

11.0



Enabling our People

11.1 LEADERSHIP AND EMPLOYEE DEVELOPMENT

MANAGEMENT APPROACH

Umgeni Water promotes and encourages ethical behaviour and decision-making by all employees, Board members and stakeholders. This is facilitated through a Code of Ethics. During the reporting period, the Ethics Committee monitored and assessed the following activities of Umgeni Water:

Labour and employment matters including:

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

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 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, including:

- ▶ Promotion of equality, prevention of unfair discrimination and measures to address corruption,
- ▶ Corporate social contribution and development of the communities in which Umgeni Water conducts its business, and
- ▶ Impartial/objective sponsorship, donations and charitable giving.



MDP Graduation

The environment, health and public safety including:

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

Consumer relationships including:

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

LABOUR PRACTICES AND DECENT WORK

The entity's goals and human resources needs are mutual, compatible and strongly inter-dependent and Human Resources policies seek to ensure a competent, motivated and engaged workforce.

EMPLOYMENT

The workforce profile is shown in **Table 11.1** and **Figure 11.1**.

- The entity seeks to maintain a workforce that enables it to deliver quality services to all stakeholders.
- All employees are based in KwaZulu-Natal and within commuting distance from all operational sites.

- All full time and fixed term contract employees are provided with several benefits, including: membership of provident fund or retirement fund, housing allowance and medical aid.
- All female employees are entitled to maternity leave. During the reporting period thirty-two (32) female employees took maternity leave and 99% returned to work after their leave.

SUCCESSION, MENTORING AND COACHING

Succession, mentoring and coaching of employees is crucial to enable the entity to create a pool of competencies to meet current and future needs. This is facilitated through sound policies and plans that embrace:

- Scarce, Core and Critical positions, including positions critical for retention of institutional memory,
- Profiling of 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, which provides an informed pool from which to identify successors.

Table 11.1: 2015/2016 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)

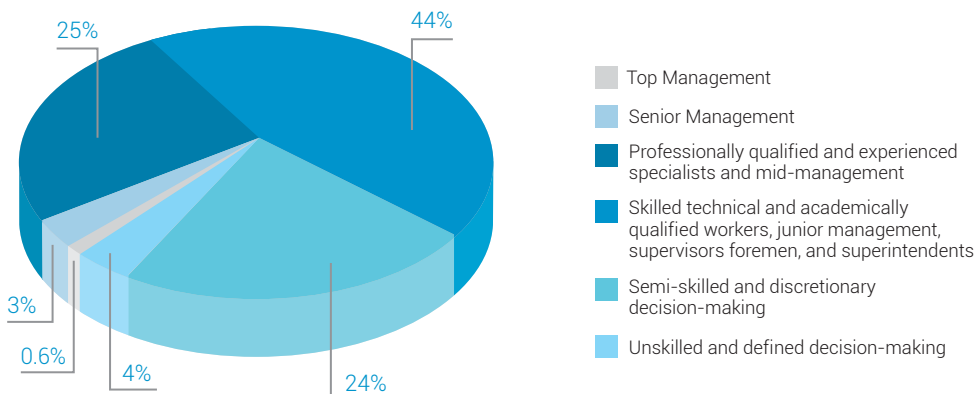
Occupational Category	Total	Male				Female			
		A	C	I	W	A	C	I	W
Top Management	5	3	0	0	1	1	0	0	0
Senior management	28	7	2	8	3	4	0	3	1
Professionally qualified and experienced specialists and mid-management	216	68	4	34	23	61	3	17	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	381	168	6	39	13	120	5	26	4
Semi-skilled and discretionary decision-making	212	192	3	0	0	13	0	4	0
Unskilled and defined decision-making	32	23	0	0	0	9	0	0	0
Total	874	461	15	81	40	208	8	50	11

(b) Msinsi Holdings SOC Ltd (permanent establishment)

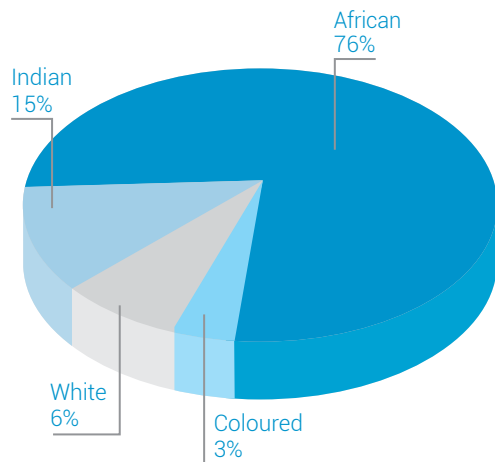
Occupational Category	Total	Male				Female			
		A	C	I	W	A	C	I	W
Top management	1	0	0	1	0	0	0	0	0
Senior management	2	1	0	0	0	1	0	0	0
Professionally qualified and experienced specialists and mid-management	7	2	0	0	1	3	0	1	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	25	11	0	0	0	14	0	0	0
Semi-skilled and discretionary decision making	40	34	0	0	0	6	0	0	0
Unskilled and defined decision making	41	20	0	0	0	21	0	0	0
Total	116	68	0	1	1	45	0	1	0

Figure 11.1: Employment (Parent) in 2015/2016 showing - (a) category, (b) race, (c) gender, (d) age and (e) disability

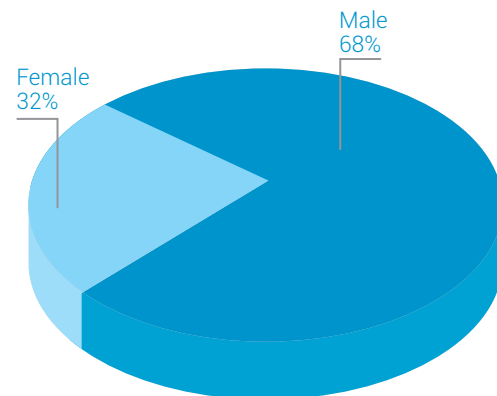
(a) Employment Status (Parent) by Category



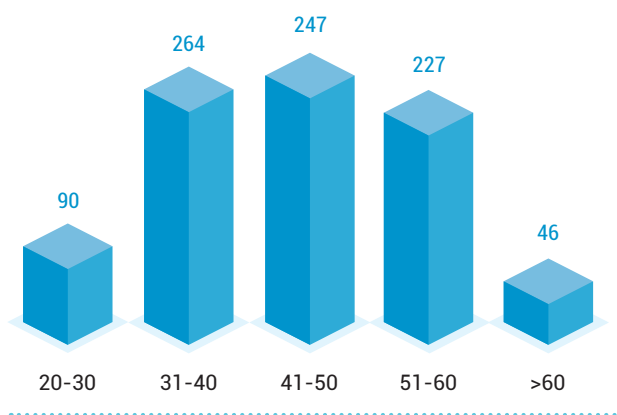
(b) Employment status (Parent) by race



(c) Employment status (Parent) by gender



(d) Age Profile (parent)



(e) Employee Disability Profile (Parent)

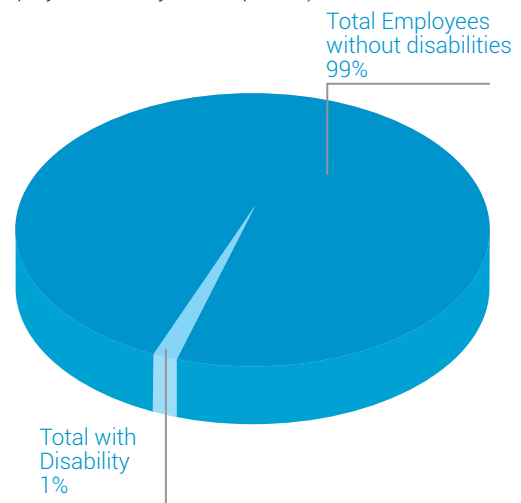


Table 11.2: Summary of staff numbers as at 30 June 2016

(a) Umgeni Water Group (permanent establishment)

Staff Numbers	Total
Parent permanent	874
Msinsi permanent	116
Group permanent	990
Group fixed term contracts	144
Group Total	1134

RECRUITMENT AND TURNOVER

In the reporting period the entity recruited two hundred and sixty four (264) employees, comprising:

- One hundred and fourteen (114) permanent employees,
- Thirty-five (35) contract employees, and
- One hundred and fifteen (115) graduates, apprentices, interns and in-service trainees.

Turnover was twenty-nine (29) including:

- Fifteen (15) resignations,
- Three (3) from natural deaths,
- Three (3) early retirees,
- One (1) dismissal, and
- Seven (7) from medically boarding due to ill health.

The entity's turnover percentage for the year is 4% and is below the industry benchmark of 8%.

LABOUR/MANAGEMENT RELATIONS

The rights and well-being of all employees are safe-guarded and protected through alignment of corporate policies with relevant legislation and regulations.

Specifically with its union, NEHAWU, the entity has in place a Collective Agreement that is maintained. Currently 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.

OCCUPATIONAL HEALTH AND SAFETY

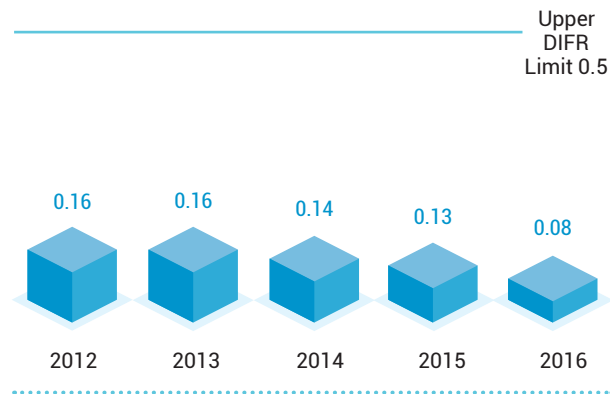
The entity ensures active data collection, analysis and assessment of key statistics relating to occupational diseases, vehicle accidents and absenteeism, amongst others.

A total of nine (9) disabling incidents were recorded in the reporting period, none of which resulted in a fatality. For these, root causes were identified and corrective actions were instituted.

Setting of clear targets and implementation of detailed management programmes form the foundation for teams as well as contractors to continue to work towards a safer working environment.

The Disabling Injury Frequency Rate (DIFR) target set for the year was less than or equal to 0.5, which is equivalent to a Five-Star rating. The entity however achieved 0.08. **Figure 11.2** shows the DIFR trend, which continues to move down.

Figure 11.2: Disabling Injury Frequency Rate (DIFR)



Calculation of disabling incident frequency rate (DIFR) is as follows: The total number of fatal injury cases, permanent disability cases, lost workday cases, restricted workday cases, health fatality cases, irreversible diagnosed disease cases and reversible diagnosed cases times 200 000 divided by the number of rolling man-hours worked over the exposure period.

The low DIFR is attributed to joint management-worker health and safety committees, the collaboration between fleet management and the SHEQ department, as well as, close monitoring and management of specific trends by senior management to continuously manage the DIFR figure and reduce identified high risks.

Specific activities during the 2015/2016 reporting period included:

- ▶ Ensuring compliance to Safety, Health and Environmental legislation and continuing to entrench a SHEQ culture within the entity,
- ▶ Enhancement of quality management system document controls,

- ▶ Implementation of an internal audit programme, carried out by the entity's SHEQ specialists, which supplemented the SABS surveillance audits,
- ▶ Legal audits to verify legal compliance with health and safety legislation and regulations, at which no major issues were raised and action plans put in place to close identified gaps,
- ▶ Efforts to improve the SHEQ culture within suppliers and contractors, communicated and enforced through presentations made during supplier briefing held in the year,
- ▶ Increased effort to reduce the number of vehicle incidents, which included, sending all drivers for 4X4 training, retraining of employees on the fleet management and incident reporting procedures, ensuring standard implementation of procedures, future planning of compulsory defensive driving course for all drivers and introduction of a call centre to report bad driving, and
- ▶ Improving efforts to curb the high rates of vandalism affecting some operational sites.

The entity's occupational health programmes are aligned to Occupational Health and Safety Act and standards and assist employees and the entity with the following:

- ▶ Provision of health education,
- ▶ Provision of guidance and counselling,
- ▶ Management of employee assistance programme,
- ▶ Management of HIV/ AIDS pandemic,
- ▶ 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

Continued skills development is essential and enables employees to excel in their individual and organisational roles and functions and deliver on the entity's strategy. Umgeni Water annually compiles and submits a Workplace Skills Plan to EWSETA, which identifies the skills needs of the entity and ensures skills training and development is effective. Skills development programmes include:

- ▶ Employee training and development,
- ▶ Assisted education programme,
- ▶ Learnership and apprenticeship programmes,
- ▶ Bursary programme, and
- ▶ Graduate trainee and Internship programmes.

Progress with each of these is detailed in the sections that follow.

TRAINING AND DEVELOPMENT

Training categorised by gender and by employee category are shown in **Figure 11.3** and **Table 11.3**, which show that all categories of employees were exposed to training with a total of 25 862 hours spent in training and development.

Figure 11.3 (a): Training Hours

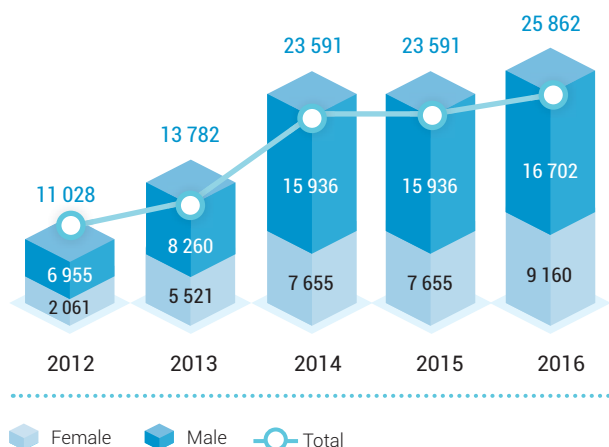


Figure 11.3 (b): Training Spend (Rm)

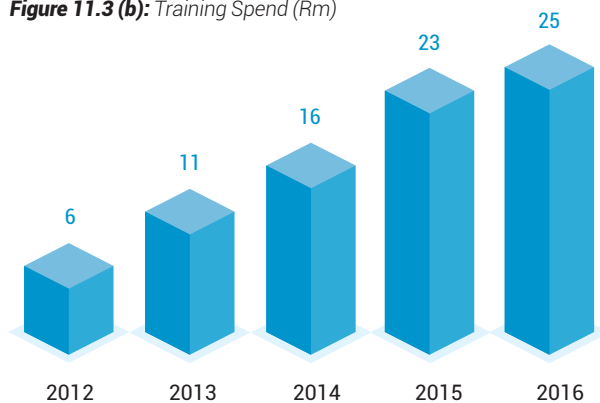


Table 11.3: 2015/2016 training by employment type/category and race and gender.

Occupational Levels	Total Employees Trained	Total Female	Training Hours Female	Total Male	Training Hours Male	Total Hour per category
Top Management.	1	1	88	0	0	88
Senior Management.	39	7	104	32	536	640
Professionally Qualified and Experienced Specialists and Mid-Management.	144	43	684	101	1462	2146
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents.	810	243	2820	567	6904	9724
Semi-Skilled and Discretionary Decision Making.	322	87	2700	234	5328	8028
Unskilled and Defined Decision Making.	111	37	544	74	1220	1764
Non-Permanent.	159	81	2220	78	1252	3472
Total	1586	499	9160	1086	16702	25862

LEADERSHIP, LEARNERSHIP AND APPRENTICESHIPS

In the prior year Umgeni Water partnered with the University of KwaZulu-Natal to develop and implement programmes for leadership and management development. Implementation of two key programmes, the Management Development Programme (MDP) and the Emerging Management Programme (EMP) were implemented with a total of 103 employees successfully completing these programmes. During the reporting period, efforts focused on finalising the next level programme, the Senior Management Development Programme (SMDP), which will be implemented in 2017.

The Learnerships and Apprenticeships programmes in the year provided training, development and exposure to both internal and external candidates. Fifty-seven (57) Apprentices were recruited in the following trades: Mechanical Engineering, Electrical Engineering, Boiler-making, Motor / Diesel Mechanical and Instrumentation. The Apprentices completed the first phase in April 2016 and are currently receiving workplace training at respective Umgeni Water workshops. EWSETA confirmed that all the entity's Apprentices are registered as Apprentices, which is one of the trade test application pre-requisites.

There are currently twelve (12) Artisan trainees who passed their trade tests and were employed within the entity over a two-year period as artisan trainees: Three (3) are in Electrical Engineering, three (3) in Instrumentation, three (3) in Boiler-making, two (2) in Mechanical Fitting and one in (1) Motor Mechanic.

Umgeni Water assessed the skills and competency levels of internal personnel against requirements of Regulation 17 of the Water Services Act for Blue Drop and Green Drop certification and developed a multi-year training plan to fill the skills and competency gaps. The internal positions include Superintendent, Process and Quality Technicians, Senior Operator, Operator and Process Controller positions. In the reporting period a total of 318 Process Controllers were enrolled in either the Learnership Programme or in N3 Water and Waste Treatment and various courses in water and wastewater treatment.

ASSISTED EDUCATION

Sixty-three (63) of the entity's employees are on an Assisted Education Programme of which 35% are enrolled in programmes that are directly targeting critical and scarce skills.

UMGENI WATER YOUNG PROFESSIONALS

The Umgeni Water Young Professionals (UWYP) forum, established in 2014, is a solutions-oriented platform set up to cultivate professional development, leadership and social responsibility in the entity's young workforce. The membership of the forum consists of employees under the age of 35. Forum membership as at 30 June 2016 was 176.

In the year under review, the forum continued in its quest of motivating and inspiring the entity's young professionals to grow professionally and be active social citizens by organising and participating in various conferences, seminars and technical tours.

The UWYP continued to grow in stature as a socially-responsible forum by conducting career guidance seminars in rural schools in the province. Two (2) such seminars were successfully conducted during 2015/2016.

In the year, Umgeni Water established two Toastmasters® clubs and opened the first intake to the Young Professionals. Toastmasters International is a non-profit educational organisation which equips its members to be effective communicators and leaders.

Participating in Toastmasters® offers both personal and professional growth for employees – a commitment that the entity has made

as part of increasing employee competencies, specifically in communication and leadership skills development.

BURSAR, GRADUATE AND IN-SERVICE TRAINEE PROGRAMMES

Umgeni Water's graduate trainee programme is aligned to guidelines provided by professional registration bodies. In the reporting period, the entity had a total of thirty-nine (39) graduates enrolled in engineering, science and other required professional fields and thirty-one (31) in-service trainees receiving experiential training.

The entity also has a one-year internship programme to provide work experience to unemployed graduates and contracted thirteen (13) interns during the reporting year to work in multi-disciplinary fields across the organisation.

Umgeni Water is funding thirteen (13) bursary students through the Umgeni Bursary Scheme with students enrolled at various universities in disciplines of Civil Engineering, Mechanical Engineering, Electrical Engineering, Chemistry, Microbiology and Finance.

Umgeni Water in partnership with National Treasury continued to implement the graduate development programme of engineers, technologists, process support 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 (40) trainees are enrolled and in training for a period of five years.

PRE-RETIREMENT TRAINING

Information is regularly provided to employees regarding retirement planning. In addition, pre-retirement training is conducted annually, aligned to the expected number of retirees in the age group fifty-five (55) to sixty-five (65). This training strives to assist employees with sustainable management of their retirement fund benefits.

KEY MEMBERSHIPS AND ASSOCIATIONS

The key memberships and associations that the entity and employees subscribe to are shown in **Table 11.4**. These straddle governance and risk, water, science and engineering, natural resources, social impact management, business, finance and accounting, and occupational health and safety, amongst others. The memberships help ensure employees keep abreast in core fields through participation in sector knowledge sharing, thereby retaining and enhancing core and distinctive competencies of the entity.

Table 11.4: 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) 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 (DCCI) 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 American Chemical Society (ACS)
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 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) South African Institute of Occupational Safety and Health (SAIOSH) Toastmasters International

PERFORMANCE, ALIGNMENT TO STRATEGY AND REMUNERATION

The entity has been very successful in introducing and implementing 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 entity's strategy and an explicit understanding of their own performance objectives and targets.

The Board of Umgeni Water assesses the entity's performances against pre-determined objectives on a quarterly and annual basis, whilst formal employee performance assessments are undertaken twice a year. The performance management process at Umgeni Water is development orientated, intended to cultivate effective human resources management and career development. As a result, appraisals are constructively used to provide feedback and coaching to individual employees concerning their job performance.

Performance is linked to remuneration in that performance bonuses are paid subject to all of the following requirements being met:

- ▶ The entity's balanced scorecard targets have been substantially met as set out in the shareholder compact with the Minister of Water and Sanitation,

- ▶ The divisional balance scorecard targets have been met as per divisional plans,
- ▶ The individual performance targets have been met as per individual performance contracts, and
- ▶ The entity can afford to pay performance bonuses.

Through this structured performance management system, Umgeni Water ensures implementation of its strategic goals through skilled, competent, motivated and engaged 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 11.1** and **Figures 11.1**. 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 11.5** shows salary package ratios, which vary over the years, with an average ratio of 1.0 (equal women to men remuneration).

Table 11.5: Ratio of Remuneration of Women to Men by Occupational Category

Occupational Levels	2011	2012	2013	2014	2015	2016	Average
1 Top Management.	0.7	1.3	1.1	0.8	0.8	0.8	0.9
2 Senior Management	0.9	1.0	1.0	1.0	1.0	1.0	1.0
3 Professionally Qualified and Experienced Specialists and Mid-Management.	0.9	1.0	1.4	0.9	0.9	1.0	1.0
4 Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents.	0.9	0.9	1.2	0.8	0.9	0.9	0.9
5 Semi-Skilled and Discretionary Decision Making.	1.2	0.9	0.8	1.0	0.8	1.1	1.0

HUMAN RIGHTS

INVESTMENT AND PROCUREMENT PRACTICES

Umgeni Water is an entity of state that is 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.

Procurement systems improved in the year, including updates to the supplier database and timely renewal of contracts. Awareness continues to be built amongst the entity's employees through requesting mandatory disclosures of interests in support of fair, equitable, transparent and competitive procurement practices.

Umgeni Water continued during this period to implement its Contract Participation Goals (CPGs) initiative. 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. Performance with contract participation goals in the year is shown in an earlier section of this annual report.

The entity remains confident that it is contributing to effective economic transformation that will benefit the sector as a whole.

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 issues / contraventions were filed.



Albert Falls