

COMPANY PROFILES IN CONSTRUCTION FOR 2010 WORLD CUP



CAMPAIGN FOR DECENT WORK

Published by the Building & Wood Workers International (BWI) & Labour Research Service (LRS)

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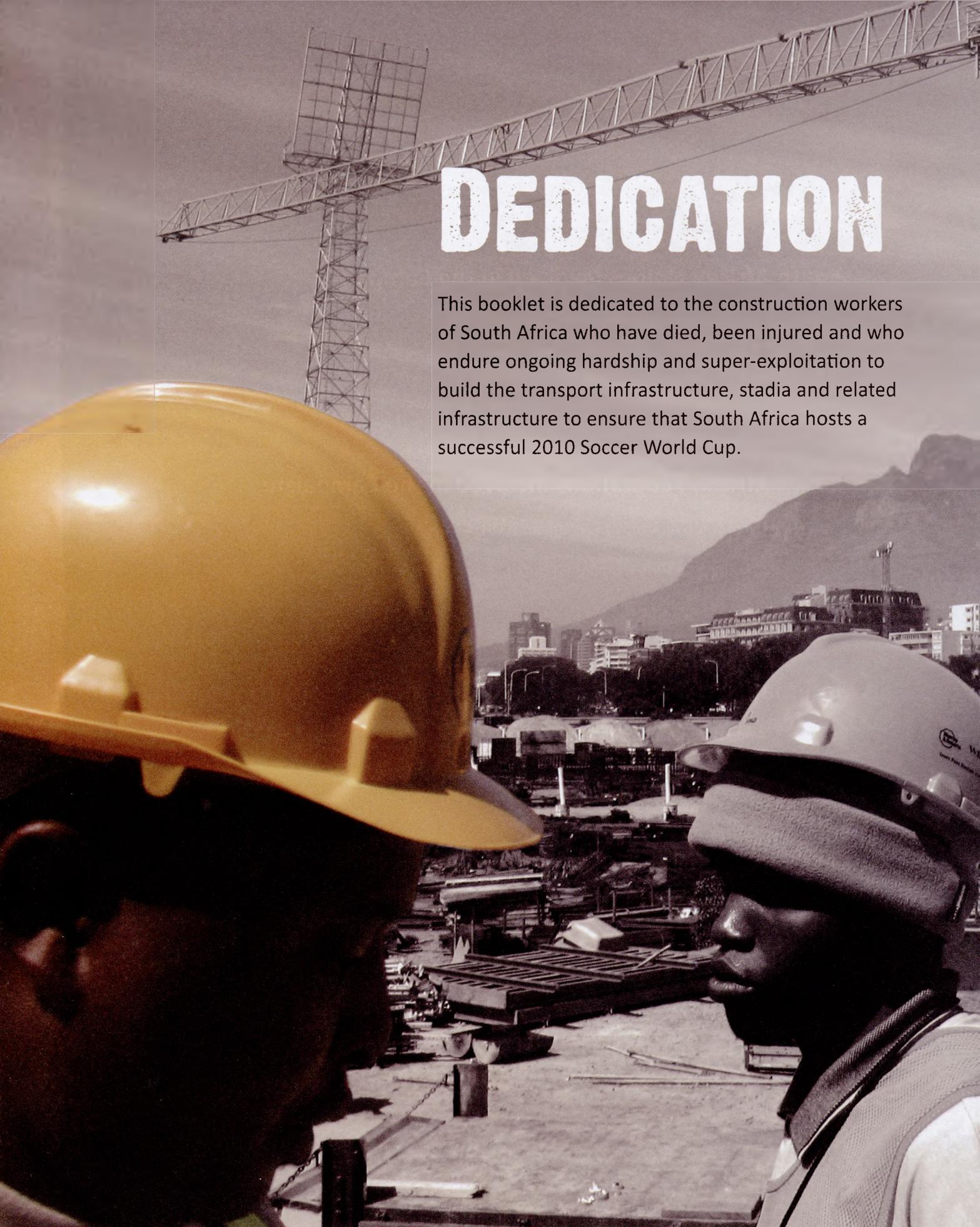
Web: www.lrs.org.za

Design and Layout: Designs4development, info@d4d.co.za

Printed and bound by: Hansa print

Photos by: Sharon McKinnon of Workers World Media Productions

Published: October 2007



DEDICATION

This booklet is dedicated to the construction workers of South Africa who have died, been injured and who endure ongoing hardship and super-exploitation to build the transport infrastructure, stadia and related infrastructure to ensure that South Africa hosts a successful 2010 Soccer World Cup.

South African Unions involved in the Campaign:

Building, Construction and Allied Workers Union (BCAWU)

National Union of Mine Workers (NUM)

South African Building and Allied Workers Organisation (SABAWO)

South African Federations involved in the Campaign:

Confederation of South African Workers Unions (CONSAWU)

Congress of South African Trade Unions (COSATU)

National Council of Trade Unions (NACTU)

International Federations involved in the Campaign:

Building & Wood Workers International (BWI)

International Confederations of Trade Unions (ITUC)

Global Unions (GU)

International Organisations

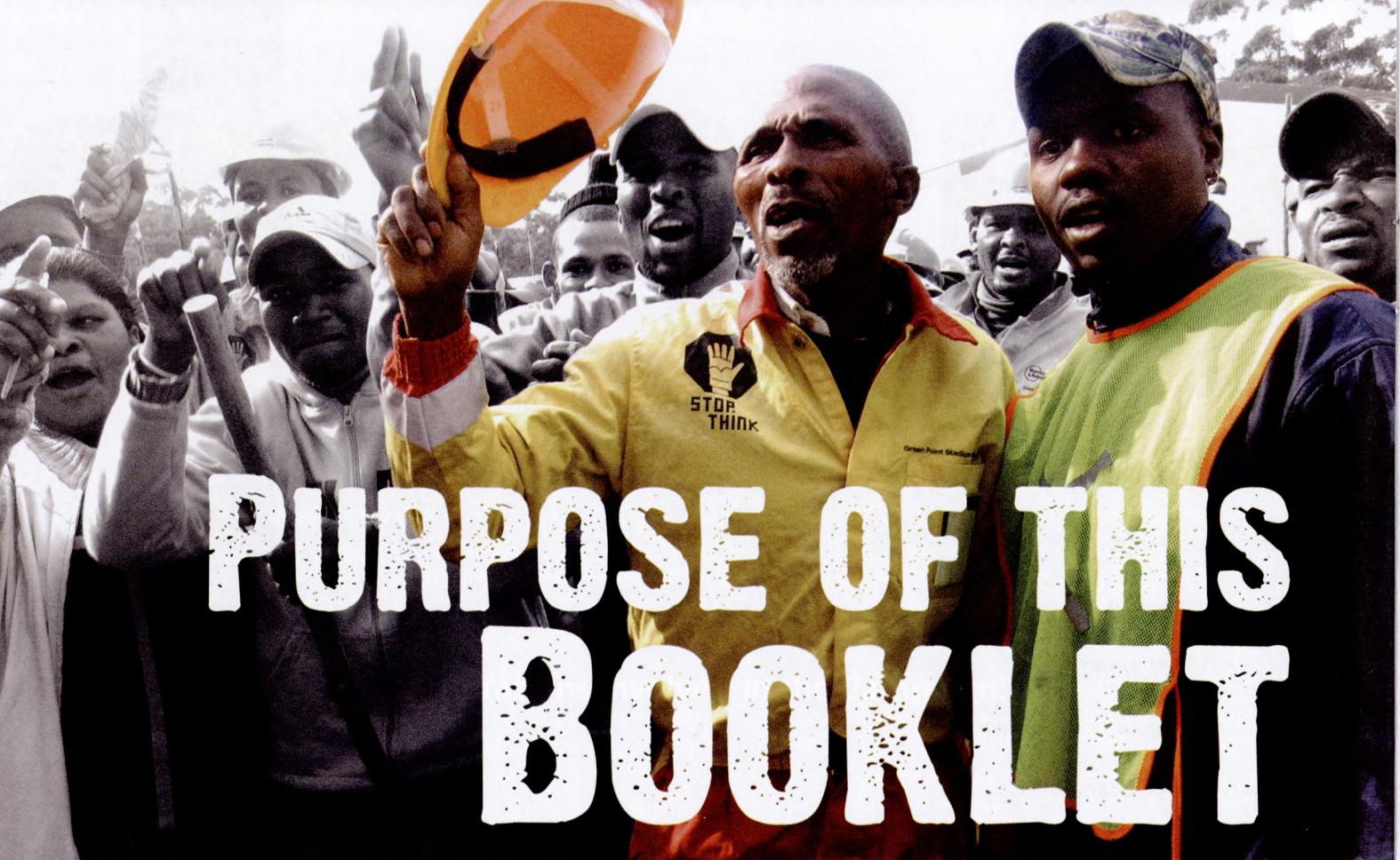
Solidar

Social Alert

Swiss Labour Assistance

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This booklet is a resource for construction trade unions, shop stewards, workers and allied organisations involved in the struggle to improve working conditions for those involved in FIFA World Cup 2010 construction projects. It also serves as a resource for the construction sector as a whole.

This booklet provides profile 'snapshots' of the major companies, national and international, involved in World Cup 2010 construction projects. These 'snapshots' include a description of history and operations, profits for the 2006 financial year, executive and non-executive remuneration and state the specific 2010 contract awarded to each company. To give a broader picture of profitability in the construction sector, we have included other companies (in Annexure 1), that may not be involved in 2010 projects directly. We also provide information on the minimum wages for the civil engineering sector, which is contrasted to the remuneration packages of executives in the industry.

Through this booklet, we aim to arm those involved in the struggle for decent work with information to be used for discussion, debate and action amongst workers; and contribute to the building of the independent knowledge of the working class. After all, 'knowledge is too important to be left in the hands of the bosses'.

ACKNOWLEDGEMENTS

This booklet is a product of a much lengthier process of discussion and debate around the 'Campaign for Decent Work'. It has both international and national components and is a necessity for the labour movement in the construction sector in South Africa. The campaign was first launched in Nairobi, Kenya at the World Social Forum in 2007. The national launch in South Africa takes place on 27 October 2007.

We wholeheartedly thank the following:

Our international allies – the Decent Work for Decent Life Alliance, the International Trade Union Confederation (ITUC), European Trade Union Confederation, the Global Progressive Forum and Solidar – for providing political support for the campaign.

The Building & Wood Workers International – especially its affiliates from Switzerland, Sweden, Denmark and Belgium who have been at the centre of the campaign politically, organisationally and financially.

The Swiss Labour Assistance especially Zoltan Doka and Joachim Merz for their keen interest, enthusiasm and continuous support for the campaign.

Finally, we must also thank the South African trade unions involved in the campaign: the Building, Construction and Allied Workers' Union (BCAWU), the National Union of Mineworkers (NUM) and the Building and Allied Workers Organisation (SABAWO) who have prioritised the Campaign and who have worked in a collective manner to ensure a successful outcome for construction workers in the light of the 2010 World cup in South Africa.

WHY A CAMPAIGN FOR DECENT WORK?

Globally, the construction sector is experiencing a boom, with governments' realisation that good infrastructure is an important factor for economic growth. Besides the South African government's commitment to spend some R372 billion from 2006 to 2009 in its infrastructure development programme, it has also committed some R30 billion for the 2010 World Cup. This massive investment of public funds is going to be of direct benefit to the construction companies that will be contracted to develop water, electricity, housing, health, roads, buildings, stadiums and rail and ports infrastructure. Construction workers are fully aware of the billions in public funds that are being spent, but do not see the benefits as their wages and working conditions have worsened. Additionally, there is still a racial dimension to poverty and skills development.

While the construction sector is experiencing a boom which is likely to last way after 2014, construction workers are experiencing poor working conditions through poverty wages, vulnerable employment through sub-contracting and labour brokers, and a lack of health and safety considerations at the workplace.

The construction workers' working conditions reflect a larger problem – that of increasing inequality and poverty in the context of massive profits and wealth accumulation in the construction sector and the general economy.

A boom in profits!

An analysis of the construction sector company performance indicates an increase of 36% in pre-tax profits. Executive directors' remuneration increased, on average, by 39% – the highest increase over all the economic sectors. Together, the 25 executive directors surveyed earned R81million.

Additionally, chief executive officers (CEOs) in the sector had an average remuneration increase of 38%. For example, the CEO of Murray & Roberts, BC Bruces, remuneration increased by 40%, totalling R7.4 million. The CEO



of Aveng, Carl Grims, remuneration increased by 47%, totaling R4.7 million for the financial year.

Poverty wages

The same cannot be said for construction workers who, despite receiving an above-inflation increase of 8%, are not able to move out of the poverty wage category because of their low income. This is because food inflation is 8.7%, meaning that workers can afford less food despite an increase in income. The current minimum wage of R11 per hour for a general worker for a 44 hour week amounts to R484 per week or R1 936 per month. The current minimum wage for a skilled artisan is R26 per hour or R1 144 per week or R4 576 per month.

Taking a conservative estimate of a living wage of R3 000 per month by implication means that the vast majority of construction workers receive an income well below a living wage and are thus earning poverty wages.

This is why the Campaign for Decent Work in the construction sector becomes an important vehicle to challenge the construction 'bosses' for a fair share of profits and improved working conditions.

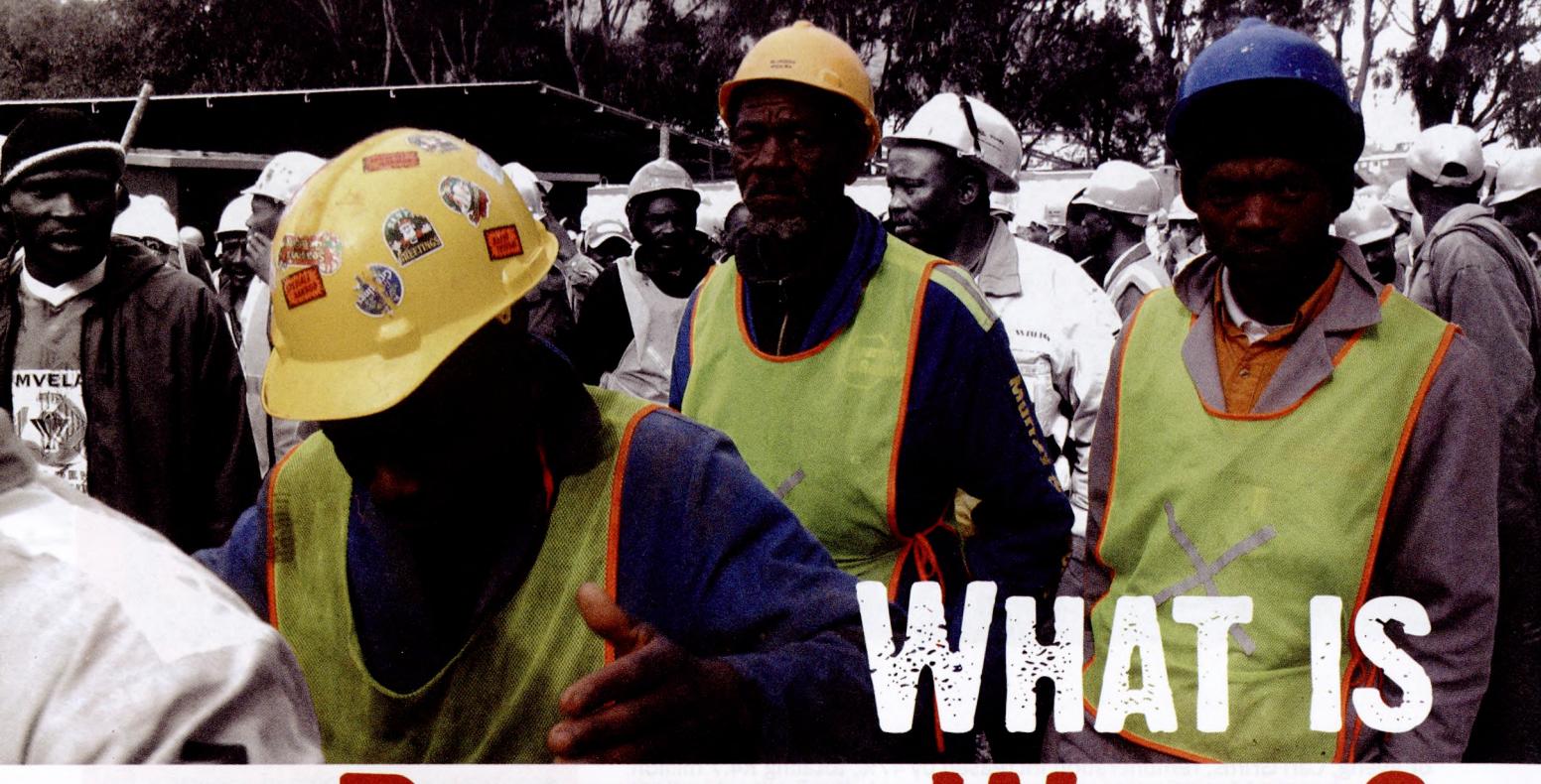
Poor working conditions

Globally over 100 000 construction workers die through preventable accidents each year. Besides death due to accidents, there are direct work related health problems such as deafness, vibration syndromes, back injuries, muscular skeletal disorders, respiratory illnesses and an alarmingly high HIV/AIDS rate in the construction sector. Workers are also, transported on unsafe open vehicles regardless of the harsh weather conditions. The right to decent work is therefore, of paramount importance to ensure safe working conditions for construction workers.

Did you know?

It would take a general worker 139 years to earn the average income of a construction sector executive in one year!

It would take a skilled artisan 56 years to earn the average income of a construction sector executive in one year!



WHAT IS DECENT WORK?

"Decent Work is work that is carried out in a safe physical environment with conditions which respect the rights of workers as defined in national law and international conventions" International Labour Organisation (ILO).

Economic growth is not enough – As workers, we can hear the economists, government officials and bosses talk about the growing economy. But all we see is the rich getting richer and the poor getting poorer. There has been a steady increase in poverty in the post-apartheid period. Using a 2 dollar poverty datum line, we find that the number of people living in poverty increased from 32% (1995) to 34% (2000). Decent Work is a key strategy to ensure that the wealth is redistributed and poverty is eliminated through a **living wage for all workers**.

Not any job is a good job – Between 1995 and 2004, unemployment rose from 4.2 million to 8.1 million – a 90.7% increase. Women and blacks in general have been hardest hit by unemployment. Structural shifts in the economy are resulting in a rising demand for 'skilled' workers and a slackening of demand for 'unskilled' workers. There is therefore still a **racial dimension to poverty** as the large pool of 'skilled' labour is still white.

With business demanding a 'flexible' labour market, we see very low quality jobs being created that pay so little they make no impact on poverty. The challenge is thus not only to create jobs, but to create Decent Work. Decent Work is a means to ensure that all workers not only have **decent jobs** but are able to live in dignity!

WHAT ARE OUR DEMANDS TO ENSURE DECENT WORK?

1. **The right to work, to organise and to bargain** – access to construction sites and to workers for the purposes of communicating their rights and recruitment, without fear of discrimination.
2. **Decent work** – agreements with companies must ensure that there is real improvement in wages, working conditions and safety for workers.
3. **A living wage** – a wage that takes workers out of poverty.
4. **Zero accidents** – enforcement of health and safety measures and full-time health and safety union representatives on site.
5. **No downward variation** – all subcontracting terms to reflect those of the principal tender.
6. **Quality jobs** – maximise the creation of quality jobs, especially for women and youth so as to contribute to resolving unemployment.
7. **Improve basic conditions** – decent accommodation and improvement in working conditions for all workers.
8. **Health awareness** – promote awareness of HIV/Aids; provide voluntary testing, accessible counselling and treatment.
9. **Skills development** – effective skills development programmes that promote the future employability of workers.

DISCUSSION:
WHOSE TEAM ARE WE ON?

TEAM GREEN POINT

10



WBHO

GreenPoint Stadium Joint Venture

CONSTRUCTION COMPANY PROFILES

Wilson Bayly Holmes Construction (Pty) Ltd



History:

The origins of the group date back to 1970 when Wilson-Holmes (Pty) Ltd was formed by John Wilson and Brian Holmes. After subsequent mergers, the name was changed to WBHO Construction in 1994.

Geographic spread of projects:

Major construction projects in southern Africa, the Middle East and the Indian Ocean islands.

Construction activities:

Building construction, civil engineering, and roads and earthworks.

Offices:

In Johannesburg, Cape Town, Durban, Port Elizabeth and East London.

WBHO's subsidiary, Probuild Constructions, has its headquarters in Melbourne, Australia.

Profitability:

Profit before tax increased from R197 872 000 (2005) to R304 614 000 (2006) or by 54%.

Chief Executive Officer remuneration:

The CEO of WBHO, JW Abbott's remuneration for 2006 was R1,3million

Black economic empowerment:

Akhani Investment Holdings holds a 15% share of the company.

Employment:

WBHO has 4 307 permanent and 3 004 non-permanent employees, totalling 7 311 employees.

2010 Projects

Peter Mokaba Stadium in Polokwane

African Renaissance Stadium in Cape Town

Moses Mabhida Stadium in eThekweni



History:

Based in South Africa since 1952 and is listed on the JSE Securities Exchange.

Geographic spread of projects:

Basil Read focuses its operations in South Africa and southern Africa.

Construction activities:

Civil engineering projects such as earthworks, bridges, pipelines, infrastructure, harbour and marine works, industrial plants and sports facilities.

Offices:

Head office in Boksburg, Durban and Cape Town.

Profitability:

Profit before tax increased from R24 266 000 (2005) to R57 229 000 (2006) or by **136%**.

Chief Executive Officer remuneration

The CEO of Basil Read, ML Heyns's remuneration for 2006 was R2,7million

Black economic empowerment:

35.8% of the company is owned by Amabubesi Investments.

Employment:

Basil Read has 2 024 employees.

2010 Projects

Mbombela Stadium, Mpumulanga Province



History:

The company dates from the late 1800s and was owned by James Thompson. The company is a subsidiary of Aveng Ltd.

Geographic spread of projects:

Grinaker focuses its operations in southern Africa.

Construction activities:

Civil engineering projects, building and retail, energy and mining, road and earthworks and mechanical and electrical projects.

Offices:

Kempton Park.

Profitability:

Aveng Ltd's profit before tax increased from R402 400 000 (2005) to R787 100 000 (2006) or by 96%.

Black economic empowerment:

Qakazana Investment Holdings (Pty) Ltd owns 25% while Aveng owns 75%.

Employment:

Grinaker employs over 18 000 people.

2010 Projects

African Renaissance Stadium in Cape Town

Nelson Mandela Stadium in Port Elizabeth

Soccer City in Johannesburg



History:

The company was formed in 1978. It is listed on the JSE.

Geographic spread of projects:

Africa, Middle East and Europe.

Construction activities:

Building, engineering projects and infrastructure.

Offices:

Sandton.

Profitability:

Company profit before tax increased from R133 710 000 (2005) to R231 973 000 (2006) or by 73%.

Chief Executive Officer remuneration

The CEO of Group5, MH Lomas's remuneration for 2006 was R5,9million

Black economic empowerment:

iLima Group and Mvelaphanda Group Ltd hold 21.6% of Group Five.

Employment:

11 000 people, of which 6 500 are permanent.

2010 Projects

Moses Mabhida Stadium in eThekweni



History:

Interbeton bv is part of the Dutch Royal BAM Group and was formed in 1958.

Geographic spread of projects:

Contracts outside of Western Europe, Africa, the Americas, the Arabian Gulf/Middle East and Asia-Pacific region.

Construction activities:

Building, marine, industrial and civil engineering.

Offices:

Head office in Gouda, Netherlands. The company also has offices in Libya and Ghana.

Profitability:

Profit before tax for the Royal BAM Group decreased from R2.3 billion (2005) to R2.2 billion (2006) or by -1%.

Black economic empowerment:

Not applicable.

Employment:

Royal BAM has about 30 000 employees worldwide.

2010 Projects

Soccer City in Johannesburg

Nelson Mandela Stadium in Port Elizabeth

Murray & Roberts

History:

Murray & Roberts was established around 1903 and is a South African company. It is listed on the JSE.

Geographic spread of projects:

Operates in southern Africa, Middle East, Southeast Asia, Australasia and North America.

Construction activities:

M&R focuses on industry and mining, oil and gas, power and energy, building and infrastructure, civil, mechanical, and electrical engineering, and the management of concession operations.

Offices:

M&R is based in Bedfordview, Johannesburg, South Africa, has an international co-ordinating office in London, United Kingdom and regional offices in Australia, Botswana, Canada, Namibia, the United Arab Emirates and Zimbabwe.

Profitability:

Profit before tax increased from R615 600 000 (2005) to R736 400 000 (2006) or by 20%.

Chief Executive Officer remuneration

The CEO of Murray & Roberts, BC Brunes's remuneration for 2006 was R7,4million

Black economic empowerment:

Has an employee broad-based economic empowerment trust Letsema, which holds 10% of company shares.

Employment:

24 492 employees.

2010 Projects

African Renaissance in Cape Town

Gautrain in Johannesburg

BOUYGUES*The challenger spirit***History:**

The Bouygues group, founded by Francis Bouygues in 1952, has been run by Martin Bouygues, Chairman and Chief Executive Officer, since 1989. It is a French company and has been listed on the Paris stock exchange since the 1970s.

Geographic spread of projects:

The group has operations in 80 countries in North and South America, Europe, the Middle East and Asia.

Construction activities:

Its business activities focus on two sectors: Bouygues Construction (building, civil works and electrical contracting); and Bouygues Immobilier (property development) and Colas (roads).

Offices:

The group's office is in Paris.

Profitability:

The company's net profit increased from R8.2 billion (2005) to R12.2 billion (2006) or by 33%.

Black economic empowerment:

Not applicable.

Employment:

Employs 122 500 staff, of whom 96.4% are permanent. 69 000 are employed in France.

2010 Projects

Mbombela Stadium in Mpumulanga

Gautrain Project in Gauteng

Bombela Consortium

SPATIAL DEVELOPMENT INITIATIVE



Shareholding in the Bombela consortium:

- Bombardier (Canadian) 25%
- Bouygues (French) 25%
- Murray & Roberts (SA) 25%
- Loliwe Rail Contractors (BEE) 16.5%
- Loliwe Rail Express (BEE) 8.5%

BEE represents a 25% shareholding in Bombela Consortium.

Loliwe Rail Contractors is a new BEE Company whose shareholders include the Black Management Forum investment company, Prop5 Corporation; and BEE contractors including Blackstone, ZMK and Let Properties. Loliwe Rail Contractors have a collective turnover of more than R360 million.

Loliwe Rail Express is a new BEE company whose shareholders include African Legend, BMFI, Prop5 Corporation and Powerhouse, which has a 20-year track record and has delivered in excess of R1 billion worth of major projects in last six years.

ANNEXURE 1

Construction Sector Performance in 2006

CEO

Company	CEO (Name)	2005 Remuneration	2006 Remuneration	% Increase	Bonus 2006 (included in pay)
Aveng	Carl Grim	3,212,000	4,717,000	47	1,467,000
Cashbuild	Pat Goldrick	3,025,000	1,775,000	-41	0
Group Five	MH Lomas	5,585,000	5,969,000	7	3,625,000
Murray & Roberts	BC Bruce	5,273,000	7,385,000	40	4,000,000
PPC	JE Gomersall	1,503,000	1,851,000	23	1,000,000
Wilson Bayly Holmes	JW Abbott	2,425,000	1,336,000	-45	750,000
Basil Read	ML Heyns	1,587,966	2,681,929	69	1,200,000
Average % increase		18,598,000	25,714,929	38	
Average annual increase (Rands)		3,719,600	5,142,986	1,423,386	
Average monthly increase (Rands)		309,967	428,582	118,615	

Executive directors

Company	Exec. Dir. 2005	Exec. Dir. 2006	Total 2005	Total 2006	Ave.2005	Ave.2006	% Incr.
Aveng	6	5	14,881,000	21,565,000	2,480,167	4,313,000	74
Cashbuild	4	4	5,614,000	6,154,000	1,403,500	1,538,500	10
Group Five	2	2	7,842,000	9,142,000	3,921,000	4,571,000	17
Murray & Roberts	5	5	16,642,000	23,326,000	3,328,400	4,665,200	40
PPC	6	5	10,434,000	12,913,000	1,739,000	2,582,600	49
Wilson Bayly Holmes	2	3	3,281,000	4,945,000	1,640,500	1,648,333	0
Basil Read	1	1	1,587,966	2,681,929	1,587,966	2,681,929	69
Average % increase	26	25	60,281,966	80,726,929	2,318,537	3,229,077	39
Average annual increase (Rands)					2,318,537	3,229,077	910,540
Average monthly increase (Rands)					193,211	269,090	75,878

Non-executive directors

Company	Non-exec. 2005	Non-exec. 2006	Total 2005	Total 2006	Ave.2005	Ave.2006	% Inc.
Aveng	8	8	1,802,000	1,921,000	225,250	240,125	7
Cashbuild	4	4	1,088,000	1,025,000	272,000	256,250	-6
Group Five	4	6	760,000	1,382,000	190,000	230,333	21
Murray & Roberts	11	10	1,896,000	2,135,000	172,364	213,500	24
PPC	7	7	769,000	896,000	109,857	128,000	17
Wilson Bayly Holmes	3	3	326,000	254,000	108,667	84,667	-22
Basil Read	0	6	0	1,345,000	0	224,167	0
Average % increase	37	44	6,641,000	8,958,000	179,486	203,591	13
Average annual increase (Rands)					179,486	203,591	24,104
Average monthly increase (Rands)					14,957	16,966	2,009
Company performance							

Net profit before tax

Company	NPBT 2005	NPBT 2006	% Increase
Aveng	402,400,000	787,100,000	96
Cashbuild	126,710,000	135,413,000	7
Group Five	133,796,000	231,973,000	73
Murray & Roberts	615,600,000	736,400,000	20
PPC	1,536,000,000	1,876,000,000	22
Wilson Bayly Holmes	197,872,000	304,614,000	54
Basil Read	24,266,000	57,229,000	136
Company Performance (%)	3,036,644,000	4,128,729,000	36

ANNEXURE 2

Civil Engineering Minimum Wages 2006–2009

Grade	Occupational group	2006	2007	2008	2009
1	General worker	10.27	11.09	12.48	14.0
2	Artisan aid, construction hand grade iv, operator grade v, checker, chainman	10.4	11.23	12.58	14.4
3	Construction hand grade iii, operator grade iv, site support	11.0	11.88	13.31	14.4
4	Construction hand grade ii, operator grade iii, driver grade ii, site support	11.56	12.48	13.86	15.3
5	Construction hand grade 1, operator grade ii, driver grade i, site support	13.87	14.98	16.63	18.3
6	Operator grade i	16.18	17.47	18.87	20.8
7	Supervisor grade i, plant serviceman	19.01	20.53	22.07	23.8
8	Supervisor grade i	21.38	23.09	24.82	26.7
9	Artisan	24.27	26.21	28.05	30.15

Note: The table indicates an increase of 8% for each grade from September 2006 to September 2009

From: *Government Gazette*, Regulation No. 8635, Pretoria, 16 February 2007, No. 29635

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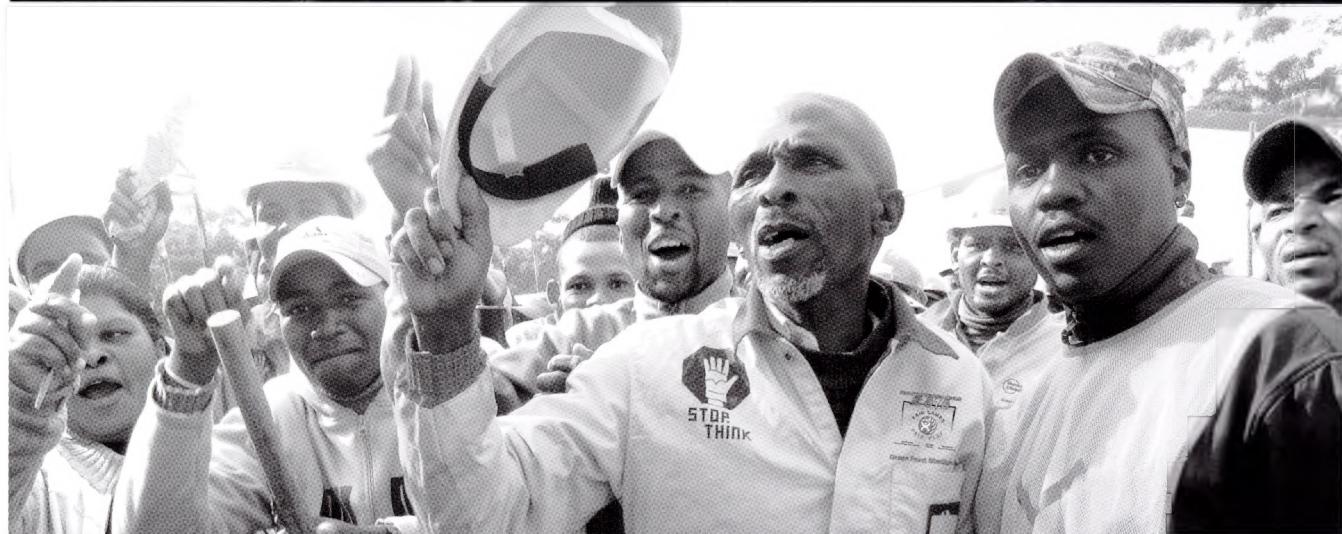
www.basilread.co.za

www.cashbuild.co.za

www.murrob.com

www.g5.co.za

CAMPAIGN FOR DECENT WORK TOWARDS AND BEYOND 2010



R30BN. MAKE PUBLIC MONEY WORK FOR THE PUBLIC GOOD!

Did you know?

The salaries of the CEO of Murray & Roberts, increased by 40% totalling R7,4m and the CEO of Aveng, increased by 47% totalling R4,7m for the 2006 financial year.

The current minimum wage of R11 per hour for a general worker for a 44 hour week amounts to R484 per week or R1936 per month!

The current minimum wage for a skilled artisan is R26 per hour or R1144 per week or R4576 per month.

It will take a general worker 139 years to earn the average income of a construction sector executive in one year!

Workers at Green Point went on two strikes in September and won their demand for transport.

Workers at the Gautrain project went on strike in September and won their demand to remove racist managers.

Trade unions united in the construction sector will lead campaign launches at all sites

Building Construction and Allied Workers Union (BCAWU)

National Union of Mine Workers (NUM)

South African Building and Allied Organisation (SABAWO)

What are our Demands to ensure Decent Work?

1. **The right to work, to organise and to bargain** – access to construction sites and to workers for the purposes of communicating their rights and recruitment, without fear of discrimination.
2. **Decent work** – agreements with companies must ensure that there is real improvement in wages, working conditions and safety for workers.
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7. **Improve basic conditions** – decent accommodation and improvement in working conditions for all workers.
8. **Health awareness** – promote awareness of HIV/Aids; provide voluntary testing, accessible counselling and treatment.
9. **Skills development** – effective skills development programmes that promote the future employability of workers.

DECENT WORK CAMPAIGN SITE LAUNCH

Where:

Date:

Time:

How do we achieve Decent Work?

- Join a trade union at their construction sites.
- Be active in launching the campaign at the site.
- Be active in campaign activities.
- Stand united in ideas and action.





Building and
Wood Workers' International

GLOBAL
UNIONS

Decent Work
Decent Life Alliance



Schweizerisches Arbeiterhilfswerk **SAH**
Org. Suiça de Entre-ajuda Operária **OSEO**
Swiss Labour Assistance **SLA**