

networks and supports network/services management and billing/revenue collections.

OSS/SS systems are strategic assets to Telecom Namibia, which requires that all network elements are up and running and that billing is done correctly after proper verification.

The HP Storage Area Network (SAN) platform was successfully upgraded and the storage capacity was expanded from 800GB to 22TB (22 000GB). The TMN platform was upgraded to the Netcool standard and all new networks (ADSL, WiMAX, MPLS) are directly interfaced to TMN for alarm and remote supervision. The total national network is being monitored centrally at the TMN Centre 24 hours around the clock. A new post paid billing for CDMA was taken into commercial use by launching of the Switchself and Switchbiz products.

The interconnect billing (to other operators) together with a report writing tool is in the acceptance testing stage for completion before end 2007, while the EWSD switch audit with automated comparison with the ICMS billing system should be concluded before end 2007.

The Visional package on the TMN platform was upgraded and expanded to accommodate all newly added networks as well as for allowing automated networks inventory (necessary for auto activation). The Trouble Ticket platform was approved and implementation is in process.

Walvis Bay tower and Backbone to new Langer Heinrich Mine: This is another critical project carried out during the year. With the opening of the Langer Heinrich Mine (LHM), initial services were provided via VSAT. At WVS, Walvis Bay Radio Station and LHM new towers were provided while a fibre cable backbone was implemented to the radio station. A radio system continued then via Hamilton to LHM. This radio system was in service at the end of 2006. The new tower at WVS was immediately utilized for CDMA / SWITCH as well as WiMAX at that town. The old tower had reached its end-of-life and had become a serious safety risk on site and was dismantled. The new tower at the radio station is also utilised for the new maritime GMDSS (Global Maritime Distress and Safety System) system implemented during the year under review.

Human Resources

The company's diversity and complexity in people resources and technology- and also expense presents a stimulating challenge in Human Resources Management unique to an ICT company characterised by increasingly sophisticated systems and technology.

With this comes a responsibility to ensure our people have a safe and supportive working environment where their passion for creating a vibrant company is fuelled by our commitment to realise our Strategic BHAG 2010 which aims to turn Telecom Namibia into the most preferred, high performing ICT service provider of world-class standards.

Strategic initiatives during the 2006/7 financial year included alignment of the total business performance management system, employee / performance recognition schemes, Multi-skilling / Career Paths Scheme, Succession Planning and Talent Management. The initiatives seek to provide for a systematic management of people development, performance and recognition.

Staff Complement

Staff complement is generally decreasing, with total headcount standing at 1,263 compared to 1,306 the previous year. Although the number of full-time staff remained fairly stable, the overall staff complement picked up with the employment on fixed contract of Technicians-in-Training, Engineers-in-Training and casual workers.

During the period under review a total of 139 employees left Telecom Namibia. The majority of resignations were in the skilled and professional technical staff category, accounted for by rival operators who are not investing in training but rather opting to poach our experienced and high performing employees. The overall voluntary turnover rate is nevertheless within acceptable norms.

During the period under review, we successfully introduced and implemented the Retirement Counselling Sessions, to arm the prospective retirees with information and knowledge on the best approaches to invest the pension fund proceeds. Sixty four percent of the prospective retirees successfully attended. The session yielded a high level of interest the company intends to hold Retirement Counselling Session on an Annual Basis.

Skills Acquisition and Retention

A total of 58 employees were recruited and filled only a quarter of the total vacancies available during the year. At least 232 vacancies remain unfilled, 86% of which are in the skilled and professional categories. Whilst the company has redundant staff in a few job categories, the majority of these employees do not have the required skills profile to fill available vacancies. Given the scarcity of ICT and engineering skills locally and in the region as a whole, the Company strategy is training and development in mission critical core skills as this presents the only sustainable approach to resourcing the business with the requisite technical skills.

Parallel to this, a Graduate Recruitment Programme was implemented to draw high calibre students from reputable institutions of higher learning and to provide attachments, on-the-job development and fast tracking opportunities. A campus-based recruitment strategy was also initiated and visits and presentations were made at both the Polytechnic and University of Namibia. Arrangements have been made to visit Technikons and Universities in South Africa in the new financial year targeting Namibian nationals to build a relation and awareness of opportunities in our ICT company.

Telecom Namibia participated in career exhibitions at secondary schools and institutions of higher learning where we explained to students the career opportunities within the ICT industry in an attempt to influence students to study for employment in this industry.

A headhunting intervention was also implemented providing Telecom Namibia staff with an opportunity to refer high performers encountered in the past either in previous employment situations or in customer/supplier interactions. In

addition, expatriate staff from South Africa, Zimbabwe and China were recruited to fill engineering and ICT positions on 3-year contracts to mitigate skills shortage over the short to medium term. The expatriate staff are expected to transfer skills to existing Namibian nationals and graduates in training.

In pursuance of the strategic objective to become an employer-of-choice, the company continues to provide current employees with opportunities for development and growth. Out of a total placement of 71 employees, 21 of these employees were internally promoted representing 30% of total placement. At least 92% of the placement constitutes persons from the designated groups of which 34% were females, represented at supervisory, skilled and semi skilled levels of job categories.

Development of Staff

Developing our talent pool has also been a major focus of Telecom Namibia this year. We have placed considerable effort on identifying the core skills and attributes that our people need to have to become high performers. Individual training and development plans are being created for these people. A Telecom Namibia Training Plan, based on Individual Development Plans (IDPs) for 2006/7, was approved and formed the basis for addressing the identified and prioritised training needs.

During the year about N\$12.7 million, which represents 4% of the total labour cost, was spent on training for employees. A total of 2 363 employees attended competency-based training events locally and abroad, resulting in a total of 2 377 IDPs being addressed during the year against a target number of 1 860. Due to the huge demand for knowledge on new technologies we had to suspend training for a significant number of IDPs which were planned for 2007 to enable the Division to focus on addressing training on new technologies.

We are bringing new skills into our workplace through a leadership and management development programme provided by the University of Stellenbosch. Ten senior managers attended the Senior Management Development Programme, 20 middle managers attended the Management Development Programme and 20 supervisors attended the Junior Supervisory Development Programme. We are very pleased with the progress our graduates have made and look forward to welcoming a new intake of graduates in the new financial year.

Telecom Namibia has a partnership agreement with the Polytechnic of Namibia to develop and upgrade our Telecom Electricians to Technician status. During the year, 75 Telecom Electricians participated in the programme. Besides this, a total of 80 employees are currently participating in the company's study financial assistance scheme. These employees are upgrading their professional qualifications through tertiary institutions locally and in South Africa. Seven employees are attending full-time studies in South Africa.

A graduate development programme to develop graduates from tertiary institutions to either obtain full professional engineering registration status or to be Cisco professionally certified is in full swing. During the period under review, two candidates were recruited for in-house training as engineers-in-training and this brought the number of participants to seven. Other six candidates joined the engineering technicians-in-training scheme, while 12 others joined the IP/IT training scheme, bringing the total number of candidates participating in these programmes to 34. The annual recruitment of graduates for development into the Technician and Engineer streams has started paying off. Some of the graduates were able to learn and grow fast and subsequently appointed on a permanent basis. We will continue to recruit graduates on an annual basis in order to ensure sufficiency of these skills.

Telecom Namibia believes that it is only through human capital development that the company will remain competitive in the sector and be able to meet customers' expectations.

Employee Survey

Understanding our employee culture is instrumental to Telecom Namibia's success. In 2007, we undertook an employee climate survey to gain a greater understanding of our how our employees view our performance and to enable us to build on our strengths and identify key areas for improvement. This is a hallmark of our organisational development philosophy which is sensitive to employee perceptions, needs and wants.

The survey gave us an overall view of critical human capital issues impacting directly on the company's success and profitability. Among criteria judged were job satisfaction, leadership style, commitment/ morale, work atmosphere, training and development, rewards, recognition and performance management and company culture. The data obtained shows an overall satisfaction level of 68% in 2007.

The results show that staff morale is being adversely affected by a lack of growth opportunities in the company. This lack of growth opportunities compelled the company to formulate a Succession and Talent Management Strategy, a Promotion and Career Pathing Strategy and a Multi-skilling Programme to create growth opportunities. Career ladders were approved for the Telecom Electricians and the System Analysts, including the assessment criteria for these grades. The development of the multi-skilling curriculum, study guides and assessment material was also done.

Furthermore, positions requiring succession management were identified, while the process to identify potential succession candidates is underway. The Promotion Policy, which is strongly driven by individual performance and competence, will be implemented the next year, subject to an audit by the Performance Audit Committee.

Over the past year Top Management has put a number of initiatives in place to address some of the common themes highlighted in the survey including improved communication processes and celebrating our achievements.

Performance Management

There is major progress on performance management systems in the area of contract alignment. To pave the way for performance-based remuneration, notable progress was recorded to ensure the effective implementation and management of employees' performance. Performance contracts aligned to business strategy were drawn up and audited for all employees. The concept of Performance Audit Committees was embedded in the business and greatly enhanced the reliability and validity of performance ratings.

The company managed to organise the first ever Strategic Workshop on Organisational Performance during September 2007. This initiative was a success in realising the alignment of divisional scorecards to the Strategic Blueprint Plan, of the executive and senior middle management performance contract measures to the divisional scorecards as well as in providing an opportunity for customers, partners and stakeholders to evaluate the basis and quality of performance measures applied at the levels of Senior Management and Top Management as well as Managing Director.

As part of its annual tradition to recognise and reward excellent performance, the company hosted a Performance Award Dinner, a highlight in the company calendar since 2002. The aim of the award is to give appropriate recognition to employees who perform exceptionally well and contribute immensely to the achievement of the overall targets of the company as a whole. A total number of 50 employees were recognised at last year's function.

Cost Management

The paradox that Telecom Namibia is continually faced with is the need to manage labour costs while the company has simultaneously to attract required skills and pay such skills competitive packages. The company's labour bill as a proportion of total expenditure is still high compared to the industry benchmark of around 40%. However, during the year Telecom Namibia was again able to restrain an increase in labour costs through the implementation of the Optimum Employment

Level exercise in close consultation with all relevant stakeholders. The successful implementation of this exercise paved the way for the future review of staffing levels to realise competitive optimum levels of employment. A total of 64 employees voluntarily separated from the company. The pay out in this exercise was N\$30 million and a saving was already realised from the exercise, providing an opportunity to recruit much needed ICT skills.

In an attempt to minimise the leave liability on the balance sheet and free up resources for essential business initiatives, employees were allowed to encash leave days on a once-off basis. The implementation of this exercise was conditional upon employees agreeing to have their employment conditions of service altered by having the maximum number of leave days that can be accrued reduced from 60 to 22 working days. The effect of this exercise on the balance sheet has been positive.

In addition, a draft model on outsourcing for Telecom Namibia as an enterprise was formulated. This business outsourcing model will be implemented in the next year pending approval.

Employee Relations

As part of the efforts to nurture and deepen our partnership with organised labour, Telecom Namibia continues to engage employee representatives on issues affecting the interests of both the company and its employees. This is achieved through regular consultation sessions with employee representatives.

During the year, a new Union leadership was elected to hold office for the next three years. As with every new leadership, the relationship virtually has to take a dip and start afresh. The company continues to mitigate this downswing by contributing towards the training of shop stewards in key issues of industrial relations to maintain the quality of union-management engagement.

Employment Equity

Good progress was recorded in the area of implementing the affirmative action (AA) policy. The company managed to attain an Employment Equity Commissioner's certification for another year in a row since we started submitting AA Plans to the Commission since 2004. During the year, an award was bestowed upon Telecom Namibia by the Ministry of Health and Social Services as 'The Best Employer of People with Disabilities' (Private Sector 2nd runner up) in recognition for giving people with disabilities an equal opportunity in employment.

Notwithstanding the achievements, we continue to face the challenge of not being able to locate and attract suitably qualified women and physically challenged individuals. This is however being addressed through our external bursary scheme. A new Affirmative Action Committee was also established which will spearhead the development of Telecom Namibia's AA Plan for the next three years, and for submission to the Equity Commissioner in the new financial year.

