	0.8	1.0
Senior Management	0.9	1.0	1.0	1.0	1.0
Professionally Qualified and Experienced Specialists and Mid-Management.	0.9	1.0	1.4	0.9	1.0
Skilled Technical and Academically Qualified Workers, Junior Management. Supervisors, Foreman and Superintendents.	0.9	0.9	1.2	0.8	1.0
Semi-Skilled and Discretionary Decision Making.	1.2	0.9	0.8	1.0	1.0

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 and competitive procurement practices.

Umgeni Water continued in 2013/2014 to implement its Contract Participation Goals (CPGs) initiative that was introduced in the

prior year. 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. In line with the organisation's commitment to empower small, medium and micro enterprises through facilitating work for them, Umgeni Water participated in the SMME fanfare in the year - including both practising and potential suppliers – to provide information on Umgeni Water's planned projects and project opportunities that will be available to SMMEs.

Umgeni Water appointed two analysts, whose function it is to monitor BBBEE / CPG implementation of awarded contracts and advise whether the established enterprises are engaging the targeted enterprises as per contracts, whether targeted enterprises are performing the scope as per contract and whether payments due to targeted enterprises are processed at the correct rates and at agreed timeframes.

As a result of these initiatives Umgeni Water remains confident the entity 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 (Act No. 66 of 1995), Basic Conditions of Employment Act (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 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 grievances related to human rights were filed.