

HR AND TRAINING REVIEW

Human resources is a key strategic consideration for us because our operations rely on having the right technical skills and manpower available throughout the projects. This reliance requires constantly anticipating and managing fluctuating demands for highly skilled and semi-skilled labour. We depend on our Human Resources (HR) Department to help us achieve this balance by ensuring labour suitability and stability. This review describes our focus areas and initiatives for FY16. For further information regarding our overall philosophy and approach to employing and rewarding members of our workforce, please see the our people section of our website.

EMPLOYEE RELATIONS AND INDUSTRIAL ACTION

As the following table shows, the number of "person days lost" (the number of days lost due to strikes/work stoppages/non-attendance multiplied by the number of employees affected) has increased from the previous year figure of 3 260 to 4 607 for FY16.

	FY16	FY15	FY14
Total person days lost* (Group)	4 607	3 260	19 727

* Days lost x employees affected

In spite of this increase, the business continues to experience a relatively stable period in terms of employee relations and industrial action because 100% of the person days lost in FY16 were missed as a result of external local community and taxi-related causes.

This level of increase is never anticipated in a non-wage negotiation year and we are concerned because the loss is out of our direct control. We have very little influence with the local communities and taxi associations when they prevent our employees from attending work. We will continue to monitor the trend and assess potential remedial actions.

It should be noted that the 19,727 person days lost in FY14 was a result of cyclical industrial action by employees. Wage negotiation periods are normally every three years and the next cycle is expected to commence around May to August 2018.

COLLECTIVE BARGAINING AND UNION REPRESENTATION

We recognise the rights of our employees to engage in collective bargaining and adhere to collective bargaining agreements, with due regard to the relevant legislation. Currently, 68% of our employees in South Africa remain covered by collective bargaining agreements, which is 2% down from FY15.

In South Africa, we have recognition agreements in place with the National Union of Mineworkers (NUM). The level of union representation within the group has fallen to 24% of employees.

The reductions in collective bargaining coverage and union representation are mainly due to the retrenchments that occurred during the year.

	FY16 %	FY15 %	FY14 %
Employees covered by collective bargaining agreements (SA)	68	70	78
Level of union representation (Group)	24	29	41,5

STAFF RETENTION

Retaining critical-skilled employees is an ongoing, long-term concern for the group. We experienced a 1,4% increase in our "avoidable" staff turnover, to 4,9% for FY16 compared to FY15. While we would like to see this percentage decrease, it is still within our target of 7% or less. Seventy of the employees who resigned during the year were engineers, people who have skills which we regard as critical to the business; however, we subsequently employed 66 engineers during the year, which means the business incurred an effective loss of 4 engineers, which is considered acceptable.

	FY16	FY15	FY14
Total number of employees	9 131	10 687	11 650
Avoidable staff turnover (permanent employees) (%)	4,9	3,5	3,5

WORKFORCE BY GEOGRAPHY, CONTRACT TYPE AND GENDER

Region	FY16						FY15	
	Hourly Contract		Monthly Contract		Total		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
South Africa	4 631	468	1 401	419	6 032	887	5 778	724
Africa	889	63	179	14	1,068	77	2,783	158
Australia	278	0	636	153	914	153	1,089	155
Total	5 798	531	2 216	586	8 014	1 117	9 650	1 037
				Total	9 131		10 687	

During the period under review, the total workforce decreased by 14.6% to 9 131 employees. As the preceding table highlights, South Africa gained 417 employees, which includes the return of some permanent staff from our Africa operations, primarily in Mozambique, but the majority of whom would be on limited duration contracts (LDCs). Conversely, the number of employees in the rest of Africa decreased by 1 796, mostly as a result of the termination of LDCs in Mozambique and the transfer of employees from Mozambique to South Africa. In Australia, the loss of 177 employees was largely due to restructuring in the Civils division.

The "unavoidable" employee turnover (when the employment relationship is terminated through involuntary means, such as dismissal, death or retirement) was, on the whole, a result of the right-sizing and adjusting of the business to meet demand in response to the difficult economic conditions and the persistently subdued mining sector. The decrease also reflects the sale of Capital Africa Steel businesses.

SOUTH AFRICAN WORKFORCE DEMOGRAPHICS BY RACE AND GENDER

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
FY16	5 027	216	91	697	602	92	33	161	6 919
FY15	4 847	199	83	649	503	71	25	125	6 502
FY14	5 861	257	87	654	511	75	28	137	7 610

INVESTMENT IN TRAINING AND SKILLS DEVELOPMENT

The construction industry has faced a serious skills shortage for several years and having the right skills in place at every stage of each project is critical to our continued success. Our performance and reputation is closely linked to the skills of our people at every level throughout the organisation. As a result, investing in the development of our people is an active way of ensuring the long-term success and sustainability of our business. Whenever possible, we identify internal talent for development rather than hire from outside and promote from within the group. Our focus is on ensuring all employees have access to training and development programmes that are relevant to their positions in the company and their personal growth.

South Africa and the rest of Africa	FY16	FY15	FY14
Total training and skills development spend	R42 339 295	R30 711 872	R37 722 694
Total employees trained	2 427	2 596	2 909
Average hours spent per employee	24	24	24
Average spend per employee	R17 445	R11 595	R12 968

As the preceding table shows, our total spend on training initiatives in South Africa and the rest of Africa amounted to R42 339 295 during the year. A total of 2 427 employees received, on average, three days (24 hours) of training at an average cost to the company of R17 445 per employee.

ENGINEER RETENTION

The construction industry continues to face an acute shortage of engineers and one of our initiatives to help tackle this scarcity and retain our engineers is our work with the Engineering Council of South Africa (ECSA) to help develop their careers. We work closely with ECSA, supporting candidates within the organisation to obtain the Professional Engineering (PR Eng) designation and registering qualified engineers as mentors.

Attaining the PR Eng qualification is of tremendous professional value add for our engineers and our financial and mentoring support successfully eases the difficulties that can be associated with this professional challenge. In terms of mentoring, we supply all of our engineers and quantity surveyors with logbooks, which include their personal development plans (PDPs) which are linked to their performance appraisals.

As the following table illustrates, we successfully registered 77 candidates with the ECSA during the year, an increase of 80% on FY15. This increase is the result of a focused drive within the company on ECSA registrations since 2014.

ECSA REGISTRATIONS

	FY16	FY15	FY14
Candidate Engineer	38	15	14
Candidate Engineer Technician	5	2	1
Candidate Engineer Technologist	9	0	0
Professional Engineering Technician	3	4	1
Professional Engineering Technologist	4	3	1
Professional Engineer	18	19	9
Total	77	43	26

The Building division also began the process of getting all of its quantity surveyors registered with the South African Council for the QS Profession (SACQSP) during the year.

WBHO ENGINEERING SCHOOL

As part of our focus on retaining our engineers, we continue to refine and develop the programmes offered as part of the WBHO Engineering School. The Engineering School is an in-house programme that provides training and support to our engineers and quantity surveyors during their first few years with the company. A new development during the year was the launch of Level 3 of the WBHO Engineering School. Level 3 targets senior management and focuses on various aspects of these roles, including: cost revenues and forecasting; preplan/cost to completion; managerial and leadership skills; writing and presentation skills. Candidates have already been selected to attend the Level 3 of the Engineering School, which will take place in the first half of the next financial year.

MANAGEMENT DEVELOPMENT PROGRAMME

The management development programme (MDP) is a formal training course designed to equip managers with the necessary competencies to implement the strategic objectives of the group. A collaboration with the University of Stellenbosch Business School and aligned with the National Qualifications Framework (NQF) level 6, the MDP provides managers with the opportunity to broaden their knowledge and understanding in the different fields of management and leadership, and to "open up" their minds to alternative ways of thinking and problem solving. The programme consists of two study blocks, four assignments and a final group presentation. Four managers from divisions across the group attended the MDP during the year.

BURSARIES AND LEARNERSHIPS

We recognise the importance of inducting skills into the business and replenishing the pool of skilled entry-level employees joining the company. As a result, we sponsor Bachelor of Science and National Diploma students on an ongoing basis, as well as providing in-service experiential training to National Diploma students.

BURSARIES

	FY16	FY15	FY14
Total Bursary Spend	R4 321 092	R5 822 608	R5 335 088
Black Bursary Spend	R2 561 404	R3 614 744	R3 523 766

During the year, we refined the selection process for bursary students and assigned "bursary champions" to each University in order to identify students who are likely to fit into the WBHO culture after they completed their studies best.

	FY16	FY15	FY14
No of Bachelor of Science students	35	41	29
No of National Diploma students	20	12	20
No of students receiving in-service experiential training	42	54	69
Total	97	107	118

As the preceding table shows, we currently sponsor the studies of 35 Bachelor of Science students and 20 National Diploma students. We are also providing in-service experiential training to a further 42 National Diploma students.

The number of bursaries we award is based on need and our forecast of stable work going forward. The number of in-service students we take on is based on how many sites we have and how many sites have capacity to offer students in-service training.

LEARNERSHIPS

The group is currently providing 163 learnerships/apprenticeships, which include unemployed learners from various communities. The learnerships we have registered include: supervision of construction processes; administration; surveying; construction management; safety and roadworks. The apprenticeships we have registered include: diesel; electrician; mechanical fitter; and welder.

	FY16	FY15	FY14
Total learnerships	163	158	177