CORPORATE STAFF DEPARTMENTS

LEGAL SERVICES

Legal Services has made constructive contributions to the development of the draft Communications Bill and the Regulations relating thereto, which set the scene for the new telecommunications landscape for Namibia.

Three submissions were made to the Namibian Communications Commission (NCC), with two submissions successfully incorporated into the Bill. Ideas are still being exchanged on the third submission.

The Government introduced a Bill to establish the Central Governance Agency Directorate to oversee the operations of State-Owned Enterprises (SOE's). This Bill has far-reaching implications for all parastatals. As a result, the CEOs of various parastatals organised themselves into a forum to raise the concerns of all. Telecom Namibia was one of five representatives to lead discussions in a small work-group represented by the government and the SEOs. Significant changes were made to the Bill, to date, but challenges remain.

Legal Services pioneered the Delegation of Authority Policy, which is a long outstanding corporate governance tool determining levels of signing authority, from petty cash to N$ 1 million contracts. The policy will be scrutinised by the Board in December 2003, whereafter which it shall be introduced at management level, through a series of workshops. During the benchmarking exercise, it was discovered that Telecom is one of only two parastatals possessing such a governance tool. This document is particularly relevant in the current challenging climate facing many institutions.

Amongst others, Legal Services also introduced a Trade Marks Register containing all our logos, signs and marks. Legal Services has devised an Electronic Data Base of all Board resolutions, that can be accessed at the press of a button.

Key Achievements

- Board approval of the 1st Draft of the Delegation of Authority Policy for Telecom and NPTH;
- Registration of Trademarks and development of Trademarks Register for TN and iway;
- Developed a Board of Directors' Resolution Electronic Database for TN & NPTH;
- Developed a Database for original supply contracts for TN & NPTH;
- Successful submissions to NCC on Draft Communications Bill;
- A total of 91% requests for Legal Advice completed in time (annual average);
- Mundo Startel Agreements completed:
  - Shareholders Agreement and Management Agreement;
- State-owned Enterprises (SOEs) Bill comments provided:
  - Assisted in core team to draft uniform comment on SOE Management to Government, on the Bill;
- Advised on changes in Subsidiary Legislation;

Future Outlook

- Entrenchment of Delegation of Authority Policy.
- Risk-Management next steps (Legal Audit).
- Company Policy Database.
- Developing of Policies in relation to areas of the law affecting TN.

Internal Audit

The Internal Audit function was established to provide management and the Board with peace of mind regarding the financial position of the Company, safeguarding of assets and compliance to regulatory requirements.

Internal Audit is also responsible for the testing of internal controls, and to minimise risks in this regard. The compliance to policies and internal procedures are amongst the main responsibilities.

The Head of Internal Audit is directly answerable to the Chairman of the Audit Committee, with a dotted line to the Managing Director. This division comprises six employees, in total.

Telecom Namibia complies to the principles of good corporate governance in the following ways:

The Board

With the exception of the Managing Director, the Board is comprised of non-executive directors.

All directors have access to the Company Secretary, and to independent professional advice, if necessary. A formal code, to declare all interest and contracts, is already approved in principle.

Board Committees

While retaining overall responsibility, the Board has delegated the authority to the Managing Director to run the operational issues in the Company. For the sake of corporate governance, the Board has established the following sub-committees:
•   Audit Committee
•   Risk Management Committee; and
•   HR Committee

1. Audit Committee

A Board-approved Charter, which defines this committee's responsibilities, was adopted. Its main responsibilities are to:
- Review the company's annual report;
- Evaluate the effectiveness of the internal audit function and approve the annual internal audit plan;
- Receive the external auditors reports, approve their plans, scope and findings; and
- Evaluate and propose to the board the company's business plan and budget.

The Committee meets with executive management as well as the internal and external auditors at least four times per annum. Both the internal and external auditors have unrestricted access to the Committee.

2. Risk Management Committee

- The main task of this body is to approve the activities, scope, adequacy and effectiveness of the company's risk management and regulatory procedures.

This Committee meets at least twice per annum with executive management. The Committee which was established recently will be fully functional by 2004.

3. HR Committee

The main tasks of this Committee are:
- To develop the company's policy on remuneration;
- Review employment equity and skills development plans;
- Approve all policies regarding employment and service conditions; and
- Determine the mandate given to management for annual increases.

The Committee meets with executive management at least twice per annum.

CORPORATE COMMUNICATIONS & PUBLIC RELATIONS

The Corporate Communications & Public Relations (Corp Comm & PR) Department serves as Telecom Namibia's communications centre, telling the company's story internally and externally through publications, the news media and other outlets. In addition, the office serves as the centre for an integrated, company-wide corporate communications initiative. The Department's staff members advise company employees about the best ways to send messages to their audiences and help them develop and carry out public relations and communication plans that meet company goals.

All areas in Corp Comm & PR are devoted to developing, interpreting, and communicating the company's image, Mission and goals for many audiences.

The Department is also responsible for implementing and overseeing the Company's communications policy, which calls for the review and approval of specific communications that bear the name of the Company, are addressed to customers and stakeholders, and which are disseminated from the Company premises. In addition, the Department assists Company officials in identifying and responding to public issues of importance to Telecom Namibia, as well as to the information and communications sector in general.

Some major strategic communications interventions and activities took place during the year, while many new projects were started and which are set to continue in 2004. These are:

Media Relations & Publications

- Corp Comm & PR continued to disseminate accurate and timely information to the local, national and international news media. The Department handles, on average, five media telephonic and e-mail inquiries per week, or 260 per year, for both print and electronic media;
- We assisted in the production of two books published in the UK about "The Skorpion Project" for Skorpion Zinc Mine and Refinery and "Invest Africa," aimed at the promotion of Nepad's objectives;
- Various news conferences were held to enhance the general understanding of the Company's operations, products, services and management strategies;
- The Department produced 26 editions of the internal, full-colour newsletter, TeleScope, and the company's glossy Annual Report;
- We finalised a print communication audit instrument to serve as a performance measurement tool for the department's media relations section.

Internal Communications

- The Department continued to promote the Managing Director's Countrywide Roadshow, aimed at enhancing face-to-face staff meetings;
- A revised Internal Communication Policy Framework was completed, approved and accepted;
- Three internal communication audits were completed;
- Various pay slip inserts were produced to disseminate key information to staff;
- A new policy was implemented to enhance the effective usage of Staff Notice Boards in the Company.

Government Liaison & International Affairs

- The Department revised the Government Relations Communications Strategy;
- The initial plan to deliver annual presentations to key Ministries was difficult to implement due to competing shorter-term demands, and new demands arising from Government activities, such as the new Draft Communications Bill;
- The Department participated in various telecommunications-related workshops, international conferences and regional SADC strategic business visits.

Corporate Social Responsibility

- The Department drafted the Corporate Social Responsibility Policy, which will be implemented in 2004, after thorough discussion and approval by Management and the Board;
- Efforts are continuing to benchmark the Company's Social Investment policy against the latest "best practice" trends in SA;
- A Corporate Social Responsibility cross-functional team, with its Terms of Reference, was established, and various meetings were held during the year;
- A total of N$662,142 (N$244,842 in 2002) was invested in donations and financial support to rural primary schools, needy social welfare organisations, sport organisations and individual athletes, Miss Namibia's participation in China, the Namibia Rugby World Cup participation in Australia, the Namibia Cricket World Cup, PACON's film on the President, the Beverley Francis Trust, Katutura SME Incubator Centre, International University of Management, Junior Chamber of Commerce, the Namibian Police, Indira Gandhi Health Centre, UNAM Graduation 2003, National Youth Council, Velile Children's Trust and for sponsored table-bookings at major fundraising events.

LUNDURURA TRANSFORMATION UNIT

Current LunduRura Unit

The LunduRura Sisen-Xasib (LSX) Project represented a major process of change and transformation, to realign Telecom Namibia's operations and culture to a more cost-effective, customer-focused business organisation. In February 2003 the LSX Project contract with the external consultants, Gemini, came to an end, which also signified the project being renamed as the Transformation Unit (TU). Its tasks are:

* To drive transformation through all levels of the organisation;
* To contribute to overall business planning/strategy;
* To act as expert council to the business on transformation;
* To build transformation capability in the organization;
* To deliver financial benefits from initiatives to finance further transformation;
* To ensure improved financial performance beyond transformation initiatives; and
* To incorporate all LSX initiatives in the Company.

Based on the initiative of the LSX Project, Telecom Namibia introduced the Balance ScoreCard (BSC) concept to track, drive and to permeate corporate strategy through all the levels of the Company. An Excel-format software was introduced in 2001, but owing to its limitations, it was decided to acquire the Hyperion software solution, in December 2003, which made it possible to adopt the BSC concept in the company. The new software will make it possible to track the progress of strategy implementation, as well as the performance scores of every staff member.

Former LunduRura Unit

Telecom Namibia's BHAG 2010

One of the key achievements was the finalisation of the Telecom Namibia BHAG (Big Hairy Audacious Goal) 2010 based on a two-pronged corporate strategy of growth and productivity. The growth strategy aims to optimise and increase shareholder value, while the productivity strategy seeks to double the Economic Value Added (EVA) per employee by 2010.

Furthermore, the Strategic Mobilisation Stream facilitated a companywide consultative process to facilitate the adoption of Telecom Namibia's new Vision, Mission and Values.

Work Standards

Work/Technical instructions were designed and introduced in Telecom Namibia to standardise the access networks, and to improve work standards and the skills of technical staff. Subject Matter Experts (trainers) were trained to evaluate all technical staff with the view to identifying competency gaps, and to provide training for skills development.

Profitability Systems

A Product Channel and Segment (PCS) model was developed to do profitability analysis on products, channels and segments. The BCS model allows TN to meet its growth goals by leveraging information across the company. All data are centralised for planning and reporting purposes.

Profitability results are available, and Business Units can access, analyse and leverage existing data to make critical business decisions to meet revenue targets. In other words, the PCS model enables Telecom Namibia to transform a wide variety of information into actionable knowledge.

In future, Business Units will use PCS results primarilyto formulate plans, monitor execution and provide insight to improve financial and operational performance.
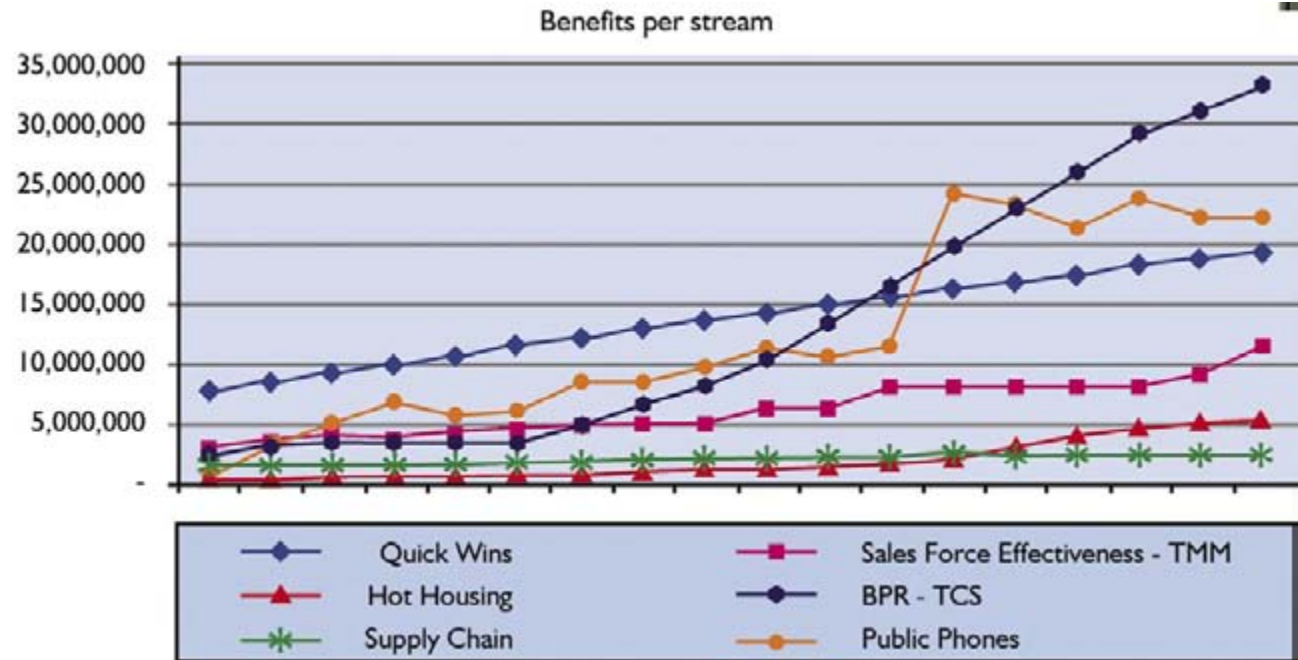
Market Focus and Customer Value

Needs Based Customer Segmentation was designed and entrenched in the business. The customer base was grouped into the following segments:
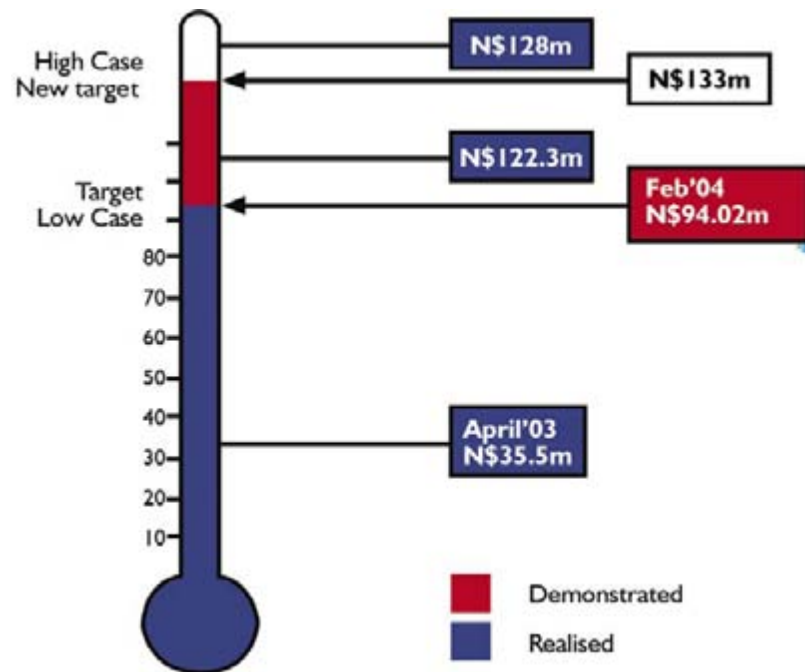
- Total Solutions
- Full House
- Multi Services
- High Flyers
- One Liners
- Let's Talk
- Time to Time

LUNDURURA TRANSFORMATION UNIT (CONTINUED)

Benefits per stream

Quick Wins	Sales Force Effectiveness - TMM
Hot Housing	BPR - TCS
Supply Chain	Public Phones

LUNDURURA BENEFITS REALISED

High Case
New target

Target
Low Case

N$128m

N$133m

N$122.3m

Feb'04
N$94.02m

April'03
N$35.5m

80
70
60
50
40
30
20
10

Demonstrated

Realised

LUNDURURA TRANSFORMATION UNIT (CONTINUED)

Teleshop Hot-housing

The steering wheel, based on the balance scorecard concept, was introduced in all Teleshops to drive performance. An internal makeover was completed to give TeleShops a customer-friendly environment.

Benefits

Telecom Namibia, to date has realised benefits of N$94,02 million, against the demonstrated benefits of the LSX project of N$138 million. The graphs above trace the benefits realised during the period under review.

Future Outlook

The main focus will be to drive the transformation process through all levels of Telecom Namibia, to build transformation capability within the Company and, as such ensure improved financial performance on a continuous basis.

Through the Transformation Unit, Telecom Namibia will continue to focus on business development, customer segmentation and communication of our new Vision, Mission and Values, as well as the fulfilment of the BHAG 2010.