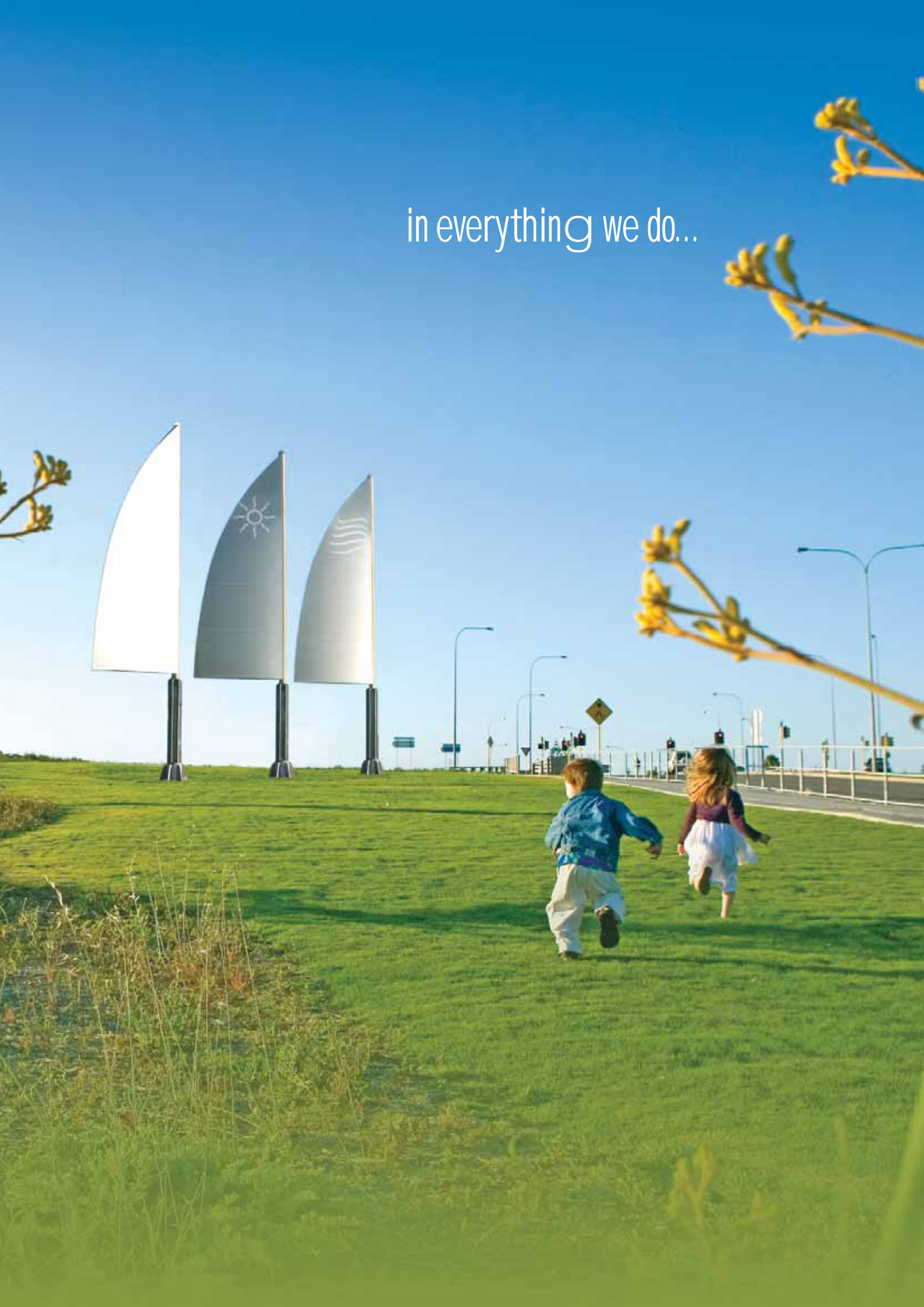


We are committed to sustainability

THIESS PTY LTD
SUSTAINABILITY REPORT 2005/06



in everything we do...





At Thiess our commitment to sustainability is reflected in everything we do.

As a Company that employs more than 16,500 people, operates **180 projects in Australia and South East Asia** and mines in excess of 60 Mt of coal per year, we know we have significant impact on the lives of those who work on our sites and the surrounding environments and communities.

We believe **we can achieve sustainable outcomes** for all of our stakeholders by:

- ▶ Delivering strong financial performance
- ▶ Ensuring the health and safety of our people and those who work on our sites
- ▶ Continuously improving our environmental performance, and
- ▶ Contributing to the development of the communities in which we operate.

Working to achieve these outcomes is a continuous process. Whether we are investigating new ways to improve environmental efficiency on our projects, implementing revised health and safety procedures or developing initiatives to enhance the communities we operate within, we strive to develop solutions which will achieve the best long-term, sustainable outcomes.

To improve our performance, some of the key sustainability challenges we are currently addressing include:

- ▶ How to more clearly define health and safety accountabilities and streamline processes throughout our business
- ▶ How to more fully integrate consideration of greenhouse gas issues into our decision-making processes
- ▶ How to continue to strengthen our community investments and partnerships, and
- ▶ How to further improve our sustainability reporting so we can accurately assess our results across the diversity of our operations.

- ◀ Revegetation at the Geraldton Southern Transport Corridor, Western Australia, is achieving a high level of success after its first year. Landscaping at the Brand Interchange was approved by the City of Geraldton to create a new entry statement for the city. A range of special vegetation planted in the area includes the kangaroo paws pictured in the foreground and 28 Norfolk Island Pines planted in conjunction with the Rotary Club of Geraldton. The stainless steel sails move in the wind and act as wind vanes. These were designed by a local artist with motifs to represent the sea, the sun and the wind.

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OVER TO YOU...

Each year we aim to improve our sustainability reporting to ensure we meet our stakeholders' information needs and remain current with changing industry requirements. Last year, in addition to providing an opportunity for voluntary feedback, we also conducted an online stakeholder survey.

As a result we have made some changes to our report this year:

- > Identifying sustainability challenges affecting our business*
- > Disclosing additional detail about our commitment to lowering greenhouse gas emissions, and*
- > Providing more information about our future business outlook.*

We value your feedback about our sustainability performance and the content of this report. Please visit our website www.thiess.com.au to register your feedback.

▶ WEB LINKS



Look for this symbol throughout the report for more information.

The purpose of this report is to provide an overview of our sustainability performance for all of our stakeholders including employees, clients, partners, industry peers and local communities.

The report objectives are to:

- ▶ Demonstrate our financial, health and safety, environmental and community performance against internal benchmarks, industry standards and statutory requirements
- ▶ Identify future sustainability challenges and opportunities for our business, and
- ▶ Gain stakeholder feedback on our progress.

As part of the report production process, we are reflecting our internal culture, which values and promotes continuous improvement in sustainable practices.

So, what do we do?

As one of the largest construction, mining and service providers in Australia, South East Asia and the near Pacific, our commitment at Thiess is to deliver innovative, total client solutions. 


A part of Leighton Holdings – Australia's largest project development and contracting group – our history spans more than 70 years during which time we have been associated with many iconic projects. 

Today, we are a diverse organisation operating in a range of locations, throughout various industries and across a full spectrum of engineering and related disciplines including:

- ▶ Building
- ▶ Civil Engineering
- ▶ Mining
- ▶ Process
- ▶ Environmental services
- ▶ Utilities services, and
- ▶ Facilities operation and maintenance.

▶ WEB LINKS

 WEBSITE: www.thiess.com.au
www.thiess-services.com.au

 WEBSITE: www.thiess.co.id



Performance at a glance	
	▲ Achieved
	◆ Ongoing
	▽ Target not achieved
Financial target	Outcome
Increasing the level of work in hand	▽ We maintained high levels of work in hand of \$7.5 billion at year end (a decrease from \$8.9 million last year) and achieved record revenue of \$4.4 billion
Evaluating new options for future growth potential	◆ This is an ongoing objective. Numerous opportunities were pursued during the year including the establishment of our Indian operations
Implementing strategies to assist in leveraging the intellectual, human and financial capital of our business	▲ A range of strategies were implemented. The launch of the new Thiess Management System and Company intranet – Thiess Online – were two significant achievements
Health and safety target	Outcome
Achieving a LTIFR of 1.3, LTISR of 20 and RIFR of 8.5	▲ We achieved a LTIFR of 1.0, LTISR of 18.9 and RIFR of 7.7
Developing standards to manage critical health and safety risks across the Thiess Group	▲ A process for developing a Thiess Core Systems of Work (CSW), which contains detailed information for managing specific high-risk activities was established
Contributing to a front-line managers training program that will increase understanding of the Thiess health and safety leadership approach	▲ An integrated pilot leadership development program has been successfully trialled in the Qld/NT/ Pacific Business Unit. This will be implemented across the business
Building on existing behavioural initiatives, which will encourage continuous occupational health and safety improvement	◆ Several programs were enhanced during the year including a behavioural-based program (Active 8) used by NSW/ACT Building. Thiess Indonesia observation processes were also further developed
Undertaking a major upgrade of the Thiess Group HSE Reporting System	▲ The upgrade went live in March 2006. Reporting and corrective action-tracking enhancements were completed in June. The upgraded system has increased overall incident reporting as it is easier to use and has improved functionality
Implementing the revised Thiess Health and Safety Leadership Audit process that reinforces critical project leadership behaviours	◆ Leadership audits were undertaken in all business units. Extensive health and safety leadership reviews were also conducted on two projects
Fostering greater collaborative knowledge sharing across the Group including improving access and understanding of occupational health and safety information	◆ Meetings were held each quarter for health and safety personnel. A cross-sectional group provided input into a three-year business health and safety strategy that was developed at the Executive level. Health and safety information was also implemented for the upgraded Thiess Management System

How are we **doing**?

Performance at a glance:

We set targets so we can monitor our progress and ensure we are staying on track to achieve our sustainability objectives.

Performance at a glance continued	
	▲ Achieved
	◆ Ongoing
	▽ Target not achieved
Environment target	Outcome
Achieving a target of zero Class 1 and 2 incidents	▽ Two Class 1 incidents and 10 Class 2 incidents occurred
Reviewing our sustainability key performance indicators and our approach to reporting against Enduring Value and relevant industry standards	◆ We have reviewed our sustainability key performance indicators and reporting approach. For this report we have collated additional sustainability information including more waste indicators. These improvements will continue
Establishing Greenhouse Challenge Plus Co-operative Agreements with the Australian Greenhouse Office aimed at reducing our emissions	▲ We developed a Greenhouse Challenge Agreement and became a full Member of the Australian Greenhouse Challenge Plus Program
Implementing the Environmental Representative Competency Framework	◆ The assessment materials are complete and the program is being implemented in some business units
Reviewing our approach to the management of environmental compliance and identifying opportunities for improvement	◆ We are continuing to review our compliance assurance process
Community target	Outcome
Implementing a more consistent, integrated approach to community involvement through the Thiess Management System – Managing Community Interaction	▲ Comprehensive community relations information was prepared for the upgraded Thiess Management System. This provides ideas, assists with identifying issues and offers tools for actively creating two-way information flows with communities
Ensuring all projects have a Community Involvement Plan in place by the end of 2006	◆ This year we developed tools and templates to assist projects. Plans are progressively being developed and used by community relations practitioners throughout the business
Developing a community charter which will be a feature for new projects and will outline our commitments with the communities in which we work	◆ As part of the Thiess Management System upgrade, community relations practitioners were given tools for confirming their community commitments. Some projects are developing community charters as part of this process
Implementing a new Community Investments Policy and guidelines at all levels of the business	◆ A draft community investment strategy was developed. It outlines the level and type of community partnerships, sponsorships and donations that will foster the development of meaningful community relationships. This strategy will be presented to the Executive for approval with the aim to implement it next year
Establishing an awards program to acknowledge outstanding community initiatives across the business	▽ An awards program was not established. New methods for acknowledging outstanding community initiatives will be investigated in the year ahead
Further developing, fostering and sharing knowledge with our network of community professionals across the Company	◆ The Community Relations Team continues to increase awareness and encourage participation in community engagement and sponsorship activities

Managing Director's overview:

At Thiess being sustainable means achieving solid financial returns for our shareholders, providing a safe workplace for all people who work on our sites and leaving a positive, lasting legacy for local environments and communities.

This year in achieving record turnover and profit levels and meeting important health and safety, environmental and community objectives, we have continued to improve our sustainability performance. This has been achieved through the combined efforts of our people who have worked hard individually and collectively throughout the year.

Although we will not be content until there are zero lost time injuries and environmental issues, we have delivered significant incremental improvements this year including a greater than 30% reduction in our LTIFR and LTISR rates and an overall decrease in the number of environmental incidents.

As important as it is for us to internally monitor our progress in these areas, we also believe in reporting openly and honestly about our results so our stakeholders can objectively assess our performance.

This sustainability report provides an overview of our financial, health and safety, environmental and community results for the past year. It also contains information about some of the challenges we are addressing and our future objectives for continuously improving our performance in everything we do.

HEALTH AND SAFETY

Throughout our diverse operations, a safe workplace is of the highest priority. We know the environments we work in are often inherently dangerous and we remain vigilant in assessing risks and continuously looking for ways to work safer.

Our intent, shared by our clients and the community, is that people will not be injured as a result of our activities. It is with deep regret, therefore, that I report on the death of one of our valued employees, Mr Wibowo, following an accident at the Senakin Coal Mine in Indonesia. In response to this incident, we have reviewed practices at all of our mining sites and, in January this year, implemented systematic and rigorous new controls in our Indonesian mining operations.

Our health and safety performance this year demonstrates the effectiveness of our programs and the enhanced focus on communication throughout our business.

As well as the reductions in LTIFR and LTISR, the majority of our projects (82%) completed the year LTI free and 53% were recordable injury free. Of particular note were two months, April and June, where no lost time injuries were recorded. With more than 180 current projects across the Thiess Group, these results are a credit to the leadership and commitment at all levels of the organisation.

ENVIRONMENT

The nature of our business often brings with it environmental challenges. Our aim is to minimise the potential impacts from our activities and ensure sustainable practices are employed.

Although we reduced our total number of environmental incidents this year, we did not achieve our zero Class 1 target following a water discharge and an uncontrolled leak at two projects. Both have been fully investigated and actions taken to prevent a reoccurrence.

“This year in achieving record turnover and profit levels and meeting important health and safety, environmental and community objectives, we have continued to improve our sustainability performance.”



On a positive note, we did achieve a number of significant environmental outcomes on our projects. The Geraldton Southern Transport Corridor Project won the prestigious National Case Earth Award for Environmental Excellence and the Morwell River Diversion Project was awarded the Victorian Case Award in the Environmental Excellence category for projects over \$15 million.

We also became a full member of the Australian Greenhouse Challenge Plus Program, which signifies our commitment to reducing greenhouse gas intensity. In the year ahead we will implement initiatives to improve energy and resource use efficiency.

COMMUNITY

In recognition of the potential short and long-term impacts we can have on local communities, we endeavour to forge meaningful partnerships, engage effectively with those affected by our works and support selected community organisations and charities.

At a project level this involves developing community relations plans specific to the works being undertaken and partnering with local individuals, groups and associations.

Beyond our worksites, we have an extensive corporate community involvement program. This year we have invested \$2 million to support charitable, educational, arts and sporting organisations. We also formalised our community investment strategy, which will assist us to more effectively assess potential partnerships, sponsorships and donations and bring a more consistent approach across the Company.

OUTLOOK

In the year ahead we will continue to examine ways we can strengthen our sustainability performance throughout all areas of our operations. A key priority will be ensuring we have the right people to deliver current and future projects and, as part of this, we will continue to focus on developing future leaders.

One important initiative we have introduced this year is the Murray Fox Leadership Award in honour of the former Executive General Manager Qld/NT/Pacific who sadly passed away in July 2005. The award seeks to encourage and enable highly motivated people within Thiess to develop their potential as leaders. The first recipient will be announced later this year.

Sharing knowledge throughout our increasingly large and diverse business is another ongoing focus for us in the year ahead. Extensive work has been done in the last two years to upgrade the Thiess Management System and develop the Company intranet – Thiess Online. We will use this infrastructure and further develop our online Communities of Practice facility to encourage and enhance knowledge sharing and best practice across the organisation.

The proven capabilities of our people, the robustness of our systems and processes and the strength of our balance sheet, ensure we are well-positioned to continue our growth in a sustainable manner for the benefit of all of our stakeholders.

I trust you will find this report informative and encourage you to provide feedback about how we can improve our sustainability performance and reporting.

A handwritten signature in black ink, appearing to read 'Roger Trundle'.

Roger Trundle
Managing Director



Our success is built on strong leadership and having the right people and systems to achieve the required results.

Doing what we do Leadership:

Thiess aims to be an industry leader; a goal that can only be achieved if we continue to meet our clients' expectations and deliver great projects.

The Thiess Executive and Management Team (EMT) guides our development towards this goal by setting the Company's future direction and monitoring performance. The role of this team is enhanced by the oversight and strategic advice provided by the Board of Directors.

BOARD OF DIRECTORS

The Thiess Board meets regularly during the year to review the Company's financial, health and safety, environmental, community and governance performance.

The Board's primary objectives are to:

- ▶ Ensure Thiess complies with its statutory obligations
- ▶ Evidence Thiess' independence and integrity as a separate business within the Leighton Holdings Group
- ▶ Assist in establishing business contacts and securing new business, and
- ▶ Act as an advisory Board to the Managing Director.

Board changes

During the year Mr Albert Hardy stepped down after providing a significant contribution to our business over more than 16 years and we also welcomed Mr Wayne Osborn and Mr Graeme McOrist who bring extensive experience and knowledge to the Board.

DIRECTORS

Martin Albrecht AC
Chairman

Roger Trundle
Managing Director

Don Argent
Director Finance and Administration

Robert Flew
Director

Hon. Roslyn Kelly AO
Director

Wallace King AO
Director

Graeme McOrist
Director

Wayne Osborn
Director

EXECUTIVE AND MANAGEMENT TEAM

The EMT is comprised of an experienced group of executives who are responsible for specific sectors, regions or support areas within the Company. The EMT works closely with senior managers and the Board to set strategic direction, develop business objectives and review operational performance. Executive meetings are held monthly and a broader management meeting is held quarterly.


Throughout the year, the EMT assesses performance against the Company Business Plan, which is developed annually and outlines objectives and strategies in each business unit and corporate functional area over a three-year period.

Executive and Management Team

Roger Trundle Managing Director	Don Argent Director Finance and Administration
Leigh Ainsworth Executive General Manager Thiess Services	Paul Cassano Executive General Manager Resources Development
Mike Connell Executive General Manager Human Resources and Safety	Bruce Munro President Director PT Thiess Contractors Indonesia
David Overall Executive General Manager Thiess Process	David Saxelby Chief Executive Australian Operations
Ian Wade Executive General Manager Business Services	Raymond Wilson Executive General Manager Infrastructure and Corporate Services
Ric Buratto General Manager WA	Brendan Donohue General Manager NSW/ACT
Chris Forsterling General Manager Vic/SA/Tas/NZ	Michael Rosengren General Manager Qld/NT/Pacific

Our people:

Our people are our most important asset. As we continue to grow and diversify as a business, it is even more critical we attract and retain highly skilled people who support the Thiess culture and aspire to maintain world-class operational, safety and environmental standards.

During the year, our workforce grew to over 16,500 employees (total Thiess employees including the portion of JV projects). With the growth of the business, there has been an increased focus this year on strengthening our induction programs to ensure common understanding and allegiance to the Thiess way of doing things – the *'Make a Difference'* commitment. 

This is reinforced at every opportunity by our leaders through a range of activities. Our recruitment advertising, induction programs, daily tool box talks, regular staff bulletins, leadership development programs and management summits in both Australia and Indonesia act to reinforce the same *'Make a Difference'* message.

BUILDING EMPLOYEE CAPABILITY

The Human Resources Strategic Plan 'Building Employee Capability' provides the framework to ensure we have the right people to sustain our business into the future. Underpinning this plan are six key areas of focus – recruitment and induction, remuneration and rewards, learning and development, performance review, career development and talent management. A number of new initiatives have been implemented in each of these areas throughout the year. This section of the report discusses some of the key initiatives.

HUMAN RESOURCES STRATEGIC PLAN



Thiess' Human Resources Strategic Plan – Building Employee Capability – is helping to ensure we have the people to meet our future growth needs.

16,500+
People

400+
Apprentices

100+
Graduates

▶ WEB LINKS



WEB PAGE: Make a Difference
Values and policies
www.thiess.com.au/about_thiess/values_and_policies

Our people are our most important asset.



RECRUITMENT

Critical to our recruitment strategy is the need to continuously monitor the ongoing supply and demand issues associated with staffing our projects. During the year we have enhanced our recruitment strategies to attract the right people in a tight labour market.

Some of the key initiatives included:

- ▶ Increasing the level of recruitment support throughout the business
- ▶ Implementing a new recruitment system – Page Up  – which streamlines the job vacancy and application process and provides a user-friendly web interface for our candidates to search for current jobs and submit applications, and
- ▶ Establishing a Recruitment Network involving staff from around the business. This group met regularly during the year to discuss issues and share ideas and worked collaboratively to introduce the new recruitment system and employment branding initiatives (refer case study page 15). As a result, this group has helped to achieve improvements in the way

staff are retained and redeployed throughout Thies from business unit to business unit and project to project.

In addition to these initiatives, our graduate program and apprenticeship schemes continue to be effective for recruiting entry-level positions.

Apprenticeship schemes

Our Indonesian and Australian apprenticeship schemes were further expanded this year. The Indonesian program has grown to include 362 participants this year and will grow to approximately 420 next year.

In Australia, we established two new apprenticeship programs in our Process and Plant operations. There are currently 57 people participating in these programs (20 in Process and 37 in Plant).

Plans are under way to expand both of these programs next year. The Process program will recruit approximately 60 new apprentices. The Plant apprenticeship program will also increase to include approximately 19 new apprentices in the three streams – diesel fitters, boilermakers/welders and auto electricians.

Graduate programs

The Thies Graduate Development Program has also been strengthened. More than 100 graduates representing a broad range of disciplines including engineering, safety, environment, commercial and human resources are currently participating. This program continues to be enhanced to reflect the evolving needs of the business.

Overseas recruitment strategies

During the year we have recruited in a range of international markets including Ireland, South Africa, Serbia, the Philippines and Canada. We have also established a position in new markets such as India for our mining operations.



WEB LINKS



WEB PAGE: Job search
www.thies.com.au/careers/job_search

Our people: continued

WORKFORCE DIVERSITY

We continue to recognise the value of diversity in the workplace and are proud to employ people from different cultures and backgrounds. To ensure our policies are current, we have updated our Workplace Diversity Policy and educational materials.

An exciting event has been the recent placement of our Indian mining graduates within Thiess operations. They are receiving on-the-job training so they can implement our operational practices in India.

As part of our commitment to workforce diversity, we monitor female participation rates and maintain active membership in the Diversity Council of Australia. The percentage of women in our workforce has remained relatively consistent at 11.2%. We are continuing to develop strategies to attract and retain women in our business.

EMPLOYEE DEVELOPMENT

In today's fast-paced environment, it is imperative that our employees have the opportunity to continuously develop their skills and capabilities. During the past year, several important development programs have continued including the Thiess Services Profit Centre Management Development Program, the Qld/NT/Pacific Being Blue Program and the Thiess Senior Management Development Program (SMDP).

The SMDP, which takes place over three and a half days, involves 18 participants and includes case study activities and sessions with senior executives. To date four SMDP programs have been conducted and we plan to run three each year.

We also launched a new development program for project managers during the year. Modelled on the SMDP, this initiative focuses on current and potential project managers. Key content includes the role of the leader, the importance of the right culture and values and commercial management. These themes are consistent with the frontline leadership programs also being undertaken in a number of areas in the business including Qld/NT/Pacific, NSW/ACT and Indonesia.

FUTURE PLANNING

This year we held two important management summits – one in Australia and one in Indonesia to assist our senior leaders plan for the future and share knowledge about what is happening throughout the Company.

In the year ahead our focus will be on implementing the ideas generated through these summits. We will also be reviewing the human resources strategic plan to ensure we can continue to effectively build employee capability within Thiess and meet our future objectives.

1

CASE STUDY

in everything we do...

- ▼ Thiess' new advertising strategy is delivering results.

IT'S NOT A LOGO...IT'S THE NEW THIESS RECRUITMENT CAMPAIGN

As part of our ongoing commitment to recruit the right people into our business, we launched a new employment advertising strategy in April 2006 to activate renewed interest, strengthen recognition and improve perception about Thiess as a preferred employer in our target markets.

Central to this campaign was the positioning of a number of key statements in newly designed advertisements in print, electronic and other targeted media. The aim of this campaign is to provide potential applicants with a greater awareness of our business, and most importantly, reflect the pride associated with the Thiess logo. These core messages are as relevant and important to existing staff as they are for potential job candidates. Early indications from this campaign have shown positive results in terms of brand recognition and application rates.

In conjunction with the launch of this campaign, HR practitioners around the business were trained in copywriting methods and how to use a new online system to place recruitment advertisements in print and electronic media. This should result in cost and time savings and ensure a more consistent and streamlined approach to Company-wide advertising.



Policies and systems:

As our business continues to expand and diversify, keeping appropriate rigour in our systems and ensuring all employees clearly understand expectations for compliance behaviour and performance is important for Thiess' long-term success.

OUR POLICIES

In addition to the *'Make a Difference'* commitment, which provides overarching guidelines on how we work, our policies provide clear standards for individual performance.

These relate to:

- ▶ Code of ethics
- ▶ Health and safety
- ▶ Environmental management
- ▶ Quality
- ▶ Supporting the community
- ▶ Workplace diversity
- ▶ Trade practices, and
- ▶ Privacy.

Business ethics

We are committed to communicating with our people, clients and other stakeholders in an open and honest manner at all times. Our code of ethics provides a set of principles which guide our employees and stakeholders to ensure high standards of behaviour throughout our entire business.

Risk and opportunity management

It is essential that risks and opportunities are actively addressed, quantified, managed and reported through every stage of our projects from tender development to completion. During the year we have continued to integrate risk and opportunity management in all aspects of our business.

Our risk management practices align with the Australian Standard AS4360 *'Risk Management'*. We require that risk assessments be undertaken at all project stages including project evaluations, tendering and continuously throughout project execution. We provide various tools and techniques to facilitate this process and conduct audits, project visits and end-of-project reviews on a regular basis to assess our risk management effectiveness.



Our policies and systems provide clear expectations for behaviour and performance.



OUR SYSTEMS

We use a number of systems across our business to simplify processes and improve operational efficiency.

During the year, the redesigned Thiess Management System (TMS) and the Company intranet – Thiess Online – were launched. Both of these systems were developed to assist with increasing operational efficiency and improving knowledge sharing and communication.

Thiess Management System

The TMS has long been part of Thiess' operations, providing procedures and guidelines to employees about how to perform all Company functions. Two years ago a major redevelopment of the system commenced to ensure it was up-to-date and that the information was presented in a manner which was easy for employees to access and use.

The launch of the new TMS earlier this year was the result of an 18-month project which brought together experts in knowledge management, communication, computer software and administration.

The result is a comprehensive new system which includes:

- ▶ Information and procedures on all operational and service delivery areas
- ▶ A Knowledge Bank that provides a searchable storage area of collective Company knowledge in which employees can access and contribute information, and
- ▶ Communities of Practice which contains online discussions and document libraries to enable staff to collaborate and keep up-to-date on the latest developments in their various fields.

Thiess Online

In conjunction with the upgrade of the TMS, a new intranet for the Australian business was also developed and launched in March. The purpose of the new intranet was to build a system that would provide accurate, meaningful and relevant information to help employees perform their jobs and remain well-informed about Company activities.

The site contains more than 500 pages of information about the Company including news, events, projects and processes. Thiess Online will continue to evolve as an important internal communications tool.





How we perform is the ultimate demonstration of how we are succeeding as a business.

What have we **done** this year?

Financial performance:

OVERVIEW

Building on our success, Thiess has delivered record turnover and profit levels for 2005/06.

Key contributors to these performance results have been the solid growth in our core business areas, the significant contribution from two major projects (Lane Cove Tunnel and EastLink), and the rapid expansion of our Process business.

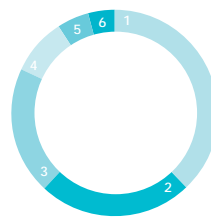
Some of the highlights and achievements include:

- ▶ Achieving revenues from operating activities (including our share of joint ventures) of \$4.4 billion. This is an increase from \$3 billion last year
- ▶ Winning significant new Process contracts such as the \$476 million Dawson Project in North Queensland awarded to the Thiess Sedgman Joint Venture. This is the largest design and construct contract awarded in the Australian coal industry to date, and
- ▶ Maintaining high levels of work in hand at year-end of \$7.5 billion, which is a reflection of a strong order book for the business.

Revenue (\$Million)			
	2005/06	2004/05	2003/04
Mining	1,641	1,396	1,068
Civil	1,080	759	581
Process	916	238	0
Building	211	184	102
Services	386	413	249
Other	145	51	470
TOTAL	4,379	3,041	2,470

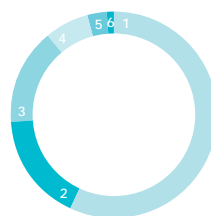
Work in hand (\$Million)			
	2005/06	2004/05	2003/04
Mining	4,229	4,955	4,906
Civil	1,254	1,925	1,231
Process	523	766	0
Building	251	255	293
Services	1,148	969	655
Other	72	0	0
TOTAL	7,477	8,870	7,085

OPERATING REVENUE 2005/06 (BY DISCIPLINE)



Discipline	%
1 Mining	38
2 Civil	24
3 Process	20
4 Services	9
5 Building	5
6 Other	4

WORK IN HAND 2005/06 (BY DISCIPLINE)



Discipline	%
1 Mining	57
2 Civil	17
3 Services	15
4 Process	7
5 Building	3
6 Other	1

Financial performance: continued

OPERATIONAL IMPROVEMENTS

As part of our day-to-day operations, we continuously investigate new ways of achieving great results. Our ultimate aim is to ensure we can deliver our clients' goals and meet overall objectives including our financial targets.

One significant achievement during the year was the launch of the new Thies Management System (TMS). The TMS gives guidance to employees in all areas of our business (refer the Policies and Systems section of the report on page 17 for more information).

We also streamlined our financial and information management processes through our enterprise reporting system. Implemented Company-wide in 2003/04, our work this year was on continuing to expand the system's capabilities in line with our evolving business requirements.

NEW WORK WON

With more than 180 projects under way, a significant focus during the year was to ensure we delivered on financial objectives. We also identified potential new market opportunities particularly in India and China.

We established the foundations for several major new contracts in the coming year and won work in all disciplines and regions. In particular, we achieved significant growth in two key areas of our business – rail and Process.

Our strong and expanding rail capability was consolidated with the \$700 million TrackStar Alliance Project awarded by Queensland Rail to Thies United Group (refer case study page 21).

We also won the \$53 million Craigieburn Rail Project (VIC) and the Revesby Turnback (NSW) contracts, adding to our existing Regional Fast Rail (VIC) and Epping to Chatswood Rail Line (NSW) projects.

Thies Process was very successful in securing and delivering a range of resources and energy related projects across Australia and Indonesia.

Some of our other key contract awards for this year included:

- ▶ Over \$150 million in remediation works
- ▶ \$134 million worth of building works in the ACT (Marcus Clarke Street Office and NICTA office)
- ▶ The \$76 million Boggo Road to Buranda Busway Project (QLD)
- ▶ The \$50 million preliminary works Area C Expansion Project (WA), and
- ▶ A significant portion of works in the Indonesian telecommunications market through the \$32 million Ericsson Telecommunications Rollout.

FUTURE OUTLOOK

Thies is focussed on maximising opportunities from the strong economic growth that is forecast for the next few years in Asia and buoyant markets in Australia predicted for the next few years.

In particular, mining and related resources infrastructure, transport, telecommunications, water infrastructure and power generation are expected to provide significant opportunities in Australia, Indonesia and India.

Our priorities for the year ahead are to:

- ▶ Deliver continued profitable growth
- ▶ Investigate new markets and potential opportunities particularly in India and China, and
- ▶ Further enhance our financial and information systems.



 The Thies General Purpose Financial Report provides more detailed information about our financial performance.

WEB LINKS

 **PUBLICATION: Financial Report**
www.thies.com.au/about_thies/financial_information

2

CASE STUDY

in everything we do...

40 Refer Major Project Map
> see inside front cover–foldout

Thiess has secured more than \$850 million of new rail projects.

ON TRACK WITH OUR RAIL CAPABILITY

Following the successful work completed on the Regional Fast Rail Project in Victoria, Thiess secured three new rail projects this year with a combined value of over \$850 million.

Thiess has teamed with Queensland Rail, United Group (formerly ALSTOM), Maunsell Australia and Connell Wagner for the TrackStar Alliance Project, which is part of QR's SEQIPRAIL Program, one of the largest rail infrastructure programs in Queensland's history.

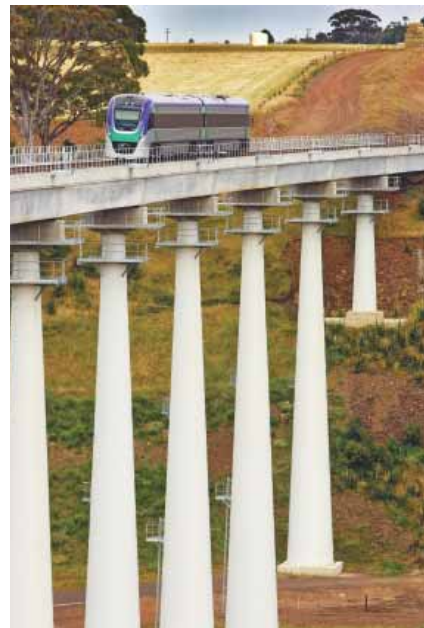
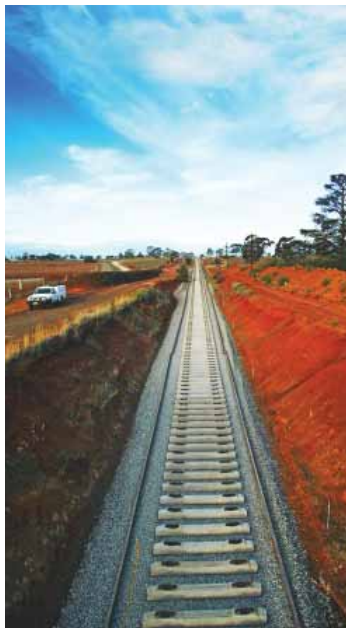
The TrackStar Alliance Project, valued at around \$700 million, will deliver four key projects in South East Queensland over the next six years.

Earlier this year, the Thiess ALSTOM Joint Venture successfully finished construction of the Geelong to Werribee section of the Regional Fast Rail Project following the completion of the Ballarat to Sunshine section in late 2005.

Described as one of the most significant upgrades of regional rail in Victoria in more than 120 years, the project included the design, construction and upgrade of 180km of rail line for the Victorian Government.

Complementing these projects, Thiess is currently on track to deliver the \$53 million Craigieburn Rail Project in Victoria and the \$42 million Revesby Turnback Project in New South Wales.

Thiess' success in securing and completing these projects highlights rail as one of our key focus areas. In line with each State Government's vision to expand and upgrade transport infrastructure, Thiess is well positioned to undertake major rail projects planned well into the future.



Health and safety performance:

OVERVIEW

Our objective is to have a workplace free from incident and injury. This requires a mindset that is intolerant of any level of incident or injury and where working safely is recognised as an inseparable element of 'doing it right' just as much as efficiency, quality, productivity or any other measure of excellence.

Our continuous focus on training, combined with the strength of leadership throughout the organisation, helps to ensure all of our people are committed to working safely.

To assess progress each year we set company milestone injury reduction targets based on performance indicators for Lost Time Injury Frequency Rate (LTIFR), Recordable Injury Frequency Rate (RIFR), Lost Time Injury Severity Rate (LTISR) and Average Lost Time (ALT). Our performance against these targets is measured on a monthly basis and reviewed by the EMT and Board at all of their meetings.

This year all performance indicators improved with a greater than 30% reduction in both Lost Time Injury Frequency and Lost Time Severity Rates and a 22% drop in our Recordable Injury Frequency Rate. We also met all but one of our milestone injury reduction targets.

Some of the other key health and safety highlights achieved during 2005/06 included:

- ▶ A significant 53% of projects completing the year without a recordable injury
- ▶ The majority (82%) of projects finishing the year LTI free

- ▶ Thiess Indonesia working from February to June with no lost time injuries – a total of 16 million hours
- ▶ Major infrastructure project – Lane Cove Tunnel – completing the financial year with a RIFR of 2.7, and
- ▶ Two projects receiving industry awards for safety excellence.

We also achieved several strategic and system objectives including:

- ▶ Developing a health and safety strategic framework with clear projections for performance over the next three years
- ▶ Upgrading our HSE database to improve how we capture, analyse, and monitor incidents and potential hazards, and
- ▶ Updating the Health and Safety section of the Thiess Management System (TMS).

82%
Projects LTI free

33%
Reduction in LTIFR

38%
Reduction in LTISR

22%
Reduction in RIFR

HEALTH AND SAFETY STRATEGIC FRAMEWORK



The new health and safety three-year strategic framework focuses on leadership, measurement and HSE systems and standards, which are all underpinned by collaboration reputation and results.



Our intent shared by our clients and the communities in which we work is that people will not be injured as a result of our activities.



Our achievements in health and safety are a credit to leadership and commitment at all levels of the organisation. However, although performance improved, we did not achieve our objective of a workplace free of incidents and injuries.

With deep regret we report that Mr Wibowo, an employee at the Senakin Coal Mine in Indonesia, died on October 31, 2005 as a result of a night-time collision between a coal hauler and a parked vehicle. Following this incident, we conducted a thorough review with input from all Thiess mining projects. Based on these findings, in January this year, we implemented systematic and rigorous controls in our Indonesian mining operations to prevent a reoccurrence.

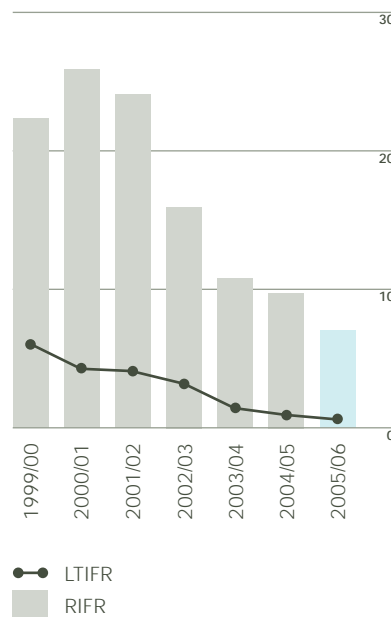
As a result of this and other incidents we have reviewed our procedures and processes to ensure that we continuously improve. Some specific areas to address were:

- ▶ Pre-employment medicals
- ▶ Supervision and employee tracking on sites
- ▶ Use of Personal Protective Equipment (PPE) in high voltage operations, and
- ▶ High-voltage training.

Thiess Group performance

Measure	Year on year improvement	2005/06	2004/05	2003/04
LTIFR	33%	1.0	1.5	1.8
LTISR	38%	18.9	30.6	31.4
RIFR	22%	7.7	9.9	11.5
ALT	7%	18.9	20.4	17.4

LTIFR AND RIFR PERFORMANCE



Our health and safety performance has continued to improve over the last seven years.

Health and safety performance: continued

SAFETY PERFORMANCE

Key performance indicators – LTIs

	LTIs			Total days lost			Average lost time (days)		
	2005/06	2004/05	2003/04	2005/06	2004/05	2003/04	2005/06	2004/05	2003/04
Australia	48.5	58.4	63	803.8	1063.8	928	16.6	18.2	14.7
International	12	6	6	291	264	303	24.3	44	50.5
Group	60.5	64.4	69	1094.8	1327.8	1231	18.9	20.6	17.8

* LTIs and hours worked are reported proportionally from joint venture projects

** These figures relate to all employees and sub-contractors

Key performance indicators – LTIFR, LTISR, RIFR

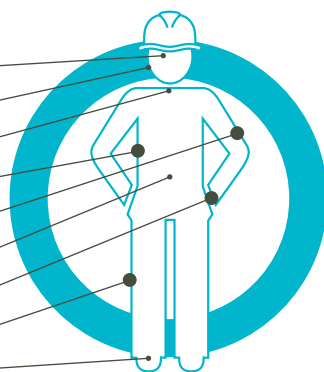
	LTIFR			LTISR			RIFR		
	2005/06	2004/05	2003/04	2005/06	2004/05	2003/04	2005/06	2004/05	2003/04
Australia	1.4	2.5	3.1	22.8	46.1	45.4	11.4	16.4	19.5
International	0.5	0.3	0.3	12.5	13.0	16.1	2.0	2.7	2.5
Group	1.0	1.5	1.8	18.9	30.6	31.4	7.7	9.9	11.5

* LTIFR, LTISR and RIFR are based per 1,000,000 hours worked

** These figures relate to all employees and sub-contractors

FIRST AID INJURIES 2005/06

Location	%
Eye	10
Head, face and ear	6
Neck	4
Back	14
Shoulders & Arms	13
Trunk (incl. internal organs)	3
Hands & Fingers	28
Hips & Legs	15
Feet & Toes	7



Based on first aid injuries reported in Thiess 2005/06

3

CASE STUDY

in everything we do...

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▼ A team commitment to safety helped to turn things around on the ECRL Project.

TEAM TURNS THE BEND ON TUNNEL PROJECT

A cohesive approach to safety management helped the Epping to Chatswood Rail Line Project Team overcome significant challenges on a recent 20km tunnel lining operation.

The complex job involved large scale pumping to place more than 100,000m³ of concrete and 1,370 of pre-formed supporting blocks.

According to project engineer Tim Burns, this required construction workers to perform demanding manual labour and sledge hammering tasks in difficult underground conditions.

“After a difficult first quarter, achieving good safety results was about getting back to basics and thinking about everything we could do to work safely.”

Underpinning the new approach was an increased focus on all aspects of safety management from discipline and supervision to training, housekeeping and concrete pouring techniques.

“We established accountability for outcomes, employed supervisors for all areas of operation and promoted the importance of housekeeping. We also identified skill gaps and provided relevant training and streamlined concrete pouring processes to minimise risk of injury.”

The results of this approach was a high performing team, which achieved its production targets and completed the last 75% of the job with zero LTIs.

“The team’s dedication to changing the status quo was a key ingredient to the success,” Tim said.



Health and safety performance: continued

NOTICES AND BREACHES

The number of notices issued to Thiess increased slightly this year to 33 across seven projects (up from 31 across six projects last year). Included in these were seven prohibition notices and one infringement notice, which concerned an incorrect electrical procedure completed by Thiess Services for a North Queensland customer.

Of note over 50% of the notices received were from two projects and more than half of these related to lifting operations. The others ranged from administrative oversights in risk assessment documentation through to incorrect trenching operations and workers not wearing required PPE.

We take all notices and breaches very seriously and all have been closed out – most within hours of issue. Our process for monitoring regulations requires formal review by project managers, senior safety professionals and the EMT.

PROSECUTIONS

During the year an incident from March 2004 involving joint venture company, Silcar Maintenance Services, was finalised in court proceedings. Thiess Services, together with Siemens, was charged in relation to an incident involving the adjustment of forklift tynes that had been previously modified by a specialist provider. During an adjustment by experienced fitters, a tyne fell fracturing the foot of an employee. Subsequent investigations established that a load guard could have been fitted at the time of the modification to prevent dislodgment of the tynes.

Both Thiess Services and Siemens were found guilty and convictions were recorded. Siemens was fined \$5,850 and Thiess Services \$15,600. Of note the fines were in the lower range and the prosecution arose, not from an absence, but from a failure to maintain a safe system of work. The court also noted that Thiess' industrial safety record is excellent when appropriate consideration is given to the size, scope and hazardous nature of our business pursuits.



Our health and safety initiatives aim to increase employee and sub-contractor understanding and commitment to achieving a workplace free of incidents and injuries.



HEALTH AND SAFETY INITIATIVES

During the year we implemented a number of initiatives to help strengthen our health and safety processes and increase employee and sub-contractor understanding and commitment to achieving a workplace free of incidents and injuries.

Development of the Health and Safety Framework

After extensive consultation with senior management and a cross-section of health and safety professionals from throughout the business, a three-year health and safety strategic framework was launched. Project and business unit performance in 2006/07 will be assessed against this framework.

Certification from the Federal Safety Commissioner

During the year we achieved provisional certification from the Office of the Federal Safety Commissioner to conduct directly funded Federal Government construction work. Part of this required accreditation to AS4801 'OHS Management Systems' in the business units that were not already accredited. Successful audits were completed in the NSW/ACT and Qld/NT/Pacific business units.

Implementation of upgraded HSE database

New elements of the Thiess Group HSE Reporting System were progressively implemented throughout the year. There are two key components of this system – incident reporting so we can record, analyse and report on incidents and a corrective actions database through which we can track progress to close out. Although all projects previously monitored corrective actions, this is the first time such a system has been implemented Company-wide.

These improvements have increased the amount and quality of reporting within the business and there are many examples of potential risks that have been identified and corrected before an incident occurred. It also allows us to analyse trends in incidents.

Upgrade of the Health and Safety section of the TMS

Another important project completed this year was the development of the health and safety section of the new TMS. As part of this process, all of our health and safety policies and procedures were reviewed and updated to provide employees with clear guidelines on how to deliver safe projects.



Health and safety performance: continued

AWARDS

We were pleased to receive industry recognition for two high-performing projects – the joint venture Yallourn Open Cut Mine and Curragh North Project – during the year.

The Yallourn Open Cut Mine was acknowledged in safety and health at the Minerals Council of Australia's national MINEX awards. At Yallourn, the judges were impressed by 'significant achievement in safety and health performance driven by leadership and commitment at all levels of the operation at a time of organisational change.'

Yallourn was also selected by the Australian Mining Magazine to receive a 'Highly Commended' in the Australian Mine of the Year Category of the 2005 Australian Mining Prospect Awards.

The Queensland Curragh North Project won the Queensland Major Contractors Association (QMCA) 2005 Safety Award. This award recognises the project that best exemplifies leading safety practices, safety initiatives, leadership effectiveness and sustainable health programs in the contracting industry.

FUTURE OUTLOOK

We maintain our commitment to achieving a workplace free of incidents and injuries. In our efforts towards achieving this goal, we have established milestone injury reduction targets outlining minimum expected performance for the year ahead. These targets align with the objectives in our three-year strategic framework, which will continue to challenge how we lead health and safety in our workplaces.

Key objectives for the year ahead include:

- ▶ More clearly defining HSE roles, responsibilities, accountabilities and values for all line management positions, which will be linked to performance review and recruitment processes
- ▶ Developing additional lead performance indicators for measuring our health and safety performance at a project level
- ▶ Enhancing the HSE database by adding extra reporting and analytical functions
- ▶ Completing the health and safety section of the TMS Knowledge Bank to assist in sharing knowledge about health and safety performance throughout the business

- ▶ Developing Core Systems of Work to provide detailed information for managing specific high-risk (high consequence) activities. The first Core System of Work to be launched will be Lifting Operations, and
- ▶ Achieving a LTIFR of less than 0.8, a LTISR of less than 12 and a RIFR of less than 7.0.

4

CASE STUDY

in everything we do...

1 Refer Major Project Map
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▼ Establishing a clear vision for safety has helped to achieve good results at the Darajat Project.

DARAJAT SAFETY PERFORMANCE IN FULL STEAM

A co-ordinated leadership approach between consortium partners and the client has delivered excellent safety performance results at the Darajat Project in Indonesia.

Thiess Indonesia is constructing the 110MW Darajat Unit 111 Geothermal Power Plant in a consortium with Kanematsu Corporation.

Since project award in November 2004, a total of 1,725,512 man-hours have been worked with no lost time injuries.

Project Manager Greg Locke said the leadership team worked hard to set clear expectations for safety performance.

“At the start of the project we held a workshop with senior management to develop a Leadership Charter. Determining our vision for safety was a critical component of this process.

“We then held a forum with the site management team to gain buy-in to the Charter and, throughout the project, held monthly meetings and ran quarterly leadership workshops to provide feedback on implementation and achievement of the Charter.”

Another key focus has been providing training and promoting safety to the workforce.

“Most of our workers are unskilled and have no previous construction experience so we have provided extensive training in everything from basic construction skills to hazard identification and safe behaviour observation.

“We have also had events such as safety picnics and run reward programs to promote safe practices and celebrate milestones. Our aim has been to ensure everyone understands their individual responsibility to achieve our safety vision.”



Environmental performance:

OVERVIEW

We are committed to achieving the highest standards of environmental performance. This means we continue to ensure we have well-informed, highly-trained people and effective systems, which enable us to identify potential risks and manage them appropriately.

Although we directly employ 72 environmental specialists and 57 Health Safety and Environment advisers within the broader Thiess organisation, we believe environmental management is the responsibility of all employees. In recognition of this, environmental roles and responsibilities are integrated into job descriptions throughout the Company.

We guide performance through the Thiess Environmental Policy, which outlines our overall environmental objectives and the procedures contained in the Environmental Management System (EMS). These procedures, which cover all aspects of environmental management, provide practical guidance on how to achieve the highest standards of performance at all project stages from pre-bid to completion. Implementation of the EMS is regularly audited with results reviewed by the Thiess EMT and the Board on a quarterly basis.

At the outset of all projects, we identify risks and develop appropriate control strategies which we document in environmental management plans. The plans are regularly implemented on the project and communicated via training and awareness sessions and are incorporated into position descriptions, objectives and accountabilities.

Implementation of these plans is assessed through regular inspections and audits.

This year we achieved positive environmental outcomes. These included:

- ▶ Reducing the total number of environmental incidents
- ▶ Updating the EMS to maintain relevance and currency
- ▶ Becoming a full member of the Australian Greenhouse Challenge Plus Program, and
- ▶ Winning several environmental awards including a National Case Earth Award for the Geraldton Southern Transport Corridor and Victorian Case Earth Award for the Morwell River Diversion Project.



Thiess became a full member of The Australian Greenhouse Challenge Plus Program this year.

90%
Audit score achieved

AWARD
Winner National Case Earth Award

GREEN HOUSE
Member of Australian Greenhouse Challenge Plus Program

5

CASE STUDY

in everything we do...

46 Refer Major Project Map
> see inside front cover–foldout

▼ As part of the Five Islands Road Project, the team used best practice environmental construction techniques to ensure minimal disturbance.

BEST PRACTICE ENVIRONMENTAL MANAGEMENT AT FIVE ISLANDS ROAD PROJECT

A number of environmental best practice construction techniques have been implemented on the \$30 million Five Islands Road Project to ensure minimal disturbance to the local environment and surrounding wetlands of Lake Macquarie, New South Wales. Five Islands Road is one of the major arterial roads in the Newcastle area servicing up to 32,000 vehicles per day.

Environmental considerations were critical to this project as the road crosses wetlands that are protected by State environmental planning policy. One of the most challenging aspects of the project was the piling work completed in Cockle Creek, the site of the former Pasmenco Smelter, which contained contaminated sediments. In preparation for the construction of two bridges, Thiess was required to prepare a Sediment Environmental Management Plan (SEMP) to address the disturbance and containment of the sediment.

Thiess achieved the SEMP objective by using floating silt curtains, which were used to contain the disturbed sediments within the construction area. As part of the SEMP, Thiess was also required to monitor water quality for turbidity and heavy metals.

The project team again achieved environmental best practice by using a recycled product called bottom-ash as road fill. Sourced from a local power station, the bottom-ash is a light weight fill that was used in the construction of the road embankment to reduce the overall settlement times, allowing pavements to be constructed within a suitable time frame.

Due for completion in May 2007, this project will substantially benefit the community by improving accessibility, travel times and road safety, with minimal disturbance to the sensitive local environment.



Environmental performance: continued

ENVIRONMENTAL MANAGEMENT SYSTEMS

Our EMS is an integral part of the broader Thiess Management System (TMS), which was upgraded during the year. In conjunction with this, we have implemented significant changes to the EMS to ensure it is relevant for our current business needs.

These changes included:

- ▶ Simplifying the language in our environmental management procedures so they are easier to understand and have a greater focus on managing environmental outcomes, as well as complying with ISO14001:2004 and other obligations
- ▶ Improving access to relevant resources and tools, and
- ▶ Clearly identifying tasks and responsibilities.

During the year many of our business unit systems were re-certified for compliance with the ISO14001:2004 standard and 33 projects were subject to external certification or surveillance audits. The audits identified that the systems to measure and monitor compliance with statutory and other requirements could be improved.

We are currently addressing this issue and will also make further improvements to the EMS during the year ahead to ensure we fully integrate the Minerals Council of Australia Enduring Value Principles (a framework for achieving sustainable development in the minerals industry). 

ENVIRONMENTAL AUDITS

We regularly conduct environmental audits to assess EMS implementation. These are undertaken using a protocol that incorporates standardised scored questions and allows an overall score to be determined. Our internal target is for projects to achieve a score of at least 90% – a target achieved this year with an average audit score of 90% from a total of 122 internal audits undertaken across Thiess projects.

This is slightly lower than previous years (down from 92% in 2004/05) due to a small number of projects where TMS implementation was insufficient to meet the 90% target. Actions have been agreed with these projects to improve performance. The higher Indonesian performance scores improved as a result of an increased focus on training and awareness.

Our projects are also regularly audited by clients and regulatory authorities.

The audit protocol is currently being reviewed to better reflect the requirements of the new TMS and a new audit process will be implemented in 2006/07.



We will continue to aim for zero Class 1 incidents.



ENVIRONMENTAL INCIDENTS

In 2005/06 Thiess projects reported 95 near hits and 172 environmental incidents. This total number of incidents was lower than the previous two years mainly as a result of fewer Class 3 incidents (160, down from 198 last year).

However there were two Class 1 incidents:

- ▶ A water discharge on December 12, 2005 from the Epping to Chatswood Rail Line Project when a valve on the water treatment plant clarifier failed. The incident was investigated and actions were recommended and implemented. The incident is under investigation by the New South Wales EPA, and
- ▶ An uncontrolled leak from an underground fuel pipe at the Thiess Services Hunter Collection and Recycling Project during August 2005. A preliminary remediation report was provided to the New South Wales EPA in December. The pipe has been repaired and the area of contamination is being remediated. Monthly fuel reconciliation will continue and anomalies will be investigated.

We take all environmental incidents very seriously. Our well-established environmental incident management systems allow us to monitor incident frequency and severity. Incident summary reports are prepared quarterly for review by Thiess senior management and many projects report externally to clients and regulatory authorities and on a regular basis.

Incident class	2005/06	2004/05	2003/04
Class 1	2	1	1
Class 2	10	8	15
Class 3	160	198	175
Total Incidents	172	207	191
Near Hits*	95	77	47

** Incidents with the potential to cause environmental damage*

Incidents*	2005/06	2004/05	2003/04
Australia	225	253	228
Indonesia	42	31	10
Group	267	284	238

** Including near hits*



Environmental performance: continued

FINES AND INFRINGEMENTS

Environmental management is a core priority for our business. Despite our commitment and endeavours we have incurred one prosecution and 11 fines this year due to poor environmental management on four projects. Each of the incidents were rectified and investigated and measures taken to avoid reoccurrence.

The prosecution was in relation to an incident on the Epping to Chatswood Rail Line Project, which involved an unauthorised discharge from a water treatment plant to Porters Creek that occurred in October 2003. Thiess and Hochtief were jointly convicted of an offence under the *Protection of the Environment Operations Act 1997* on September 14, 2005. Both parties were fined \$12,000.

The 11 fines related to the following incidents:

- ▶ An infringement notice was issued to the 100 Pacific Highway Project in January 2006 for working outside of approved hours
- ▶ Two infringement notices were issued to Thiess Services New South Wales Unanderra Collection and Recycling in August 2005. The first was associated with dust spillage from a moving vehicle and the second was related to plastic bags blowing from a hopper onto the freeway, and
- ▶ Thiess Services received eight infringement notices in September 2005 in relation to depositing sand, silt and mud on to a road leading from the Newstead Remediation Project in Queensland.


The Queensland EPA was also notified of an incident at the Burton Coal Mine in Queensland. In October 2005 the wall of a co-disposal emplacement at the Burton Coal Mine failed, resulting in the release of coal rejects and tailings. The EPA was notified of the incident and subsequently directed Thiess and the mine owner to complete an environmental investigation into the cause and effects of the incident. Following acceptance of the investigation report, which showed negligible 'harm' had been caused, Thiess and the mine owners were notified that the site licence conditions would be amended and an environmental management program would be required. The EPA investigation of this incident is continuing.

We continue to learn from these incidents and implement improvements in our environmental management.

GREENHOUSE GASES

As a leading integrated mining, engineering, construction, and services provider, we know that managing greenhouse gas emissions is a significant issue for our business.

Greenhouse Challenge Plus

During the year, our commitment to this issue was strengthened when Thiess became a full member of the Australian Greenhouse Challenge Plus Program. 

To become a member of Greenhouse Challenge Plus (GHP), we were required to produce an action plan, which will achieve the following:

- ▶ Provide an administrative framework to facilitate our commitment to GHP. This includes appointing a GHP Co-ordinator, GHP champions throughout the business and a Greenhouse Gas Steering Committee
- ▶ Increase our monitoring and reporting of greenhouse gas emissions and energy efficiency measures
- ▶ Incorporate greenhouse abatement considerations in the Thiess EMS
- ▶ Educate and promote greenhouse and energy efficiency initiatives within Thiess
- ▶ Evaluate opportunities to integrate cleaner or alternative fuels into supply agreements
- ▶ Support clients and communities to achieve their greenhouse objectives, and
- ▶ Research and develop new technologies and strategies.

To assess our performance in these areas, we will monitor progress against the objectives of this plan and prepare an annual report with an updated inventory of emissions.

▶ WEB LINKS



WEBSITE: [Greenhouse Challenge Plus
www.greenhouse.gov.au/challenge/](http://www.greenhouse.gov.au/challenge/)



We continue to investigate ways to further integrate consideration of greenhouse gas issues into our decision-making processes.



Performance this year

This year our business activities consumed approximately 20.3 petajoules of energy (slightly more than last year's 17.8 petajoules) – and emitted 1.5 million tonnes of greenhouse gases (carbon dioxide or CO²-equivalent), which is similar to last year's emissions. Mining activities contributed nearly 86% of this total.

Approximately 501 million bank cubic metres of material were moved on Thiess' open cut mining projects during the 2005/06 period. This was an increase from the 481 million bank cubic metres moved in 2004/05 due to the award and operation of several new mining contracts and extension of existing mining projects.

The energy to move this material (or the greenhouse gas intensity from these mining activities) was 2.7kg of emissions (CO²-equivalent) per bank cubic metre moved, which is consistent with the previous four years' performance.

During the year we also recovered around 12,000 tonnes of methane (equivalent to 250,000 TCO²-e) through the Swanbank Landfill. Thiess Services owns the landfill and is a partner in the ReOrganic Energy Project at the site – a greenhouse gas initiative. This project recovers landfill gas, including methane, and directs it to the adjacent CS Energy Co-generation Power Station where it is converted into electricity.

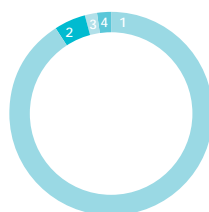
In the year ahead we will continue to investigate new ways of implementing energy efficiency measures within our business and further integrate consideration of greenhouse gas issues into our decision-making processes.

Emissions			
	2005/06	2004/05	2003/04
Energy use (PJ)	20.3	17.8	13.9
Greenhouse gas emissions (tonne CO ² -equivalent)	1,545,200	1,433,600	1,162,000
Greenhouse gas emissions from mining (tonne CO ² -equivalent)	1,328,400	1,310,000	1,034,000
Greenhouse gas intensity (kg CO ² -e/bcm) from mining	2.7*	2.7	2.5

** For emission calculation purposes, we use direct emissions only*

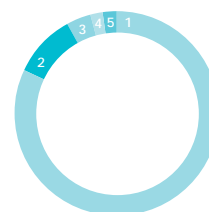
Energy source	Energy use (GJ)	tCO ² -e
Diesel Mobile [LT]	18,936,130	1,334,997
Diesel stationary [LT]	769,716	54,265
Electricity	539,574	120,910
Petrol and Gas	59,650	4,367
Natural Gas	4,624	264
Grand Total	20,305,071	1,514,539

ENERGY SOURCE



	%
1 Diesel	97.29
2 Electricity	2.55
3 Petrol and Gas	0.16
4 Natural Gas	0.02

EMISSIONS SOURCE



	%
1 Diesel	89.91
2 Electricity	7.82
3 Explosives Use	1.66
4 Landfill Emissions	0.30
5 Petrol and Gas	0.30

Environmental performance: continued

AIR QUALITY

Our mining, infrastructure and services activities have the potential to generate nuisance dust and odour. These aspects are managed at projects through the environmental management plans and investigation of complaints when they occur.

At most mining and construction sites, water carts are used to suppress dust and at projects such as EastLink and Lane Cove Tunnel, stormwater runoff is captured and reused for this purpose. Most projects involving dust generation undertake monitoring of air quality. For example, the Lane Cove Tunnel Project is undertaking comprehensive assessment of ambient air quality in community areas to monitor construction impacts and provide baseline data for future tunnel operation.

Dust management at mines is also important. The Mt Owen Complex in New South Wales received some complaints regarding fugitive dust from mining operations this year. While these complaints were investigated and found to be unrelated to Thiess activities, continuous dust monitors have been installed to improve dust management at the site.

During the year, Thiess Services received complaints regarding odour from the Swanbank Landfill. All complaints were thoroughly investigated and, while the majority were attributable to odours from other sources, on occasions where the landfill is the source of the odour, a cover material is now used in combination with a deodoriser.

On Thiess Services' remediation projects, excavation of hydrocarbon contaminated soils has the potential to generate nuisance odours. The Pidgeon Close Remediation Project in Brisbane has utilised an innovative approach to manage this issue by using a large tent to trap odour while excavating contaminated soil. Within the tent, a deodoriser is applied and monitored. In addition stockpiles of contaminated material are mulched to suppress odour.

BIODIVERSITY

In our contract mining business Thiess' impacts on biodiversity are associated with clearing and rehabilitation activities at the direction of the mine owner. However, we believe in minimising our impacts, and this has been clearly demonstrated on two occasions during the year. At the Curragh North Mining Project in Queensland,

a wedge tail eagle nest was relocated from an area to be cleared to an adjacent unmined area and at the Mining Area C Project in West Australia, we delayed clearing trees which were housing parrot fledglings until they had flown from their nests.

While our influence on biodiversity conservation at mining projects can be limited in major infrastructure projects we commonly have a considerably greater role in determining the biodiversity outcomes of the project. The environmental management plans developed for our major infrastructure projects address specific flora and fauna management issues to maintain and enhance environmental values in the project area.

Many large-scale infrastructure projects involve environment offsets to compensate for disturbance by the project. At the EastLink Project in Victoria, for example, biodiversity conservation is paramount to the success of the project. All remnant native vegetation is protected under the *Flora and Fauna Guarantee Act* and the project must provide Net Gain Offsets for all of the native vegetation cleared. Prior to commencement of the project, the team undertook several native plant rescues before any vegetation was removed.



We are committed to implementing effective biodiversity, water and waste management strategies.



Fauna monitoring is undertaken prior to and during vegetation clearing and a wildlife specialist is present during clearing to attend to rescues, relocations or incidents. To date, the EastLink Project has recorded 622 fauna rescues and relocations.

During 2005/06 the EastLink team also attempted to salvage an area of high quality Herb Rich Plains Grassy Wetlands (HRPGW), a rare and threatened ecological vegetation class in Victoria. Approximately 4,000m² of soil and vegetation material was relocated from a wetlands area, which was to be disturbed by construction to prepared plots in an attempt to re-establish the communities in nearby areas.

Another example of the effectiveness of our biodiversity procedures was demonstrated on the Craigieburn Rail Project. Biodiversity training of our sub-contractors resulted in the identification of additional significant flora species found in the rail and works corridor. Upon this identification, work in the area around individual plants stopped. Our client was notified and staff from the Victorian Department of Sustainability and Environment came to the site to make the final identification of plants as significant species and for their subsequent relocation. The work of Thiess and the sub-contractor was acknowledged by the Victorian Department of Infrastructure and staff of the Department of Sustainability and Environment.

WATER MANAGEMENT

Where Thiess has operational control over water use on mine sites, we commonly implement measures to maximise conservation water use efficiency.

As most of eastern Australia is experiencing extended drought conditions, minimising portable water on our major infrastructure projects in urban areas is critical.

Our construction projects commonly reuse site stormwater runoff and groundwater recovered from tunnelling for dust suppression. Our joint venture projects at Lane Cove Tunnel, Epping to Chatswood Rail Line and EastLink all utilise on-site water treatment plants to remove suspended solids from surface and ground water and produce high quality water for re-use on site or discharge.

As a consequence of the drought, some of our construction projects are also utilising recycled water from authorised treatment facilities for dust suppression. We anticipate this will increase next year. Thiess Services also uses various combinations of site stormwater and recycled water for dust suppression, vehicle and wheel washing at remediation projects, landfills and waste transfer facilities.

WASTE MANAGEMENT

Waste management strategies are integral to project environmental management plans. Thiess operates an extensive fleet of mobile equipment which generates large volumes of waste oil and Off-road Earthmoving (OEM) tyres.

During 2005/06 Thiess projects sent in excess of 5,569,000L of waste oil to approved recycling facilities and disposed of 7250EM tyres (Australia only) in compliance with environmental regulations. Over the next two years we will be refining our internal reporting practices and will provide more detail on waste production from other parts of our business in future sustainability reports.

Thiess Services is also active in managing biosolids, last year transferring around 173,000 tonnes of biosolids from five wastewater treatment authorities in South East Queensland to the Swanbank Waste Management Facility. Approximately 3,000 tonnes of biosolids were directed to the ReOrganic Landfill to enhance generation of landfill gas which is collected and on sold for green electricity generation. More than 170,000 tonnes were blended with suitable coal mine overburden to produce a soil conditioner product called FastGrow. FastGrow has been used successfully for large-scale re-vegetation works by both public and private sectors in South East Queensland.

Environmental performance: continued

NOISE

Thiess project activities, particularly construction and earth moving, have potential to generate nuisance noise. As such, noise is the most frequent source of environmental complaints particularly when working at night. While the need to work at night is often unavoidable, our projects have noise management plans to minimise impacts and in the case of major construction projects in community areas, we generally require prior approval to work outside normal business hours and undertake extensive community notification.

Some examples of noise management on our sites include:

- ▶ The development of an internal permit system at the Lane Cove Tunnel Project to track, plan and manage out-of-hours work in accordance with conditions of approvals set by the EPA. Acoustic sheds were also constructed at the Lane Cove Tunnel construction portals to reduce noise impacts on local residents
- ▶ Relocation of affected residents and restrictions on the use of rock breakers, drilling and blasting during tunnel construction on the EastLink Project. The EastLink Tunnel Portal Buildings have also been designed to minimise construction noise. Noise attenuation doors are closed at night and all spoil is stockpiled in the portal buildings and removed during daylight hours, and

- ▶ The purchasing of new plant equipment with noise attenuation devices at the Mt Owen Complex to combat increased noise levels associated with an increase in production at the mine.

LAND MANAGEMENT

Thiess Services is one of Australasia's leading contaminated site remediation and rehabilitation contractors. At Rhodes Peninsula in New South Wales, Thiess Services is remediating contaminated soil using thermal treatment technology on sites that formerly housed various chemical manufacturers. In Brisbane Thiess Services is undertaking three separate hydrocarbon contamination remediation projects. Contaminated material from these sites is excavated and sent to Thiess' Swanbank Waste Management Facility for treatment and disposal.

Remediation of pre-existing contamination is common in many large infrastructure projects.

On the EastLink Project in Victoria, there are three instances of pre-existing land contamination requiring management during construction. To address this issue, the team has prepared environmental improvement plans for each site that have been approved by the EPA.

HYDROCARBON MANAGEMENT

In 2005/06 Thiess purchased 430ML of diesel for use in its projects. Accordingly, the operational management of diesel is a significant environmental aspect of our projects. To ensure the highest standards on site, fuel facilities are routinely inspected and assessed.

Reporting spills is important for monitoring performance and managing hydrocarbons. This year 39,502L of hydrocarbon was spilled. This was a significant increase from last year (21,430L).

Spilled material – volume (Litres)		
	2005/06	2004/05
Oil	6,309	9,731
Diesel	33,193	11,717
Total	39,502	21,430

Around 35% of total reported hydrocarbon spills were associated with two incidents. One incident involved a spill of around 6,500L at the Sanagatta Mine in Indonesia. This spill was immediately contained and contaminated material was sent for treatment and disposal.

The other incident was the Class 1 incident involving an uncontrolled leak of an estimated 8,000L of diesel from an underground fuel pipe at the Thiess Services Hunter Collection and Recycling Project detected in August 2005 (refer more details–page 32).

Spills of this nature are not acceptable in our business. Actions have been taken to prevent a reoccurrence.

6

CASE STUDY

in everything we do...

- ▼ Thiess Indonesia has increased its focus on environmental training during the year.

ENVIRONMENTAL TRAINING GIVEN NEW FOCUS IN INDONESIA

Two new training initiatives aimed at enhancing environmental performance have been implemented across all Thiess Indonesian sites during the year.

Approximately 22,500 man-hours of training have been completed as part of an Environmental Awareness Training Course and HSE Day Training Program.

Thiess Indonesia recognises that one of the most important ways to ensure ongoing environmental performance improvements is to identify skill gaps and tailor courses to provide current environmental information to all employees and sub-contractors whose work could have the potential to cause a significant environmental impact.

The Environmental Awareness Training Course was developed into a training module, which is summarised and delivered in the induction program and as part of the HSE Day Training Program.

The HSE Day Training Program is provided to relevant employees and sub-contractors on a six-monthly basis and covers a range of topics including environmental awareness, waste and workshop management and the Environmental Management System ISO14001:2004.

To date 9,317 employees have participated in the HSE Day Training Program and 242 employees have attended the environmental training course.

The results from these programs have been encouraging. Thiess Indonesia will continue to enhance the program further to ensure it continues to develop with industry and client requirements to deliver excellent environmental performance.



Environmental performance: continued

TRAINING

Providing effective environmental management training to our employees and sub-contractors is critical to ensuring the success of our projects. Our internal training programs address issues such as Environmental Due Diligence and Environmental Representative Competency. In Western Australia Due Diligence Training is a mandatory part of the business unit training program and this year 290 staff completed this program. A generic Environmental Management Skills Course for supervisors and managers will also be released in 2006/07.

Much of our training focuses on building workforce awareness of environmental issues. Through project inductions and toolbox talks, we cover topics such as spill and incident management and educate our employees and sub-contractors about project environmental risks, control strategies and individual environmental responsibilities.

AWARDS

In recognition of excellence in our environmental performance, we received several awards in 2005/06.

One of the highlights of the year was the Geraldton Southern Transport Corridor Project, which was awarded the prestigious National Case Earth Award. It won a number of categories including:

- ▶ National Case Earth Award 2005 for Environmental Excellence (Overall Winner)
- ▶ National Case Earth Award 2005 for Environmental Excellence (Projects over \$10 million), and
- ▶ Western Australia Case Earth Awards 2005 Environmental Excellence and Construction Excellence (Projects over \$10 million).

Other awards received by Thiess projects in 2005/06 include:

- ▶ A Victorian Case Earth Award for Environmental Excellence (projects over \$15 million) for the Morwell River Diversion Project
- ▶ Western Australian 2005 Case Earth Award for Environmental Excellence and Construction Excellence on the Gosnells Remediation Project, and
- ▶ The Wollongong City Council 2005 Gold Environmental Assessment Award Rise and Shine Environmental Award for the Unandarra Collection and Recycling Project.

FUTURE OUTLOOK

Our focus for the year ahead will be to achieve our target of zero regulatory enforcement actions (including infringements and prosecutions) against Thiess projects and zero Class 1 incidents.

In working towards this, we plan to:

- ▶ Develop a revised Environmental Auditing Protocol to support the new TMS and focus attention on environmental compliance, risk management and awareness
- ▶ Revise our internal Environmental Management Skills Course and update the Environmental Representative Competency Framework to reflect current regulation and the new TMS
- ▶ Investigate resource use and waste generation across Thiess and identify relevant environmental performance indicators (including greenhouse gas emissions and energy efficiency) for the 2007/08 business planning cycle, and
- ▶ Collate greenhouse gas emissions data and information about progress towards the implementation of the Greenhouse Challenge Plus action plans and prepare the annual progress report to the Australian Greenhouse Office.

6

CASE STUDY

in everything we do...

- ▼ The GSTC Project was awarded the National Case Earth Award for Environmental Excellence 2005.

GERALDTON SOUTHERN TRANSPORT CORRIDOR PROJECT – EXCELLENCE IN ACTION

Thiess has been awarded numerous environmental awards for the Geraldton Southern Transport Corridor (GSTC) Project including the prestigious National Case Earth Award.

These awards recognise the project team's ability to meet the environmental challenges and deliver innovations to support the City of Geraldton's vision for this \$92 million road and rail infrastructure project.

One of the main challenges the project team encountered was Geraldton's strong summer winds and low summer rainfall. Given that a large proportion of project works were in sandy, coastal areas adjacent to residences, the hot, dry and windy summer conditions created potential for dust issues.

The team established a range of measures to assist with dust management including water suppression, silt fencing, planting of sterile ryegrass, early topsoil replacement and mulch covering.

Other key environmental achievements on the project included:

- ▶ Extending four city beaches (this involved placing more than 420,000m³ of sand) to help achieve Geraldton's aspirations to develop a vibrant waterfront precinct. Monitoring of turbidity showed no negative impacts on coastal seagrass beds
- ▶ Working with the Rotary Club of Geraldton to plant 28 new Norfolk Island Pines to help replace the ones which had to be removed as part of construction, and
- ▶ Implementing an extensive re-vegetation plan which involved collecting 225kg of seeds from about 60 species to help create a strong entry statement for the city of Geraldton.



Community performance:

OVERVIEW

As a diverse organisation with the potential to impact the lives of many, we pride ourselves on the level of involvement and relationships we form with local communities.

Our aim is to regularly listen to needs and expectations and become part of these communities. To achieve these outcomes we continually provide support through active involvement in social, educational, recreational, well-being, charitable and cultural initiatives.

We seek to build long-term relationships with community and charity organisations through various partnerships, sponsorships and donations. In addition to offering monetary support, Thiess completes in-kind work through mentoring and training programs, promoting and managing events and producing communication tools.

During the year, there were a number of community-related highlights. These included:

- ▶ Thiess Indonesia contributing \$US100,000 to the Surabaya Institute of Technology to develop its newly established laboratory for mineral and hydrocarbon exploration
- ▶ Thiess Qld/NT/Pacific employees and clients raising more than \$27,000 for the Queensland Institute for Medical Research (QIMR). Thiess donated a further \$13,000, bringing the total amount donated to QIMR to \$40,000
- ▶ Thiess Corporate raising more than \$24,000 for its community partner of six years – the Life Stream Foundation. The money was raised through two community events organised by Thiess – a boutique beer, food and wine festival and an art cocktail function
- ▶ An \$8,000 donation being made via the Australian Synchrotron Project Team to the Royal Children's Hospital (\$4,000) and the Salvation Army (\$4,000), and
- ▶ Thiess with Griffith Artworks winning the National Australia Bank Partnering Award for engaging with the community and supporting young artists through the annual Thiess Art Prize.



Thiess is an active participant in the local communities in which it works.



7

CASE STUDY

in everything we do...

14 Refer Major Project Map
> see inside front cover–foldout

▼ Employees from the Burton Coal Mine are active supporters of local charities.

STAFF PROGRAM GIVES NEW SUPPORT TO LOCAL CHARITIES

Thiess employees from Queensland's Burton Coal Mine developed a Charitable Behaviour Policy in August 2005. The Policy allows salaried employees two days paid annual leave to assist a charity.

To date 17 employees have supported local charities that focus on illiteracy, teenage homelessness, unemployment, the disabled and disadvantaged families.

Dale Gilbert, Operations Manager – Mining, said Thiess' 10 year link to the Mackay region prompted staff to investigate ways of offering their services to the community.

"We believe the policy helps to address this issue and gives staff the opportunity to actively get involved in many different aspects of charity work, which may include anything from basic repair and construction work on homes and buildings through to volunteering at the local school," he said.

Some of the charities that have benefited from the initiative include the Lighthouse Kickstart to Literacy Program, the Youth Information Referral Service and the Variety Club of Queensland.

Thiess encourages employees to support charities dealing directly with issues impacting the local community.



Community performance: continued

COMMUNITY ENGAGEMENT

Thiess is committed to engaging effectively with the communities in which we live and work.

At the outset of our projects, we interact with a diverse range of stakeholders including elected representatives, local historians, Indigenous groups, youth groups and environmental committees to assess potential short and long-term community impacts.

Our aim, wherever possible, is to ensure minimal short-term disruption and deliver maximum long-term benefit.

While working on our projects we engage with stakeholders through a range of mediums including community meetings, open days, toll-free hotlines, media updates, newsletters, websites and letters.

We document all community issues we receive and, where possible, public input is used by the project team to ensure concerns and aspirations are addressed. It is standard policy to reply to individual community concerns within 24 hours of receiving formal notification.

Lane Cove Tunnel incident

Thiess' commitment to minimising the impact of construction on the community was put to its greatest test on November 2, 2005 when a block of units was damaged and 47 residents evacuated following a subsidence incident on the Lane Cove Tunnel Project.

Thiess John Holland (TJH) is designing and constructing the Lane Cove Tunnel including twin 3.6km tunnels linking the M2 Motorway and the Gore Hill Freeway.

Following the subsidence incident, comprehensive community relations systems used during tunnel construction allowed a rapid response to the crisis when residents were unable to return to their homes. Experienced community liaison co-ordinators relocated residents and attended to ongoing needs such as clothing, medication and transport.

They also provided media and the wider community with regular updates on how the incident was being managed and the welfare of residents. Since this incident we have reviewed and revised our crisis management plans.

GOVERNMENT RELATIONS

As a key stakeholder group, the government sector is integral to our day-to-day operations. Establishing and maintaining productive and workable relationships, both at a political and departmental level, assists in establishing a stable operating environment for Thiess projects.

This year we reviewed the Thiess Government Relations Plan, which has included outlining formal procedures for making political donations. Understanding and appreciating the system of government, policy formation, political lobbying and influence, as well as knowledge of Ministers, political representatives and policy decision-makers, are central to this plan.

COMMUNITY INVESTMENT STRATEGY

To strengthen our capacity and form meaningful community partnerships, we developed a Community Investment Strategy during the year.

The strategy provides a more defined way of assessing potential partnerships and sponsorships that fit with Thiess' values and future plans and will hopefully enable organisations to prosper long after our support has finished.

New processes developed as part of this strategy will encourage more effective monitoring of community investment spending, measure the diverse community benefits associated with our partnerships and allow involved parties to leverage additional benefits.

Fundamental to this strategy, is the premise that approximately 1% of annual net profit before tax is put towards community investment.

8

CASE STUDY

in everything we do...

39 Refer Major Project Map
> see inside front cover–foldout

▼ The Keep Australia Beautiful EnviroEd Tours provide a unique learning opportunity for students.

STUDENT EDUCATION PROGRAM CONTINUES TO STRENGTHEN

For more than five years, Keep Australia Beautiful Queensland (KABQ) and Thiess Services have supported an environmental interpretive centre and education program for teachers and students.

The program offers unique perspectives into waste management, energy production and greenhouse gas avoidance.

No where else in Australia can students physically experience an operating landfill, learn about responsible waste management, explore landfill site remediation and track the creation, transport and utilisation of landfill gas in a greenhouse gas avoidance program. The lessons are specifically designed for Queensland school curriculum standards.

In 2001, Thiess Services identified the need to educate the community about its operations at the Swanbank Waste Management Facility and as a result, formed a partnership with KABQ. The aim was to develop a program to offer educational experiences with a difference.

KAB EnviroEd Tours are offered to schools, TAFE, tertiary institutions and community groups in Queensland.

In 2005/06, about 800 students gained knowledge about positive environmental practices through this informative hands-on experience.



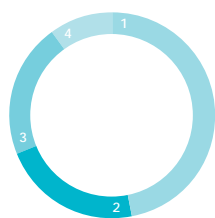
Community performance: continued

COMMUNITY PARTNERSHIPS

Thiess supports organisations committed to achieving positive and sustainable outcomes.

During 2005/06, just over \$2 million was spent on community investments and donations.

PRIMARY AREAS OF SUPPORT 2005/06



	%
1 Arts & Community	47
2 Environment	22
3 Education	21
4 Industry	10

Some of the major community partnerships included:

- ▶ Development of a two-year community engagement program with The Queensland Orchestra to develop the musical interests and talents of regional primary and secondary students and community members
- ▶ Implementation of a range of initiatives by Xstrata and Thiess at the Mt Owen Complex including rehabilitation, flora and fauna management programs and community and education activities

- ▶ Continuation of Thiess' third year as the major partner of the Queensland Arts Council *Ontour inschools program* – the largest travelling performing arts project in the world. Through supporting *Ontour inschools*, Thiess helps to ensure high quality, live performing arts programs are delivered to school students throughout Queensland, and
- ▶ Implementation of the Passport to Safety Program. Thiess is working with community partners the Mackay Whitsunday WHO Safe Communities, Education Queensland, the Department of Industrial Relations, James Cook University and the Australian Safe Communities Foundation. The Program educates students about occupational health and safety practices and assists them in their transition into the workforce.

STAFF INVOLVEMENT

Thiess employees are enthusiastic and supportive of a broad range of community activities.

The following are a few examples of how staff has become involved this year:

- ▶ Tropical Cyclone Larry Relief Appeal – employees raised about \$28,000 which was matched by Thiess management to bring the funds raised to \$56,000
- ▶ Shave for a Cure – the Qld/NT/ Pacific projects raised \$7,500 for the Leukaemia Foundation's 2006 Shave for a Cure. The Collinsville Project Team raised a further \$3,000 from members of the local community

- ▶ Wilpinjong Bush Fire Assistance – In January 2006, staff from our Wilpinjong Coal Project assisted in suppressing a bushfire using Thiess' firefighting equipment, and
- ▶ Teaching English – Expatriate staff in Indonesia participated in a voluntary program to teach English in the Mangar Village, next to the Balikpapan Support Facilities office.

FUTURE OUTLOOK

Our involvement with community investment and engagement activities continues to strengthen. Thiess seeks to develop relationships with local communities by:

- ▶ Implementing processes associated with the new Community Investment Strategy
- ▶ Developing a key community partnership that includes a national presence
- ▶ Creating awareness and implementing procedures relating to community engagement, and
- ▶ Acknowledging and promoting the efforts of staff who contribute to community organisations or activities.

9

CASE STUDY

in everything we do...

- 7 Refer Major Project Map
8 > see inside front cover–foldout

- ▼ Thiess Indonesia supports many community health and education programs.

THIESS INDONESIA – COMMITTED TO IMPROVING COMMUNITY LIFE

Fundamental to Thiess Indonesia's business is its commitment to improve the life of the people surrounding project sites. Community health and education programs, safety initiatives and emergency disaster relief assistance are regularly undertaken.

Thiess' Community Development Manager Apriadi Djahmuri Gani said Thiess Indonesia had an effective approach to social responsibility.

"As well as providing jobs and enhancing local economies, Thiess Indonesia is very committed to the social well-being of the surrounding communities," he said.

"Earlier this year, we helped 2,785 people from 17 villages by providing mass medical treatment and immunisation following a flood in villages surrounding the Satui and Senakin mine areas," he said.

A leader of Geronggang Village, near the Senakin Mine Project, said the activities helped the poor and disadvantaged.

Another annual program supported by Thiess Indonesia is the Interplast Australia Program. Thiess provides assistance to members of the community who need plastic surgery as a result of burns or harelip. Patients come from remote locations surrounding the Sangatta, Senakin, Satui and Balikpapan areas and are given medical assistance they could not otherwise afford.

Chairman of Kanujoso Djatiwibowo Hospital, Bambang Edyono said the program was invaluable for members of low socio-economic communities. Dr Edyono said about 125 patients from remote areas surrounding Thiess Indonesia operations had benefited from the program.



Definitions

HEALTH AND SAFETY

Injury incidents

Our injury incidents are classified as follows:

Incident type	Definition
Fatality/permanent disability	Death or injury that permanently affects the future of an individual
Lost time injury (LTI)	An occurrence that results in lost time from work of one day/shift or more
Restricted work injury (RWI)	An injury or illness whereby a person is not capable of performing his or her expected duties at full capacity for a full shift
Medical treatment injury (MTI)	Any injury or illness requiring medical treatment other than first aid
First aid injury	Treatment normally performed by a first-aider and not resulting in a LTI, RWI or MTI
Recordable injury	Fatalities, LTIs, RWIs and MTIs

Plant incidents

Our plant incidents are classified as follows:

Class type	Definition
Class 1	Damage to plant or property in excess of \$50,000
Class 2	Damage to plant or property between \$10,000 and \$50,000
Class 3	Damage to plant or property less than \$10,000
Potential class 1 or 2	Potential to have greater consequence

Measures

We use a number of measures to evaluate our health and safety performance:

Term	Definition
Recordable injury frequency rate (RIFR)	Number of recordable injuries per million working hours
Lost time injury frequency rate (LTIFR)	Number of LTIs per million working hours
Lost time injury severity rate (LTISR)	Number of days lost per million hours worked
Average lost time (days)	Measured by the total days lost divided by the total number of lost time injuries

ENVIRONMENT

Incidents

Classification of incidents is undertaken by both type and class.

Incident type

- ▶ Discharges to water
- ▶ Contamination of land
- ▶ Controlled and uncontrolled emissions to atmosphere
- ▶ Noise, dust, vibration and colour
- ▶ Effects on the natural environment
- ▶ Archaeological, heritage or cultural issues
- ▶ Damage to resources
- ▶ Legal infringements
- ▶ Public/media
- ▶ Cost in remedial action, lost time
- ▶ Waste management

Incident class

Class type	Definition
Class 1	Pollution/degradation that has or may have irreversible detrimental effects on the environment/community
Class 2	Pollution/degradation that has persistent but reversible detrimental effects on the environment/community
Class 3	Pollution/degradation that has short-term and reversible detrimental effects on the environment/community
Near hit	An event which had the potential to result in environmental harm

Verification



Independent Verification of 2005/2006 Thiess Corporate Sustainability Report

URS Australia Pty Ltd (URS) was retained by Thiess Pty Ltd (Thiess) to provide an independent¹ assessment of the 2005/2006 Thiess Sustainability Report, which comprised the following elements:

- Review of Corporate level approach to data collation and reporting of sustainability performance;
- HSEC audits of selected sites within Thiess' Building, Civil and Mining Disciplines in Australia (Australian Capital Territory, New South Wales and Victoria) and Indonesia;
- Interview with Corporate personnel responsible for Sustainable Development within Thiess;
- Review of community programs and stakeholder engagement at the Lane Cove Tunnel project;
- Review of health and safety positive performance indicators (lead indicators) in Indonesia; and
- Verification of the greenhouse gas component of Thiess' Sustainability Report for 2005/2006.

The key findings and recommendations of the assessment are as follows:

- URS considers the 2005/2006 Sustainability Report to provide a fair and balanced representation of Thiess' sustainability performance although, some aspects of sustainability (*e.g.* economic and social performance) are not covered in the report based on recognised reporting guidelines².
- Thiess' electronic HSE reporting system has been upgraded and has provided significant benefits regarding ease of use, incident/hazard reporting, corrective action tracking and trend analysis;
- The new Thiess Management System was launched in March 2006 provides employees with clear guidelines as to how to meet internal expectations regarding sustainability performance;
- Thiess utilizes positive performance indicators (PPI) at Indonesian operations to identify and rectify any unsafe site activities. The information gathered from these programs is further used to evaluate longer term trends and potential concern (*e.g.* fatigue management). This initiative has led to significant improvements in safety performance at Indonesian operations during 2006. URS suggests that the adoption and implementation of the PPI approach across all Thiess operations may provide additional Group wide improvements in safety performance.
- Thiess has developed a Community Investment Strategy (CIS) to enhance strategic processes used for making community investments, better manage commitments, and allow communities to gain more significant and sustainable results. The objective of the CIS is better management of commitments to allow communities to gain more significant and sustainable results.
- Community relations (CR) planning at the Lane Cove Tunnel project in NSW did not give adequate recognition to the risk of a tunnel collapse. However, the skill and experience of the CR team in dealing with stakeholders and the robustness of established systems and practices, all contributed to the consequences of the tunnel collapse incident being well managed.
- The Thiess 2005/2006 Sustainability Report provides a reasonable representation of greenhouse gas emissions due to Thiess' activities. Thiess is now a participant in the Australian Government's Greenhouse Challenge Plus program.
- The URS greenhouse data analysis focussed on several business lines, representing approximately 26% of the total greenhouse gas inventory. All emission factors used in the inventory were based on direct emissions from Thiess' operations and were consistent with accepted methodologies.

URS AUSTRALIA PTY LTD


Bob McGowan
Regional Manager, Queensland

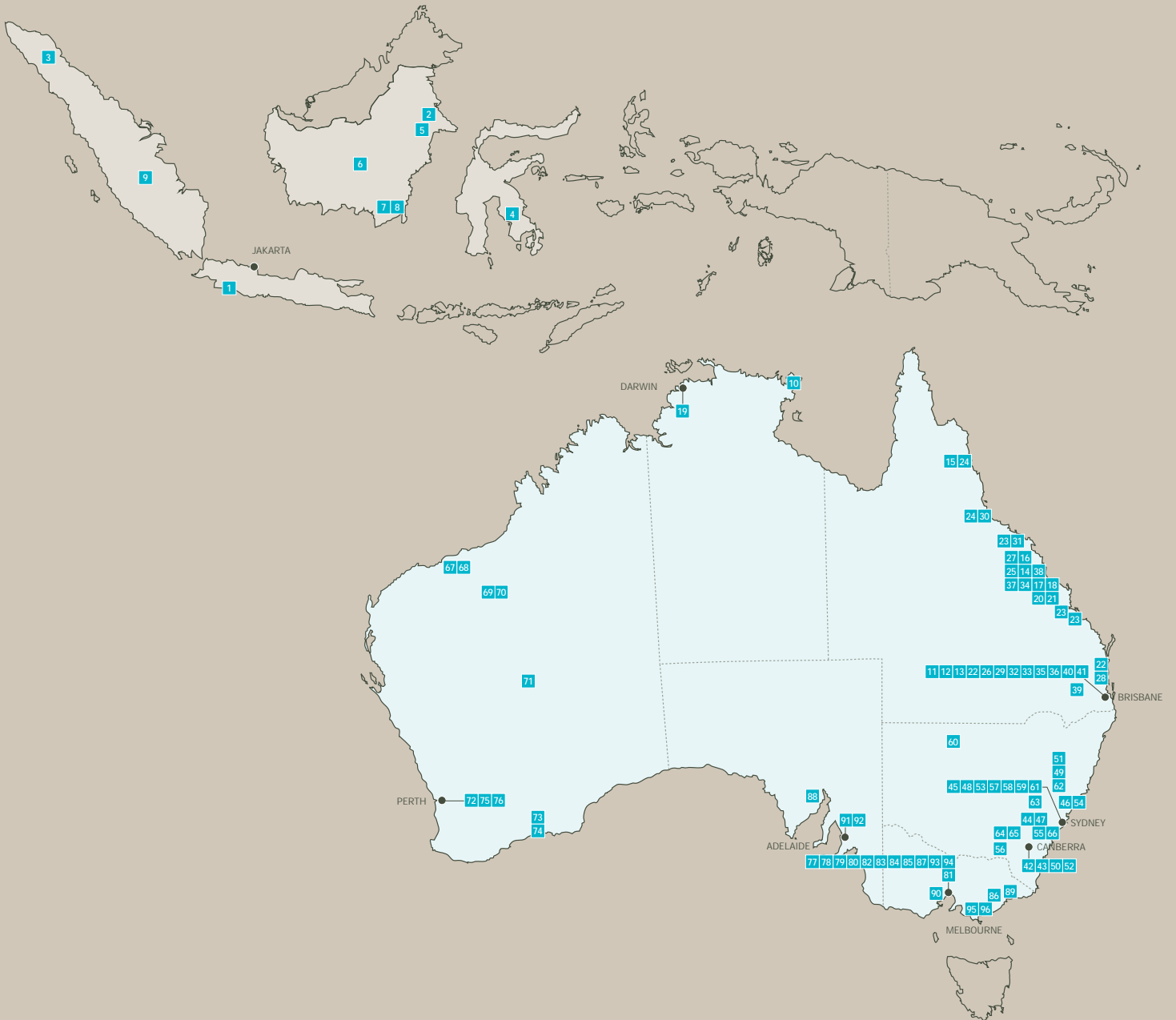
¹ In 2005/2006 URS completed work on Thiess projects (Burton Coal Mine and Lane Cove Tunnel).

² GRI *Sustainability Reporting Guidelines*, Global Reporting Initiative, Boston MA USA (2002).



Current major* projects

* Projects over \$10 million in value as at June 30, 2006



■ South East Asia	
1	DARAJAT UNIT III PROJECT INDONESIA
2	ERICSSON-EAST & SOUTH KALIMANTAN INDONESIA
3	ERICSSON-NORTH SUMATRA INDONESIA
4	INCO SITE SERVICES INDONESIA
5	KALTIM PRIMA COAL MINE INDONESIA
6	MARUWAI ROAD UPGRADE INDONESIA
7	SATUI COAL MINE INDONESIA
8	SENAKIN COAL MINE INDONESIA
9	SUBAN II GAS PROJECT INDONESIA
■ Old/NT/Pacific	
10	ALCAN GOVE THIRD STAGE EXPANSION PROJECT NT
11	BOGGO ROAD BUSWAY QLD
12	BRISBANE CITY COUNCIL SLUDGE HANDLING QLD
13	BRISBANE TRANSFER STATION AND LANDFILL OPERATIONS QLD
14	BURTON COAL OPERATIONS QLD
15	CAIRNS HARBOUR LIGHTS QLD
16	COLLINSVILLE MINING OPERATIONS QLD
17	CURRAGH NORTH CIVIL QLD
18	CURRAGH NORTH MINING PROJECT QLD
19	DARWIN LNG MARINE WORKS AND ROUGH GRADING NT
20	DAWSON ALLIANCE QLD
21	DAWSON OVERLAND CONVEYOR QLD
22	ENERGEX ELECTRICAL CONTRACT QLD (TWO LOCATIONS)
23	ERGON CENTRAL ELECTRICAL CONTRACT QLD (THREE LOCATIONS)
24	ERGON FAR NORTH ELECTRICAL CONTRACT QLD (TWO LOCATIONS)
25	GOONYELLA RIVERSIDE PROJECT QLD
26	GRINDLE ROAD TRANSFER STATION QLD
27	HAIL CREEK EXPANSION & BUILDING WORKS QLD
28	HOME CENTRAL KAWANA QLD
29	KELVIN GROVE URBAN VILLAGE QLD
30	LAVARACK BARRACKS REDEVELOPMENT STAGE 3 QLD
31	MACKAY TRANSFER STATION QLD
32	NEWSTEAD RIVER PARK REMEDIATION QLD
33	NUDGEE TRANSFER STATION QLD
34	OAKY CREEK OPEN CUT QLD
35	RAUBERS ROAD TRANSFER STATION QLD
36	ROCHEDALE LANDFILL QLD
37	SARAJI EXPANSION PROJECT QLD
38	SOUTH WALKER CREEK MINE QLD
39	SWANBANK LANDFILL QLD
40	TRACKSTAR ALLIANCE QLD
41	WILLAWONG TRANSFER STATION QLD
■ NSW/ACT	
42	7 LONDON CIRCUIT ACT
43	18 MARCUS CLARKE STREET ACT
44	BLUE MOUNTAINS LANDFILL NSW
45	EPPING-CHATSWOOD RAIL LINE NSW
46	FIVE ISLANDS ROAD UPGRADE NSW
47	KATOOMBA WASTE MANAGEMENT FACILITY NSW
48	LANE COVE TUNNEL PROJECT NSW
49	LIDDELL OPEN CUT MINE NSW
50	MATERIALS RECOVERY FACILITY ACT
51	MT OWEN COMPLEX NSW

52	MUGGA LANE LANDFILL ACT
53	NORTH HEAD SEWAGE TREATMENT PLANT NSW
54	NSW COMMERCIAL OPERATIONS NSW
55	PORT KEMBLA WASTE WATER TREATMENT PLANT NSW
56/89	RAAF RELOCATION PROJECT NSW AND VIC
57	REVESBY TURNBACK RAIL PROJECT NSW
58	RHODES REMEDIATION PROJECT NSW
59	TELSTRA INTER-EXCHANGE NETWORK OPTIC FIBRE INSTALLATION NSW
60	TELSTRA OPTIC FIBRE INSTALLATION FROM BOURKE TO BREWARRINA NSW
61	WESTMEAD HOSPITAL UPGRADE NSW
62	WESTSIDE COAL MINE NSW
63	WILPINJONG COAL DEVELOPMENT NSW
64	WOLLONDILLY DOMESTIC SERVICES NSW
65	WOLLONDILLY EFFLUENT SERVICES NSW
66	WOLLONGONG DOMESTIC SERVICES NSW
■ WA	
67	FINUCANE ISLAND BULK EARTHWORKS WA
68	FINUCANE ISLAND CONCRETE PACKAGE WA
69	MINING AREA C BULK EARTHWORKS WA
70	MINING AREA C CONCRETE WA
71	MT KEITH OPERATIONS WA
72	PERTH METROPOLITAN NORTH OPERATIONS AND MAINTENANCE ALLIANCE WA
73	RAVENSTHORPE NICKEL PROJECT WA
74	RAVENSTHORPE SEAWATER INTAKE WA
75	SOUTHERN SUBURBS RAILWAY COMMUNICATIONS SYSTEM INSTALLATION WA
76/92	TELSTRA ACCESS SERVICES CONTRACT WA AND SA
■ Vic/SA/Tas/NZ	
77	ALINTA NETWORK SERVICES VIC
78	BLUESCOPE STEEL ASSET MAINTENANCE ALLIANCE VIC
79	CARDINIA DOMESTIC AND RECYCLING SERVICES VIC
80	CASEY WASTE SERVICES VIC
81	CRAIGIEBURN RAIL PROJECT VIC
82	EASTLINK PROJECT VIC
83	GLEN EIRA DOMESTIC SERVICES VIC
84	KNOX DOMESTIC SERVICES VIC
85	KODAK REMEDIATION VIC
86	LOY YANG MINE & POWER STATION ASSET MAINTENANCE VIC
87	MELBOURNE WATER MAINTENANCE SERVICES VIC
88	PROJECT MAGNET SA
89/56	RAAF RELOCATION PROJECT VIC AND NSW
90	REGIONAL FAST RAIL PROJECT VIC
91	SOUTH ROAD-ANZAC HIGHWAY UNDERPASS SA
92/76	TELSTRA ACCESS SERVICES CONTRACT SA AND WA
93	TELSTRA CUSTOMER ADVANCE PRODUCTS DESIGN AND CONSTRUCTION VIC
94	'US' UTILITY SERVICES ALLIANCE-THIESS SERVICES-SOUTH EAST WATER AND SIEMENS ALLIANCE VIC
95	YALLOURN CONTRACT MINING ALLIANCE VIC
96	YALLOURN MINE & POWER STATION ASSET MAINTENANCE ALLIANCE VIC
■ Australia-wide	
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