



MARK ELLIOTT

MD - Bilfinger Berger Services

Through the acquisition of strategic value adding businesses, the specialist engineering contractor and asset solution provider, Bilfinger Berger Services has grown into a leader in motorways management in Australia, the largest water and wastewater manager in Australia and New Zealand, as well as a major provider to the mining and energy sectors. Managing Director Mark Elliott takes us through this remarkable growth and the role developing strong contractor relationships has played.

-Interview by James McAuley

JM: You have been involved with Bilfinger Berger Services from its inception in Australia. Can you give us a little bit of your background leading up to this?

ME: I did Civil Engineering at Sydney University and went straight onto construction sites 2 days after completing my last exam. I then spent 8 years with Abignano, what is now Abigroup, as a site engineer, project engineer and manager. I was working mainly on civil construction sites and some mines, on dams, motorways, and some underground shafts, across Victoria, ACT and NSW. I then took on a role as NT Manager for 2 ½ years with another contracting group, and also spent some time in Perth and Jakarta with that organisation.

JM: What did the company look like when you joined?

ME: I joined what was then known as Abigroup Asset Services in 2002. I knew some people from my earlier Abigroup days and had a couple of talks and they wanted someone to head up their Asset Services Business.

Bilfinger Berger has owned Baulderstone for many years and acquired Abigroup in 2004. Then in 2005 the Asset Services division was demerged from Abigroup, so that it sat separately beside both Abigroup and Baulderstone Hornibrook. This was then combined with a part of the Baulderstone Hornibrook motorway maintenance business and a number of other acquisitions to form the business we have today.

JM: Where does the parent company fit into all this?

ME: Bilfinger Berger AG is the second largest contracting organisation in Germany, listed on the Frankfurt and Stuttgart stock exchanges in Germany. With over 50,000 employees it has operations all around the world. Outside of Europe, Bilfinger Berger Services Australasia is its largest operation, employing around 3,000 employees and securing over \$1.5 billion in new long-term maintenance contracts during 2007.

JM: Can you tell us about some of the projects that Bilfinger Berger Services has been recently involved in?

ME: These projects cover various capabilities. In terms of asset management we provide a 'one stop shop' solution for infrastructure



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owners across many industry sectors including Gas, Water, Power, Telecommunications, Mining, Heavy industrial, and Roads

Our advanced asset management, job management and field computing solutions provide our clients with leading edge customer service and asset performance outcomes. Some examples of these projects are, the operating and maintenance contract for the Northbridge Tunnel, and Graham Farmer Freeway in Perth Western Australia which requires us to operate the control centre 24 hours a day and control and supervise all facets of the tunnel's daily operation and ongoing maintenance requirements. We maintain all civil assets, tunnel ventilation and safety systems. BBS also provides electrical construction and maintenance services for Powercor in Victoria which includes excavation, installation of conduit, HV and LV cable installation, as well as jointing, terminating and round the clock fault rectification.

JM: There has been phenomenal growth within the group? Can you tell us a little more about this aspect of the business?

ME: Two key areas of growth have been through acquisitions, and the other one has been the organic growth. In particular, the growth of the acquisitions after we have acquired them. Part of the success comes from targeting organisations that we believe we can add a lot of value to, and that can add a lot of value to us. With these acquisitions we have

been able to more than double them in size in the first three years in each instance.

JM: There have been a number of strategic acquisitions within the group, do any of these stand out as special?

ME: The thing that has really made us is the acquisition of Simon Engineering from the administrator, following the collapse of Henry Walker Eltin. This was a business that had been through some troubles, but we were able to bring across these very good quality people with a great portfolio of work and clients. This part of our business is now the largest designer and constructor of gas fired power stations in Australia. They are developing around half of the capacity that is being built within the country. To take a business like that and see it really transform itself and rebuild itself in the space of 3 years has been a fantastic achievement for the group.

JM: Was this a new area of interest for them?

ME: This part of the acquired business had been dormant for a while and so it had to be reinvigorated. Fortunately a number of key people remained with the business and they had the skills and expertise. We have also been able to recruit a number of quality people from elsewhere to come in and support the business's growth.

JM: What have been some of the benefits of combining these like-minded businesses?

ME: Another significant event was when Bilfinger Berger Australia, the holding company, decided to demerge us from Abigroup and combine us with the operations and maintenance motorways section of Baulderstone Hornibrook to create a separate entity. It set us apart from some of our competitors, and created the largest private operations and maintenance group in Australia and New Zealand. This has really strengthened that group, as they were competitors before. In bringing them together we have been able to put up a strong offering to our clients.

This part of the business is very active on major motorways in Queensland, WA and NSW, and also doing other works around roads in Vic and Tasmania.

JM: You are also a market leader in water management operations? Can you give us a bit of an overview of this part of the business?

ME: Our water maintenance business is the largest of its kind in Australia and New Zealand. In New Zealand we maintain the networks that supply water to peoples homes and businesses in the north of Auckland, Wellington and Lower Hutt. This is coupled with our Yarra Valley Water network services business, which maintains the water

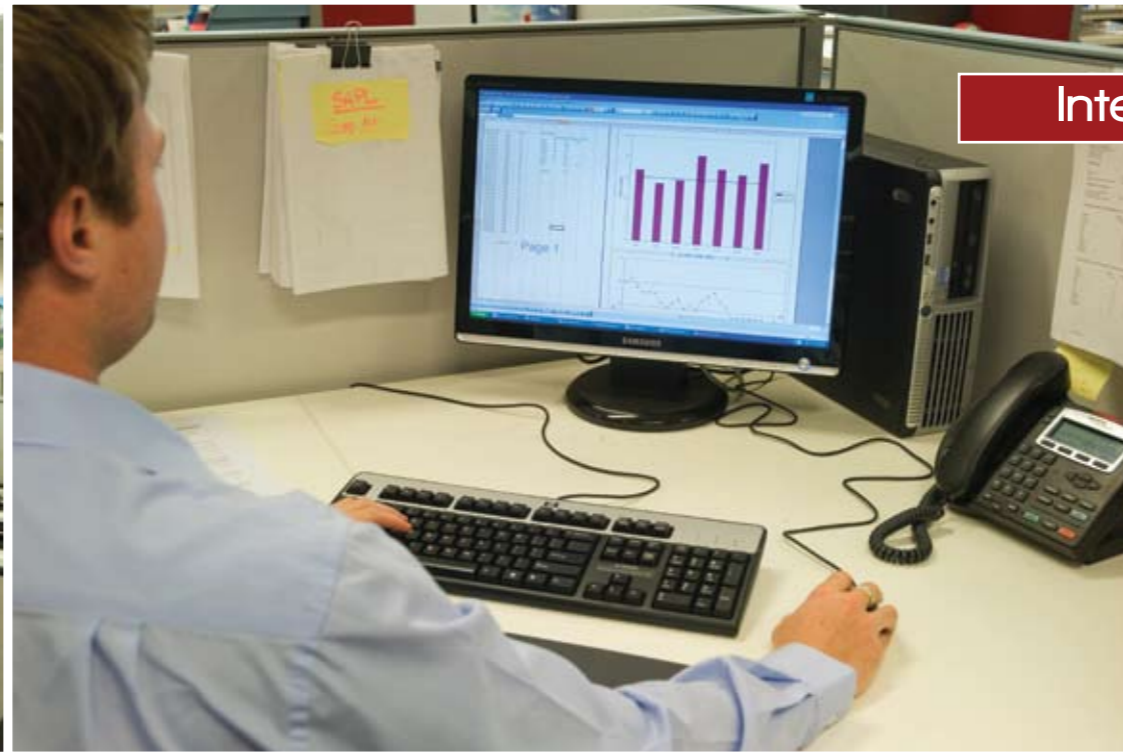
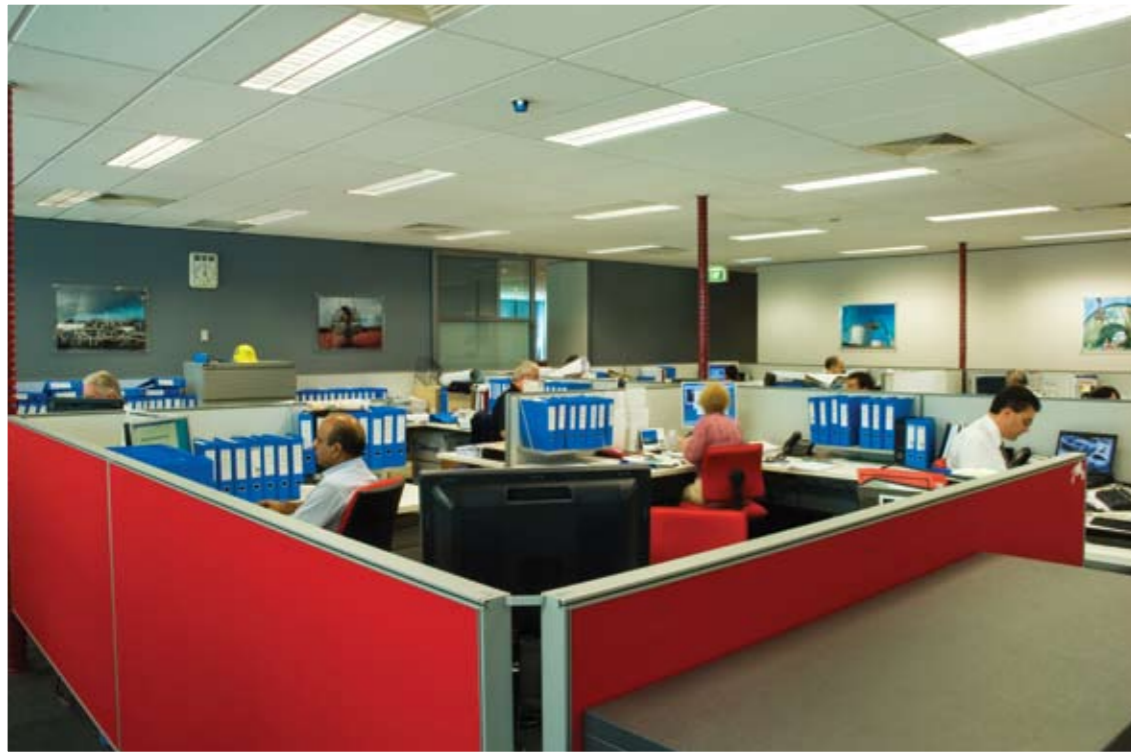
supply to around 1.6 million people or 40 % of the Melbourne CBD, making them the largest water retailer in Victoria. Basically our people are responsible for everything from the point of detecting a water leak somewhere, to the call centre, right through to the response unit to examine the problem, and the crew fixing it, as well as the follow up with the customers.

JM: What do you see as main the areas of focus and therefore growth over the next 10 years?

ME: Sustainability is very much the topic of the day and it is an area we are involved in. Currently we are active with CSR at their Sarina ethanol plant, to upgrade parts of that plant to put in a second unit to produce fuel-grade ethanol. We did a unit for them a couple of years ago, which they found very successful, so we are back doing another one for them. Additionally, we have been active in building storage units for Biodiesel in Darwin.

JM: Are these new initiatives for the organisation?

ME: We've got a working group identifying opportunities to work with our current clients, and perhaps new clients on improving some of their processes and understanding new technologies. A number of these new technologies come from offshore, so we're looking at bringing those



technologies into the Australian marketplace and then helping clients implement those new technologies.

JM: So Sustainability receives a lot of focus at Bilfinger Berger Services

ME: The principle of sustainability impacts on how we approach engineering design and maintenance planning. A sustainable view of engineering design is a long-term view that considers the entire life of the asset and looks to limit the impact that we have on the built environment as well as the asset on the environment. This whole of life approach to designing, construction and maintaining an asset can reduce its impact on the environment, prolong the life of the asset and improve the functionality and availability of the asset. By focusing on sustainability it allows us further opportunities to add value for our clients by providing a solution that prolongs the life of the asset, increases its reliability and reduces the cost of operating and maintaining it.

BBS also employs predictive maintenance models to better manage assets on behalf of our clients. This involves grouping assets, collecting data on usage, analysing the data and then planning when to best undertake maintenance in order to minimise the impact on operation and pick the optimum time to schedule. For example, if maintenance is undertaken too early, the clients' money can be wasted, if too late, the risk of failure of that asset escalates. The aim of predictive maintenance models is to pick that optimum mid-point.

My own individual commitment to sustainability is through chairing the Water Task Force for Infrastructure Partnerships Australia (IPA) as well as Engineers Without Borders Australia, a non-profit organisation that helps disadvantaged communities improve their quality of life through education and the implementation of sustainable engineering projects.

The private sector as well as government has a key role to play in a post-Garnaut, carbon-restrained economy. While government should be focusing on forming and implementing policy frameworks, the private sector is in a position to rapidly respond, innovate and implement new solutions. A compromise will be required to reach solutions that

deliver the infrastructure the community needs, while reducing our environmental impact.

JM: Where do you see Bilfinger Berger Services heading in the future?

ME: We are certainly focused on a few key market sectors, for example the power supply chain. We see a involvement from us both in terms of the needs of the community for power, and also the need to develop sustainable solutions for the environment. There is a big part for engineering contractors to play in that, and the mining and minerals sector is one where we are pretty heavily focused in the short term, leading into oil and gas in the medium term.

There are also opportunities in Asia, particularly with some of our existing clients to support them. One example would be through our i.Power division where we supply a lot of switchgear to the major mining companies and industrial clients here in Australia. We have reached capacity in our facilities here and we are working through whether we build more capacity here in Australia or perhaps build that somewhere in Asia. This then assists with supporting our clients here in Australia, as well as in Asia, as they are typically multinationals.

Bilfinger Berger Services
 Lvl 3, Building B, 7-11 Talavera Rd
 Macquarie Park NSW 2113
 t. 02 8667 6000
 f. 02 8667 6025
 www.bbsaa.com.au

