

PALACE

HERALD



February 09



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The material in this publication has been verified as facts. If you would like to comment on any of the issues covered here, or have a complaint, please log onto our website, www.palacegroup.co.za/herald and enter your comments on the space provided against the topic/article. Alternatively, send to: zanele.mlambo@palacegroup.co.za

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NB: We apologise that the rate it page was not available on our website when the last issue came out. We now have this page up and running and we welcome your participation in it, as a measure of the relevance of our stories in this publication to your lives as professionals with somehow hectic schedules.

Go to: www.palacegroup.co.za/herald

THE EXECUTIVE CHAIR



INTO THE FUTURE

These are interesting times, and the year ahead is filled with a great sense of anxiety over the economic situation both in South Africa and globally. 2008 was a year of losses, missed opportunities and regret from a general perspective. In the midst of the stormy weather that has been the global economic meltdown, there were a few "feel good" moments that I feel I should highlight. The triumphant election of America's first black president Barack Obama and his subsequent appointment of one time rival, the fierce (and arguably the most powerful woman in the world) Hillary Clinton to Secretary of State, has surely been a breath of fresh air.

Another highlight for us here at Palace was the acquisition of **Grinpal**, from being a joint venture with our good partners Saab Grintek to being a 100% Palace owned subsidiary. This happened at the dawn of 2009, in December 2008 to be precise. My joy comes from the knowledge that Grinpal has fitted in nicely with the overall strategy of streamlining Palace business and ensuring synergy within all our operations. This against the backdrop of our imperative to move into quick gear in delivering needed services within South Africa's municipal infrastructure and in new emerging markets, such as India in particular, where we remain focused on stamping our mark.

Back to the world economy, events of the past year show that we are all susceptible to failure and losses. No matter how much we try to ignore what's happened across the pond, in the US especially, we are bound to feel the impact of the economic meltdown for some time to come. Even in these turbulent times, though, we have to remain strong and focused on our goals as business leaders.

We have had a record turn-over of employees during the course of 2008, mainly as a result of the strategy we adopted, geared towards strict delivery and a lean structure that is productive and profitable. Like in any other business, we must occasionally be tough on the delivery scale because without the inflow, no business would survive. As Palace moves forward, we are doing everything necessary to finalise the structuring of the Group, and are looking for competent professionals to fill the important roles in our structure that have been created with the additional projects we have since landed.

As I write this, we have just signed off a lucrative deal with a major hotel group on a property development that Palace is leading. Our Architects are kept busy with the Lephale housing development by Eskom and remain committed to meeting the demands and needs of the customer. The Natural Resources Division under Palace Technologies is working on the new **Waterval Sludge Digestion and Dewatering project** amongst others. I am quite pleased, too, that our Communications team is pushing for customer satisfaction. As reported in this issue, they have embarked on a survey to get feedback on our service levels. The link is available to you at any time to lodge a complaint by rating our service, presently or in the past. I have always felt strongly about this issue and I am pleased to note that our teams are actively following up from all angles on responding to customer complaints or attending to customers' issues promptly.

This is a very interesting edition of Palace Herald. Amongst the articles is a case study on the success of Grinpal in the electrification of Alexandra Township. This issue also features a project on air quality monitoring by our subsidiary company **Gondwana Environmental Group** located in Mpumalanga. This article was voted the best written feature story by the editorial team, taking home a coveted award of excellence. Turn to page 8 to find out why. These stories are published for you to understand our business and to make further use of our services and solutions.

In parting, I challenge you to a round of golf at the Parkview Golf Course on the 2nd September 2009. We have pledged to double the proceeds received from your registration fees for this Golf Day, to donate to a special project. See you on the tee!

Mbuso Dlamini

Mbuso Dlamini
Executive Chairman

chairman@palacegroup.co.za



Left to right:
The Grinpal electrification project.
Gondwana Station Management.

A previous project for ERWAT, the Waterval 50ml/day Module 4.

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OR SEND YOUR QUERIES TO US DIRECTLY AT:
busdevelop@palacegroup.co.za

GRINPAL SUCCESS STORY IN ALEXANDRA

BACKGROUND

Alexandra Township is situated on the North-Eastern outskirts of Johannesburg. Established in 1905 after being acquired from a farmer, it is one of Gauteng's most densely populated townships, with about +/-2 million residents. Just like many other Black townships during apartheid years, the residents were deprived basic services like housing, electricity and water, which were provided to only a few privileged ones and government institutions like the Municipality, schools and clinics.



This is an overview of Alexandra township, a tale of 2 cities. You see the most affluent houses on one side and at the same time there are shacks where people live in abject poverty.

ELECTRIFICATION PROJECT

In 1990 Eskom and the government embarked on the electrification programme in rural areas and Black townships that did not have electricity, and prepaid meters were installed in such areas.

ADVANTAGES OF PRE-PAID ELECTRICITY THEN WERE (AND STILL ARE NOW):

- CONSUMERS CAN BUY ELECTRICITY BEFORE CONSUMING IT. THIS ALLEVIATES UNPLEASANT SURPRISES THAT COME WITH ELECTRICITY BILLS AFTER A CERTAIN CONSUMPTION PERIOD, AND HELPS CONSUMERS TO MANAGE THEIR ELECTRICITY USAGE.
- THE TOKEN THAT IS LOADED WITH ELECTRICITY OR NUMBER PRINTED ON THE SLIP CAN BE USED BY THE SPECIFIC CONSUMER ONLY, SO NO ONE CAN STEAL YOUR ELECTRICITY.
- THE PROBLEM OF METER READING, WHICH HAS ALWAYS BEEN DEBATABLE, IS AUTOMATICALLY SOLVED.
- THE UTILITY DOES NOT HAVE TO SEND OUT BILLS EVERY MONTH, AND THIS IS A SAVING ON THEIR SIDE.
- THE UTILITY DOES NOT HAVE TO SPEND SO MUCH TIME, AS THEY USED TO IN THE PAST, TO CUT OFF CUSTOMERS WHO DID NOT PAY THEIR ELECTRICITY BILLS.

NON-PAYMENT

Due to the culture of non-payment and other problems like crime, some residents learnt how to by-pass the prepaid meters and consumed electricity without paying for it. The problem became very big when most of the residents began paying these criminals a fee to have their meter also by-passed, and Municipalities began to suffer financially. What worsened the situation was that the utility did not have a way of establishing immediately when a consumer has by-passed or tampered with the meter in any way. They depended entirely on tip-offs from honest consumers, members of the Community Policing Forum and random audits. Unfortunately, not many community members would provide information, obviously for fear of their own safety. At the same time, the municipality came under a lot of pressure from the government to collect revenue for basic services, and electricity especially (because electricity is the municipality's cash-cow). The municipality therefore had to look for a more effective way to collect revenue, identify those who stole electricity and punish them and their "clients". Unfortunately, though, as soon as these thieves learnt that the municipality was busy with the audits, they would quickly reverse the by-pass and when the municipality arrived at their places, they would find no by-pass. The Johannesburg Metropolitan Council approached Grinpal, a then 50-50 joint venture between Palace Engineering Services (trading as Palace Technologies) and Saab Grintek, to supply the council with meters that are

more difficult (almost impossible) to tamper with, and which could prove a tamper or bypass even after it was reversed, so that they could bring the transgressors to book.

PILOT PROJECT IN SMART METERING

This pilot project was launched in 2002, with only a few sections of Alexandra Township installed with these prepaid meters.

AT THE BEGINNING OF THE PROJECT, OUT OF 60 000 HOUSEHOLDS ON PREPAID, JOHANNESBURG CITY POWER, THE MUNICIPALITY'S SUPPLIER OF ELECTRICAL SERVICES, WAS COLLECTING ONLY R250 000 PER MONTH FOR ELECTRICITY CONSUMPTION.

Grinpal installed smart meters into clients' households where tampering/bypassing had been established, and in houses that did not have electricity before, 20 000 households in total. The aim of this pilot project was to improve revenue collection, detect tampering and improve customer services. After installation of the meters by Grinpal, payment levels increased gradually.

PRESENTLY THE UTILITY RECEIVES NO LESS THAN R1.6 MILLION MONTHLY FROM THOSE 20 000 HOUSEHOLDS. 48 000 HOUSEHOLDS STILL NEED TO BE ELECTRIFIED, AND ONE CAN IMAGINE HOW GREATLY REVENUE WILL IMPROVE IN ALEXANDRA.



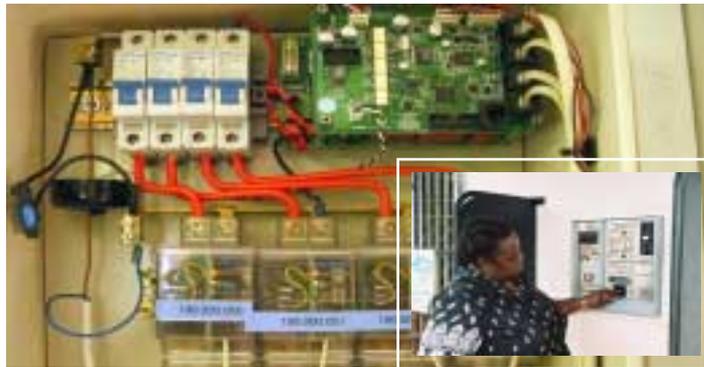
Left to right:
Dineo Mokgathi wiring the relays.
Kenneth Mahlaule also from the production section hard at work.
Portia Motsei working on the final part of the relay development process.

GRINPAL'S SMART METERING

The IM001, as the Grinpal smart meters are called, are different in that the meter is separated from the ready-board, hence the term "split meter". The meter is installed by mounting it onto the street pole outside the house, where only Grinpal employees are permitted to work on the meters. This has deprived would-be criminals the opportunity to learn the system, and the positioning of the meter is so high that it requires a ladder in order to tamper with the meter. However, even if a transgressor were to climb onto the pole and try to tamper, as soon as they open the meter box, a tamper alarm installed in the kiosk sends a signal to the central server at Grinpal's Customer Support Centre (to find out if Grinpal knows about the opening of the kiosk). The operator then can establish from the relevant technician whether they are working on the meter. If not, then it established that it is a tamper, and proper action is taken against such persons. The technology is such that if a tamper is established, the meter can be switched off remotely, without the need to expose staff to the dangers of being attacked by unruly people who don't want to pay for electricity.

Other features, advantages and benefits of Grinpal's smart metering system are:

- Direct, two-way communication based on Power line communication (PLC);
- Possibility to choose between almost all existing communication media (PLC, RF, GSM, GPRS, etc.);



Customer at the vending station.

There is a tamper detector inside the box. When you open the lid, it reports back to the central server.

- The ability to function both as prepaid and conventional meter (AMR), without having to use additional means like cards, tokens or numbers;
- Reduced administrative costs;
- The ability to automatically load free electricity units to indigent customers;
- Electricity is loaded onto the customer's meter within seconds of having purchased electricity;
- Multi-tariff operation means energy management initiatives like load shedding/load shifting, time-of-use etc can be exploited to the benefit of both the utility and consumers;
- Low installation, operation and maintenance cost;
- Remote anti-tampering facility enhances the client's revenue collection;
- Bad debt recovery can be speeded up, and
- Retentions of data, for example previous balance after power outage.



These are some of the cables that Palace collected during a cleanup campaign. They were used for illegal connections.



Kids were playing next to bare wires

SYSTEM APPLICATION DOMAINS

- Electrical Energy Metering
- Demand Management
- Loss Control
 - Anti-tampering
 - Remote Switching
- Multi-tariff Usage



The meters are installed outside the house in a pole-top box. This makes it almost impossible for a person to open the box and tamper with the meter.



Inside the customer's house is only the display. Even if you break the display, it doesn't affect the metering system. The display only shows you the balance on your account and your last payment.

SYSTEM POTENTIAL USERS

- Utilities
- Municipal Services
- Power Services of Enterprises
- Co-operative consumers

Some current customers:

- Eskom
- City Power
- Emalahleni Municipality
- Thabazimbi Municipality
- Thaba Chweu Municipality
- Kwadukuza Municipality

New business beyond SA's borders:

- India

SCALABILITY, FLEXIBILITY AND OPENNESS

The system can be scaled according to the amount of customers/connections, starting from a single server infrastructure handling up to a thousand connections, growing to an interconnected system with potentially millions of customers, across different areas. The flexibility of the system is such that it can be owned and managed by the client, or managed and maintained for the client by Grinpal, with the client only having to read and act upon reports and information sent to him on a regular, scheduled basis. Multiple communication methods and vending interfaces are available (although GPRS is the preferred method), and the system already accommodates multiple third party vendors, cell phone based vendings, as well as Automated Vending Machines, with future expansion directly to ATMs.

The systems architecture and design allows for fast development to accommodate clients' specific needs. The design was done specifically so that new products and technologies can be integrated with ease and without having to remodel the entire system, thereby keeping the system up to date and up to speed with all the latest communication and hardware technologies.

BASIC TECHNOLOGY

Technology implemented and used in the system are the following:

- PLCc - Power Line Carrier communication. The "last-mile" communication medium to the customer's premises. Allowing bi-directional communication and active monitoring of all events and data flow.
- GPRS APN - GPRS is the basic data communication method provided by cell phone service providers, but using a private access point network (APN) to ensure security and stability of the communication network.
- Microsoft based servers with SQL databases, structured in size, layout and quantity based on the amount of customers and the client's needs.

SYSTEM MANUFACTURERS

The system and all its components is designed, manufactured and assembled by Grinpal., a Palace Group subsidiary. It is a proudly South African product, with all the intellectual property developed in-house by a leading team of hardware, firmware and software developers.

Understanding the unique challenges faced by local electricity service providers and distributors are key to the development of the product; ensuring robustness, reliability, flexibility and scalability. This makes Grinpal's in-house developed solution far more suitable for South African climate, conditions and infrastructure.

SYSTEM EVOLUTION

The system has evolved from a complex, technically orientated system to an easy to use, easy to implement and easy to maintain solution. With initial systems based on trunk radio communications, the hunger for more bandwidth to relay information faster and with greater ease pushed the development towards a GPRS based infrastructure.

Along with this migration came the need to process more data, make information more easily and quickly available, and being able to display and interact from a common platform. These factors necessitated the move to web-based client interaction, easy to use and maintain client privileges and a lot more factors that were built into the latest top-end software platform. This top end, currently in its final testing stages, allows users access to online, task specific help in a language platform of their choice. Any new language can be added and can be incorporated seamlessly into the system once the necessary translation has been done, allowing scalability and flexibility for any customer. The basic language used in the system is English.

The system is continuously being evolved with future development aimed to provide graphic overviews and one-click interaction with the system in a large Network Operations Centre (NOC) environment, providing a live, real-time overview of the status of the system, from the "big picture" overview right down to what is happening at the customer's premises where the meter is installed!

Email: info@grinpalenergy.co.za
or info@palacegroup.co.za

PALACE GROUP
CHARITY GOLF DAY 2009

DATE

Wednesday, 2nd September 2009

VENUE

Parkview Golf Course

TEE OFF TIME

11:05 am

4 ball alliance

PRIZES FOR THE FOLLOWING:

1. Best Team of the day (a prize for each person)
2. Nearest the pin prize
3. Longest drive prize

ABOUT PARKVIEW GOLF COURSE

18 Holes course

Visit: www.parkviewgolfcourse.co.za for more information on the course.

PARTICIPATION FEE:

- R450 per person
- R1 400 per team of 4 people

CLOSING DATE FOR REGISTRATION

31st July 2009



Main beneficiary: Takalani Home for the Physical and Mentally Disabled

How to register: Complete the form attached with this magazine or visit our website: www.palacegroup.co.za/palacegolfdays and download the form, fill it in then email it through to: zanele.mlambo@palacegroup.co.za or fax it to: 086 661 7359. Fee includes caddies' fees, carts fees, welcome snacks, half way house and dinner.

Cancellations: This will only be permitted at least 6 weeks before the event, and only 50% of registration amount will be reimbursed. If cancellations are received less than 6 weeks before the event, you forfeit the full amount paid.

Confirmations on participants will only be made on payment of the registration fee.

PROJECTS IN PROGRESS

PALACE GROUP COMPANY: PALACE TECHNOLOGIES

DIVISION: NATURAL RESOURCES, BUILDING SERVICE & INDUSTRIAL

NEW NATALSPRUIT HOSPITAL - PHASE 2

Client: DPTRW-Gauteng Provincial Government

Country: RSA

Location within country: Gauteng - East Rand

Contract Period: Nov 2006 - April 2011

Name of associated Consultants, if any: Africon

Approximate Value of the Contract: Just above R1 billion

Narrative description of Project: The project involves the construction of a new 760 bed regional hospital and our scope includes:

- Medical gas
- Kitchen equipment
- Mortuary, Food Cold & Freezer Rooms
- Autoclaves

Description of actual services provided by Palace within the assignment:

As Consulting Engineers for the project, Palace is required to perform the following services:

- Preliminary design of the required works
- Tender design and document preparation
- Tender evaluation
- Construction and Contract management and supervision
- Commissioning and project close-out

More specifically, Palace Technologies is responsible for performing the above functions in the areas of mechanical and associated electrical engineering. Our joint venture partners (Africon) will be responsible for the HVAC, drainage and waste management engineering scope. We jointly share the project management responsibility.



WATERVAL SLUDGE DIGESTION & DEWATERING

Client: ERWAT

Location: East Rand, Klipwater Township, Gauteng

Contract Period: March 2008 - June 2012

Project Status: In Progress

Approximate Value of the Contract: Just above R100 million

Description: The project involves the upgrading and expansion of the Waterval Water Care Works as follows:

- A new 55 ton dry solids per day dewatering plant
- A new 50 ML per day digestion module
- Upgrading works to the existing digestion plant.

More specifically, Palace Technologies will be responsible for the mechanical and electrical engineering consulting work. This involves the preliminary design, detail design, preparation of Tender documents, tender adjudication and thereafter Construction supervision and Project Finalisation. Palace's joint venture partners (SSI) will be responsible for the civil engineering scope. The project management for the entire project will be a shared Palace and SSI responsibility. This Project (Sludge Digestion and Dewatering) is a follow-on project from a previous project (Module 4 Expansion). The Module 4 Expansion project was for the construction of an additional 50 ML per day module for the Waterval Water Care Works. The project is currently being finalised. For more information regarding this project, please visit www.watervalproject.co.za.



CIVITAS BUILDING UPGRADE

Client: Department of Public Works

Location: Tshwane, Gauteng

Contract Period: June 2004 - June 2009

Project Status: In Progress - 90% of Construction Completion

Description: The project involves the refurbishment and upgrading of mechanical building services for the Civitas building. The Civitas building comprises of two sections: one being 30 floors and the other being 8 floors. The mechanical building services requiring upgrading and refurbishment are:

- Centralised Air Conditioning and Ventilation Systems.
- Fire Protection Water Systems, including: Hydrants, Sprinklers, and associated ancillary equipment.

The Palace/CNN Advies Joint Venture is responsible for providing all Mechanical Engineering Consultancy functions for the two systems mentioned above. This includes the compilation of the Status Quo Report, the Preliminary Design, Tender Design and Document preparation, Construction supervision, and Project Finalisation. At present the entire project including the mechanical installations is approximately 90% complete. Final Completion is scheduled for June 2009.

ENVIRONMENTAL ISSUES

GONDWANA ENVIRONMENTAL SOLUTIONS

Gondwana Environmental Solutions (Pty) Ltd is a joint venture between Palace Engineering Services (Pty) Ltd and Enviro Sphere (Pty) Ltd started in 2004. Through the core values: integrity, innovation and objectivity, Gondwana is committed to providing clients with sustainable environmental solutions. With clients in government, industry and private agencies, Gondwana makes use of cutting edge scientific research to provide our customers with world class solutions for monitoring, management and mitigation ensuring compliance with current and future environmental and air quality legislation. Gondwana Group has two companies under its network, Gondwana Training (Pty) Ltd of which it has 100% ownership and Solar Blue (Pty) Ltd with 51% ownership.

SERVICES

We have a dedicated and experienced team of atmospheric and environmental scientists, engineers and technicians providing expertise in the following areas:

- Air Quality Monitoring
- Air Quality Management
- Data Transmission and Management
- Environmental Training
- Water Monitoring
- Environmental Management Services
- Mining Rehabilitation
- Environmental Monitoring



GONDWANA TRAINING

By Caroline Hall
Training Manager

Gondwana Training is a professionally run venue hire and environmental training organisation. In addition to providing a computerised venue for any training courses, Gondwana Training also hosts in-house and offsite environmental training courses. Gondwana Environmental Solutions (GES), owner of Gondwana Training, employs several air quality and environmental scientists who are capable of carrying out any of the courses listed below:

- Air quality management (training at introductory and advanced levels)
- Emissions inventories and dispersion modelling
- Air quality equipment maintenance and calibration
- Ecostat data management and verification software
- Legislation
- Basic and advanced meteorology
- Environmental awareness
- Emergency response and incident management
- Environmental management for incidents involving hazardous materials and substances

Some of the courses that have already been held at Gondwana Training include:

- Introduction to air quality
- ADMS - Urban (Atmospheric Dispersion Modelling Software)
- Ecostat data management and verification
- Calibration and maintenance of air quality monitoring stations
- Emergency response

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www.gotraining.co.za

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caroline@gesza.co.za



GONDWANA PROJECT

THE MPUMALANGA AMBIENT AIR QUALITY MONITORING STATIONS



By Bradley Keiser

INTRODUCTION

The Minister of Environmental Affairs and Tourism indicated concerns regarding the poor air quality and the impact of this air quality on communities within the Highveld Area (Figure 1). On this basis, the Highveld was declared a Priority Area in terms of Section 18 of the National Environmental Management: Air Quality Act (No. 39 of 2004). To support this declaration and air quality management initiatives in the region, the Mpumalanga Department of Agriculture and Land Administration (MDALA) has allocated funding to support the installation and management of four ambient air quality monitoring stations. Gondwana Environmental Solutions was appointed via the tender process and is a member of the Palace Group Company.

PROJECT BACKGROUND

The MDALA Ambient Air Quality Monitoring Network consists of four ambient air quality monitoring stations located in Standerton, Balfour, Middelburg and Witbank.

This network is within the boundaries of the Highveld Priority Area (Figure 2). The Highveld Priority Area is the second and largest priority area identified in South Africa, populated by approximately 3.6 million people. It is envisaged that the Mpumalanga air quality monitoring network will contribute valuable data to the development of the Highveld Priority Area Air Quality Management Plan.



Figure 2: Locations of the stations within the Highveld Priority Area



Figure 1:
Air quality concerns in South Africa



Figure 3:
Station Installation

The network will also contribute valuable air quality data to the South African Air Quality Information System (SAAQIS). The purpose of SAAQIS is to provide stakeholders with access to accurate, relevant, current and complete information regarding national air and atmospheric quality to facilitate informed decision making.

STATION MANAGEMENT

Gondwana Environmental Solutions is an environmental company specialising in air quality monitoring, while involving itself in water quality, land rehabilitation, health and safety and emergency response. Gondwana has been appointed in this multi-million Rand tender to install, manage and maintain the stations for a period of five years for the MDALA (Figure 3 and Figure 4).

The stations will upload data directly onto Ecostat, a web based data management and verification software. After verification, the data is uploaded onto a website designed specifically for the Department of Agriculture and Land Administration. This website will allow the public access to the air quality data provided by the monitoring stations.



Figure 4:
Gondwana Station Management



Figure 6:

Images from the Igugulabsha Primary School in Standerton during the site selection process



Figure 5:
The Igugulabsha Primary School

STATION LOCATIONS

Three of the sites selected in Mpumalanga are located at schools. This is a significant aspect of the development of an air quality monitoring network as it broadens awareness about the environment. Students can learn about their local air quality, and understand the importance of good air quality and what measures can be taken to improve poor air quality (Figure 5 and Figure 6).

The Balfour, Middelburg and Witbank stations will provide pollutant concentrations from domestic fuel burning sources and large industries, while the Standerton station will provide emissions from domestic fuel burning sources. When selecting these sites, the prevailing wind directions and locality of sources were considered. These factors are important when considering the impacts of emissions on communities.

STATION DESCRIPTION

The stations installed in Mpumalanga by Gondwana are of the highest quality and scientific technology, providing data on various pollutants that potentially pose a health threat to communities. The stations provide monitoring of concentrations of nitrogen dioxide and nitrogen oxide, sulphur dioxide, carbon monoxide and ozone. The stations also monitor levels of particulate matter in the air (both PM10 and PM2.5), while an additional instrument extracts a

sample of dust onto a filter which can be analysed for lead, mercury and chromium (Figure 7). Additionally, the stations measure various meteorological conditions, including rainfall, wind speed and wind direction.

These instruments will be maintained at the highest level to ensure data integrity. To achieve this, automatic calibrations will be conducted bi-monthly, with a full, onsite calibration conducted quarterly. The four stations will also be accredited annually according to the South African National Accreditation System (SANAS) to ensure the stations are maintained at the highest quality throughout the project.

CONCLUSION

The Mpumalanga ambient air quality monitoring network installed and monitored by Gondwana aims to provide accurate and meaningful data with regards to air quality in Standerton, Balfour, Middelburg and Witbank. These towns were identified as areas of concern with regards to air quality and the impact of this air quality on communities. The pollutants monitored pose a potential health threat to communities living in and around industrial areas. It is extremely important that levels of emissions are known and understood so as to implement management strategies to reduce these emissions, thereby reducing the impact on communities and their environment.

Contact us: info@gesza.co.za



Figure 7:
The Standerton Station and the interior of the station (above)



PALACE GROUP



TAKING THE BEST FROM THE PAST, AND ADAPTING AND PIONEERING NEW WAYS TO FIND THE FUTURE.....



a network driving innovation in their own right...



LIVING UP TO THE PROMISE

In the August 2008 issue of Herald, we announced our commitment to the provision of excellent customer service in all our areas of operations. We further indicated that we are continuously improving our internal workflow strategies to enhance the positive experience that you have with our brand whenever you come into contact with it. Over the past months, we have achieved this through the following initiatives:

INTRODUCING INTRANET

The intranet has made communication and information sharing easier within our Group companies and divisions. Having this service has provided a platform for all our companies and divisions to "have a conversation." Access to information enables our staff to provide you at all times with relevant and accurate information on any of our areas of operations.

BRAND VALUES WORKSHOPS

We embarked on a nationwide educational tour in most of the Palace Group offices within South Africa. The goal here is to create synergy within all the Palace Group companies and the operational and support services divisions, ensuring that we all have one vision and work together in reaching our targets as an organisation.

EDUCATING OUR FRONT-LINE STAFF

"We have to make sure that our skills and resources remain state of the art and very efficient, focused on the core business and our approach must remain customer-centric. After all we are defining the future."

This was the promise made by our chairman and we intend on living up to. A great start was made through the empowerment of all reception managers within Palace Group, the first point of contact when our customers visit our offices. We understand that there is nothing as frustrating as failure to get basic assistance when making contact with a company. In our quest to live up to the promise, on the 28th January the reception area managers from the various offices nationwide gathered for a workshop at Gondwana Training Facilities which was led by Zanele Mlambo, Head of Strategic Communication, Corporate Image & CSI.



Left: Group executive and Head of Strategic Communications, Corporate Image & CSI Zanele Mlambo, takes important notes from the views & comments from the participants at the workshop.

Middle 3: A section of the participants at the workshop.

Right: Daphney Letshedi listening attentively at the workshop.

Themed **'More than just a receptionist'**, the training was set to empower all reception area managers with in-depth knowledge about the company. The areas covered included Palace Group's heritage, the vision as well as the services provided. The workshop was a platform for the reception area managers to bring to the surface any challenges or obstacles which they encounter in assisting and satisfying our customers' needs. The reception area managers were proactive and shared ideas on how to build and maintain long lasting relationships with all stakeholders.

"A Handbook for Reception Area Managers: A guide for Palace Brand Champions" is a manual that was launched at the workshop. The manual has been developed with the sole aim of providing the reception area managers with the tools to make their job easier and more fun to do. As a result, they will be in a position to assist our customers efficiently and without hesitation.

We have put in place a monitoring and verification instrument that will measure the effect of such performance and reward excellence where it is due.

GIVING YOU NEWSWORTHY STORIES

Relevance is an important element in achieving longevity for companies who aim to be global players. In making sure that this publication is relevant to you, our readers, it is imperative that the articles featured are factual, educational and above all enticing.

This saw the birth of the 'Palace Herald Best Contributing Team Awards', an internal competition giving all divisions and companies within the group an opportunity to win a cash prize of up to R20 000 in return for a relevant and captivating article on a significant project. The competitive plot thickened and choosing a winner proved to be arduous. As Palace believes in rewarding all its employees for hard work, the first ever prize was awarded to two teams.

'The Mpumalanga Ambient Air Quality Monitoring Stations' written by Brad Keiser of Gondwana was the winning article. A prize of R12, 000 was awarded to Gondwana on the 28th January 2009 at their offices. The prize money has been used by Gondwana to purchase garden chairs for the staff at the office in Roodeport.



Brad Keiser, Left, the writer of the project article on the air quality monitoring stations receiving his certificate of excellence from Palace Herald Editor, Zanele Mlambo



Zanele presents Brad with the R12 000.00 cheque



Zanele and the winning team from Gondwana, Left to right, Executive Director, Claire Rautenbach, Brad, Zanele and Gondwana Group MD Martin van Nierop

The runner up was the feature **"Grinpal's success in Alexandra"** submitted by Grinpal. For their efforts, the team received R8 000.



Zanele handing over the certificate to runners up Steven Seleke, Key Accounts Manager and Hennie Heyl, the Research & Development Manager, Grinpal at the Grinpal offices



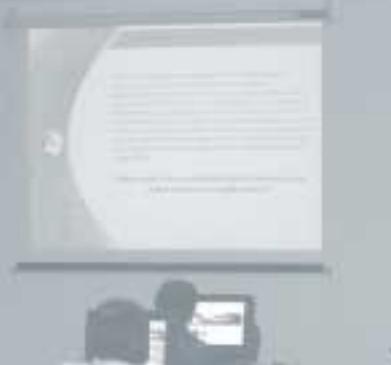
Zanele presents Steven and Hennie with the R8 000.00 cheque

CUSTOMER FEEDBACK

WE HAVE BEEN RECEIVING FEEDBACK ON OUR SERVICES FROM SOME OF OUR CUSTOMERS. ONE EXAMPLE IS A RECENT MAIL REGARDING A BUILDING PROJECT IN DURBAN, CONTAINING A CUSTOMER'S CONCERN ON PROBLEMS THEY HAD ENCOUNTERED WITH THE PROJECT TEAM, IN WHICH WE PLAY A ROLE. PALACE ACTED RESOLUTELY ON THIS ISSUE BY COMMISSIONING OUR PROJECT ENGINEER, STEPHEN KOLLER, TO VISIT THE SITE IDENTIFIED IN THE COMPLAINT AS A PROBLEM AREA. THEREAFTER, KOLLER COMPILED A REPORT AND PRESENTED IT TO HIS MANAGER. THE DIVISIONAL EXECUTIVE RESPONSIBLE FOR THAT SECTOR HAS SINCE INITIATED A MEETING WITH THE CUSTOMER AND HIS TEAM TO THRASH OUR ANY UNRESOLVED PROBLEMS THAT STILL EXIST.

PLEASE REMEMBER YOUR COMPLAINTS ON PROJECTS AS WELL AS ANY QUERIES CAN STILL BE SENT DIRECTLY TO:

chairman@palacegroup.co.za or
busdevelop@palacegroup.co.za





BACKGROUND

Palace Group commemorated World Aids Day 2008 at Phomolong Child Care Centre for HIV/AIDS. The event was the highlight of the awareness campaigns that Palace Group has been running since the beginning of September 2008 at all offices. Just 5 days before the event, one of our offices took part in a Voluntary Counseling and Testing exercise courtesy of Friends For Life at one of our offices, Pathway in Sandton. The staff had requested this service after a successful inaugural Palace Wellness Week the company held across all the offices in South Africa. Palace felt that children are the main casualties in the HIV/AIDS pandemic scourge hence the decision taken to take a lead in support of those projects that provide support for HIV/AIDS infected children.

Campaigns Leading up to the WAD Commemoration

- **Pass it on & Your Change can change someone else's life campaigns**

The donations that were handed over at Phomolong Child Care Centre were the result of contributions made by employees of the group through the "Your change Can Change Someone else's Life Campaign" and the "Pass it On Campaign." These campaigns were urging staff to donate their coins and clothes/toys etc that they have no use of anymore to those in need. The coins collected were then used to fund the next project also part of the WAD build up, the WAD Charity Soccer match.

- **World AIDS Day Charity Match**

The WAD Charity match was played at Rabie Ridge Stadium in Midrand, on Friday 14th November 2008. The game pitted the Palace Group owned female professional soccer team, Palace Super Falcons against SAAB-Grintek's male staff soccer team. Palace Group Chairman's Office pledged R5000.00 in cash to the winner to donate to the charity of their choice. Despite the rain and the chill of the day, Palace Super Falcons Ladies held their own as they played to a two-all draw against the men's team of SAAB -Grintek. A decision was taken to use the prize money towards assisting Phomolong Child Care Centre, a Palace chosen beneficiary for the WAD event.

The main Palace Group World AIDS Day Commemoration Event

The donations were sourced from all the subsidiaries within Palace Group, from Palace Technologies, to Grinpal Energy Management and Gondwana Environmental Group. The hand-over event on Monday 1st Dec 2008 was graced by the Executive Chairman & founder of Palace Group, Mr. Mbuso Dlamini, the Managing Director of Gondwana, Mr. Martin van Nierop, the Steyn Maredi (Palace Super Falcons), Directors of the centre as well as volunteers from Palace Group of companies.

In key note address, Dlamini, the Executive Chairman of the Group, emphasised the importance of prevention in the fight against HIV/AIDS and urged all of us to be responsible to avoid contracting the virus in the first place. On the children's centre, he added his weight behind the support of projects like Phomolong and further committed Palace to playing a role in support of sustainable income generating projects for such projects.

Palace Group contributed funds to go towards the purchase of new school uniforms for two of the children, who started Grade 1 in January 2009. Other items were stuffed toys donated by Gondwana, clothes and shoes donated by Grinpal as well as contributions from Woolworths-Sandton. There was also a donation of a Christmas tree and its decorations to add to the festive mood that came from a Grinpal employee.

ABOUT PHOMOLONG CHILD CARE CENTRE FOR HIV/AIDS CHILDREN

The Phomolong Child Care Centre for HIV/AIDS children is a facility provided by the Tembisa Child Welfare which was started approximately twenty-two years ago by the residents of Tembisa, Gauteng. The facilities are home to 25 infected, abandoned and orphaned children between the ages of 0-8 years. Currently the facilities cater for 7 infants, 14 pre-school children and 5 children in Grade 1 and 2.



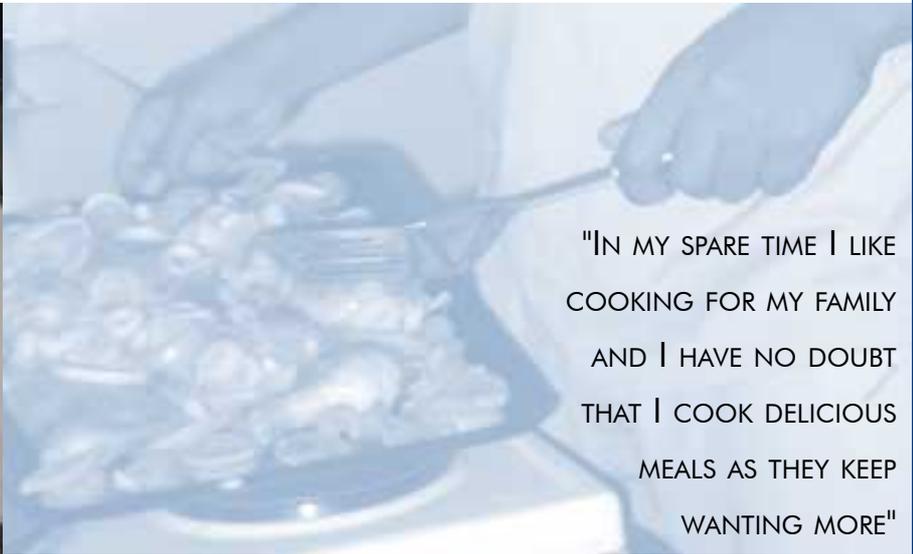
1) Palace Super Falcons (red) in action against SAAB International Team (white/ blue) at the WAD Charity match

2) Palace Group staff at the match

3) Palace Group Super Falcons ladies

4) Group Executive Chairman & other attendants posing with the kids at the centre

5) Gondwana MD, Martin van Nierop & Executive Director, Claire Rautenbach, handing out gifts to the children at Phomolong



"IN MY SPARE TIME I LIKE COOKING FOR MY FAMILY AND I HAVE NO DOUBT THAT I COOK DELICIOUS MEALS AS THEY KEEP WANTING MORE"

BEYOND THE TITLE EZEKIEL NGWASHENG

"MY LIFE IS MY MOST PRIZED POSSESSION BECAUSE WITH IT, I KNOW I CAN MAKE A DIFFERENCE"

Core service offering of Business Development to Palace Group

The Business Development Division serves all companies and divisions within the Group. Our key focus is first and foremost: ensure the registration of the services offered by all the companies/divisions on our customers' databases. We further market these services to existing and potential future clients. We also have an obligation to manage and nurture the relationships that the Group has with its customers. Key account management responsibilities of business development are nurturing Palace-customer relationships and promoting good customer service within our various companies and Divisions, over and above the sales issues.

Tell us about your family?

I have a lovely and supportive wife Daphnie, a lovely daughter Naledi (13yrs) and adorable boy Lejampholo (5 months). In my spare time I like cooking for my family and I have no doubt that I cook delicious meals as they keep wanting more. I believe that any activity that gives me the opportunity to use my brain without any references, like cooking, stimulates my creative thinking as I do not use any guidelines.

What prompted you to join Palace and what have been the rewards?

As someone who likes challenges, the diversity within Palace Group was a major attraction. Knowing that I would have to market these services, I couldn't let that opportunity slip away. The biggest reward that I am getting on a daily basis by working at Palace is the massive market knowledge including the understanding of different market trends that are forever changing.

Sports?

I like all sports with soccer being a favourite. My interest in soccer developed ages ago when I used to play in my home town against other areas in the neighbourhood. I was good playing as a defender or goalkeeper during those days and unfortunately I decided to take early retirement hence I am only limiting myself to watch soccer these days.

Palace adopted a strategy that encourages all employees to become "customer-centric," what is your understanding of this term?

I personally believe customer delight can only be achieved by organisations that do all their activities bearing the customer's needs in mind at all times hence the term "customer-centric."

Do you believe we are doing enough to meet customers' expectations?

Customer expectations are forever changing and they are different for different industries. What is required is an organisation that is always very close to its customers, to observe trends in customer expectations. I have no doubt that Palace Group is doing this as we have recently added key account responsibilities that will deal with such issues.

Where do you see Palace now?

Considering the recent consolidations that have been done in Palace Group, I strongly believe that Palace Group is taking off to higher altitudes.

The Confederations Cup is coming up, any thoughts?

I have no doubt that the national soccer team has to work very hard to prepare for both the Confederations Cup and the 2010 world cup as their current standard is a bit lower than expected.

Where do opportunities lie for developing our business at Palace?

With the variety of services that Palace Group is offering, I have no doubt that there are opportunities in all the markets where we are operating.

"THE BIGGEST REWARD THAT I AM GETTING ON A DAILY BASIS BY WORKING AT PALACE IS THE MASSIVE MARKET KNOWLEDGE INCLUDING THE UNDERSTANDING OF DIFFERENT MARKET TRENDS THAT ARE FOREVER CHANGING."

PARTING SHOT

In the August 2008 issue, we featured a three page spread on a property development project in Umhlanga, Durban, aptly called **"The Elements."**

The Elements project is along the same lines as "Melrose Arch" in Johannesburg, with a "European" feel, lots of pedestrian areas, narrow internal streets and gardens.

One of the features of the Elements development is its **'Demand Side Management'** system. This development is a front-runner in its ability to address these two concerns. Essentially the technologies utilised on this project ensure that the same amount of power is available to residents/retailers, but it is transferred to off-peak times, while still allowing businesses and lifestyles to be conducted as before.

Read more on the progress made with regard to this project in our next issue coming out in July 2009.

SOCIAL DEVELOPMENT ISSUES

We have for the past few years (and more so in 2008) been focused on raising awareness about energy efficiency and green architecture in our own projects and those of customers. Palace felt it was time to spread our campaign to schools, and the pilot project is the design and construction of an **Energy Efficient Multi-Media Centre** at a school in Ivory Park, Midrand.

We have undertaken a large scale stakeholder engagement process in schools and their surrounding communities since May 2008, assisted by the Department of Education's Policy & Planning Unit, East District. Palace's architects division is leading the project design. In the **July issue**, we will bring you a detailed report with figures of the value of this project that Palace is leading.

Also in the **July issue**, look out for **more projects on environmental and energy management issues** from Gondwana Environmental Solutions and Grinpal energy management. We will also feature the **launch of a special new Grinpal product**.

Don't forget to rate our articles on our corporate website: www.palacegroup.co.za/herald to improve the content and focus of our projects features.

We value your comments.

FOR ALL OUR GOLF LOVING CUSTOMERS AND BUSINESS PARTNERS, PLEASE COME OUT TO PLAY FOR A GOOD CAUSE, ON WEDNESDAY 2ND SEPTEMBER 2008 AT PARKVIEW GOLF CLUB IN PARKVIEW, JOHANNESBURG.

Register today at:
communications@palacegroup.co.za

- 1) Elements Court detail
- 2) Elements Park view
- 3) Students at the Cell C "Take A Girl Child To Work" Day
- 4) Children receiving clothes during the Palace Group's "Pass It On" campaign
- 5) Grinpal meter
- 6) Gondwana stations



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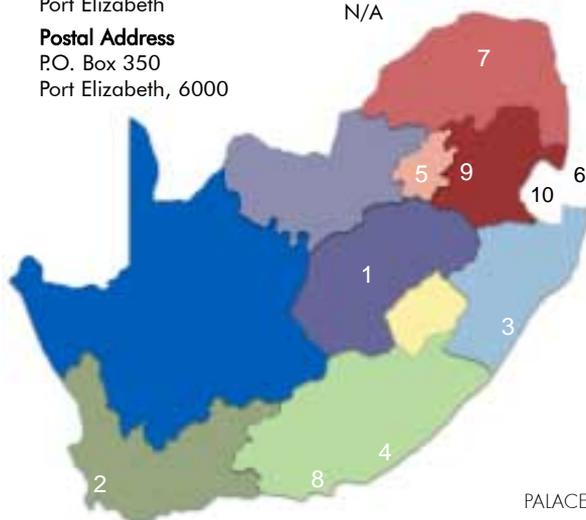
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