

# THE STAR

CALTEX'S MAGAZINE FOR EMPLOYEES, FRANCHISEES & RESELLERS  
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## Caltex tackles climate change



**CALTEX**  
Caltex Australia





## From the Managing Director

In this issue we write about Caltex's response to the challenges of climate change

Our employees, customers and shareholders want to know what can be done about climate change by companies like Caltex. Our reply is that we are committed to contributing to solutions and that we have clear policies and actions aimed at achieving this.

We know that combustion of petrol and diesel – the main products we make – produces carbon dioxide which contributes to greenhouse gases. We also know that the emissions by customers' motor vehicles from using Caltex's petroleum products are 20 times greater than the emissions we generate when making the products.

This is why we are focusing on what can be done at both company level and in relation to the community's use of fuels. This includes supporting a national pricing mechanism for carbon to reduce greenhouse gas emissions.

You can read in detail about our plans to reduce greenhouse gas emissions in the article here. We are interested in receiving readers' comments on this topic and have provided a feedback email address.

There are many examples around Caltex where care of the environment has become part of the way we operate. In this issue we describe the enthusiasm for recycling by the people who work at the Kurnell refinery in Sydney and the move to switch to recycled water at our Lytton refinery in Brisbane.

*Des*

Des King



## LPS at work

How do you get large numbers of short-term contractors to take the principles of the Loss Prevention System (LPS) to heart and apply them in the field?

That's the task facing LPS teams at Caltex's Kurnell and Lytton refineries during their regular maintenance shutdowns.

"Temporary contractors present a unique LPS challenge," says Kylie Gordon, LPS Team Leader Refining. "They must learn and adopt the principles in a short time, and often have less awareness of refinery hazards than permanent employees and contractors."

But new initiatives are successfully engaging temporary workforces.

Most contractors have their first contact with LPS in the training room. With this in mind, the LPS team developed a customised, shutdown-specific LPS training package for the 400 contractors brought in to work on the recent shutdown at Kurnell.

The new package focuses primarily on Safe Performance Self-Assessment (SPSA) – the most immediately useful LPS tool for shutdown contractors – as well as introducing basic LPS concepts. The SPSA module engages contractors in discussions about identifying risks and how to address them using photographs of the type of work they'll be doing (grinding, welding, working at height, bolting and unbolting).

LPS and Environment, Health and Safety experts helped reinforce lessons learned in the training room. They supported the shutdown by scheduling and conducting Loss Prevention Observations (LPOs), assisting with investigations and attending toolbox talks and job start meetings with the shutdown teams.

The experts conducted about 70 LPOs in which nearly 2,000 correct behaviours were recognised and reinforced. The LPOs also helped identify and address over 100 questionable items.

LPS and EHS experts along with Caltex leaders conducted 300 random SPSA surveys during the Kurnell shutdown. "The surveys keep SPSA in the forefront of the contractors' minds and help foster a caring and safe environment," said Kylie. "The feedback shows the contractors are pleased to know we genuinely care about their safety."

And the result? The latest Kurnell refinery maintenance shutdown had fewer incidents than previous shutdowns, including finishing the exercise with a run of 28 days injury free.

# Caltex change



COVER: Cloudy skies over Caltex's Lytton refinery in Brisbane illustrate the issue of climate change – do blue skies or storms lie ahead? Much depends on our collective response to the climate challenge

# tackles climate

What does Caltex think about greenhouse gas emissions and predictions of a warmer world? And what do we plan to do about it?



Emissions from customers' vehicles using Caltex's petroleum products are 20 times greater than emissions from making the products

**It's a fact.** Caltex refines oil – about a billion litres each month – and we're proud to supply our customers with the fuels that keep Australia running.

However burning of fossil fuels produces carbon dioxide which very likely contributes to global warming. The resulting climate change presents a significant risk to economies, societies and the environment and Caltex is helping to tackle this problem.

Australia's greenhouse emissions were 559 million tonnes in 2005. As a company we emit directly about 1.8 million tonnes. Our products, once used by our customers, emit another 35 million tonnes, mainly from vehicles. That is, emissions by customers from using Caltex's petroleum products are 20 times greater than emissions from making the products.

"We do need, as a world community, to try and find a new global solution," Prime Minister John Howard said when referring to climate change and emission trading late last year. Business Council of Australia President Michael Chaney said, "An essential part to tackling the problem remains an internationally agreed and accepted market framework." Both leaders – political and business – are focused on finding solutions.

Heeding such calls, Caltex has taken a fresh look at its plans to tackle climate change. "Our people want to know where Caltex stands on the issue and what we plan to do about it," said Managing Director and CEO Des King. "There are costs in reducing emissions but also opportunities, and a responsibility to the community to act."

For a start, the company has developed a clear policy on climate change, which includes several key points:

- Caltex accepts the science behind global warming. The Intergovernmental Panel on Climate Change, a body set up by the UN in 1988, says it is very likely the increase in temperatures since the mid twentieth century is a result of increased greenhouse gases in the atmosphere from human activity.
- Caltex supports setting a national goal for reducing greenhouse emissions by 2050. This goal should be determined and adjusted from time to time on the basis of the best available science. "We believe a long term aspirational goal for emissions reduction is important," said Des. "It demonstrates we accept climate

## HOW A CARBON PRICE COULD INCREASE FUEL PRICES

CARBON PRICE \$ PER TONNE OF CARBON EMISSIONS	PETROL CENTS PER LITRE	DIESEL CENTS PER LITRE
10	2.4	2.7
20	4.8	5.4
30	7.2	8.1
40	9.6	10.8
50	12.0	13.5

change is a serious issue and our business is likely to change."

- The company supports the introduction of a national pricing mechanism for controlling carbon emissions in the next decade (in or after 2010).

"Emission trading would be most appropriate for refinery emissions but Caltex believes a carbon tax would be a better scheme for the transport sector," said Des. "It could be simpler, more transparent and more certain while achieving the same reduction in emissions.

"Markets for carbon emission permits may continue to be volatile, making it very difficult for motorists to understand how changes in carbon prices over short periods under an emission trading scheme can create significant changes in their petrol prices.

"For example, under the European Union Emission Trading Scheme, carbon prices have varied over a five week period from 30 euros [equivalent to about 12 cents per litre of petrol] down to 10 euros [about four cents per litre] then back to about 20 euros (about eight cents per litre].

"In contrast, a carbon tax would be set by the government at a fixed amount of cents per litre. All the proceeds would flow to the government. Motorists would know the amount of the tax and where the money from higher petrol prices was going."

"As much as possible, markets not regulation should drive changes," said Des. "This means introducing carbon pricing but it may also mean, for example, additional subsidies for biofuels so customers have a greater incentive to buy them."

[continues on page 5](#)





Card partners: Caltex's Malcolm Young (left) with Silvana Nefkoski and Steve Green of Leaseplan, one of our biggest customers

# Smart cards

It's big, and it's growing fast. What's so special about the Caltex card business?

**When the men** and women of the card division recently picked up the New South Wales government fleet vehicle business for 120 million litres of fuel a year it was a fitting reward for effort.

Thanks in large measure to their hard work and outstanding service, the Caltex card business has been growing at around eight per cent a year in volume for the past several years.

Today the scale of our card enterprise is phenomenal. Caltex services 95 per cent of the major vehicle leasing companies in Australia and many smaller fleets, as well as large energy, transport, construction, mining and financial institutions.

The chief asset is StarCard, with which fleet and other vehicle drivers buy fuel and oil and pay for repairs and maintenance.

## The scale of our card enterprise is phenomenal. Caltex services 95 per cent of the major vehicle leasing companies in Australia and many smaller fleets.

Also showing stellar performance is StarCash – our industry leading, prepaid card for buying fuel and other products in Caltex outlets – and StarFleetPlus, the unique system under which fleet owner customers can be guaranteed greater efficiency and financial control.

“Our growth in volume has brought Caltex a big increase in card and transaction fee income over the past three years,” says Malcolm Young, Business Development Manager Corporate Fleet and SME. “At the same time our cents per litre operating costs have decreased significantly.”

Business with state governments has shown strong growth with Caltex supplying more and more departmental fleets and bodies like state emergency services and fire brigades.

In addition to New South Wales, Caltex supplies Victorian, West Australian and South Australian government fleets and has recently successfully tendered for similar work in Queensland.

## Size and reach

A major advantage for card clients is Caltex's size and reach – our service station network is the largest in Australia.

But it's not just about size. Another real benefit is the special relationships Caltex card people enjoy with customers using Strategic Account Management, which provides our major customers with particularly excellent service.

Links with Melbourne-based Leaseplan, one of the top three leasing companies in the country, is an illustration of this strategic arrangement.

In handling over 100 million litres of fuel purchases and other services through StarCard each year Leaseplan relies mainly on one point of contact – Malcolm Young himself. (And managers from both companies have quarterly review meetings.)

“If there's an issue of any kind they ring me and I deal with it and solve it,” explains Malcolm. “The ease of ordering cards from us is another factor. We make it simple. They get what they want in the time frame they want.”

## ‘Consistently the best’

Steve Green, Leaseplan's National Fleet Services Manager, agrees. “Caltex leads our KPIs in card turnaround time from the time we order till the time we get products,” Steve says. “Its cards are consistently the best of the four major brands we deal with.”

The relationship between the two companies extends to joint marketing. Leaseplan runs “Free Fuel Friday” promotions with selected radio stations, offering listeners the opportunity to ring in and win \$50 of Caltex fuel. (In the form of StarCash, whose cards range in denominations from \$25 to \$1,000.)

## “If you make it easy for customers, they'll stay with you.”

Aiding the sales effort is Caltex's Customer Relationship Management System used in Direct Sales giving us the ability to cross sell to existing customers.

## Bright future

Opportunities associated with our cards business are many. The increase in StarCard sales, for instance, boosts the potential for more non fuel revenue as customers come in to our retail network to buy other goods.

The StarFleetPlus product shows exceptional promise. Under this system customers can have their vehicle repairs and maintenance pre-authorised by Caltex automotive technicians according to manufacturer's specifications and at set rates.

A topical option Caltex is currently considering is a “green” StarCard which, for a small premium, will give customers an opportunity to offset their carbon emissions when using it.

In all our card development endeavours one rule will never be forgotten, Malcolm says: “If you make it easy for customers, they'll stay with you.” ●

## Action plans

Policy without action will not reduce emissions, so Caltex has developed an action plan that will be implemented through the Caltex business plan process. The action plan identifies actions, time frames and departmental responsibilities and includes:

- Updating the inventory of greenhouse emissions from Caltex refineries and other operations, as well as understanding emissions from customers' use of petrol, diesel and other fuels.
- Assessing the financial and strategic impacts of current and future regulations, including carbon pricing.
- Preparing an emissions reduction plan, including cost-effective opportunities for energy efficiency.
- Assessing opportunities associated with climate change, particularly in fuels marketing.

“Customers are asking us about climate change,” said Des. “That creates opportunities for new products and services. We are already selling biofuels which reduce life-cycle greenhouse gas emissions and we need to examine opportunities such as offering ‘carbon neutral’ petrol and diesel that are bundled with verified carbon credits.”

## We're already helping

Transport produces a big share – about 14 per cent – of Australia's greenhouse gas emissions. Ways for transport emissions to be constrained then reduced will include greater fuel efficiency and more alternative fuels.

Apart from Caltex's commitment to growth in biofuels, our \$250 million investment in extra low sulfur diesel within the Clean Fuels Project is helping to reduce greenhouse gas emissions. Reducing sulfur allows modern diesel vehicles to be more fuel efficient, and clean modern diesel engines are encouraging a shift away from less efficient petrol cars.

What happens if, despite our best efforts, we find there's a limit to our ability to cost-effectively reduce emissions? Part of the action plan is to investigate emission trading, Des explains. “Essentially it means if other people can reduce their carbon emissions more cheaply than we can and have surplus carbon credits to sell, we will buy those credits to offset against our own emissions. This means total emissions can be reduced at least cost.”

The message from Caltex is clear, Des says. The company takes the climate change issue seriously, accepts the science, has a constructive policy, and is taking further action to address the issue.

**Do you have any comments on this story?**  
Please email [feedback@caltex.com.au](mailto:feedback@caltex.com.au)

For more information on this subject see [www.caltex.com.au](http://www.caltex.com.au). Click on Community & Environment then Climate Change.





# Taking a stand on recycling

After committing to a recycling program early last year, Kurnell refinery has been working to slash the amount of general waste it produces by more than 50 per cent.

**The first step** was to look at what was being thrown out. In March 2006 everything that went into Kurnell refinery's rubbish skips over a 24 hour period was sent to a warehouse and bagged, sorted, weighed and analysed by a waste consultancy.

"We looked at how much waste the refinery was producing and how much that was going to landfill could be recycled," said Belinda Patterson, Environment Protection Superintendent.

The audit found that with the proper systems in place Kurnell could divert more than 56 per cent of its general waste away from landfill. (At the time, less than 20 per cent was being reused or recycled.)

"We were looking to build on existing arrangements to get to best practice,"





Environmental Coordinator Dora Ambrosi-Wall and Refinery Technician Todd Skinner doing the right thing at Kurnell

## WORMS AT WORK



Belinda Patterson at the Kurnell worm farm

The Caltex refineries at Kurnell and Lytton have some new, if unlikely, allies in their ongoing efforts to minimise waste.

**As part of** the recycling investigation, the refineries looked for an alternative disposal method for organic wastes. Such compostables, the audit found, made up almost 19 per cent of the site's general waste.

Enter the worms. Inside the refinery compounds, recently constructed worm farms now process all food scraps and other organic wastes like tea bags, used serviettes and wooden stirrers that previously went to landfill. "Essentially they're large tanks in the ground in which worms chew up waste to produce a rich fertiliser," said Belinda Patterson, Environment Protection Superintendent. "We think it may be a world-first for a refinery."

This process produces less greenhouse gas than landfill and provides a nitrogen-rich fertiliser that's pumped onto garden beds around the refinery.

The worm farm fits in with a wider scheme of environmental initiatives that aim to take the refinery beyond a position of compliance with government environmental regulations to one of proactive environmental management.

said Belinda. "The audit helped us identify ways to do that."

### Colour coded recycling

Next, a system was needed to filter out the recyclables making up over 35 per cent of the day-to-day waste. That job was given to Dora Ambrosi-Wall, a chemist with a history of tackling a diverse range of assignments in her 13 years at the refinery.

Partnering with a waste management firm, Dora set up over 20 recycling stations at central locations around the refinery. Each station has separate, colour coded bins for paper, plastic, glass and garbage.

Smaller stations have been installed in the 45 office kitchens. Employees here have their own box for recycling paper, emptied daily,

and large 240 litre paper recycling bins have been placed next to photocopiers and faxes.

With almost everything in place, Refinery Manager Tip Huizenga cut the ribbon to launch the new program on 27 February, the Clean Up Australia Day for businesses across the country.

"It's part of fulfilling our responsibility to protect our natural resources and preserve the environment for future generations," Tip said at the launch.

Is it working? The first few stages of the recycling program have engaged employees, whose response has been "marvellous", says Dora.

"It's been absolutely overwhelming," she said. "Everybody's been so cooperative and helpful.

The good thing about starting our program with recyclables is that everyone on site can get involved."

It hasn't all been plain sailing. Implementing the program has taken some trial and error to get the best collection arrangements, location of stations, signage, and other small details.

For example Dora had to source biodegradable garbage bags for the worm farms. But now that the processes have been streamlined, environmental coordinators will have time to look into other areas where we can conserve resources.

"We've taken the first step," said Dora. "We now intend to look at everything we do here, every process, our procurement, every material we use. What we've done so far is a rock next to a mountain!" ●

# Fire and water on the agenda at Lytton

## Lytton welcomes new 'pump and roll' fire truck

**Safety specialists at** Caltex's Lytton refinery have taken delivery of their new, ultra-sophisticated fire truck, Caltex One, that can pump foam while it's moving.

The highly manoeuvrable addition to Lytton's upgraded, \$10 million fire-fighting systems weighs 22 tonnes and can attack flames from up to 80 metres away. A roof mounted turret allows the crew to spray foam in any direction without leaving the vehicle.

Designed by Fire Protection Specialist Steve Otto, it was especially built for Lytton. Price tag: \$700,000.

"Petroleum fires are dangerous because they can spread so quickly," explained Steve. "Our truck has pump and roll capabilities which means operators can be moving away from a fire while fighting it at the same time."

The vehicle is usually manned by two operators but can be controlled by just one if necessary, says Steve.

The design took the Queensland Fire and Rescue Service into consideration by incorporating the same colour codes the service uses. The end result will be to ensure Lytton's people are safer.

"We're proud of our new truck," said Steve. "And hopefully we'll never have to use it." ●

## Refinery to switch to recycled water

**Caltex has announced** it will switch to using recycled water at its Lytton refinery in Brisbane. The refinery will save 4.5 million litres a day – around 85 per cent of its total consumption of water – when the nearby Wynnum Wastewater Plant commences operations in the second quarter of 2008.

The Queensland Government in May announced an \$11.78 million support package for the Brisbane City Council to upgrade the wastewater plant. The plant will use micro filtration and reverse osmosis technologies to recycle waste water.



Lytton refinery's new \$700,000 fire truck "Caltex One"

Caltex Managing Director and CEO Des King welcomed the government's decision and said minimising water consumption was particularly important to the Lytton refinery considering South East Queensland's extreme water shortage.

The refinery's decision to switch to recycled water was praised by Deputy Premier, Treasurer and Minister for Infrastructure Anna Bligh. She described it as a very positive step and urged other businesses to follow Caltex's lead and investigate potential options for reducing their reliance on drinking water supplies.

"It's good to see that industry is serious about saving water," Ms Bligh said. "This project will enable Caltex to reduce consumption of Wivenhoe Dam water at the refinery by 4.5 megalitres a day."

The refinery will install infrastructure costing approximately \$4 million for the project including delivery pipes and control and chemical dosing systems. The recycled water will also enable the refinery to reduce its total water usage.

The Caltex refinery is Brisbane Water's second largest customer and currently uses around 5.2 million litres of water a day primarily to operate its cooling towers and to generate steam, and for use in the oil refining process. ●

## Pupils get water wise

**Water has become** such a critical issue in Australia that school kids are getting involved in saving the precious resource.

At the Wynnum North State school in drought affected Brisbane, Caltex's Lytton refinery is aiding their efforts with a five year (2006-2010) sponsorship – the Caltex Water Efficiency Program. The \$10,000 sponsorship is designed to teach Year 7 pupils how important water is and how they can help to conserve it. It gives them the opportunity to research options for saving water, setting targets and monitoring their performance, says Wynnum North State School principal Glenyce Hadfield. "Students will have an appreciation of conserving water and valuing the environment," Ms Hadfield said.

Working in groups, the children late last year were asked to investigate topics like recycling water at school and how they could use it more efficiently. Their recommendations included rainwater tanks, a pool cover to reduce evaporation, dual flush toilets, water efficient showerheads and taps and an upgrade of irrigation to use "grey water".

The school is now in the process of implementing some of the recommendations, which the Caltex sponsorship money of \$2,000 a year will help to fund. A mural on one of its ovals depicting a view of the refinery will acknowledge the Caltex sponsorship. ●



# 50 towns tour comes home



A big cake, party hats and celebratory crowd of Caltex employees greeted the return to Sydney of the Starlight Van and Captain Starlights at the end of April, marking the end of their epic 50 Towns in 50 Weeks journey around Australia.

**The van and** its team travelled 40,000 kilometres, visited 106 hospitals and 110 country towns, bringing laughter and games to seriously ill children.

The tour visited even remote towns like Gove in the Northern Territory, Broome in WA and Broken Hill in New South Wales. Its final stop was at Sutherland Hospital in Sydney, where the Captains cheered up one last group of kids.

Caltex provided the van, fuel and accommodation for the journey that started a year ago to help mark our fifty years of refining fuel for Australia.

The Starlight Children's Foundation Chairman Steve Johnston and the Starlight team joined Caltex Managing Director and CEO Des King and employees at the party at 2Market. Steve thanked Caltex for its support and praised its people who raised close to \$85,000 for Starlight during the trip at various locations around the nation. ●



TOP: The Captains Starlight salute the outback

CENTRE: Starlight Day on 4 May was a great success. Claire Gregory and Josephine Habak pictured in Martin Place in the Sydney CBD were among many Caltex volunteers who sold Starlight merchandise on the day. More than \$224,000 (and still counting) was raised by Caltex people around Australia

BELOW: At the Starlight van's final hospital stop in Sutherland, Sydney, Des King and the Captains Starlight helped brighten the day of a group of young people. Des and the Captains are pictured here with local patients Kendall Dent (in white) and Angelique Georgiades





## DEBUNKING HOLIDAY PRICING MYTHS

Caltex went on the front foot in tackling expected criticisms on petrol prices with a series of media releases over Easter and in May explaining the reasons for petrol price movements.

In the lead up to Easter on 28 March the company issued a media release headed *Caltex predicts false allegations of petrol price gouging before Easter holiday period*. In it Managing Director and CEO Des King said: "History shows that petrol prices don't jump because of public holidays, although this claim is made at almost every holiday period."

Des explained how price rises were the result of weekly price cycles and also reminded everyone that the myth of holiday prices was debunked by both Caltex and the Australian Competition and Consumer

Commission in submissions to the Senate inquiry last year into petrol pricing.

"Despite this, we are sure to see the same old claims of price gouging and profiteering ahead of the Easter holidays, and unsubstantiated calls for yet more price investigations," Des said. "The groups making these claims never produce any data to back them up. They simply fade away after their attacks before repeating them at the next holiday period."

The release attracted coast-to-coast media attention with Des and Group Manager Corporate Affairs Richard Beattie doing extensive radio interviews. Many newspapers reported and commented on the initiative. Most of the state based motoring organisations that commented endorsed the Caltex statement as reflecting what actually has happened with price cycles and public holidays. However, the NRMA was reported saying Caltex's claims were "a devious tactic designed to distract motorists from petrol price gouging ... (and Caltex's statement) is a clear indication it'll increase petrol prices next week".

During Easter on 4 April Caltex issued a media release headed *Petrol prices have increased – but not because of Easter holidays*, and on 12 April a further media release announced *Petrol prices followed typical weekly discount cycles over Easter holidays* explaining that petrol prices in capital cities had followed typical weekly price cycles before, during and after the Easter holiday period.

On 16 May, Caltex issued a media release headed: *Q: Why are petrol prices higher? A: Global demand is high and supply is tight*. It explained that petrol prices in Australia had increased 21 cents per litre on average since January due to sharp increases in international prices for petrol driven by global demand and supply conditions.

The release explained that Australian prices are linked to international prices, particularly the price of a ship cargo of petrol in Singapore. About 20 per cent of petrol used in Australia needs to be imported, generally from Singapore. The release gave information on how the increase in the value of the Australian dollar against the US dollar had prevented the price increase from being greater.

The media releases can be seen on [www.caltex.com.au/](http://www.caltex.com.au/) About Caltex/Media Centre

## CALTEx TO DOUBLE BIOFUEL SALES

In 2007 Caltex plans to double the volume of biofuel it sold last year, Chairman Dick Warburton told shareholders at the company's Annual General Meeting in April.

We will also keep expanding our network of sites selling ethanol blended petrol and biodiesel, Mr Warburton said.

Already over 160 Caltex sites in Queensland, NSW and the ACT are selling E10 Unleaded, which contains 10 per cent ethanol blended with regular unleaded petrol. That's triple the number of sites selling it in June 2006.

Prospects for more growth in E10 are good. New Caltex research shows that over 50 per cent of motorists in Sydney and Brisbane who haven't yet used ethanol blend petrol would consider doing so.

Australian Government research shows about 60 per cent of vehicles in Australia are suitable for using E10. That includes all new Australian made cars and most new imported cars.

Caltex has committed to annual biofuels targets under the Australian Government's Biofuels Action Plan through to 2010. The national goal of at least 350 million litres of biofuels blended into the fuel mix is the equivalent of at least 3,500 million litres of biofuel blends – equal to 10 per cent of all Australian petrol and diesel sales.

In addition to E10 Unleaded, Caltex is selling its New Generation Diesel blended with 2 per cent biodiesel. In total Caltex biofuels are on sale at over 250 service stations.

## New ethanol contract

Caltex and Dalby Bio-Refinery Limited (DBRL) on 22 May announced a major new contract for supply of ethanol from DBRL's new ethanol plant to be built at Dalby in Queensland's Darling Downs.

The contract is for a minimum of 30 million litres of ethanol each year for three years from the date of plant completion, which is expected in 2008. It is Caltex's first large scale contract for supply of ethanol from a plant yet to be constructed.

At full capacity, the plant will produce in excess of 80 million litres of ethanol each year for distribution primarily in southeast Queensland. This will require a minimum of 205,000 tonnes of grain each year from the area's grain growers. Caltex also has contracts in place with other suppliers for ethanol supply from existing plants in New South Wales and Queensland.

**Media Release**  
For immediate release  
Wednesday, 28 March 2007

### Caltex predicts false allegations of petrol price gouging before Easter holiday period

Caltex Australia today predicted false allegations of petrol price gouging would be made in the run-up to the Easter holidays, which start on Friday 6 April.

"History shows that petrol prices don't jump because of public holidays, although this claim is made at almost every holiday period," said Caltex Managing Director and CEO Des King. "Weekly price cycles before holidays are often incorrectly claimed to be holiday price increases."

"Charts of petrol prices from last Easter clearly show discount cycles continued up to and through the holiday period. There were no abnormal price increases. (Charts for Easter 2006 are attached.)"

"The myth of holiday price increases was debunked in Caltex's submission last year to the Senate inquiry into petrol pricing. The Australian Competition and Consumer Commission submission also debunked the myth."

"Despite this, we are sure to see the same old claims of price gouging and profiteering ahead of the Easter holidays, and unsubstantiated calls for yet more price investigations."

"The groups making these claims never produce any data to back them up. They simply fade away after their attacks before repeating them at the next holiday period."

The ACCC web site shows discounting occurred almost every week in major capital cities from November 2006 to February 2007 (the most recent data), except for Perth where discounting occurred on a two week cycle. In almost every case, the cheapest day of the year was Tuesday (Wednesday or Thursday in Perth).



## CALTEX WOOLWORTHS NETWORK OPENS 500TH SITE

The Caltex Woolworths venture celebrated its 500th site with the recent opening of a Woolworths store at Glenrose on Sydney's northern beaches. It's been more than three years since the venture was launched with the initial expectation that it would grow to 450 sites.

While Caltex expects to add only a handful more outlets to the venture network, Woolworths has signalled that it plans further growth in site numbers in line with its supermarket expansion.

Of the 500 co-branded sites currently in the network, 133 are Caltex contributed. Of these, 100 are franchisee sites, 30 are Caltex operated Calstores and the remaining three are Caltex equity reseller sites.

Caltex contributed co-branded sites in the venture are now selling around 1.3 billion litres of Caltex petrol and diesel a year, processing over 320,000 fuel discount vouchers from BIG W or Woolworths/Safeway supermarket customers a week.

Woolworths' controlled co-branded sites purchase approximately 3 billion litres from Caltex a year.

The dry goods supply agreement Caltex has with Woolworths will benefit our Star convenience store network. Already Calstores and some franchisees in the wider Caltex network are selling Woolworths home brand milk and bread.

Negotiations are now under way to extend the advantages of Woolworths' expertise in food and grocery purchasing to a wide range of other goods.



Woolworths Chief Executive Michael Luscombe happily did the honours watched by Caltex Acting General Manager Marketing Mike McMenamin (in blue shirt), other Caltex representatives and the Woolworths site team

## MACKAY TERMINAL'S TURN FOR UPGRADE

Construction work has commenced on an \$11 million upgrade of the Mackay terminal in central Queensland, the latest project in Caltex's program to improve its supply chain infrastructure.

The 52-year old terminal sits in one of our fastest growing market regions with mining expansion contributing to expected local market growth of 7 per cent a year.

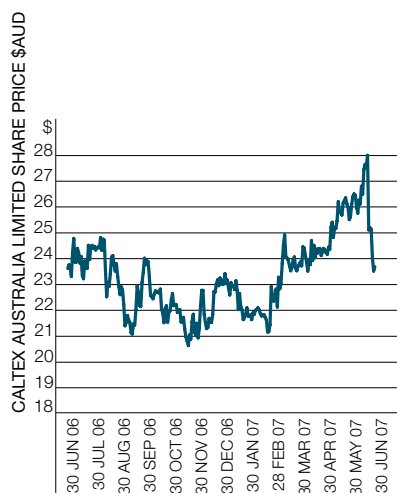
The current project is mainly compliance work to make the terminal safer, reliable, more efficient and environmentally secure. It includes upgrading the terminal's loading facilities, modernising its pumping and electrical systems and refurbishing the office. The existing fire, storm water, security system and bunds will also be upgraded.

The work is expected to be completed by December 2007. In the meantime, planning is under way to consider an expansion of the terminal's storage capacity to serve longer term market growth and to optimise shipping cycles.

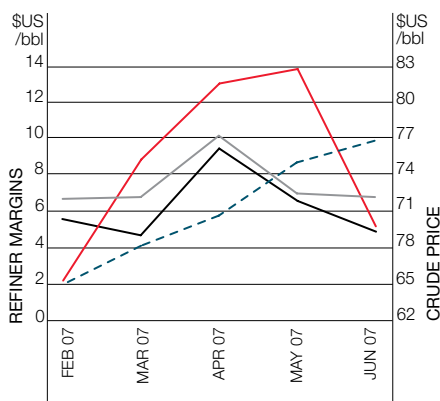
As part of the ongoing infrastructure improvement program, Caltex is reviewing growth opportunities in Queensland and Western Australia, and upgrades to terminal and pipeline infrastructure in other states.

Last year Caltex completed upgrade and expansion projects worth \$17 million at a number of fuel storage and distribution facilities in Victoria and Queensland and entered into a long term agreement with Vopak for the new industry terminal in the Northern Territory.

## SHARE PRICE



## CRUDE OIL PRICE & SINGAPORE REFINER MARGINS



*The Star* is a bimonthly magazine written and produced by Businesswriters & Design for Caltex employees, franchisees and resellers. Story ideas, letters, photographs and other contributions are welcome. For more information or for extra copies of the magazine, please email [editors@businesswriters.com.au](mailto:editors@businesswriters.com.au) or contact *The Star*, c/o Caltex Corporate Affairs, Level 24, 2 Market Street, Sydney 2000. Tel: (02) 9250 5000 Fax: (02) 9250 5664. Published by Caltex Australia Petroleum Pty Ltd ABN 17 000 032 128.

**MARGINS**  
 — Petrol (left axis)  
 — Jet (left axis)  
 — Diesel (left axis)  
 - - Tapis – crude oil price (right axis)

Tapis is the crude oil produced in Malaysia. The Tapis price is the benchmark for crudes in the region. The refiner margins for petrol, diesel and jet fuel are the differences between the Tapis crude oil price and the ex-refinery price in Singapore for the products.

**Force equals mass times determination.**

The game has always tested the laws of physics. How can a Grothe Jr get past would-be tacklers like Lockyer and Hodges? Simple; it's not the size of the man but the size of the commitment that counts. A commitment that drives both individual and team performance. At Caltex, we apply an Origin-like homegrown dedication to delivering quality products, which is why Caltex Vortex is refined to help maximise engine performance, lifting power and economy to its peak. The State of Origin teams are the embodiment of this commitment and we are proud to be associated with them in 2007.



CALTEX VORTEX HIGH OCTANE PREMIUM FUELS.  
PROUD TO BE ASSOCIATED WITH THE 2007  
STATE OF ORIGIN TEAMS.



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