

MARCH 2006

MURRAY & ROBERTS GROUP MAGAZINE

# ROBUST



**GAUTRAIN**  
BOMBELA  
CONSORTIUM  
CONFIRMED

**NURTURING**  
**OLYMPIANS**  
JACK CHEETHAM  
AWARD

**CLOUGH**  
**GETS BUSY**  
CONFIDENCE  
REWARDED

## MAJOR PROJECTS

Infrastructure investment takes off

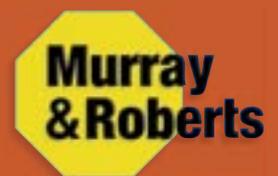
## BROAD-BASED EMPOWERMENT

The real deal

# BIG

## League

a quantum leap



**WORLD CLASS FULFILMENT IN EVERYTHING WE DO**

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A QUANTUM LEAP

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## MESSAGE FROM THE CE

### DEAR READERS

If we ever doubted our privilege to be South African, then surely we have reached a time in our development history where forward prospects hold immeasurably more interest and value than past reflections.

For Murray & Roberts and the domestic construction economy, we are experiencing the early stages of what we believe is a period of sustainable growth and opportunity, maybe extending for the next twenty years or more.

However, reflecting on the past can help us to frame our present and contemplate our future. To look for the signals and make the connections. I recently delivered a public presentation titled "A Story So Far" reflecting on the history, culture, organisation and strategy of Murray & Roberts over the past 100 years. It is a story of South Africa and our construction industry and points to a development future that holds exciting prospects for us all.

Murray & Roberts thrives in an environment of high growth and investment opportunity, where government and private clients invest in long term capital formation to meet future social-economic and production demand. In these times our leadership capacity and skilled resources enable us to convert optimism into delivery. In Rebuilding Murray & Roberts, we have been preparing ourselves for just this future.

Over the past six months, Murray & Roberts has secured a key leadership and partnership position in a number of major project partnerships. This edition of *Robust* offers a focus on this opportunity and challenge. You can expect many new and exciting initiatives in the Group as we build capacity to deliver our future and that of the key markets we serve. Many of these are focused around internal communication.

Our recent empowerment deal is featured in this edition and we have highlighted our client service capability, which is being expanded to serve you better. In the next issue we will feature our innovative approach to creating higher personal commitment to health and safety.

**Brian Bruce**

# BIG LEAGUE

As South Africa enters a period of unprecedented economic growth, Murray & Roberts has secured a leading position in the implementation of a host of major projects awarded in recent months



**T**he commitment by the South African Government to invest in primary infrastructure has delivered new opportunity to Murray & Roberts and its partners. Gautrain, the demonstration nuclear power plant for PBMR, Vresap pipeline, the Coalink locomotives project and Eskom's expansion programme are major projects in which the Group is contracted to play a key role and which represent more than R100 billion of gross fixed capital formation over the next five years at least.

The Group's global prospects are also good, due largely to growing global demand for new sources of energy. CE Brian Bruce reported in the 2005 annual report: "For the first time in recent memory all our target markets are showing signs of sustainable growth potential."

Murray & Roberts is pursuing a number of major opportunities in the specialised global markets of deep-level mining, oil & gas and power & energy, while major engineering and construction projects in the Middle East, such as the Dubai International Airport, account for much of the Group's current order book outside Africa.

In anticipation of these domestic and global opportunities, Murray & Roberts has implemented a strategy of building critical mass, gearing up capacity and benchmarking global best practice in order to meet its commitment to sustainable earnings growth and value creation.

The acquisitions of Cementation and a 46% interest in Clough have strengthened the Group's position in the key global natural resource markets, while Concor and Oconbrick will expand its domestic capacity.

### **POWER TO TRANSFORM**

Major projects have been of fundamental importance in the 104-year history of Murray & Roberts. The Group has been involved in some of the most significant infrastructural developments in Southern

Africa – and each has had the power to transform. "You cannot come out of a major project and expect to go back into a cocoon," says Brian.

"After each major project, we have been valued differently, either because we have delivered world class performance or because the project has had the capacity to almost destroy us. Gautrain and the Dubai Airport both have the capacity to change us and we have to be prepared for that."

The international definition of a major project is one which exceeds the inherent capacity of an organisation to manage it alone. "We know from our history that major projects carry opportunity and risk and our ability to extract increased value from future activities will be influenced by the way clients, contractors, suppliers and labour adjust to the changed dynamics, and what we see as a temporary shortage of capacity."

Conditions have changed dramatically since the 1960s and 1970s when South Africa last saw such a strong pipeline of major projects. Those were the days of isolation, when South African engineers built an enviable reputation for getting things done, come hell or high water.

Low levels of investment in infrastructure during the past two decades have eroded capacity in the domestic construction industry. Professionals have tended to drift to other career options, clients of contractors have reduced internal capacity and many contractors have experienced financial difficulties.

"The result has been a proliferation of joint ventures between contractors and major projects have tended to be parcelled into small contracts to accommodate the capacity of the industry, but that increases the challenge of integrating a project," explains Brian.

In recent years, South African companies have globalised at a rapid

rate, entering an environment where they can select projects from a range of alternatives which differ according to diversity of geography, technology, complexity and human capital. In the burgeoning resources market, where there is massive demand and limited global capacity to deliver the number of projects required, some contractors grab at every opportunity instead of factoring in the opportunity cost of doing a different project at lower risk. Success is increasingly a product of making the right choice.

Conversely, global contractors have built up enormous capacity to undertake major projects by themselves. Yet, in the United Kingdom, it has been found that 80% of all major projects fail to deliver within the required parameters. The Major Projects Association at Oxford University, with which Murray & Roberts is affiliated, has conducted research to determine the reasons for this trend.

### **MANAGING RISK**

"Risk management will be at the top of the construction industry's global agenda for the next decade," says Brian. "We are seeing a lot of consolidation within the industry and the risks are increasing. At Murray & Roberts, we have set up a formal risk management process to assess each project."

An opportunity management system has been developed to control the project approval process. All projects tendered are evaluated against a number of criteria and flagged red, green or amber. A scorecard approach then determines which projects can proceed, which must be dropped and which can proceed only with rigorous monitoring. A steering committee monitors each project constantly.

To ensure consistent project delivery, the Group is implementing an enterprise resource planning financial management and consolidation system which is

supported by standardised project management systems.

Human capital development is regarded by Murray & Roberts as a key element in the management of risk.

“In our experience it is difficult to solve problems through outsourcing – you have to have internal expertise. Where we have been in control of a project, it has typically succeeded. In cases where projects have been in crisis and we have relied on others for specific expertise, they have sometimes failed to deliver because of differing priorities,” says Brian.

“Project leaders who understand the industry and nature of projects can

make the difference between failure and success. The outcome of a project has often been turned around simply by changing leadership.”

A number of new executive appointments across the Group and an active recruitment programme to attract expatriate South African construction executives are designed to build domestic implementation capacity. In South Africa, the Group has renewed its training and development activities to address skills shortages.

Ultimately, effective risk management requires executive leadership capable of overseeing the full impact of enterprise-wide risk.

**“For the first time in recent memory all our target markets are showing signs of sustainable growth potential.”**



**PARTNERSHIPS**

Murray & Roberts has a good track record of successful partnerships. However, there are times when it may not have the opportunity to select its partners in a project, as a result of client or BEE requirements.

“We look for certain basic characteristics in a partner, such as knowledge of a local market or culture, even if this severely restricts the pool of partners from which we can choose. Only then can we proceed to the other dynamics of a project.”

Brian says he is confident about the choice of partner for the Pebble Bed Modular Reactor and Gautrain projects, although he concedes that errors were made with the empowerment partner for Gautrain. “We did not apply the same rigour to the dynamics of our BEE partner and that is being corrected now.”

The building and maintenance of strong relationships with major clients in key growth sectors is reflected in the

**ACQUISITIONS**

**Construction Concor**

The acquisition of 100% of Concor was concluded in December 2005, conditional upon approval by the Competition Commission.

All other regulatory requirements have been fulfilled.

Murray & Roberts executive director Keith Smith will assume corporate responsibility for Concor once the transaction has been completed.

**Construction materials Oconbrick Manufacturing**

Murray & Roberts has acquired an 80% shareholding in leading brickmaker, Oconbrick Manufacturing for a consideration of R96 million.

The company is the third largest supplier in its market and, together with Harvey Roofing, forms the core of the Group’s strategy to serve the developing affordable housing market in South Africa.

Oconbrick produces more than 300 million bricks per annum from two plants at a single location in Gauteng.

The company produces stock and face bricks, the latter of which are commonly referred to as semi-face bricks.

The clay brick market represents 56% of the masonry market in South Africa (the remaining 44% consists of concrete bricks and blocks), of which 65% are stock clay bricks and 35% are clay face bricks.

Group’s order book, where much of the work secured is repeat business. Even so, Murray & Roberts evaluates the risk status of all its clients on an ongoing basis. “Some clients fail to understand the partnership return on a major project. We will walk away from a project if we consider a client to be high-risk.”

Pricing at the tender stage is another risk factor, although there are mechanisms that allow for future unknowns to be accommodated.

Major projects such as the Sydney Opera House and the Channel Tunnel suffered from severe cost blow-outs – yet they have been long term successes in serving a need.

The Sydney Opera House was initially budgeted at A\$6 million and ultimately cost A\$106 million. Yet historically, one could not say it was a failure.

During the 1970s and 1980s Eskom built power capacity based on growth expectations that proved to be over-estimated. What was long considered a mistake is today a gift from heaven now that growth has finally come.

“This is the dynamic around major projects. In 20 years’ time, people will

also wonder why there was such a fuss about the cost of Gautrain.”

### **FUTURE PROSPECTS**

With a healthy order book secured for the medium term, Murray & Roberts is now pursuing longer term opportunities, as highlighted in the 2005 annual report.

“A power deficit in South Africa estimated at more than 20 000 mega watts by 2020 will require significant investment in new and upgraded facilities.

“Transport and logistics infrastructure in the country and region is inadequate for current economic growth projections. Road, rail, air and marine facilities require high levels of capital enhancement and efficiency upgrade.

“South Africa is also a water-stressed country with uneven distribution between

source and consumption. The supply of water and sanitation to society remains an essential foundation for socio-economic development.

“Natural resources are expected to offer increasing opportunity for growth as the production maturity of existing investments in the sector fails to meet new demand from China and the rest of Asia. The development opportunity for natural resources is inextricably linked to the provision of primary infrastructure, such as power, water and transport.

“Murray & Roberts has assembled the capacity in South Africa, Australia and Canada to play a lead design and installation role for the primary infrastructure to access and extract deep-level metal & mineral resources onshore and oil & gas offshore.”

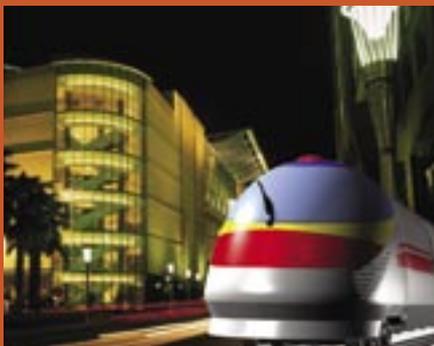
BY EAMONN RYAN AND LESLEY LAMBERT 

## STRATEGY IN ACTION

### **Gautrain**

The Bombela Consortium, of which Murray & Roberts is a key member, was confirmed as the final bidder for the Gautrain Rapid Rail Link project in February 2006.

The design of the project is well advanced and confirmation of Bombela now opens the way for commencement of physical site work. The financial contract is likely to be concluded within months.



At current pricing levels, the R20 billion cost estimate for the Gautrain project will potentially add about R4,5 billion to the order book of Murray & Roberts over a five year period.

“Although the award process was delayed, our collective objective is still to complete a substantial portion of the project by 2010,” says Murray & Roberts CE Brian Bruce.

### **Pebble Bed Modular Reactor**

Murray & Roberts has been confirmed as the implementation partner for the Pebble Bed Modular Reactor (PBMR) demonstration plant, together with long term partner, SNC Lavalin.

Construction is scheduled to commence in 2007 and will offer significant new opportunity to a number of Murray & Roberts companies over a three year period. Subject to licensing,

the multi-unit rollout programme is expected to extend for a further 20 years.

While nuclear power has long carried safety concerns, the current thinking is that it offers one of the few sustainable options for energy into the future. Safety remains a concern, but the pebble bed model has the lowest safety risks. The waste is stored within the facility in a sealed environment.

The recent decision by Toshiba to acquire Westinghouse from British Nuclear Fuels in a \$5,4 billion transaction is viewed as a key indicator of the future potential of nuclear power as a global energy source. In its media statement on 6 February 2006, Toshiba stated: “The nuclear plant industry expects to see consistent growth in coming years. By 2020, the global market for nuclear power generation is expected to grow by 50% compared to today.”

## VRESAP

The Mpumalanga Pipeline Contractors joint venture, of which Murray & Roberts is the lead partner, has been awarded the R1,5 billion Vaal River Eastern Sub System Augmentation Project (Vresap).

The project is a 120 kilometre emergency water transfer scheme from the Vaal Dam to Bosjiespruit near Secunda, primarily for Eskom and Sasol.

The project is a 120 kilometre emergency water transfer scheme from the Vaal Dam to Bosjiespruit near Secunda, primarily for Eskom and Sasol. The steel pipeline is 1,9 metres in diameter and will be supplied by the Vulindlela joint venture, which includes Murray & Roberts company, Hall Longmore. Approximately 6 600 steel pipes will be delivered to six sites during the period of construction and about 65 000 tons of steel will be used in the production process. The project will include road, rail and stream crossings as well as the construction of a structural steel bridge across the Waterval River.

Strict controls have been implemented on site to ensure that all aspects of health, safety and environmental management are addressed. Targets have been set for monitoring and compliance. Completion of the full project is scheduled for October 2007. ○

## SASOL POLYPROPYLENE II

Murray & Roberts companies, Genrec Engineering and MEI, have reported good progress on a contract to supply and erect structural steel for the Sasol Polypropylene II project. The contract is on schedule for completion in March this year, with the exception of sheeting and louvres which are due for completion in May.

The contract involves the manufacture and transport of 6 400 tons of structural steel. A heavily congested site and strict deadlines have been managed by a monitoring system developed by Genrec and 850 000 man-hours have been completed by MEI without a single lost time injury or environmental case. ○

## Coalink

After three years of intense negotiation, Murray & Roberts, in partnership with Mitsui and Toshiba, has been awarded a five year R1 billion contract to supply new locomotives for the Coalink corridor between Ermelo and Richards Bay.

The Coalink upgrade project is part of the Spoornet Main Line Locomotive Investment Programme and involves the supply of 110 class 19E locomotives.

Murray & Roberts company, The UCW Partnership (UCWP), will be responsible for the overall mechanical design, systems integration, fabrication and assembly of the locomotives, while Toshiba will design, develop and supply the electrical propulsion equipment. Toshiba engineers will work closely with the UCWP team here in South Africa during the design,



build and commissioning phases of the project.

The locomotives will be delivered between November 2007 and March 2011 and the project will create about 500 new jobs for UCWP and its supply chain in South Africa.

The 19E locomotive encompasses many years of proven railway technology and the latest technologies available in the freight rolling stock field. UCWP has produced 2 227 locomotives since its establishment in 1957, 2 143 of which were supplied to Spoornet.

UCWP has also submitted a tender for the supply of locomotives for the Sishen/Saldanha iron ore Orex corridor. This tender is being adjudicated by Spoornet. ○

### BEDFORD SQUARE

Murray & Roberts has been awarded the R520 million Bedford Square phase 3 multi-use residential, hospitality, retail and commercial project by Bedford Square Properties.

The project comprises 197 luxury apartments on four levels of parkade, a retail centre, a four level office block and a 160 room hotel.

The completion dates are phased over a period from June to September 2007. The project is currently proceeding well and is on schedule.



### LOCH LOGAN

Murray & Roberts has been awarded the R393 million Loch Logan retail development at the picturesque Loch Logan Waterfront in Bloemfontein by the N Georgiou Trust.

The development consists of a new shopping mall and alterations and additions to an existing shopping centre.

The project is proceeding well but the scheduled completion date in February 2007 is likely to be extended after a slow start due to "dubious" bulk earthworks by direct contractors. ○



# Middle EAST

**Murray & Roberts has established a proud record of achievement in constructing some of the landmark projects that define the recent development of Dubai and the United Arab Emirates**

**W**ith local partners, the Group has maintained a strong position in the market and continues to win significant projects in spite of strong global competition.

#### **DUBAI INTERNATIONAL AIRPORT**

In 2005, the Al Habtoor Murray & Roberts and Takenaka joint venture secured the contract to complete terminal 3, concourse 2 and the car park at the airport. The contract is valued at approximately \$1 billion. Murray & Roberts is project leader with a 40% share.

The project is well underway and on track to achieve completion in 2007. Good progress is reported in the wet-trade works and initial finishing trades,

while the main finishing trades are due to commence. Most of the material and equipment for the project is sourced internationally and installed by local subcontractors, requiring careful coordination and logistical support. At the end of December 2005, the project reported an injury frequency rate of 0,53, which is below the international standard.

#### **GOLDCREST VIEWS**

The Al Habtoor Murray & Roberts joint venture was awarded the \$50 million Goldcrest Views project in Dubai in September 2004.

The 41 storey apartment block situated in the Jumeirah Lakes resort comprises a floor area of 74 000m<sup>2</sup> and will be 147 metres tall when completed in 2007.



■ Construction underway at the Goldcrest Views apartment block (Inset: Artist's impression)



■ Artist's impression of the Dubai International Airport (Inset: Construction underway)

### BAHRAIN WORLD TRADE CENTRE

The \$77 million contract to construct the Bahrain World Trade Centre was awarded to the Nass Murray & Roberts joint venture in June 2004.

The project is proceeding well with topping out of the 51 storey concrete twin towers due in February 2006 and a further 16 storeys of structural steel to be added to the spires in April. Three wind turbines between the towers will be "strand-jacked" into position in May and the turbines will be erected in June.

Cladding is well underway and interior design and lighting are currently being finalised in Hong Kong and Glasgow, respectively. The towers and mall will be available for third party fit-out contractors in June. Phased public access has already commenced, with access granted to parking areas.



■ Construction underway at the Bahrain World Trade Centre (Inset: Artist's impression)

### DURRAT AL BAHRAIN BRIDGES

In September 2004, the Nass Murray & Roberts joint venture was awarded a \$55 million contract for the construction of 13 bridges linking various islands of the Durrat Al Bahrain project.

Situated south of the Island of Bahrain, the project is a major resort comprising islands that have been developed as reclaimed land and designed in fantasy shapes.

The bridges require the manufacture of precast post-tensioned deck elements, each 16,2 metres long and 200 tons in weight. The deck units will be transported to the bridge sites on multi-axled trailers and placed using a large crawler crane. A feature of the deck design is the use of an impressed current cathodic system to protect the reinforcing from an aggressive marine environment. The substructure comprises two 1 200 millimetre diameter bored steel-cased concrete piles per span which are extended to form pier heads.

The Nass Murray & Roberts joint venture successfully completed the \$65 million Hidd Port quay wall in Bahrain in 2004. ○



■ Artist's impression of the Durrat Al Bahrain project

### MINING IN PROGRESS

Murray & Roberts is on contract at **TauTona Mine** to sink a twin decline system from 120 Level (3 467 metres below surface) to 128 Level (3 700 metres below surface). This will allow mining of the carbon leader reef and extend the life of the mine by seven years.

Site establishment and mining operations commenced in 2004. Project completion is scheduled for January 2012.

At **Impala No 20 Shaft**, where Murray & Roberts Cementation is sinking and equipping a main downcast shaft, an upcast ventilation shaft, service infrastructure on surface and all ancillary excavations and access development necessary to establish the footprint for 185 ktpm of Merensky and UG2 reef production, completion remains on schedule for October 2008.

Murray & Roberts Cementation has been involved with the **Kroondal Platinum Mine** (KPM) since inception (1999) and undertakes all its underground mining operations, ensuring that basic mining principles are applied correctly.

Work is progressing well on the cluster decline development at **Turffontein** where Murray & Roberts Cementation's project includes a cluster of decline sinking and auxilliary development on the levels.

Work on the Turffontein contract started in 2002 and is expected to be completed early in 2007 after which Phase 3 is likely to commence. This will take the cluster declines from 35 Level down to 40 Level.

Murray & Roberts Cementation is undertaking a shaft and underground development project at **Dwarsrivier**. The mine is converting from an open pit to an underground operation and the project comprises three declines and some development work over a fixed term of about two years. This is the company's first contract in the chrome mining sector and it is currently ahead of its contractual obligations for Phase 1.

# TOGETHER Stronger

## Murray & Roberts has launched the first truly broad-based black economic empowerment initiative in the construction industry with the transfer of 10% of its issued share capital to employees and community organisations

**T**he Murray & Roberts Letsema Broad-Based BEE Initiative represents one of the most important ownership changes in the Group's history. It facilitates an effective 9,4% direct black ownership and contributes substantially to the strategic target of over 25% broad-based direct black ownership by 2010.

Valued at about R500 million, the transaction allocates the shares to four trusts, each designed to give previously disadvantaged employees, their families and the communities within which Murray & Roberts operates a stake in the company and its future.

The **Letsema Bokamoso** general staff trust will receive approximately 4,9 million shares, with an expected dividend payment of about R2 million per annum, based on the 2005 dividend. The beneficiaries of the trust will be broad-

based and include the majority of Murray & Roberts employees. Approximately 14 000 employees in the Group's South African operations became shareholders in Murray & Roberts on 19 December 2005 when they each received a grant of 300 shares worth over R6 000 at current market pricing. A five-year moratorium has been

placed on the sale of these shares.

"It is our wish that employees retain their shares after the moratorium as we are facing the potential of sustainable real growth in our industry for the first time in almost three decades. We see these shares as an investment in the South African construction industry and in Murray & Roberts," says CE Brian Bruce.

The **Letsema Khanyisa** black employee benefits trust will receive approximately 6,6 million shares with an estimated dividend payment of R3 million per annum, based on the 2005 dividend. It will provide grants for education, housing and medical needs of qualifying black South African employees and their immediate families.

The **Letsema Sizwe** community trust will receive approximately 11,6 million shares, with an expected dividend of about R5 million per annum, based on the 2005 dividend. The beneficiaries will be researched by Murray & Roberts CSI and selected by an independent panel from designated groups. There will be a focus on broad-based black women's groups.

The **Letsema Vulindlela** black executive trust is an employee ownership scheme designed to attract and retain top skilled employees. It will receive approximately 9,9 million shares. Executives who accept an allocation under this scheme carry a payment obligation to the Group. The expected dividend will be about R4,5 million per annum, based on the current dividend. The beneficiaries will be black South Africans who are in top, senior and middle management.

### "I BELIEVE IN THE PROCESS"

**Andrew Skudder is the project manager of the Letsema Broad-Based BEE Initiative and is supported by company secretary Sandi Linford.**

**An ex-management consultant who has worked for leading global firms A. T. Kearney and Mitsui, Andrew joined Murray & Roberts in 2004 to develop a growth strategy for the construction materials businesses and facilitate the acquisition of Oconbrick Manufacturing.**

**His involvement with the development of BEE plans for the businesses and exposure to the experiences of other companies kindled an interest in the unfolding process of empowerment in South Africa.**

**Within two months of his appointment as project manager in 2005, Andrew had developed a process ready for implementation.**



■ Andrew Skudder, project manager of the Letsema Broad-Based BEE Initiative

A key differentiating factor of the Letsema initiative is that the dividends paid will be for the immediate benefit of the beneficiaries, with payments being made directly to the beneficiaries of the general staff, employee benefits and community schemes. Dividends paid to the black executive scheme beneficiaries will be used to repay the loan funding.

Murray & Roberts has implemented a multi-faceted BEE strategy to achieve its 2010 objective. The Group has already concluded a number of BEE partnerships in its operations with partners who are actively involved in the management and strategic transformation of the businesses. The UCW Partnership and Murray & Roberts

Cementation are good examples of such relationships.

At a macro level, Murray & Roberts seeks strategic partnerships that bring *gravitas* to the industry and will support the Group's long term growth strategies.

The Letsema initiative introduces broad-based employee ownership into the holding company. BY LESLEY LAMBERT

**Eat a peach**  
and you have energy

Eat 'n perske en jy het energie

Ja perekiisi mme o ba le matla  
Diana Ipotshisi uba namandla

LETSEMA

### PLANTING THE SEEDS

Murray & Roberts launched a comprehensive communication campaign in December 2005 to engage all its employees on the substance and effect of the transaction.

Based on the Sotho word *Letsema*, which embodies the concept of team work where it is the tradition of rural communities to come together at the time of ploughing and harvesting to work on the communal fields together, the campaign focused on the planting, nurturing and harvesting of peaches as an analogy for the benefits offered by the initiative.

Murray & Roberts employees were involved in the naming of the initiative and each of the trusts and,

with the assistance of award-winning communications company, Unplugged, Murray & Roberts selected and trained a group of its employees at a peach farm in Magaliesberg to facilitate communication sharing workshops at all South African operations.

The 127 workshops reached over 15 000 employees and were completed in just nine days. Posters to create interest and awareness were distributed before the workshops and detailed leaflets – and a fresh peach – were handed to each participant at the presentations. All material used in the campaign was prepared and presented in English, Afrikaans, Sotho and Zulu.

**Plant a pip**  
and you have potential

Tshala imbumbule unghumetela  
Lema thoiwana mme o ba le bokgoni

Plant 'n pit en jy het potensiaal

LETSEMA

**Grow a tree**  
and you have a future

Tshala isihlaha unekusasa  
Groei 'n boom en jy het 'n toekomst

Lema sefate mme o ba le bokamoso

LETSEMA

**Harvest a crop**  
and you reap the benefits

Oes en geniet die voordele

Ketula semela mme o una molomo  
Tshala uzevuna uphumelele

LETSEMA

# CLOUGH GETS BUSY

Murray & Roberts has increased its investment in Clough to 46%, confirming its commitment to the listed Australian engineering contractor



■ Woodside Expansion Phase 4

**T**he decision to acquire a strategic interest in Clough Limited was in line with a strategy adopted by Murray & Roberts in 2002 to leverage its expertise and experience in the extraction and beneficiation of natural resources by expanding across the southern hemisphere.

“A search was launched for appropriate partners and Clough was identified as a suitable candidate in Australia,” says Norbert Jorek, Murray & Roberts executive director and a director of Clough.

Clough was an ideal acquisition target because of the leading position it had established over 25 years in the offshore oil & gas market, particularly in Western Australia.

“The investment brings unique and complementary skills to Murray & Roberts and it offers Clough access to the oil & gas markets in southern Africa and the Middle East. It enables Murray & Roberts to combine its expertise in mining and minerals with the skills and

resources of Clough in Australia to pursue opportunities with major mining houses there and in Southeast Asia.”

This has already delivered results, with Clough and Murray & Roberts participating in a joint venture to become the EPCM (engineering, procurement and construction manager) for Boddington Gold Mine in Western Australia – currently the single largest gold mining project in the world.

The relationship with Clough also relieves Murray & Roberts of the complexities of finding local partners in foreign projects. Clough, as the local presence, has people on the ground and experience in construction management in Western Australia. It also understands the local challenges of industrial relations.

Clough has experienced problems with an EPIC (engineer, procure, install and commission) oil & gas project in the Bass Straits where the client has drawn-down two on-demand performance bonds to the value of A\$39,8 million against alleged damages, resulting in a cash

flow deficit for Clough. Murray & Roberts identified this risk in due diligence and its increased investment has helped to stabilise the company as it seeks a solution by arbitration.

“We now have a stronger influence and in recent times there has been a noticeable increase in the level of interaction,” says Norbert. This, in turn, has resulted in the joint pursuit of new opportunities in Africa, Australasia and the Middle East, he says. The largest of these is the A\$150 million Maari offshore oil & gas project in New Zealand.

Murray & Roberts has provided support to Clough in the upgrade of its systems management and the benefits are already being felt at the Maari project.

If anyone doubted that Murray & Roberts’ buy-in to Clough was a good investment, then those doubts are answered by Clough’s annual revenues for the current financial year of A\$1 billion – approximately R4,5 billion, which represents slightly less than 45% of the current annual turnover of Murray & Roberts. BY EAMONN RYAN ○



■ 1 Midwest Pipeline 2 Phosphoric Acid Plant 3 BayuUndan Completions 4 PNG Oil Refinery 5 Graham Farmer Freeway 6 Brisbane Northern Busway 7 Hazira 8 UCU Alliance 9 Sawam 10 Woodman Point Environmental

# Little GIANTS

## The 2005 Murray & Roberts Jack Cheetham Memorial Award was presented to the Women's High Performance Artistic Gymnastics Organisation (Giants Gymnastics)

In partnership with the South African Sports Confederation and Olympic Committee (SASCOC) and *Sowetan* newspaper, Murray & Roberts selected Giants Gymnastics in recognition of the excellence and inspirational leadership in its development programme and the substantial contribution it makes to gymnastics in South Africa. Giants Gymnastics is endorsed by the South African Gymnastics Federation, an affiliate of SASCOC.

The Jack Cheetham Memorial Award was initiated 24 years ago in recognition of the special qualities of Jack Cheetham, a former Murray & Roberts director and the inspirational captain of the South African cricket team in the 1950s, who was able to instill in young people the belief that they could win. In recent years, the award has targeted sports development projects, focusing on individuals or teams that have the potential to be champions.

Giants gymnastics identifies and develops talented young female gymnasts from previously disadvantaged communities in the Western Cape. It has already contributed significantly to the development of gymnastics in the province and produced some of the top women gymnasts in South Africa. Through its talent identification programme, the project is currently nurturing a number of talented gymnasts as contenders for the 2012 Olympic Games.

The programme's "first the child, then the sport" approach to development,



■ Left to right: Sean Flanagan Arianne Milton, Sydney Matlhaku, Melissa Pietersen, Moss Moshishi, Bryan Habana and Connie Esau



■ Left to right: Bryan Habana, Cheryl Thomas and Brian Overmeyer



instills a real sense of self-worth in each participant, even if she does not excel as a gymnast. Once their competitive careers have ended, gymnasts are encouraged to remain involved with the sport by becoming coaches, mentors, judges or administrators, thereby ensuring sustainability.

"Giants Gymnastics has a proven track record of delivery, not only in achieving excellence in the sport of gymnastics but also in using gymnastics as a vehicle to transform the lives of many young women in South Africa. With additional resources, we believe that the programme will have an even greater impact," says Sean Flanagan,

executive director of Murray & Roberts and convener of the panel of judges.

Under the dedicated leadership of Arianne Milton, the programme conducts high performance training in two small halls in Kuils River, identifies talent in the communities of Kuils River, Mitchells Plain and Manenberg and supports three community clubs which offer recreational classes and training for coaches. Leading South African gymnasts such as Melissa Pietersen, Simone Snyders, Tamaryn Schultz and Celeste Visagie are all products of the programme and have competed successfully in international events since 2000.

The award, which includes a floating trophy and prize money of R150 000 for the winner, was presented by Springbok rugby star, Bryan Habana. The prize money will support future plans to modify one of the small gymnasiums into a suitable high performance training centre and expand the talent identification programme into other areas.

**The Fish Hoek Surf Lifesaving swimming development project** was selected as the runner-up and awarded prize money of R50 000. The project was initiated to improve the general level of swimming and water safety in the Fish Hoek valley. In an environment where drowning remains second only to car accidents as the highest cause of death of South African children, the project was initiated by a local teacher for previously disadvantaged members of the community. It has made a significant contribution to the sport of lifesaving and promotes involvement in the volunteer

movement and employment opportunities in professional lifesaving.

The project's "each one, teach one" Learn to Swim campaign has a multiplier effect and

ensures sustainability as educators, parents and community workers at local schools are taught to swim and encouraged to teach children in their care. BY LESLEY LAMBERT ○



# Transforming manufacturing from good to great

In its search for world class manufacturing, Murray & Roberts is continually breaking ground in its training and development initiatives, particularly at the critical management level

One such example is its Manufacturing Management Development Programme (MMDP), a tailor-made programme that is unique not just to Murray & Roberts, but was a first for academic institution Gordon Institute of Business Studies (GIBS). The novelty of the programme is that it transfers international best practices to delegates who then use them to assess a designated Murray & Roberts plant operation and recommend improvements, said GIBS project leader Colin Rowley, speaking at the graduation.

The initial idea came from Brian Bruce and the concept was taken up by a steering committee led by Edwin Hewitt.

"The idea," explains Ian Holmes, "was to extend the traditional management development programme to product manufacturing, combining the theory of world class manufacturing techniques with practical application."

Murray & Roberts jointly developed the programme with GIBS. It consists of five modules, fairly standard fare, run over one year. The first two modules – lean management and people management – were held at Birchwood Conference Centre. The programme then relocated to Alucast in Port Elizabeth

to look at a world class manufacturing facility for the next module – shop floor management. The final two modules – operations management and supply chain management – were delivered at GIBS' Johannesburg facility to access its knowledge resources.

The final Action Learning Project, which made the programme so innovative, involved splitting the delegates into four syndicates to apply what they had learned directly to a Murray & Roberts business unit – in this case Roodepoort-based Rocla – and to make recommendations as to what they would change. "The value of the course is the insights gained immediately applied to the business."

What made the programme rare is that business units are seldom prepared to open themselves to this extent of critical scrutiny.

Rocla was selected not because it was in need of assistance, but quite the opposite, explained Ian: "The idea was to take a business that was already performing very well and see if the delegates could extract value from what they had learned by implementing world class practices in a live situation."

A key aspect of any management development programme is to

bring together people from different backgrounds and specialisations, to facilitate the sharing of ideas. In this manner, as much is learned from each other as from the syllabus, and invaluable networking opportunities set the platform for the future swapping of workplace experiences.

On 26 July 2005 the four syndicates each presented their proposal to a panel of judges, which evaluated them and after extensive debate, selected Syndicate 3's presentation as the winner. The standard of the presentations was viewed by the panel as acceptable and very good in some cases. The panel felt that all presentations provided significant food for thought.

The programme delegates were:

Syndicate 1: Francois Beukes, Wiseman Buzane, Peter Deacon and Darryl Jorgensen.

Syndicate 2: Garth Miller, Mandla Ndlozi, Jan-Louis Nel and Gert Marais.

Syndicate 3: Antony Funston, Deon Pretorius, Ian Watson and Renier Strydom.

Syndicate 4: Stefan du Toit, Andrew Gcaba, Werner Kruger and Andre Venter.

The programme is currently being upgraded and revised by the steering committee and will recommence later this year. BY EAMONN RYAN ○

# Leadership changes

**Stephen Pell** resigned as managing director of Murray & Roberts Construction with effect from 31 December 2005, following a rearrangement of executive responsibility in the SADC construction activities.

Executive director, **Sean Flanagan**, who holds corporate responsibility for Murray & Roberts Construction has stepped in as interim CE of the company.

Sean maintains his corporate responsibility for Murray & Roberts Cementation and his leadership involvement in the Bombela joint venture for the Gautrain project. A formal selection process is underway to appoint a managing director for Murray & Roberts Construction.

In addition to his other responsibilities, **Keith Smith** assumes corporate responsibility for the Group's construction operations in Botswana, Namibia and Tanzania.

## NEW APPOINTMENTS

**Bruce Neave** joined Murray & Roberts in June 2005 as a project director with specific responsibility for the Dubai International Airport and submarine pipeline and infrastructure works in Malaysia.

Bruce is an Australian Chartered Civil Engineer with more than 30 years' experience in the management, construction and delivery of major civil engineering projects.

He has been project manager on a number of successful joint venture projects for Murray & Roberts in Southeast Asia over the past ten years and has also worked in China, Australia and Pakistan.

**Andrew Fanton** joined Murray & Roberts in October 2005 and will lead the Cape-based construction activities, reporting to Sean Flanagan.

Andrew was born in South Africa, schooled in Australia and has had

expansive project management experience in the civils and building markets in the Middle East and South Africa.

Before joining Murray & Roberts, he was a project manager for the Dubai International Airport terminal 3 civil contract.

**Tyron Botha** joined Murray & Roberts in October 2005 and will champion a new Health & Safety initiative.

Tyron completed an MSc Chemical Engineering degree in 2003, with a focus on Environmental Process Engineering and the life cycle benefits of renewable sources of energy within agricultural sectors.

He began his career at a global environmental firm conducting quantitative risk assessments for large corporations in the oil & gas, manufacturing and chemical industries.

## Murray & Roberts JD Roberts Award

**T**he 2005 JD Roberts Award was won by Dr Sharon Biermann. The award recognises Dr Biermann's research contribution to public sector infrastructure investment and development spending, focused on integrated land use, infrastructure planning, land suitability assessment, development prioritisation and spatial infrastructure economics.

Sharon Biermann is a geographer and leading expert in sustainable urban development. She has a PhD in Geography and has made a significant contribution to creating a better understanding of the challenges of low-cost and affordable housing in a rapidly urbanising South African environment.

She has won many awards for her work and was a finalist in the 2004 Woman of the Year award.

The annual JD Roberts Award is sponsored by Murray & Roberts and is held in partnership with the Council for Scientific and Industrial Research (CSIR).

The award was instituted by Murray & Roberts in the late 1970s in remembrance of one of the Group's founding fathers, Dr J D Douglas Roberts. It recognises and promotes competitive and environmentally sustainable solutions to human dilemmas and encourages scientific research into technology that will enhance the quality of life of all South Africans.

Douglas Roberts was a doyen of the construction industry in South Africa, well known for his entrepreneurial flair

and passion for seeking and trying new techniques and ways of doing things. It is in this spirit that the JD Roberts Award takes place annually, recognising talent and research within the CSIR.



■ Murray & Roberts executive director, Keith Smith, presents the award to Dr Sharon Biermann



# I wish

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convenience so you can unwind and escape city living. The hotel's 81 rooms each have French doors opening to unrivalled garden or valley views. Surrounding the world class Spa are 10 spacious Mountain Village suites, each with a private heated plunge pool, DVD player and private dining area. Designed for secluded relaxation and total indulgence, the Spa offers a comprehensive range of treatments with emphasis on massage and hydrotherapy. The Spa features 12 treatment rooms, including six double

treatment rooms for couples or friends. The Hydrotherapy Spa Garden takes the benefits of water therapy outdoors with hot and cold pools, waterfalls, an outdoor Jacuzzi and a state-of-the-art liquid sound flotation pool.

Abundant and wholesome country style cuisine has long been the trademark of Mount Grace's Copperfield restaurant, where you can enjoy locally inspired food complemented by the finest South African wines. Romantic and intimate, The Stoep à la carte restaurant serves contemporary French country cuisine and

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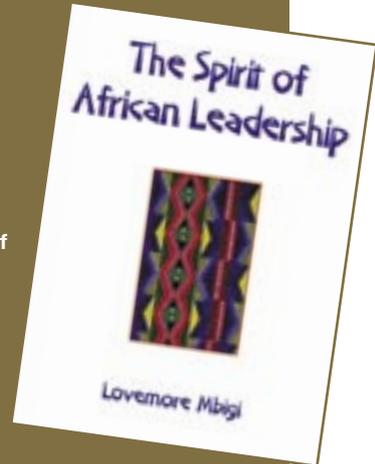
was voted one of South Africa's Top 100 Restaurants. Activities on the property include swimming mountain biking, fly fishing, croquet, bird watching, walking trails, tennis, picnics and classical music festivals. Golf, micro lighting, hot air ballooning, canopy tours and horse riding, are nearby.

Mount Grace was voted South Africa's Most Unique Spa, National Resort Spa of the Year, one of South Africa's Top 100 Restaurants, Best of Country Cuisine, Best Weekend Getaway and Conference Venue of the Year.

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**Rules of the competition:**

1. The prizes will be awarded to the first two correct entries drawn.
2. The judges' decision is final and no correspondence will be entered into.
3. The prizes are valid on any nights of the week excluding Friday and Saturday nights and are subject to availability.
4. All extras including lunches, dinners, drinks, spa treatments, telephone calls, laundry, mini-bar, etc are to be settled direct.
5. Transport to the destination is not included.

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**ENTRY FORM: MARCH 2006 COMPETITIONS**

Name: \_\_\_\_\_  
 Phone number: \_\_\_\_\_  
 Question: What is the name of the Murray & Roberts broad-based BEE initiative? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Please check box (☑) corresponding to your preference: MOUNT GRACE  BOOK

\* Strictly one entry per person



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