

HSE Annual Report 2002



BEYOND THE BOTTOM LINE



HIGHLIGHTS



- Establishment of a HSE Best Practice Forum of major Australian and New Zealand organisations to benchmark performance and deliver tailored improvement initiatives
- 44 contracts achieving significant Lost Time Injury free milestones
- A 4.8 per cent reduction in the Group Lost Time Injury Frequency Rate to 4.0 which was challenged by securing nine new contracts
- Securing a Workers' Compensation Self Insurance License from Workcover in South Australia
- Completion of an employee safety and environment perception survey of more than 2,500 employees in order to develop a targeted approach to cultural change and incident reduction
- Continued development of, and acceptance by clients of our in-house leadership / behavioural development program, Agents of Change
- A 13.6 per cent reduction in Group Workers' Compensation costs
- Support for the establishment of the Australian Sustainable Industry Research Centre at Monash University, Victoria

"We maintain our objectives of 'no injuries to anyone anytime' and 'respect the community and environment' as fundamentals to achieving a goal of zero harm."

Peter Watson
Managing Director



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MANAGING DIRECTOR'S STATEMENT



Welcome to the Transfield Services Health, Safety and Environment Annual Report 'Beyond the Bottom Line' for the year 2002. I am again pleased to present the report in order to provide transparent, readily available information to all interested parties.

For Transfield Services, 2002 marked continued, diligent attention to world-class principles and practices in Health, Safety and Environment. This year we have achieved progress against voluntary goals and industry benchmarks that test our performance, our ingenuity and our resolve. Whilst we are proud of our accomplishments, we continue to strive to meet our own stretch targets.

Transfield Services has made a long-term commitment to achieving health, safety and environmental excellence in its offices and contracts throughout Australia, New Zealand and South East Asia. Beyond the Bottom Line is the scorecard of transparent public accountability we use to monitor our progress towards achieving this goal.

Whether you are a shareholder, client, community leader, employee or a member of an interested organisation, I hope you will take a few minutes to read the report and provide us with your comments. While we set quantifiable measures for our HSE performance, such measures would be incomplete without input from those who live in the communities in which we operate and others who are interested in our HSE performance.

We are pleased that our safety accomplishments have been recognised by the Industrial Foundation for Accident Prevention, which has presented us with awards for nine contracts in the Facilities Management industry that achieved significant Lost Time Injury free performance and passed safety management system audit criteria. Transfield Services was shortlisted to the top ten companies in the South Australian WorkCover Employer of the Year Award, a tremendous achievement considering we have never sought external recognition before.

While our achievements have been significant, we cannot become complacent, as there is still more to be done in preventing our employees and contractors from being injured. With respect to the environment, we acknowledge that we must be more diligent in our efforts to reduce our environmental impact and continually improve our work practices to deliver an ecologically sustainable business.

Clearly, our measures are not solely on numbers but on people - the impact on their lives through safety and environmental incidents and heightened awareness. We maintain our objectives of 'no injuries to anyone anytime' and 'respect the community and environment' as fundamentals to achieving a goal of zero harm.

I thank you for reading this 2002 Transfield Services Health, Safety and Environment Report 'Beyond the Bottom Line'.

A handwritten signature in blue ink, appearing to read 'Peter Watson', written over a light blue circular stamp.

Peter Watson
Managing Director
March 2003



Transfield Services is committed to the health and safety of our employees, contractors, clients and members of the public. In addition, our activities are conducted in an environmentally sustainable and responsible manner that will protect the environment and prevent pollution.

Transfield Services aims to be a leader in the health, safety and environment field through the provision of incident free workplaces. Two of our key objectives are:

→ **No injuries to anyone - anytime**

We believe that all incidents are preventable. We commit to identify hazards, eliminate all risks and prevent incidents with the objective of zero harm. Continual development of our culture is the key to achieving our vision.

→ **Respect the community and environment**

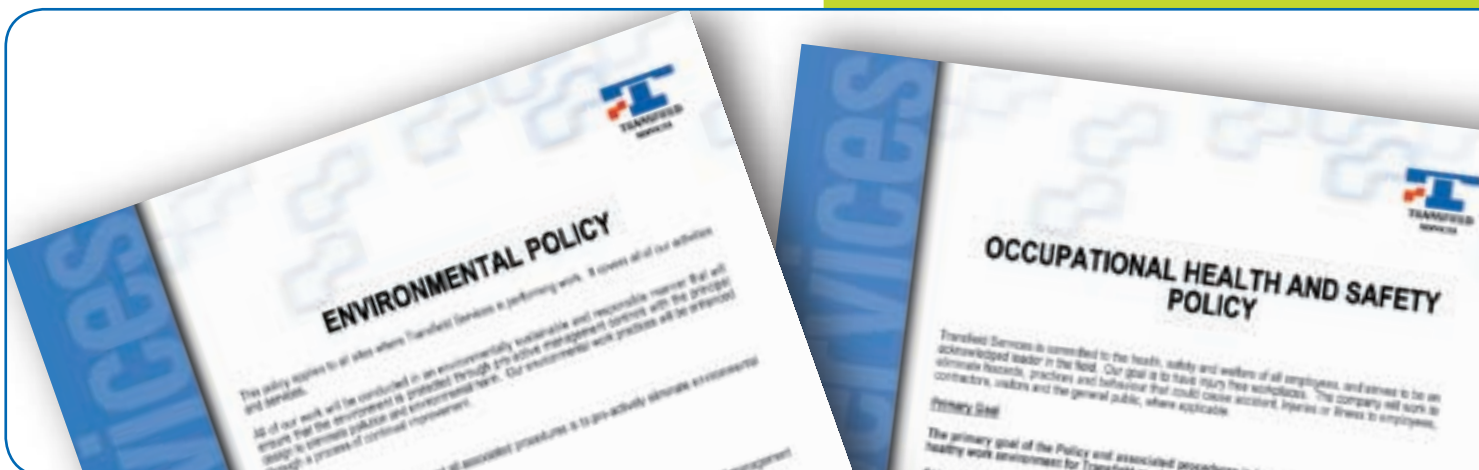
We are proud of the contribution we make to society. We know that being effective partners in the community and the environment is fundamental to our success.

These objectives are the cornerstone of our commitment to continual improvement in the fields of health, safety and environment and form the basis from which our corporate policies derive.

Transfield Services submitted an application for the South Australian WorkCover Corporation Employer of the Year Award in 2002 and was short-listed to the top ten companies. The Award recognises organisations that have achieved excellence in safe work and management systems. The assessment criteria are based on five measures:

- Commitment to Occupational Health, Safety & Workers' Compensation (OHS&W) at all levels of the organisation
- Integration of OHS&W into the management systems of the organisation
- Good corporate citizenship
- Vision and strategy on sustainable OHS&W development
- Continuous improvement of management systems.

Being short listed to the top ten was a significant achievement for Transfield Services, particularly as this was the first time we had sought external recognition. Transfield Services will continue to seek external recognition of its performance, initiatives and strategies in 2003 and beyond.



OUR MAJOR CHALLENGES IN 2002

Objective	Target	Stretch Target	Result
Reduction in 2001 Serious Injury Frequency Rate (SIFR)	17.1 (20 per cent reduction)	16.0 (25 per cent reduction)	22.9 (6.52 per cent increase)
Reduction in 2001 Lost Time Injury Frequency Rate (LTIFR)	3.4 (20 per cent reduction)	3.2 (25 per cent reduction)	4.0 (4.76 per cent reduction)
Provide ongoing education programs that generate a culture of environmental sustainability and excellence	Level 1 and 2 Environmental training to be provided to 85 per cent of all employees Level 3 Environmental training to be provided to 85 per cent of all Project Managers and Supervisors Level 4 Environmental training to be provided to 85 per cent of all HSE Coordinators	Level 1 and 2 Environmental training to be provided to 100 per cent of all employees Level 3 Environmental training to be provided to 100 per cent of all Project Managers and Supervisors Level 4 Environmental training to be provided to 100 per cent of all HSE Coordinators	Level 1 and 2 - 41 per cent Level 3 - 36 per cent Level 4 - 14 per cent The rapid growth of Transfield Services during 2002 impacted upon the per cent of training that could be delivered. Environmental awareness training will continue in 2003
Reduction in waste going to landfill	20 per cent reduction in waste	40 per cent reduction in waste	Preliminary data was captured from 75 per cent of all contracts to determine a base line from which reduction levels could be measured. A more strategic approach to waste reduction will be taken in 2003
Implementation of all Safety and Environment Improvement Initiatives	Initiatives rolled out within nominated implementation timeframe	Initiatives rolled out to Joint Ventures	On average, 68 per cent of existing 2001 contracts implemented Improvement Initiatives within specified timeframes. Contracts that commenced during 2002 have scheduled nominated Improvement Initiatives during 2003
Complete Environment Management System Audits for nominated contracts	18 Audits completed within the Group	20 Audits completed within the Group	14 Audits were completed within the Group with those outstanding rescheduled for 2003
Complete OHS Management System Audits for each contract	55 Audits completed within the Group	100 per cent participation of all nominated Senior Managers in audits as per schedule	55 Audits were completed within the Group with 42 per cent participation of Senior Management in audits

Towards the end of 2001, objectives and targets were established to continue driving improvements in our health, safety and environmental performance.

The objectives and targets are based on:

- System improvements
- Elimination of incidents
- Education and training of personnel
- Development of improvement initiatives
- Compliance to statutory, company and best practice standards.

The above table indicates how we performed against these targets.

MAJOR CHALLENGES AHEAD IN 2003

From the results we achieved in 2002, the management team has devised objectives and targets to again challenge all employees to continually improve our health, safety and environmental performance. The following table includes a summary of our targets for 2003.

Objective	Target	Stretch Target
Reduction in 2002 Serious Injury Frequency Rate (SIFR)	18.3 (20 per cent reduction)	17.2 (25 per cent reduction)
Reduction in 2002 Lost Time Injury Frequency Rate (LTIFR)	3.2 (20 per cent reduction)	3.0 (25 per cent reduction)
Complete HSE Management System Audit for each contract	55 Audits completed within the group	100 per cent participation of all nominated senior managers in audits as per schedule
External certification of management systems	AS/NZS 4801:2001 Occupational health and safety management systems	AS/NZS ISO 14001:1996 Environmental management systems
Provide ongoing education programs that generate a culture of environmental sustainability and excellence	Level 1 and 2 Environmental training to be provided to 85 per cent of all employees Level 3 Environmental training to be provided to 85 per cent of all Contract Managers and Supervisors Level 4 Environmental training to be provided to 85 per cent of all HSE Coordinators	Level 1 and 2 Environmental training to be provided to 100 per cent of all employees Level 3 Environmental training to be provided to 100 per cent of all Contract Managers and Supervisors Level 4 Environmental training to be provided to 100 per cent of all HSE Coordinators
Implementation of Electrical Safety and Public Liability Awareness Packages	Packages rolled out within nominated implementation timeframes	Electrical Safety Awareness Package rolled out to Joint Ventures
Implementation of Energy and Waste Management Awareness Packages	Develop Energy and Waste Management Awareness Packages, distribute and identify benchmark of current energy and waste use	20 per cent reduction in waste and energy use

To achieve our overall Transfield Services objective of a 20 per cent reduction in SIFR₁₂, a weighted percentage has been leveled against each Industry based on their 2002 performance. Better performing industries will make incremental improvements as they are already performing better than the Transfield Services SIFR₁₂. However the challenge to achieve a 20 per cent reduction across the company will necessitate that some industry sectors will need to deliver greater reductions in serious injury levels.

Industry	2002 SIFR ₁₂	2003 SIFR ₁₂ Target	Percentage Reduction
Head Office Support	5.1	4.9	5
Telstra Projects	11.6	10.4	10
Telstra FM	12.1	10.9	10
Oil and Gas	13.4	12.1	10
Facilities Management	14.8	12.6	15
Roads	17.0	14.5	15
Transfield Services	22.9	18.3	20
Mining and Mineral Processing	26.8	20.1	25
Defence	28.4	21.3	25
Utilities	29.8	22.4	25
Rail	35.9	26.9	25
Power	78.0	46.8	40

HSE TEAM

Transfield Services invests in Health, Safety and Environmental professionals to assist in company strategy and development, and provide support and advice to line management who have day-to-day responsibility for the health and safety of personnel and the protection of the environment in our operations.



Angelo De Angelis
HSE & Operational
Services Manager



Andrew Reynolds
National HSE Coordinator

INDUSTRY HSE MANAGERS

Defence, Power & Utilities

Gordon Kilmaster



Facilities Management

Phil Wharram



Mining & Telstra Projects

David Bond



New Zealand

Rod Reynolds



Oil & Gas

David Armstrong



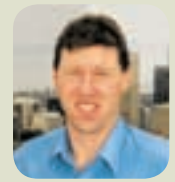
Road & Rail

Kane Kowalczyk



Telstra Facilities Management

Graeme Morgan



HSE COORDINATORS

Defence

Nicola Devlin
Amanda McCaughey
Trent Wavish

Power

Eifion Peters-Hughes

Utilities

Seamus Finneran
Glenn Terhorst

Facilities Management

Lorraine Anderson
Michael Foy
Mark Johns
Andrew Lange
Peter McDiarmid
Charles Moffat
David Whitelaw
Lisa Zuppa

Mining & Minerals Processing

David Archer
Glen Cowling
Craig Delaney
Roy Ford
Scott Patouma
Phil Torpy
Guy Yeldham

Telstra Projects

Jon Moyses

New Zealand

Annabel Kempe
Rob Salomon

Oil & Gas

Jim Carroll
Norm Coleman
Noel Gower
Mark Rowles
Selvarajah A/L
Kathiravelu

Road

Michael Murphy

Rail

Gary Hogg
Steve Ingham
Jeff Palmer
Melanie Richardson
Brett Taylor

HSE COMMITTEES

All contracts



JOINT VENTURE HSE MANAGERS

TransLink Operations

Scott Frazer

Transfield General Electric

Wayne Lowcock

Transfield - RIC

David Farrar-Roberts

Transfield Worley Services - NZ

Colin Mercer

Transfield Worley Services - Woodside Energy Limited

David Tooth

Yarra Trams

Kim Price

ENVIRONMENT



Robert Gardiner
National Environmental
Manager

PROJECTS



Keith Rolls
HSE Manager -
Projects

Vanessa Russell
HSE Coordinator -
Projects

WORKERS COMPENSATION



Trevor Sloggett
Workers Compensation
Analyst

Lenore Flint
Workers Compensation
Case Manager - NSW

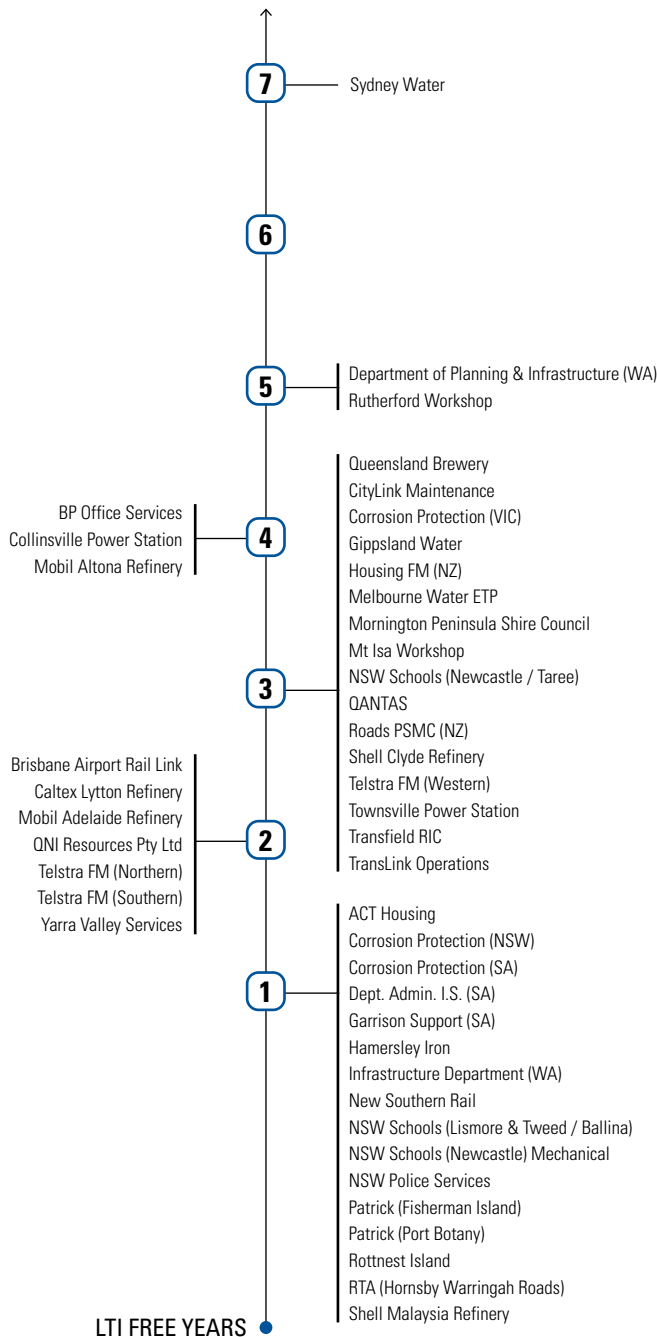
Pamela Sheehan
Claims Administrator - SA

SUMMARY OF PERFORMANCE

MEASURING HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

Whilst it is easy to claim that we are committed to health, safety and environmental performance, it is important to be able to show what we are doing and how well we are doing it. It is for this reason that measuring performance is important. The measurement systems we have in place tell us where we are doing well. More importantly though, they provide us with information about where we need to improve and give us a point of comparison from one year to the next. Some of the progress that we have made over 2002 is described in this section.

LTI FREE MILESTONES



Shell Malaysia Refinery



Shell Clyde Refinery



Sydney Water



STATISTICAL PERFORMANCE

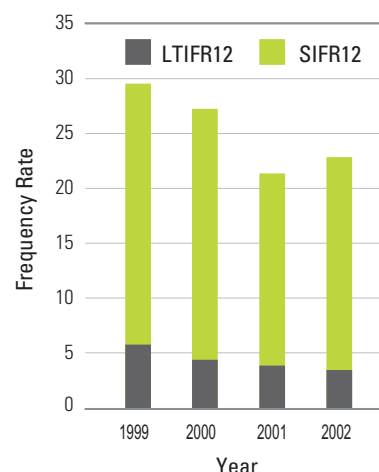
Transfield Services' aim is to achieve 'Zero Harm'. To assist this, we report and record all our incidents so that we can perform statistical analysis, observe trends and determine improvement initiatives. Our statistics are measured as rolling 12 month figures to allow us to observe trends rather than the peaks and troughs of observing the performance of a single month.

In 2002 we achieved mixed results with our safety performance. The targets set were a Lost Time Injury Frequency Rate of 3.4 and a Serious Injury Frequency Rate (LTI's plus MTI's) of 17.2. These were a 20 per cent reduction on our 2001 performance and we fell short of our targets achieving 4.0 for LTIFR12 (a 4.8 per cent improvement)

and 22.9 for SIFR12 (a 6.5 per cent increase). These figures were impacted by the commencement of a number of new operations where our safety culture does not exist. Strategies for cultural transformation now form part of all our new operations.

Our 2002 performance was achieved with our employees and contractors working in excess of 14 million hours. The table below outlines this and past performance that not only indicates safety performance but clearly indicates the marked growth of various industry sectors and Transfield Services.

Our targets for 2003 will again be a 20 per cent reduction in the rolling 12 month frequency rates of Lost Time Injury and Serious Injury.



TRANSFIELD SERVICES SAFETY PERFORMANCE SUMMARY

Industry	Corrosion Protection	Defence	Facilities Management	Head Office Support	Mining & Mineral Processing	Oil & Gas	Power	Rail	Road	Telstra FM	Telstra Projects	Utilities	Total
2002													
Hours	97316	3131129	2158596	388655	3391454	1783894	153803	1363904	410691	746459	778028	516222	14920151
AIFR12	71.3	97.7	55.6	10.3	149.2	97.0	182.1	142.2	65.7	13.5	36.0	178.2	101.0
SIFR12	0	28.4	14.8	5.1	26.8	14.0	78.0	35.9	17.0	12.2	11.6	31.0	22.9
LTIFR12	0	6.7	2.3	0	0.9	2.8	0	8.8	0	5.4	7.7	5.8	4.0
2001													
Hours	149152	2906102	1734826	360458	1675038	2328115	180188	633350	412600	792195	960290	506155	12638469
AIFR12	154.2	134.5	102.0	0	206.0	117.7	72.1	90.0	123.6	12.6	25.0	187.7	115.5
SIFR12	107.3	27.5	19.6	0	26.9	11.2	27.7	25.3	31.5	6.3	13.5	37.5	21.5
LTIFR12	20.1	10.7	2.9	0	0.6	1.3	0	3.2	4.8	0	4.2	4.0	4.2
2000													
Hours	139875	2498394	1669624	269264	1790493	1511560	179899	602311	583733	835746	267962	719439	11068300
AIFR12	42.9	156.5	108.4	11.1	242.4	156.1	166.8	99.6	118.2	12.0	104.5	158.5	141.1
SIFR12	42.9	22.4	25.8	3.7	31.3	25.1	50.0	33.2	54.8	7.2	52.2	29.2	27.3
LTIFR12	7.1	10.8	1.8	0	4.5	2.6	5.6	5.0	1.7	2.4	3.7	1.4	4.7
1999													
Hours	89300	957973	868881	274140	2364460	1293098	654392	665091	430249	823291	45831	548872	9015578
AIFR12	33.6	60.5	117.4	7.3	243.2	197.2	186.4	82.7	104.6	6.1	109.1	173.1	146.6
SIFR12	11.2	29.2	50.6	0	37.6	13.9	24.5	37.6	46.5	2.4	109.1	34.6	29.6
LTIFR12	0	10.4	6.9	0	4.7	6.2	4.6	9.0	9.3	2.4	0	3.6	5.8

AIFR12 = All Injury Frequency Rate rolling 12 months, SIFR12 = Serious Injury Frequency Rate rolling 12 months, LTIFR12 = Lost Time Injury Frequency Rate rolling 12 months,

We acknowledge that prior to June 2001, Transfield Services had not tracked and recorded in a central location the safety performance of our Joint Ventures.

Joint Venture	Transfield General Electric	TransLink Operations	Transfield - RIC	Transfield Worley Services - New Zealand	Transfield Worley Solutions	Transfield Worley Services - Woodside Energy Limited	Yarra Trams	Total
2002								
Hours	237020	61203	77449	1013517	83019	975686	1443600	3891494
AIFR12	21.1	0	438.9	90.8	0	57.4	72.7	75.0
SIFR12	8.4	0	12.9	14.8	0	8.2	31.2	18.2
LTIFR12	8.4	0	0	5.9	0	3.1	2.8	3.9



PERFORMING WITH FEWER RESOURCES IS THE BEST PRACTICE FOR ROTTNEST ISLAND, WESTERN AUSTRALIA:

In today's business world, performing our duties with 'less resources' is a common challenge that often poses difficult limitations on performance.

On Rottnest Island however, delivering our clients' diverse range of requirements and services requires that we also continue to minimise our use of raw materials, energy, fuel, resources and hence wastage. Eliminating rubbish and materials that must be transported to and from the island has always been a constant challenge as has minimising resources that would otherwise end up in the island's landfill site.

Improvements in work practices towards reducing the wastes going to landfill, have been significant following a number of environmental and safety audits.

Transfield Services recognised that the islands' wastage could be reduced. Waste stream checks were undertaken and steps planned to progressively remove the concrete, glass, plastics, oils, cardboard, food wastes and organic (compostable) wastes accumulating on the island.

The staff investigated other options towards reducing wastes and found that opportunities included:

- Using bio-diesel fuels (recycling oils and cooking fats).
- Seeking and obtaining a \$56,000 grant from the Department of Environmental Protection for a commercial glass crusher, to enable our staff to pulverize glass into small fragments that could then be incorporated into road base material.

Other initiatives implemented include:

- Improved composting process - no longer a backlog of bio-solids at the landfill site
- Increased landfill diversion through improved compost and recycling methods
- Reduced diesel use and greenhouse emissions through the introduction of a gas injection system to the powerhouse

Through the efforts of Transfield Services, residents of Perth and tourists have the unique opportunity to enjoy the islands' beautiful beaches, swim, relax or view the islands' wildlife that includes native species such as Kingfishers, Quokkas, Ospreys, Fur Seals and Dolphins.



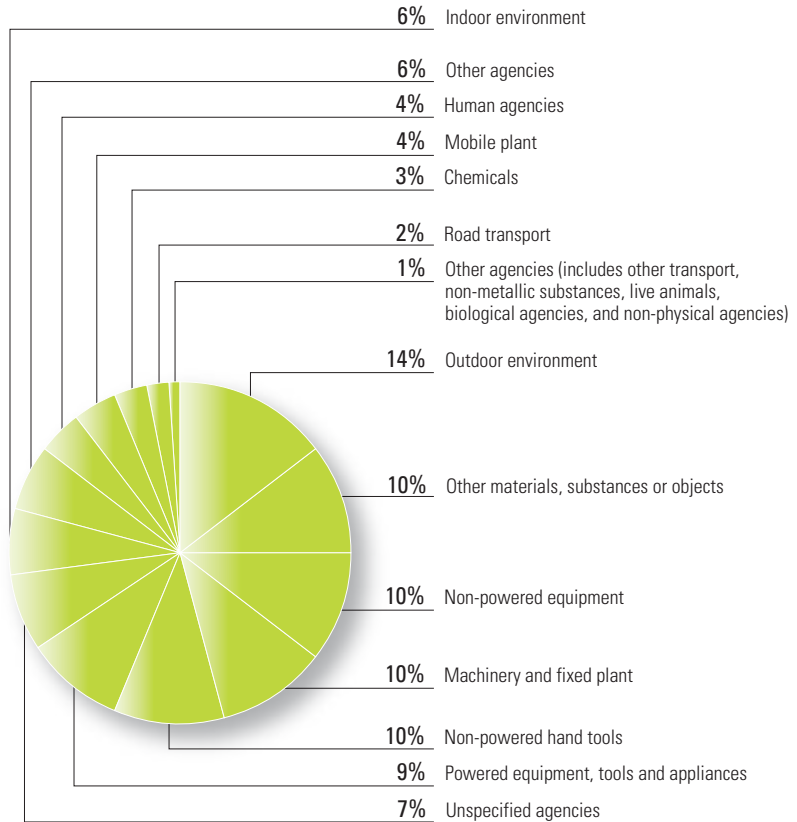
INJURY ANALYSIS

During 2002, Transfield Services' employees and contractors were involved in a number of injuries of a first aid, medical treatment or lost time nature. These injuries, including

incident details, site location and date of occurrence were captured on our safety statistics database which are monitored on our Intranet (TransNet).

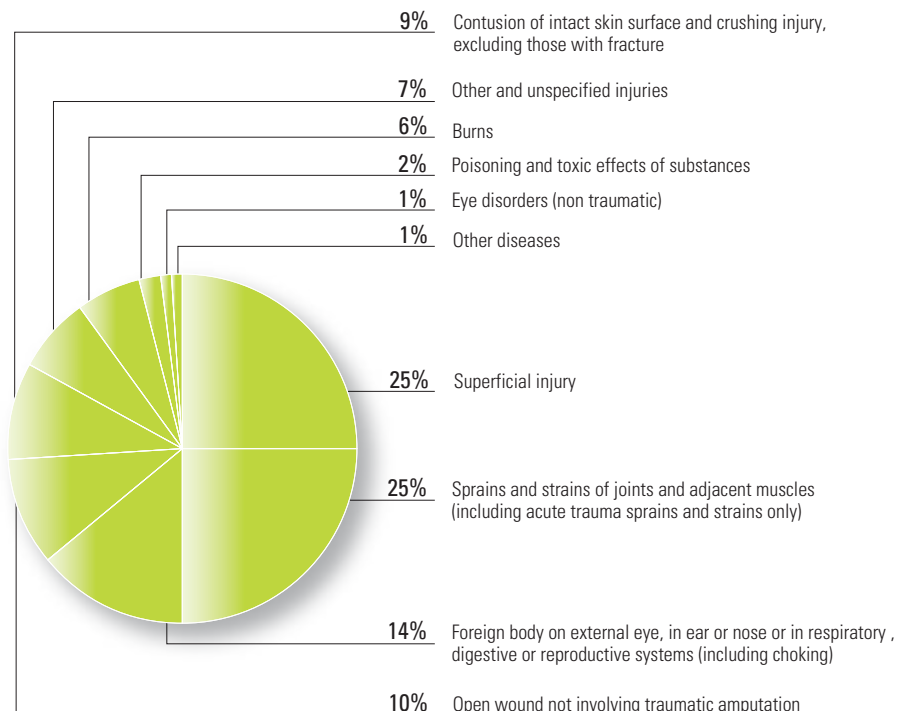
Agency of Injuries

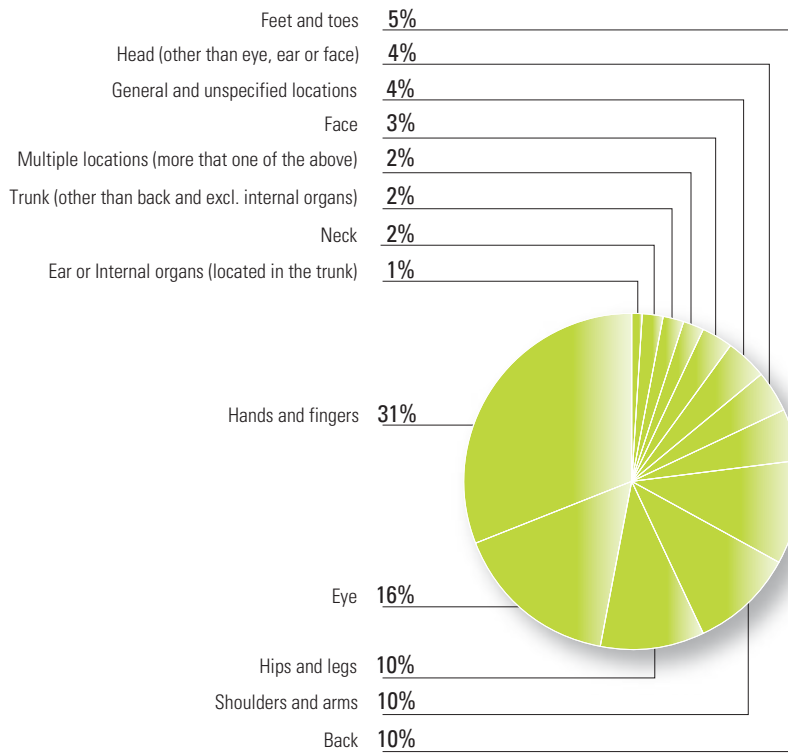
Powered and non-powered plant and equipment contributes to 39 per cent of all injuries sustained.



Nature of Injuries

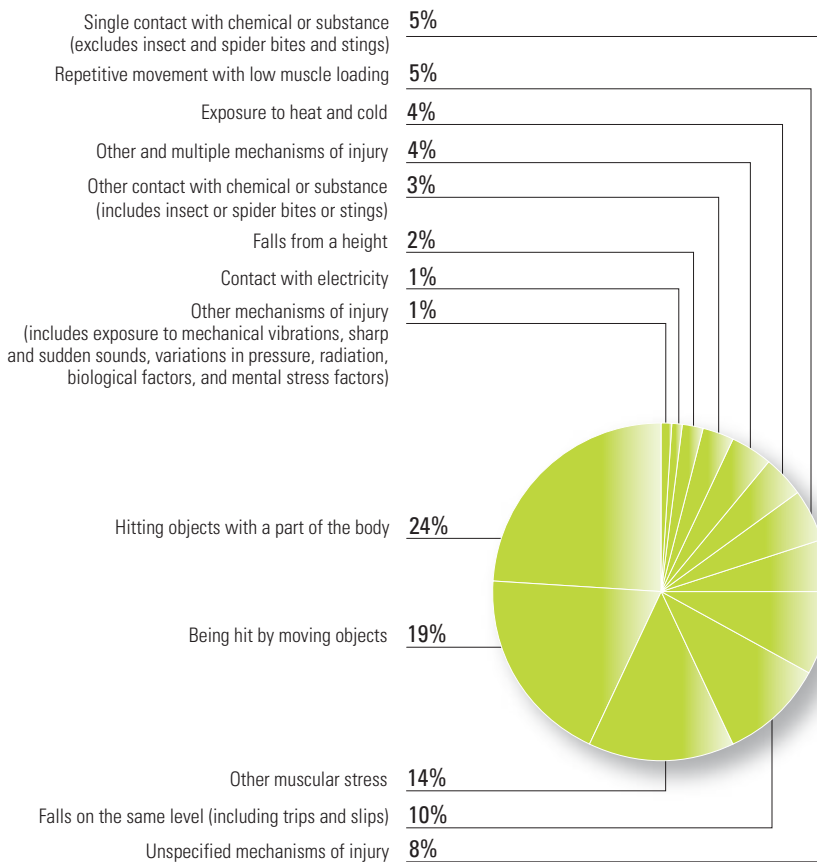
50 per cent of recorded injuries are either superficial or sprains and strains.





Bodily Location of Injuries

Following the implementation of the Hand Safety Awareness Program in 2002, an awareness program is under development to reduce the incidence of eye injuries.



Mechanism of Injuries

Hitting objects or being hit by moving objects accounts for 43 per cent of all recorded mechanisms of injury.

Incident Analysis is useful in identifying areas of concern and subsequently, assists in the targeting of improvement initiatives

including Hand, Eye and Electrical Safety Awareness Programs.

INCIDENTS NOTIFIED TO REGULATORY AUTHORITIES

The following table outlines the nature of incidents reported by Transfield Services to the various Regulatory Authorities in Australia and New Zealand. Capturing and reporting this data provides the opportunity to develop preventative measures.

Contact with electricity is an area of high risk for a number of our industry sectors that has been identified through the number of reportable incidents 31 per cent. An Electrical Safety Awareness Package is currently under development and will be rolled out to all contracts in the first half of 2003.

Date	Location	Authority	Details
February	DAIS SA	Workplace Services and The Office of the Technical Regulator	An electrical contractor received an electric shock whilst working on a circuit board
February	NSW Schools	NSW WorkCover	A contractor received an electric shock whilst carrying out repairs to an evaporative cooler control panel
February	Collinsville Power Station	Ergon Energy	A rigger received an electric shock whilst operating a grinder
February	Queensland Nickel Pty Ltd	Division of Workplace Health and Safety	A rigger suffered an amputation of his left middle finger at the first joint when he caught his finger between a guard and the girth gear of a ball mill
February	BHP Steel - Port Kembla	NSW WorkCover	An employee received an electric shock whilst welding with wet gloves
April	Electrical Distribution NZ	Occupational Health and Safety Service (Department of Labour) and Electrical Authority	An employee received severe burns after being involved in an 11kV flashover incident during a live line procedure to change an air brake switch
April	Caltex Kurnell Refinery	NSW WorkCover	An employee with a Lost Time Injury was away for greater than 7 working days
May	Tranz Rail	Occupational Health and Safety Service	An employee sustained a cut finger when loading locker cabinets onto the rear of a truck
May	Melbourne Water ETP	Work Safe Victoria and Office of the Chief Electrical Inspector	An apprentice fitter received an electric shock whilst operating a power hacksaw
May	ID - WA	Comcare	A crane dropped a 10t load from a height of 1m
June	Tranz Rail	Land Transport Safety Authority	A collision occurred between two Hi-rail vehicles
June	Mornington Peninsula Shire	Work Safe Victoria	Damage was caused to a wood chipper when the anvil vibrated loose causing extensive damage to the cutting blades, anvil and bodywork of the wood chipper
July	DAIS SA	Workplace Services	A contractor cut his left ring finger on guttering and required microsurgery
July	Tranz Rail	Occupational Health and Safety Service	An employee amputated the end of a forefinger when caught under rail he was manoeuvring
July	Patrick - Port Botany	NSW WorkCover	A crane driver began operating a crane whilst it was undergoing maintenance and after the main electrical supply was not completely isolated
August	BHP Steel - Port Kembla	NSW WorkCover	A contractor suffered burns to his hand after an electrical incident
August	Tranz Rail	Land Transport Safety Authority	Near collision between Hi-rail vehicle and Tauranga-Tepuna Train
August	Tranz Rail	Land Transport Safety Authority	Train Control endorsed authorised track occupation for welding at incorrect location
September	Tranz Rail	Occupational Health and Safety Service	An employee descending from rear of Ute tailgate landed awkwardly and sustained a sprained ankle and a chipped bone
September	Mobil Altona Refinery	Work Safe Victoria	An employee, removing stud bolts from a bitumen exchanger, caught his finger between a ring spanner and the exchanger shell
October	Garrison Support VIC	Work Safe Victoria and Comcare	An employee received an electric shock when they came in contact with some live wiring, components of a mini laboratory he was repairing
October	BHP Boodarie Iron	WorkSafe WA	A scaffolder caught his hand in a fanbelt and pulley, resulting in partial amputation and surgical repair
November	Tranz Rail	Land Transport Safety Authority	A train and Hi-rail both had train control permission to occupy the same area of track
November	Tranz Rail	Land Transport Safety Authority	Hi-rail vehicle driver received permission from train control to occupy the nominated section of track Later found to be beyond occupancy section
November	Garrison Support VIC	Work Safe Victoria	A security guard patrolling at night was bitten by a snake.
November	Bibra Lake WA	Environment Protection Authority	Power supply to a submersible pump failed, leaking raw sewage to surroundings.

REGULATORY NOTICES

Transfield Services continues to track and record Regulatory Notices received from Government Authorities. The following were received by our operations during 2002:

Date	Location	Authority	Details
February	Corrosion Protection VIC	Work Safe Victoria	An Improvement Notice was issued requiring the development and implementation of a HAZCHEM register, risk assessments and safety signage
May	Mornington Peninsula Shire Council	Work Safe Victoria	An Improvement Notice was issued to conduct a manual handling risk assessment for lifting tree branches
June	Queensland Nickel Pty Ltd	Division of Workplace Health and Safety	Following a review of an incident in February 2002 involving a crushed finger injury, an Improvement Notice was issued requiring improvement in hazard identification practices while conducting Job Analysis
October	Newcastle Schools	NSW WorkCover	An Improvement Notice was issued requiring lead testing at Taree Public School. Air, soil and dust sampling was carried out with results indicating three areas that were above the acceptable exposure limit

The requirements of all notices were addressed to the satisfaction of the respective Regulatory Authorities.

PROSECUTIONS / FINES / FATALITIES

As part of our transparent reporting of health, safety and environment performance, we identify two incidents resulting in fines and / or prosecutions.

Transfield Operations & Maintenance, which was at the time, a division of Transfield Pty. Ltd, was fined \$70,000 during 2002 for breaches of the Victorian Occupational Health & Safety Act 1985. The fine related to an employee falling from height at Mobil's Altona Refinery on 30th January 1998. The investigation revealed that the boilermaker / welder was not wearing a fall arrest system while replacing the roof of a storage tank. While cutting holes in the roof, the section he was standing on tilted causing him to fall to the ground.

Transfield Services was fined \$600 during 2002 for breaching the environmental by-laws of the Brisbane City Council. The fine related to the discharge of liquid waste generated by a concrete cutter being used on a footpath on the TANCCS Salisbury contract in Queensland.



CASE STUDY

WORKERS' COMPENSATION

Our management of Workers' Compensation has further improved from our 2001 performance and delivered significant savings to Transfield Services in 2002. Results of note include:

- A 13.6 per cent reduction in the Group workers' compensation costs as a percentage of payroll
- Attained Exempt Employer Status (Self Insurance) in South Australia effective from 1st September 2002
- Transfield Services New Zealand has again successfully completed the Accident Compensation Corporation (ACC) audit to remain within the partnership program at the secondary level which provided a 46 per cent reduction in premiums
- The renewal of our Western Australian policy that delivered a 50 per cent reduction on the 2001 premium
- Improved analysis of our Workers' Compensation costs that will support the allocation of costs to a micro (site) level. This approach will reward our better performing sites and challenge the poorer performers to improve
- Senior operational management involved in bi-monthly claims review / strategy development

GOALS FOR 2003:

- Implement strategies to reduce the workers' compensation rate by a further 10 per cent for the financial year 2002/2003
- Conduct a Feasibility Study on the viability of Self Insurance in Victoria. Dependent on this study, develop an application for Work Safe for Self Insurance to commence July 1, 2004
- Review the workers' compensation system in New Zealand to ascertain where cost savings can be made
- Review analysis tools to establish if they can replace current system

SA WORKERS COMPENSATION SELF INSURANCE

Over the last four years, Transfield Services contracts within South Australia have achieved SABS (Safety Achiever Bonus Scheme) Level 3. All HSE personnel based in South Australia have been involved in the preparation process before WorkCover validators visit each site to audit OH&S Management Systems.

WorkCover has developed a set of Performance Standards that companies are required to meet before being granted Exempt Status. Although Transfield Services had been meeting the requirements of SABS, additional work was required in the area of Standard 4 (Measurement and Evaluation).

Work on gaining Self Insurance for South Australia commenced in December 2001. The South Australian HSE Coordinators met on a regular basis to determine the most effective strategy in implementing the requirements of Standard 4. After a number of site visits by the WorkCover Auditor, a positive recommendation was given in regard to all of the Transfield Services Contracts within South Australia meeting the requirements of the WorkCover Performance Standards. Effective from September 1st 2002, Transfield Services was granted Exempt Employer Status (Self Insurance).

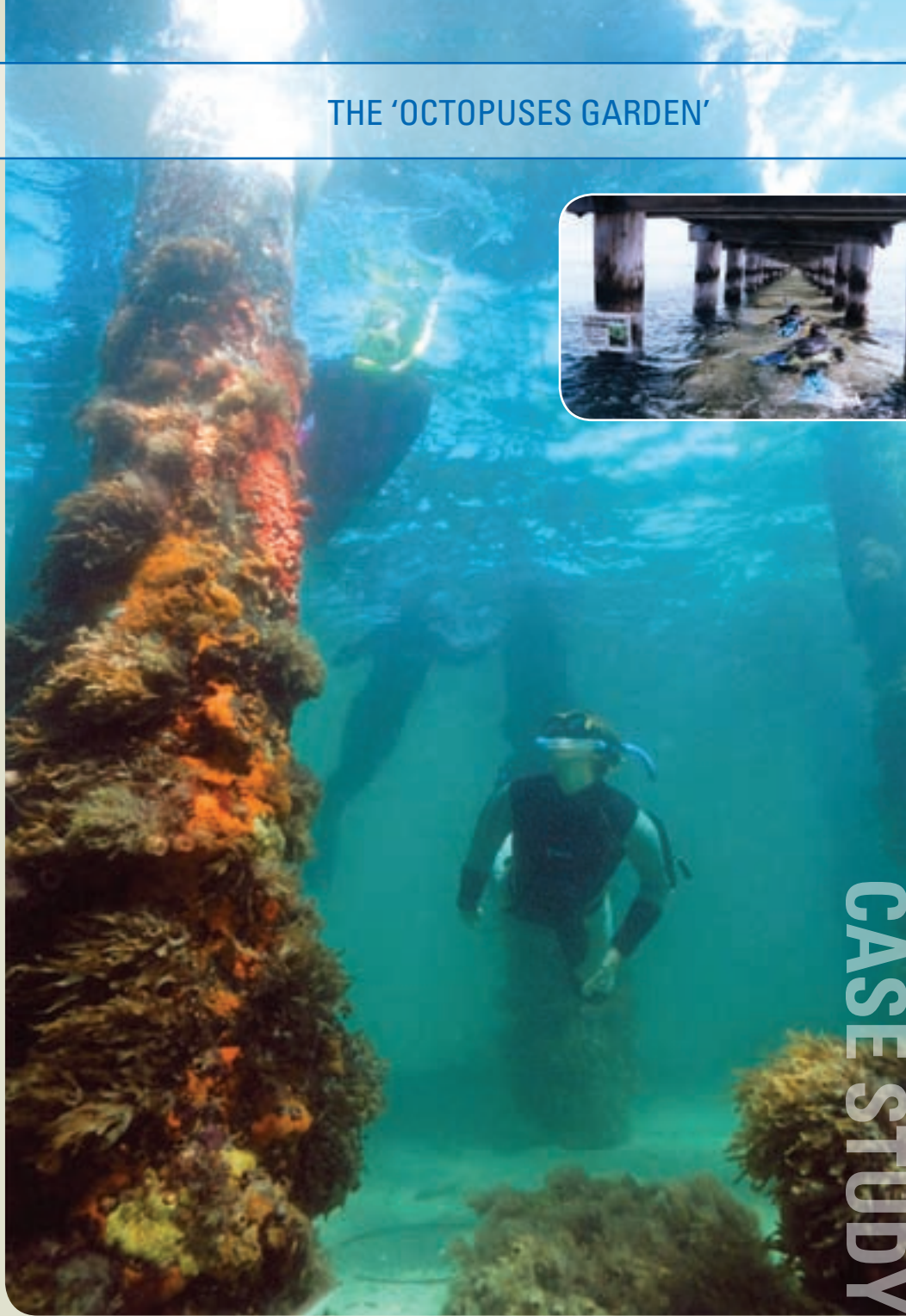
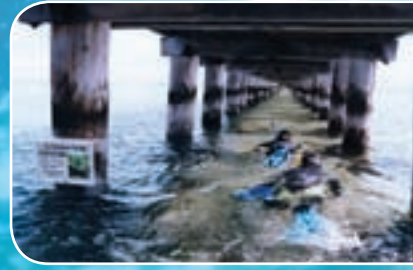
THE 'OCTOPUSES GARDEN'

'OCTOPUSES GARDEN' - UNDERWATER SNORKELING TRAIL

As part of our commitment to long-term sustainability, we worked with Sheree Marris, winner of the 2002 National Unilever Environment Award and the Victorian winner of the 2002 Young Australian of the Year to develop community based environmental initiatives. Sheree was raised on the Mornington Peninsula in Victoria and was keen to work with us and deliver the first environmental project in her home community.

Our staff discussed several environmental options with Sheree. Ultimately, we decided to design and fund Victoria's first underwater snorkeling trail at the popular Rye Pier. The idea was selected because it would enable everyone in the community to actively participate in an activity that would cause minimal environmental impact and maximum enjoyment in the marine world. The tourist attraction encompasses the principles of environmental sustainability and ensures that people who follow the snorkel trail will only use their body to observe the underwater beauty of the bay.

Using the strong relationships established between Transfield Services and Mornington Peninsula Shire, the project rapidly moved from fledgling idea to a finished trail in only ten weeks. The 'Octopuses Garden' snorkeling trail now provides a fun, safe family orientated way of enjoying the underwater inhabitants of Port Phillip Bay in only a metre of water.



CASE STUDY



LAYING THE TRACKS FOR TRAINING

Transfield Services is a Registered Training Organisation (RTO) in South Australia. This eventuated with the introduction of new Standards that required our existing RTO status in Victoria to be moved to South Australia where the majority of training was conducted.

The process involved the Accreditation and Register Council auditing the RTO and re-registering against the new benchmark standards. A certificate of compliance was issued stating the achievement of RTO status.

A Skill Based Pay System has been developed in consultation with employees to:

- Develop a more skilled and flexible workforce
- Provide employees with career opportunities through appropriate training
- Remove barriers to the acquiring and utilising of skills held.

The Skill Based Pay System developed by Transfield Services is equally applicable to the New Zealand Qualifications framework, industry standards developed by the appropriate industry training organisation and recognised national qualifications including, where appropriate an apprenticeship structure.

The training and assessment support systems are based on the Transfield Services Task Competencies. As personnel are assessed competent in the Task Competencies, progress towards the linked unit standards is recorded. Once assessed competent in all the requirements of a unit standard, the employee is automatically credited with the relevant unit standard. This registration allows Transfield Services to deliver, assess and issue nationally recognised qualifications within our registration scope.

The Rail Industry qualifications gained by Transfield Services personnel in Australia and New Zealand are transportable across the Tasman. 93 per cent of Tranz Rail employees have signed up to undertake the Certificate II qualification in Rail Transport, and more than 4,400 credits against Task Competencies have been gained already.

LEARNING AND DEVELOPMENT



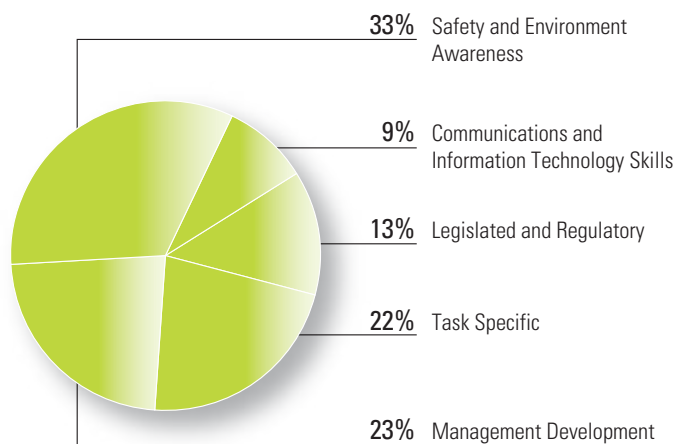
Transfield Services Learning and Development, through our alliance partners, University of Ballarat and Centre for Business Solutions - WA, have coordinated and facilitated a variety of training and development activities during 2002. These training activities are aligned with business unit objectives and our commitment to employee health, safety and environmental care.

Due to the diverse nature of our business operations, courses sourced and arranged in the HSE area by Transfield Services Learning and Development have included:

- Safe operation of chainsaws
- Tree clearing
- Confined space
- First Aid Senior Certification
- Environment Level 1,2,3 and 4
- Traffic management
- Venomous snake training
- Asbestos removal

Transfield Services Learning and Development continues to work with site and industry managers to deliver quality-training courses via its preferred supplier arrangements. This ensures that Transfield Services achieves quality, accreditation, consistency and value for money on training expenditure.

An overview of training over the past year is illustrated below:



MANAGEMENT SYSTEM

During 2002 we continued to develop our Operational Systems Plan (OSP) that is tailored specifically to each contract. This plan provides each contract / operation with a map to guide employees and contractors through the relevant procedures, forms, schedules, instructions, training packages, etc. The OSP acts as a quick reference to the systems applicable to the contract and subsequently hyperlinks the user to the systems that will explain the 'how to'. The OSP allows the user to be confident that all documentation used is current.

The Operational Systems Manual (OSM) and the OSP are designed to meet the international standard on environmental management of AS/NZS ISO14001; on safety and risk management, AS/NZS 4801 and AS/NZS 4360; and quality management of AS/NZS ISO9001.



AUDIT PROGRAM

Our HSE Management System Audit Program is a critical part of how we gauge and verify compliance with regulations, permits, and company policies and procedures. Under this program, audits provide an in-depth review of our health, safety and environmental programs while accounting for the particular risks faced by each industry or contract. They identify opportunities to improve management systems, and increase employee and management awareness.

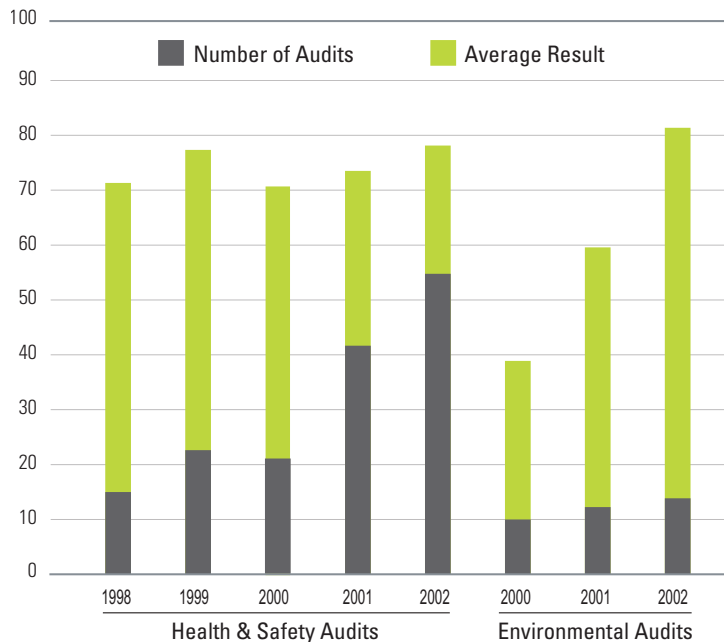
We ensure objectivity and accuracy by:

- Using full-time health, safety and environment professionals who report to Senior Management and not to the contract being audited
- Scheduling audits based on relative risk and past performance
- Performing periodic reviews of the program and audit document
- Utilising Senior Management personnel as part of the audit team

We will continue our leadership by promoting learning within our organisation and developing auditing tools and processes that will add value to the program and the company.

The graph below refers to the number of HSE audits conducted over the past five years. Each year, we audit our contracts or conduct sign-off audits of corrective actions that have arisen from the audits of previous years.

The number of Environmental Audits conducted this year was commensurate with the audits completed in 2001. However, a noticeable trend has been the attainment of better audit results. The improvement indicates contracts are progressively sharing environmental information between themselves and other industry sectors. The growing use of common procedures, checklists and environmental toolbox talks are 'spreading the word' amongst employees and staff.



Note: In 2000, the audit tool was comprehensively reviewed with an objective of delivering a higher level of conformance.



AGENTS OF CHANGE

Transfield Services are continuing to develop and rollout the very successful Leadership Development Program 'Agents of Change' in conjunction with our program facilitators, Resolve Australia.

This program continues to be a practical, flexible and innovative leadership development program that assists employees in meeting the organisation's strategic objectives across a broad range of areas - the most typical being - improving HSE performance.

The Agents of Change program has been jointly developed by Transfield Services and Resolve Australia and is focused primarily at the Supervisor / Team Leader levels within the organisation. It has been identified that Supervisory level personnel, being the main link between workforce employees, contract management and client personnel, are the most influential group to effect long term and effective change within the organisation.

Typically, Resolve Australia facilitators work in partnership with participants to help them 'make and lead' changes that have a real and measurable impact.

The Agents of Change program is delivered in three distinct stages.

Stage 1, is delivered over 7 fortnights in both Group and Individual coaching sessions utilising a Resolve facilitator.

Stage 2, is delivered over 12 months by a nominated Group Leader supported by a Resolve facilitator.

Stage 3, is a self sustaining process whereby Site Managed teams continue to run as Change Agents with support from contract management. In addition participants retain the ability to contact external facilitators as / when required.

What differentiates the Agents of Change program from most workplace training is:

- Acknowledgement of pre-existing skills, knowledge and experience
- Partnering with the individual / group to develop a 'Participant chosen' change project
- Developing skills in planning and implementing a change at a practical level
- Supporting the participant in managing such change
- Understanding and addressing cost benefit analysis concepts into chosen projects
- Individual and group coaching in the change project through resistance or obstacles
- Supporting Participants sufficiently long enough, to allow changes to effectively 'bed down'
- Allowing the Agents of Change program to be self-supporting as facilitators progressively withdraw
- Measurement of the improvements made by the change project allowing ownership of the end result by the individual / group participants



HSE PROJECTS GROUP

The Transfield Services HSE Group recognises that in order to remain a leader in the fields of HSE, the need to continually expand and improve our current practices, programs and employee knowledge is paramount.

With the growth experienced over the past 12 months and with a vision for the future, Senior Management and the HSE Group identified the need for a Projects structure within the area of HSE. The position of HSE Manager - Projects supported by a part time role of HSE Coordinator - Projects was established to develop, implement and assess improvement initiatives and programs to set Transfield Services apart from its competitors in the area of HSE Performance.

The HSE Projects team supports our operations with HSE Project Development and Implementation processes. The HSE Projects team develops programs, processes and improvement initiatives, which align themselves with the overall Transfield Services vision and form part of an overall continual improvement strategy in HSE.

HSE PROJECT DEVELOPMENT SCHEDULE

An overall HSE Project Development Schedule has been developed to assist in identifying and prioritising potential HSE projects. This Project Development schedule contains approved projects and programs being considered for development and also operates as a 'parking space' for new and innovative ideas for the future. A Bi-Annual review of all projects included within the schedule is undertaken with Senior Management, enabling a clear direction and timely rollout for projects across Transfield Services.

The 'Approved for Development' component, of the HSE Project Development Schedule for 2002-2003 includes:

- Agents of Change Leadership Development Rollouts
- SAFEmap Safety Climate Survey
- Electrical Safety Awareness Program
- Eye Safety Awareness Program
- Fitness For Work
- Safe Acts Observation Tool
- HSE Systems Certification to AS/NZS ISO 14001 and AS/NZS 4801
- Company Clothing and PPE Standards
- HSE Incident Management Database
- Integration of OHS & E Induction Packages and Handbooks
- Self Insurance Feasibility Study (VIC)
- NSW Government Construction Policy Certification
- Energy Management Strategy

SAFEMAP SAFETY CLIMATE SURVEY

A national survey was conducted towards the end of 2002 across all Transfield Services worksites. The purpose of the survey was to 'measure' or 'benchmark' current Health, Safety and Environmental culture across all industry groups and individual contracts.

Key objectives of the survey included:

- Identifying strengths and opportunities for improvement in the business
- Establishing a baseline for future surveys
- Making comparisons of the perceptions of industry groups, employees (managers, supervisors and wages)
- Enabling the identification of staff / employee issues and institute changes that will result in positive improvement to HSE culture within Transfield Services
- Planning interventions and setting priorities

The SAFEmap Safety Climate Survey results have identified where attention and effort needs to be focused in the delivery of HSE programs and processes for the future.

The survey was administered internally by Transfield Services HSE Personnel and Supervisors and resulted in more than 2,500 employees being surveyed.

The results of the National Survey will be made available for company review / strategy development in the 2nd quarter of 2003.



IMPROVEMENT STRATEGIES AND INITIATIVES (CONTINUED)



TRANSFIELD WORLEY SERVICES HSE BEST PRACTICE GROUP

The Transfield Worley Services Best Practice Group (TWSBP) has been formed to recognise synergies between Process Industry clients and steer development of 'Best Practice' initiatives within the identified groups.

One of the areas identified for development within this Best Practices structure, was in the disciplines of Health, Safety and Environment. The Transfield Worley Services HSE Best Practice Group was formed and its goals established to; significantly improve HSE performance across the group through the prevention of incidents, the reduction of costs, and the ongoing development of Best Practice improvements and initiatives.

Since its inception in 2001, the TWSBP HSE Group has met regularly (typically every four months) and has achieved some significant accomplishments, including:

- Establishment of the TWS HSE Best Practice website with secure access for our clients
- Development of a TWSBP Statistical and Analysis Benchmarking database
- Development of a HSE discussion board for group problem solving
- The sharing of Company Induction Processes and programs for the benefit of all member companies
- The creation of an effective network of HSE professionals from across the participating member companies



Key areas identified for further development in 2003 include:

- Portability of Site Training
- The development of a Process Industry Orientation program
- Best Practice Training packages for: Work at Heights, Confined Spaces, Hazard Identification, Health and Hygiene and Manual Handling

The focus group has member participants and support from the following clients:

- BHP Steel
- Caltex
- ExxonMobil
- Huntsman Chemicals
- New Zealand Refining Company
- Qenos
- Saunders International
- Shell
- Shell Todd Oil Services

ELECTRICAL SAFETY AWARENESS PROGRAM

Analysis of Transfield Services' injury data highlighted that electrical incidents accounted for 31 per cent of our 'Statutory Reportable Incidents'.

As such, we identified a need to place greater emphasis on electrical safety.

The Electrical Safety Awareness Program, titled 'Take 5, Is It Live?' is scheduled for rollout in 2003 and will be delivered by Site Supervisory and HSE personnel. This supports a personalised contract specific approach to the local issues. Program topics include the fundamentals of Electrical Safety such as:

- Lockout Tag Out Isolations
- Look Up Look Down
- Test and Tag
- Personal Effects of Electrical Injury
- Powered Hand Tools
- Pre-start Checks
- Office Electrical Safety
- Energy and the Environment
- Review of Work Instructions

The Program also includes various delivery mediums including a video that focuses on electrical issues, hazards and analysis of past incidents within the Transfield Services environment.

This video will include Transfield Services personnel talking about their experiences in Industry and is designed as an introductory tool to stimulate discussion and introduce the electrical safety program rollout.



FITNESS FOR WORK

Transfield Services will be implementing our Fitness for Work (FFW) policy in 2003. Its goal is to provide a safe, productive workplace free from risk of harm created through employees who are unfit for work. FFW will address the effects of drugs (prescription and non prescription), alcohol, fatigue, stress and hours of work. Extensive awareness training / education, counselling and support services to our employees and their families will be an integral part of the fitness for work program.

COMPANY CLOTHING AND SAFETY APPAREL STANDARD

With the growth of Transfield Services in recent years, there has been an inconsistency in the standard of clothing and safety apparel. There is a requirement to protect our employees, not only in the Mining and Mineral Processing and Oil and Gas industries, where a high standard of clothing and PPE is accepted without question, but in all industry sectors.

HSE BROCHURE

A HSE marketing and public relations brochure has been developed to promote the way Transfield Services manages Health, Safety and Environment. It gives an overview of our commitment, policy objectives, management system, HSE management resources, measurement and auditing, line management responsibility and improvement initiatives.

HSE THEME DAYS

During November, our operations in both South Australia and New Zealand held Family HSE Days that involved presenting displays and providing fun safety and environment activities for employees and their families to enjoy. Representatives from all South Australian and New Zealand contracts attended the days and enjoyed a BBQ lunch.

The South Australian day was held at RAAF Base, Edinburgh where water blasting was demonstrated by our Corrosion Protection contract, and there was a display of items including a truck for driving on rail from SA Rail, fire trucks and a display of all personal protective equipment worn by fire fighters. Displays were also presented on the Environment, WorkCover, processing of crude oil at Mobil and various safety, continual improvement and risk management tools. Fire fighters on duty allowed interested people up the flight tower for an insight into their daily activities.

The New Zealand day was held in Auckland with fire extinguishing activities, an ambulance display, pole top rescue and 'Drains, Drain Rain' environmental game. Displays were also presented on Railsafe, house maintenance, electrical safety, tree trimming, rail signal and the process of thermit welding.



ANNUAL HSE DRAWING COMPETITION AND CALENDAR

The Transfield Services HSE drawing competition takes place annually with the children of our employees participating in four different age categories. The thirteen drawings (one for each month and one for the cover) are collated and published as a calendar. This calendar is then distributed to all employees for use the following year.

*Drawings from our 2002 competition form the pages of the 2003 HSE Calendar.
Cover Illustration by: Jithan Rajeev Varma (age group 10-12)*



INDUSTRY OVERVIEW

DEFENCE

Highlights

- Taking on additional services at the East Sale RAAF Base in Victoria including aircraft refueling, air terminal services, grounds maintenance, pest control, waste removal and a range of hospitality services. These presented a number of issues that were dealt with effectively by Transfield Services and our Defence counterparts
- Ongoing improvement in contractor management and safety performance at Garrison Support SA
- Our employees from Garrison Support WA provided invaluable assistance, particularly in risk assessments of the fuel tank farm in the transition of East Sale RAAF Base VIC

- ID - WA awarded 'Gold' for the Industrial Foundation for Accident Prevention. This involved achieving six successive months Lost Time Injury free and meeting the requirements of the Safe Way Achiever Category - a successful audit of the Safety Management System

Focus 2003

- Conduct a face-to-face Industry HSE Focus Group meeting to plan and develop improvement initiatives for our Defence contracts
- Continue to improve relationships with Contractors in relation to reporting and management of workplace incidents and injuries

CORROSION PROTECTION

Highlights

- Conducted Confined Space Entry and Forklift Training
- Corrosion Protection SA achieved cost savings through recycling waste and other products on-site

Focus 2003

- Ongoing improvement and implementation of the site Operational Systems Plans and procedures



FILTER RECYCLING IN SOUTH AUSTRALIA

Corrosion Protection SA currently has four dust extraction units. A 30,000 cfm unit and three 5,000 cfm units. The larger unit contains 24 filters with each filter requiring to be replaced at least annually. The remaining three units contain six filters each that require replacing bi-monthly (108 filters in total per year). In total, 132 filters are required to be replaced annually.

Corrosion Protection SA has taken the step of recycling the filters by sending them away for cleaning and testing to ensure no leakage. This process extends the filters life span for a number of years more, benefiting the environment through reduced landfill and assisting Transfield Services to work more cost effectively.

MINING & MINERALS PROCESSING

Highlights

- Achievement of numerous Lost Time Injury free shutdowns including:
 - Mt Isa Workshop
 - Century Mine
 - WMC Acid Plant
 - WMC Phosphate Hill
 - Boodarie Iron
 - Trains 1, 2, 3 and 4 Shuts
 - Queensland Nickel
 - Roasters 6, 9, 11, and 12 Shuts
 - Thickeners 3 and 7 Shuts
 - 1306 and 1308 GCC Shuts
 - 514 Boiler Shut
- Ongoing involvement of Queensland Nickel in Stage 2 of the Agents of Change Program
- Donations to the Golden Hour Appeal at the nearby Wollongong Hospital and the Cancer Council after personnel on the BHP Steel - Port Kembla contract had their heads shaved and in another fundraising event walked in a 24-hour continuous relay

Focus 2003

- Ongoing involvement in BHP Steel Safety Focus Groups
- Complete transition and implement HSE Management Systems at Mackay Sugar Alliance

FACILITIES MANAGEMENT

Highlights

- Ten Facilities Management contracts entered the Industrial Foundation for Accident Prevention Awards for the category '6 Months Lost Time Injury Free'. Nine of the ten achieved the milestone and received external recognition
- The Industry HSE Focus Group implemented a number of initiatives including the Apprentice Mentoring Program

Focus 2003

- Employee training in understanding safe and at-risk behaviours
- Feedback to all employees regarding frequency or percentage of safe versus at risk behaviours
- Task / job observations by Supervisors and Co-workers
- Recording and delivering feedback of the observations
- Positive Performance Indicators as a measure of performance
- Implementation of programs for goal setting and / or incentives to encourage observation and feedback



Our team take a well earned rest after the 24-hour 'Relay for Life' in Port Kembla.

The danger of fires flaring up dangerously in natural bush like Melaleuca forests is a constant risk that has to be planned for by our staff by consulting with the Country Fire Authority, the client and residents.



MANAGING BUSHLAND AT MORNINGTON, VICTORIA

The Mornington Peninsula Shire is a diverse coastal region that lies just south of Melbourne's busy urban area. The Mornington region is unique, with wild ocean beaches and many rurally based properties, vineyards, deep water ports, rolling hills and some of Melbourne's last remnants of coastal forests. Transfield Services has a great number of conservation tasks to consider and manage.

One of the tasks that present a unique challenge is maintaining Australia's first biosphere reserve. After many years of

careful planning and lobbying, the local council succeeded in including the entire region's natural assets in an internationally recognised biosphere reserve. To achieve the council's five stretch goals of 'Zero Erosion, Zero Population Growth, Zero Extinctions, Zero Pollution and Zero Waste' in relation to the reserve, a full time work crew was established. The crew controls risks such as bushfires, weed control, erosion, feral animal problems and track maintenance by regularly planning fire burns, removing weeds and reducing natural hazards such as

the growth of forests near roads and public land.

A further challenge involves meeting the local Landcare group's demands that some species of trees are planted and others removed from local areas. Publishing yearly plans and seeking feedback from the Mornington Peninsula Council which in turn consults regularly with over 20 independent environmental groups across the Peninsula is assisting in addressing local residents concerns.



INDUSTRY OVERVIEW (CONTINUED)

NEW ZEALAND

Highlights

- Health and Safety in the Workplace initiatives were developed and implemented for Electrical Distribution in consultation with the Engineers, Manufacturers and Printing Union
- Providing on the ground advice and assistance to all employees at Tranz Rail as a means of developing and improving the safety culture in line with that typically found at other Transfield Services' contract sites

Focus 2003

- Commencement of the Agents of Change Program across all New Zealand contracts
- Explore initiatives to reduce CO₂ emissions as part of the New Zealand business community's focus on sustainable development

ROADS

Highlights

- Installation of stairs with rail to improve access to tolling gantry on Melbourne Citylink
- First Aid, Confined Space Entry, High Voltage, Spotters course, Sweeper, Elevated Work Platform and Heavy Vehicle training
- Agents of Change Program rolled out successfully at RTA delivering improved results and improvement initiatives

Focus 2003

- Ongoing improvement and implementation of the site Operational Systems Plans and procedures



CASE STUDY

ROADS AND GREENHOUSE GASES

The greenhouse effect is the trapping of heat in the lower atmosphere by 'greenhouse gases' particularly carbon dioxide and water vapour. These gases let energy from the sun travel down to earth relatively freely but then trap some of the heat radiated by the earth.

While carbon dioxide occurs naturally, in the last 200 years the concentration of carbon dioxide in the earth's atmosphere has increased by 25 per cent. As these extra amounts of carbon dioxide are added to the atmosphere they trap more heat, causing the earth to warm. This extra warming is called the enhanced greenhouse effect and is predicted to significantly change the earth's climate. Carbon dioxide makes up about half of the extra greenhouse gases and a significant proportion of this extra carbon dioxide is emitted by motor vehicles.

The rate of carbon dioxide emission is affected by the amount of fuel used by vehicles. The fuel usage is dependent on the grade and rolling resistance of the road surface. On a maintenance contract we are not able to influence the grade of a road. We do however have the opportunity to improve the rolling resistance. This rolling resistance has two main components, the roughness of the road surface and the pavement elastic deflection.

Under our Performance Specified Maintenance Contract we have made significant improvements in both areas. Under the contract we have agreed outputs requiring us to rehabilitate 50 per cent of the contract network over the 10 year contract term. However, as a result of the quality of the work completed we are able to do this in a manner that improves on the contract performance requirements.

As a result, the pavement is in better condition than is required by the contract. The result in this betterment is an improvement in the rolling resistance, leading to less fuel being used and as a result, less carbon dioxide being emitted.

In recognition of society's need to monitor and reduce greenhouse emission, government agencies have developed methods of calculation that relate improved pavement condition to reductions in greenhouse emissions. Using these, we have calculated that vehicles are now emitting 1300 tonnes less carbon dioxide on this network each year. This improvement is being delivered to society at no additional cost, through managing the quality of the works.

OIL & GAS

Highlights

- Achievement of numerous Lost Time Injury free shutdowns including:
 - Caltex Kurnell Refinery; 80,000 hrs
 - Caltex Kurnell Refinery; 65,000 hrs
 - Caltex Lytton Refinery; 35,000 hrs
 - Mobil Adelaide Refinery; 22,500 hrs
 - Mobil Adelaide Refinery; 18,000 hrs
- Ongoing involvement of Mobil Adelaide and Mobil Altona in Stage 2 Agents of Change Program. Projects have included:
 - Investigation into the use of optical fibres for confined space lighting
 - Gathering learning's from other sites to improve scaffolding practices
 - Conducting trials of new and improved styles of Personal Protective Equipment
- Donation to the Williamstown Hospital by the Mobil Altona Refinery for the purchase of four adjustable Hi-Lo electric beds after achieving an incident free turnaround

Focus 2003

- Shell Clyde to commence the Agents of Change Program
- Benchmark and utilise learnings from Best Practice member organisations



Mrs. Ruby Watson utilising one of the Hi-Lo electric beds at Williamstown Hospital, the plaque is inscribed: 'Proudly donated by Mobil Altona Refinery and Transfield Services Turnaround Workforce in Recognition of an Incident and Injury Free 2001 Maintenance Turnaround'



SYDNEY BUSHFIRES

On our RTA contract, Transfield Services was called to assist the NSW Fire Brigades in the December 2002 bushfires in Sydney. This involved:

- Extinguishing median grass fires on the M4 Motorway at Homebush using our 5,000 litre water cart
- The closure of the F3 Freeway and Old Pacific Highway, mobilisation of Traffic Control and cleaning up throughout the night to have the Freeway open for the following morning
- Supplying NSW Fire Brigade appliances with bulk water from our water cart
- Assisting RTA work crews on the Old Northern Road, Glenorie to clear approximately 16 kilometres of fallen trees and debris
- Protecting and saving a threatened residence in Canoe Lands with nine crewmembers, water cart, bobcat and five maintenance trucks, as there was insufficient fire fighting equipment available
- Two three man rope access arborist crews removed hazards from the top of a 3 kilometre long sandstone cutting between Berowa and Hawkesbury where 60 overhanging dead trees and debris exceeding 50 metres in height posed a risk of falling onto traffic
- Extinguishing a scrub fire burning in an Old Pacific Highway road reserve that threatened a Transfield Services Traffic Control crew stationed at Berowa

INDUSTRY OVERVIEW (CONTINUED)

MAKING HIGHWAYS SAFER

The Performance Specified Maintenance Contract operated by Transfield Services is the first of its type in New Zealand. It is based in the West Waikato region. Part of our obligation is to investigate and provide Transit with reports on all fatal and certain serious road accidents. This caused us to confront our responsibilities entailed in providing a safe highway. Although accidents were being attributed to driver error, we recognised that we could do more to help reduce road incidents and elected to take a more proactive approach to road maintenance.

We introduced the logging of assets pertaining to particular safety situations and have been successful in the removal of many of the previous inconsistencies. We have also managed our maintenance and response times in order to limit the exposure of road users to safety hazards.

Standards of signage and line marking have also improved, with the increased use of high intensity reflective material throughout our operations.

We have developed a strong safety focused culture within the contract team making each individual aware of the role that they can play in reducing road trauma through the diligent attention to their particular duties.



POWER

Highlights

- Achievement of a 20,000 hour Lost Time Injury free shutdown at Collinsville Power Station
- Implementation of improvements at Collinsville Power Station including the addition of ladder access to the top inlet, improved handrails in various areas of the plant and installation of fire alarms and fire suppression systems
- Risk Assessment and Management planning day at the Collinsville Power Station identifying HSE risks and developing strategies for mitigation

Focus 2003

- Obtain an Asbestos Removal license for Collinsville Power Station. This task is currently performed by contractors
- Continue integration of Transfield Services HSE management systems into Collinsville Operations

RAIL

Highlights

- SA Rail achieved a solid audit result from the Department of Transport for compliance against the Rail Safety Act 1993
- Transfield Services and the Rail Infrastructure Corporation (RIC) worked closely together to plan and install a new rail turnout. This involved inducting 150 RIC employees and working in challenging conditions including night shifts and track possession weekends
- 4WD training for all relevant remote area employees
- Implementation of the Code of Practice (Defined Interstate Rail Network) to all Transfield Services rail employees
- Recycling, particularly paper, increased by over 50 per cent. An alternative method was found for recycling empty grease drums
- All employees of SA Rail undertook Transport and Distribution Training, a nationally recognised competency, in June

Focus 2003

- SA Rail and Tranz Rail to commence the Agents of Change program



UTILITIES

Highlights

- Improved HSE management systems at Melbourne Water, ETP through the introduction and refining of the Operational Systems Plan
- Excellent audit results achieved by Gippsland Water and Sydney Water contracts
- Ongoing development and implementation of the HSE management systems at both Patrick Stevedores contracts

Focus 2003

- Ongoing improvement and implementation of the site Operational Systems Plans and procedures
- Provide assistance to Business Development in the re-tender process for a number of Utilities contracts



TELSTRA FACILITIES MANAGEMENT

Highlights

- Continued certification against AS/NZS 4801 Occupational health and safety management systems and ISO 14001 Environmental management systems
- Integration of the Quality, Safety and Environment management systems into the Operational Systems Plan
- Implementation of a contractor audit program that has increased communication and strengthened relationships between all parties

Focus 2003

- Continue integration of Quality, Safety and Environment initiatives
- Review all current processes and high risk areas to ensure controls are appropriate
- Continue to provide a safe environment for the public, contractors and employees and ensure all potential environmental issues are managed and controlled



TELSTRA PROJECTS

Highlights

- Achievement of a an improved audit result at TANCCS Salisbury after Telstra audited our Safety, Environment and Waste Management processes and procedures
- Development of a Telstra Projects Group Improvement Plan, which includes a strong focus on contractor management
- Increased communication with and auditing of, contractors

Focus 2003

- Trialling and implementation of the use of SMS to distribute safety alerts quickly and efficiently to all field personnel
- The Telstra Projects team will continue to develop and implement HSE improvement initiatives in 2003

JOINT VENTURES



YARRA TRAMS

Yarra Trams safety direction in 2002 was focused on continuing the reduction of workplace injuries. Since the year 2000 the LTIFR12 has reduced significantly from 34 to 2.8, an outstanding achievement by all personnel.

The high value Yarra Trams places on the safety of passengers, contractors and employees alike is reflected in the year 2002 programs to decrease the likelihood and consequence of various types of falls.

Two identified areas of concern were passengers falling on in-service trams and employees and contractors falling in tram maintenance sheds.

- The issue of passenger falls was addressed by implementing a program to increase handholds inside trams
- The fall hazards in maintenance sheds was addressed through three programs:
 1. The number of tram maintenance pits was rationalised to reflect current tram maintenance practices. At East Preston six pits were filled with earth and capped with concrete. The ongoing program is to continue with similar pit reduction activity anticipated at two further depots
 2. Also at East Preston Depot, a semi permanent scaffold was erected to enable secure access to tram rooflines for advertising contractors
 3. Access to roofs and tall structures was restricted by installation of lockable gateways. Additional protection from falling objects from above were also installed

TRANSLINK OPERATIONS

Translink Operations was created to operate and maintain CityLink, and is responsible for all operations and maintenance activities on CityLink. Translink Operations managed in excess of 6000 roadway incidents during 2002, including 4 fatalities, 50 environmental incidents and 313 accidents, with an average response time of under five minutes to hazardous incidents.

During 2002, Translink Operations has worked with the Victoria Police, VicRoads and Work Safe Victoria to improve road safety for all users of CityLink. Activities undertaken to achieve this have included the provision of traffic management for regular 'Booze Bus' operations, and the initiation of multiple agency 'blitzes' on heavy vehicles.

In addition, Translink Operations has continued to demonstrate a high level of environmental and safety performance throughout 2002 through zero LTI's, retention of certification of our OH&S Management System against SafetyMap and retention of certification of our Environmental Management System against the ISO14001 standard with zero non-conformances.



Some of the highlights of 2002 that resulted in improvement to HSE performance include the implementation of the:

TRANSFIELD WORLEY SERVICES - NEW ZEALAND

In 2002, TWS-NZ again achieved over one million exposure hours with the greater proportion of this work involved in maintenance and project activities in the oil, gas and petrochemical industries.

There were many projects completed without incident while meeting quality, cost and schedule objectives. Examples included:

- Replacement of a 20', 1500lb shutdown valve weighing 10t on an offshore platform. The location of the valve in relation to other equipment and the timeframe in which it could be achieved required detailed planning and execution
- Removal of structured packing and reinstatement with trays in a debutanizer column. This project required teamwork for a 24 hour operation over a 17 day period
- Cleaning and inspection of a crude oil storage tank

- Safe Act Reinforcement program in July, with all employees and contractors involved in identifying 'safe' and 'at risk' behaviours and conditions. To date, this program shows that we are 97 per cent safe with body position / ergonomics and personal protection being areas 'at risk'
- Supervisors Enhanced Safety program resulted in 70 Supervisors and Team Leaders being coached in the use of various skills and tools that will assist them in making a change in the safety culture within their work groups
- Commentary drive and Advanced driver programs for drivers of company vehicles. These sessions showed even those that considered themselves to have excellent driving skills could learn more to make themselves even safer on the road



- Issue of the monthly 'Mainly Safety' newsletter where contributions from employees in which they relay their learning experiences from incidents that occurred at home. This newsletter now incorporates contributions from a major client

TRANSFIELD WORLEY SERVICES - WOODSIDE ENERGY LIMITED

By any measure HSE success is simply that we are not having people injured at work or harming the environment.

This needs to be put into context with the work activities taking place including a number of shutdowns including a major one at the Karratha Onshore Gas Plant. Not only was the HSE performance pleasing (except for one Medical Treatment Injury) the high level of hazards reported leading to prompt hazard management actions was exceptional.

A significant initiative during 2002 was the establishment of Positive Performance Indicators for Supervisors. These included, quality checks of Job Hazard Analysis, Permit to Work and conducting behavioural observations. These positive activities have underpinned the essential role of supervision in the day-to-day engagement of the work force and provided a useful barometer of the health of our HSE system implementation.



Although internal audits of TW have demonstrated a process of continual improvement, for 2002 the challenge was to achieve external accreditation. This was accomplished with the achievement of the Work Safe Gold Award in August with the highest inaugural score awarded by the audit, and followed in October by achieving AS/NZS 4801 OH&S management systems certification.

To build on the successes of 2003 with a key focus on avoidance of complacency. This will require the positive engagement of the workforce through behavioural observation techniques at all levels.

This will extend to include a key focus on contractor management to promote a consistent HSE performance across all work groups. A case in point will be in June 2003 with the commencement of work on the major Low Pressure Train Project on the Goodwin A platform and a significant increase in new personnel.

TRANSFIELD - RIC

Transfield - RIC, based at Chullora in Sydney, employs over 50 personnel in the repair and refurbishment of rotating electrical and mechanical equipment. This involves both workshop and site based operations. Their process of continual improvement in HSE and Quality related matters are paying dividends.

Transfield - RIC has set a clear goal of zero tolerance for accidents and to support this they have developed a plan that identifies the objectives and associated actions to achieve this. These include:

- HSE awareness training of all employees through toolbox talks, notices and improved signage
- Risk control through Job and Equipment Safety Analysis
- Employee involvement through committees and safety observations

Transfield - RIC operates a program of safety observations that involves all employees. This has the benefit of identifying both good and potentially hazardous processes and practices as well as serving as effective awareness training.

Transfield - RIC has identified the Electrical Test Bay as the area of highest risk in its operations. The area utilises electrical energy levels up to 6.6kV AC.

Currently an improvement program is underway to reduce and manage the risks in this area, that includes:

- Improvements in housekeeping by relocating all test cabling to floor ducts
- Comprehensive operator training programs
- Utilisation of CCTV to reduce operator exposure
- Control system improvements



TRANSFIELD - GENERAL ELECTRIC ENERGY SERVICES

The TGE Energy Services HSE performance has finished with strong KPI results for 2002.

A number of revised safety procedures inclusive of 'tag out lock out', confined space and other 'higher risk' operational procedures have been rolled out in the workshops and at customer sites.

Seven HSE audits have been completed and closed out. The topics covered in the comprehensive audits include:

- Emergency Preparedness
- Safety
- Waste Management
- Water Usage
- Industrial Hygiene
- Chemical Management
- Air Quality

All items requiring follow up action have been tracked to closure by utilising the Intranet based Audit tracking System.

A number of workshop employees have been trained in key HSE procedures to enable control requirements to be fulfilled as an intrinsic part of day-to-day operations. Key areas of success are in waste management, chemical management and contractor safety.

187 regulatory required training units have been completed in 2002. A dynamic web based training records system has been introduced allowing for one touch record retrieval of employee or job function records.

A key initiative moving forward is the introduction of 'behaviour based' training for all employees. The implementation includes a 360° review of management / employee commitment to safety. This enables management and employees to identify key areas where improvement may be required.

THE FUTURE



We believe that in order to achieve our ultimate goal of zero harm to people and the environment, we will need to continue our effort on developing new initiatives that impact on behaviour and therefore performance. We will continue to strive for safety and environmental excellence in the belief that none of our activities may adversely impact on our employees, clients or the communities in which we conduct our business.

As we look to the future, in a world of ever-evolving legislation and standards and of increasing competition, our HSE team is continually finding ways to reinvent itself. For Transfield Services the next generation begins today - whether it's improving the services we deliver to our clients or implementing innovative and proactive HSE goals, strategies and programs. We remain committed to acquiring, developing and retaining the HSE talent needed to create a diverse and global HSE team with the ability and motivation to stay in front of the demands of change. This team will continue to work closely with all levels of our company and in particular management, to deliver our goals.

Along with the objectives and targets detailed previously, the following improvement initiatives are planned for 2003 to assist in meeting these demands:

- Formation of a Board HSE Committee
- To review strategy and performance
- Standardise new Contract HSE Implementation Plan
- Roll-out of new HSE Incident Management System Database

In addition we will have an ongoing commitment to the Agents of Change Program, SAFEmap Risk Profiling and the Transfield Worley Services Best Practice Group. We believe these three initiatives will provide significant focus on improvement for Transfield Services and add value to our Clients.

Transfield Services' commitment to HSE excellence stands. It is part of who we are as a company. It is part of what we need to do to excel in the marketplace. We are proud of what we have achieved, but we also recognise that the demands on HSE performance are escalating. We believe that 'Beyond the Bottom Line', the Transfield Services 2002 HSE Annual Report, demonstrates that we are up to delivering business results today and meeting the challenges of the future.



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