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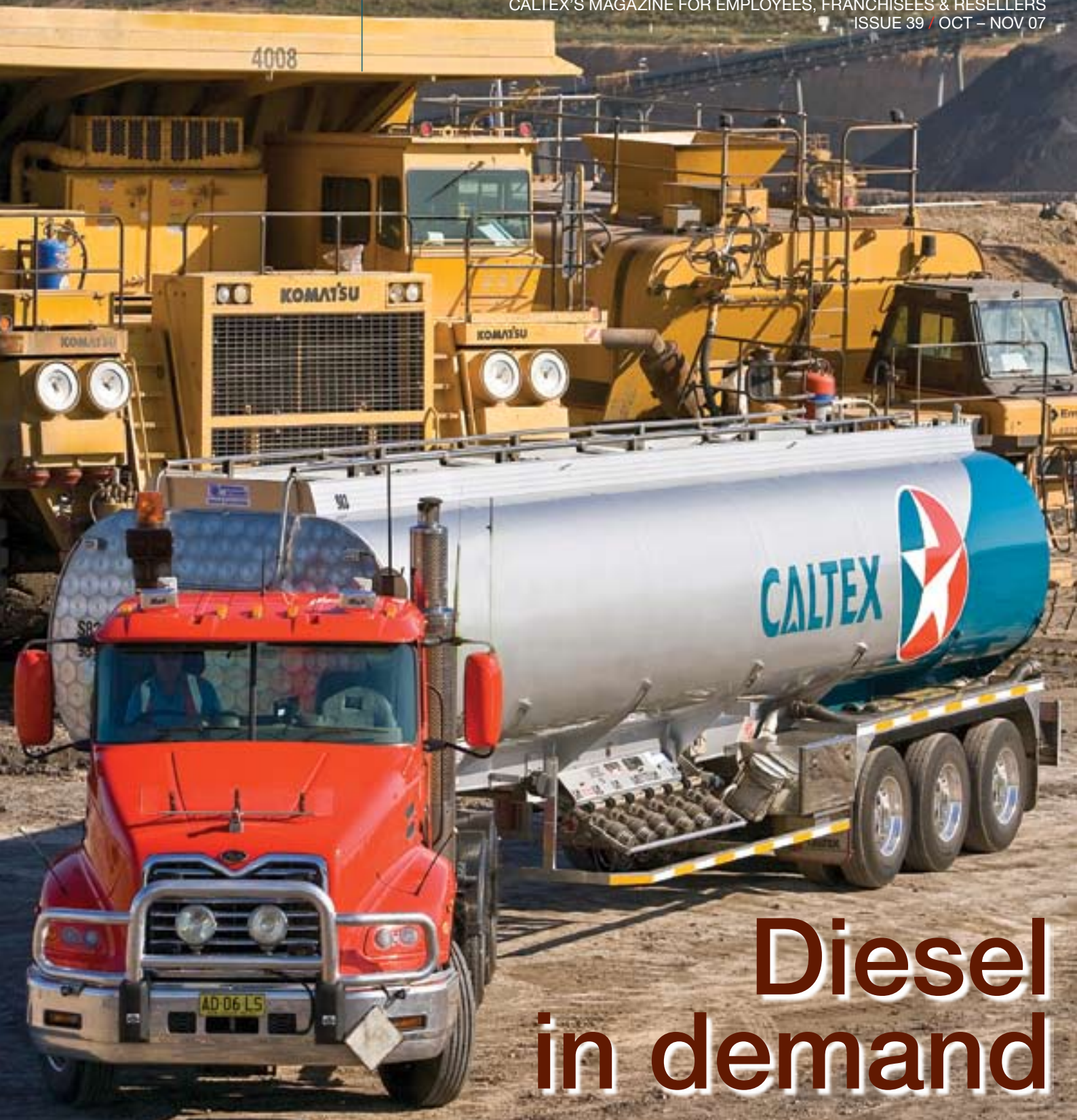
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THE STAR

CALTEX'S MAGAZINE FOR EMPLOYEES, FRANCHISEES & RESELLERS
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Diesel in demand



CALTEX
Caltex Australia



From the Managing Director

One of the biggest changes under way in the fuels market is the quiet revolution in diesel. We expect Australian demand for diesel to grow around 4 percent annually over the next 10 years – in contrast to petrol, where total national demand is expected to be flat.

Caltex is doing a lot to ensure that Australia's growing thirst for diesel is met. This includes increasing diesel production and making significant investments in facilities to manufacture, ship and store more.

We are producing more diesel and it is cleaner. In 2005 Caltex produced around three billion litres of diesel with up to 500 parts per million sulfur. By 2010 this will have increased to close to four billion litres with a maximum 10 parts per million sulfur. Over 30 percent of Australia's diesel consumption is currently being met by imports.

Diesel demand is linked to strong economic growth in Australia and the Asian region which means higher consumption by sectors such as mining and transport. But significantly, diesel is also expanding into the motoring mainstream with a rapidly increasing number of diesel cars.

As you'll read in this issue of *The Star* and its *Talkingpoint* insert, consumers like the fact that diesel cars are not only more fuel efficient than petrol cars but are now also becoming more environmentally friendly.

Other things are changing too. In line with growing consumer preference for premium fuels, Caltex is trialling the introduction of Vortex Premium Diesel and is meeting demand for biofuels blends with New Generation Diesel which includes 2 percent biodiesel.

The diesel revolution is one of a number of industry challenges Caltex is gearing up to meet in the next few years. As Australia's leading transport fuels manufacturer and marketer a lot rests on us having the commitment, people and strategies to succeed.

Des King

Des King



LPS at work

To most folks an activity as simple as emptying garbage bins on service station forecourts and replacing the bin liners may not seem to be worth much scrutiny under Caltex's Loss Prevention System (LPS).

But to the team at Caltex Woolworths Northmead in Sydney's west, this unromantic but essential task illustrates how LPS has transformed the way they work, every day.

Each of the Northmead site's ten employees takes turns to do the emptying job, including the manager and assistant manager. And they've used Loss Prevention Observations (LPOs) successfully to ensure they have the right equipment and are using the right lifting techniques.

Acting manager Simone Grace explains: "Because we're doing this work in the middle of the forecourt, we're using safety cones to ensure customers can see them and safety trolleys to carry the necessary equipment like torches if it's being done at night.

"Having completed LPOs like this you realise how people would sometimes take risks in the past without being fully aware of them – like not using knees to bend and operating on the forecourt without a safety vest for example."

The LPS tools encourage customer service attendants to think about what they do, break the tasks down and identify what they're doing wrong, she says. "It's really helped us enforce the right practices and make us all safer."

Clear evidence, Simone adds, is how the number of back injuries in the workplace has dropped in recent years. "It's one thing to tell someone how they should bend, it's another to go through the process with them so they truly understand."

Every month the Northmead team has an LPS meeting to analyse the LPOs, Near Loss Investigations (NLIs) and Loss Investigations (LIs) they've initiated. On one occasion recently an attendant was helping a customer load groceries on the forecourt. A colleague noticed he wasn't wearing a safety vest, so they made it the subject of an NLI and had a discussion about it at an LPS meeting.

Another useful LPS tool at Northmead is the weekly EH&S forecourt checklist process. Staff check all relevant criteria including no-smoking and mobile-phone warning signs, extinguishers, drainage and emergency stop buttons to make sure equipment is functioning properly. If any risk is identified, the necessary work gets done quickly to eliminate it.

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Diese winni

“You can get similar performance from a two litre turbocharged diesel engine as from a big old petrol V8,” says Greg Engeler.

“Better still, it'll use up to 30 per cent less fuel than a petrol engine for the same output.”

COVER: Giant beast hungry for diesel – a huge dump truck dwarfs a Caltex tanker at the Ashton coal mine at Singleton, New South Wales. The mining boom is pushing up demand for diesel.

Caltex's diesel sales grew by almost nine per cent in the six months ending 30 June this year. Growth in diesel car sales in Australia over the same period was an astonishing 180 per cent

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It's the winning formula



Transport Fuels Product Manager Steve O'Halloran and Franchisee Carole Curmi fill up with Caltex Vortex Premium Diesel at Caltex Gladesville in Sydney's west

The Australia based Product Engineering Specialist for Chevron neatly describes two of the reasons demand for diesel is surging in Australia.

With new, super efficient engines becoming available in more and more cars, trucks and commercial vehicles, diesel is shaping up as the fuel of choice for hundreds of thousands of drivers.

Not only do today's diesel powered vehicles use less fuel, they're more environmentally friendly thanks to innovations like diesel particulate filter technology that eliminates soot from exhausts. They're less polluting, too, helped by the Caltex Clean Fuels Project which has reduced the amount of sulfur in the fuel to less than 50 parts per million (ppm).

The technological advances in diesel engines have been impressive. Those made today emit about 90 per cent fewer pollutants like nitrogen oxide (NOx) and fine particulates than engines made in 1970, according to the European Automobile Manufacturers Association.

Shift gathers pace

The change in users' preference is gathering pace. Australia's growing thirst for the fuel is very evident in sales figures.

Caltex's diesel sales grew by almost nine per cent in the six months ending 30 June this year, according to Managing Director Des King. Growth in diesel car sales in Australia over the same period was an astonishing 180 per cent.

At the same time manufacturers are producing more diesel vehicles. Peugeot, for example, has been selling diesels in Australia since 1978. In 2007 for the first time sales of its diesel powered cars will outstrip those of petrol models.

This year to date about 57 per cent of Peugeot sales are diesel, compared with 41 per cent in 2006, 23 per cent in 2005 and 12 per cent in 2004, says the company's National Public Relations Manager Mathew McAuley.

"Our newly launched 207 has a combined (city and country) fuel consumption of only 4.8 litres per 100 kilometres, so it's going to save you money at the pump," says Mathew. "And when you're filling up less you're obviously producing less carbon dioxide."

More for mining

The biggest growth in demand for diesel is coming from the mining and transport industries, mainly in WA and Queensland, as a result of the China driven commodities boom.

Caltex has good relationships with most blue chip miners including Rio Tinto, BHP Billiton, Leighton and Thiess. "This puts us in a great position to capture opportunities as mines continue to expand," says National Sales Manager Mining Scott Nicholls.

Without diesel Australia's mines simply couldn't run. It's used everywhere – in trucks, diggers, tippers, trains, fixed and mobile power plants. > [continued on page 4](#)



The Peugeot 207 uses just 4.8 litres of diesel per 100 kilometres

“Caltex is taking the lead in offering a premium diesel product for the new diesel cars and light commercial vehicles entering the market place”

> from page 3

Seizing the opportunity

Caltex recognises the need to respond to the growth opportunities diesel represents, in three main ways: (1) expanding production, (2) upgrading infrastructure to handle greater volumes and (3) trialling a new premium diesel fuel, Vortex Premium Diesel, to the market.

Boosting production of diesel and other fuels is among projects covered by the company's planned \$1 billion plus investment in growth and improvement over the next three years. The expenditure will include the completion of refining improvement projects, the continued upgrading of terminals and depots as well as maintenance and compliance work on Caltex sites around the country.

About \$250 million will be allocated to building a new diesel hydrotreater unit (DHTU) at the Lytton refinery, a key part of the diesel expansion process, says Refinery Performance Improvement Program analyst Adrian Moore.

When the new DHTU is complete in the first quarter of 2009, the unit will be able to produce another 3,000 tonnes of extra low sulfur diesel

(10 ppm) a day, double the Lytton refinery's current production capacity, Adrian says.

The right infrastructure

As demand for diesel grows, Caltex's planners are thinking about implications for the company's future product slate and infrastructure. For example 91 octane petrol sales are forecast to decline while sales of diesel and premium petrol products like Vortex will increase.

Such changes will require continued adjustments to terminal, storage and handling operations, especially in relation to diesel.

“Having additional tankage gives us more flexibility in our supply arrangements, particularly in supplying direct sales customers,” says Lisa Bendy, National Operations Development Manager.

“This is why we've built big new diesel tanks at Kurnell and Gladstone and why we're working on projects in Mackay and other locations round the country to increase our capability. It's critical to being a reliable supplier.”

Vortex Premium Diesel

A first-to-market initiative from Caltex's fuels marketing team, the recently introduced Vortex Premium Diesel not only cleans vehicles' fuel systems, it helps create a better experience at the pump.

Vortex Premium Diesel, currently being trialled at 20 sites in Sydney and the Illawarra region of New South Wales, contains a detergent that removes fuel injector deposits, allowing it to burn more efficiently. The fuel also has an anti-foam agent that reduces the risk of “splashback” while a tank is being filled.

“Caltex is taking the lead in offering a premium diesel product for the new diesel cars and light commercial vehicles entering the market place,” says Transport Fuels Product Manager Steve O'Halloran. “Vortex Premium Diesel is designed to make filling up a much cleaner experience.”

Early indications are that customers welcome the product. “Consumers have come to appreciate the advantages of premium high-octane petrol such as Caltex Vortex, and I've no doubt diesel car owners will come to the same conclusions once they try the new premium diesel,” says Peugeot's Mathew McAuley. ●

Real environmental benefits

One of the greatest advantages of new generation diesel vehicles is that because they're high-tech, economical and efficient they produce fewer greenhouse gases like CO₂ and pollutants like NO_x (oxides of nitrogen) and fine particulate matter.

The advantages will be even more evident as engines continue to evolve and after 2009 when Caltex will produce more extra low sulfur diesel (less than 10 ppm) as part of the Clean Fuels Project.

The relative cleanness of diesel is increasingly being supported by technology like exhaust gas recirculation and selective catalytic reduction (SCR) that all but eliminates NO_x from exhaust emissions.

Particulate filters on exhausts are also becoming the norm. Most new diesel cars sold in Australia today are fitted with them. Soot and invisible very fine particles have traditionally been a problem with diesel exhausts. The new filters eliminate these pollutants in much the same way that catalytic converters have been cutting emissions from petrol vehicles for over 20 years.

One of the greatest advantages of modern diesel engines, which ignite fuel by compression rather than spark, is their inherent efficiency. While diesel engines traditionally were made for heavy duty vehicles like buses and trucks, in the past decade they've become much sportier, boasting better torque (force that causes rotation) than their petrol counterparts.

Some of this is a result of the evolution in high pressure "common rail" and "piezo-electric" fuel injection systems. In a traditional petrol engine the injector sprays a squirt of fuel to mix with air before entering the combustion chamber. In a diesel the injector injects directly into the chamber, with up to seven injections in one combustion stroke, resulting in greater efficiency, fewer emissions and less noise.

However a diesel engine is more complex so it's more expensive to make, costing about \$2,500 more on average.

Policy in Europe encouraging vehicle efficiency will continue to make diesel attractive. In France around 65 per cent of new vehicle sales are diesel.

NEW GENERATION DIESEL – 'A GREAT SUCCESS STORY'

Illustrating the company's commitment to developing sustainable fuel products, Caltex's New Generation Diesel – fuel enhanced with two per cent biodiesel – today accounts for the entire diesel supply from the Newcastle terminal.

More than 550 million litres a year of New Generation Diesel is sold in large areas of north and northwestern New South Wales. It will also be supplied from other Caltex terminals when biodiesel supply arrangements and infrastructure modifications have been completed.

"New Generation Diesel is a great success story," says Transport Fuels Product Manager Steve O'Halloran. "It's part of Caltex's strategy to meet our commitment to the Australian Government's biofuels action plan targets, and it's helping to position us as a leader in the biodiesel market."

New Generation Diesel is available at 164 Caltex service stations from sites in the Hunter region, the Central Coast, up to Grafton and as far west as Cobar, as well as to commercial customers in the mining industry.

Suitable for all diesel engines, it meets the Australian diesel standard as well as Caltex's strict quality standards, says Steve.

In addition Caltex sells B5 and B20 (diesel containing five and 20 per cent biodiesel) to customers around Australia. It's been supplying B5 to three Adelaide bus companies since 2004, for example. These may soon move to B20.

Jeff Hickson of Caltex, left, and Merv Rowlands of Boral with a Caltex-funded particulate filter



CUSTOMERS EMBRACE 'RETROFIT' PROGRAM

A \$450,000 donation by Caltex to the NSW Environment Trust, administered by the Department of Environment and Climate Change, is helping reduce the environmental impact of customers' truck fleets.

In partnership with the department and the Roads and Traffic Authority, the money is being used to fund a diesel engine retrofit program, fitting particulate filters (also known as oxidation catalysts) to the exhaust systems of trucks of big customers like building materials giant Boral and transport companies.

Not surprisingly many customers are seeing the advantage in funding the filter installations with the Caltex grant. "The project has been an excellent opportunity for Caltex Commercial Sales to add value and help strategic customers reduce emissions," explains Jeff Hickson, Commercial Sales Business Manager.

Boral, whose business relationship with Caltex dates back to 1946, has installed 11 of the cylindrical steel devices in its truck fleet in western Sydney.

Boral Transport's Fleet Engineering Manager Merv Rowlands agrees with Jeff. "We greatly appreciate this opportunity to fit the filters to some of our fleet and reduce our particulate emissions," says Merv.

"Caltex and Boral share similar values, one of which is to operate in a manner that respects the environment.

"Boral is well aware of the environmental impacts of diesel powered trucks and our obligations to do what we can to minimise regulated emissions like NO_x and particulates, as well as greenhouse gases. Caltex's support is helping us achieve that."

Simon says: , diversity is cru



Simon Willshire, Group Manager Human Resources

Encouraging diversity and flexibility in Caltex's workforce will not only improve the business's performance, it will help the company win the war for talent and secure its future.

Most importantly, says Group Manager Human Resources Simon Willshire, it's the right thing to do.

"We're aiming to be an organisation in which anyone who works for us, or is considering doing so, knows they're welcome, that they'll be treated fairly and have the same opportunities as everyone else, regardless of age, race, background or gender," says Simon.

Inclusion was formally placed on Caltex's agenda with the August launch of a diversity policy that expands on the existing equal opportunity policy. Strategies to support the new guidelines will be rolled out across the company in 2008 together with training programs to give employees the skills they need to put the principles into everyday practice.

The business case for diversity in the workplace is compelling, says Simon. Many studies show that diverse organisations with flexible work arrangements consistently outperform their more homogenous competitors. They're more creative and they're better equipped to understand the full range of customers' needs.

"If your entire organisation is like me, a white guy in his 40s, you won't be capable of understanding all your consumers," says Simon.

Critically the program will help attract and retain talent in an ageing labour market. Over

the next 40 years the proportion of Australia's population aged 65 and over will double. Twenty per cent of Caltex employees will reach retirement age in the next five years.

"The job market is incredibly tight," says Simon. "We'll need to do a better job of developing our existing talent to cover the knowledge and experience we'll lose when people retire. We'll also have to look outside traditional avenues for talent and offer employees greater flexibility in the way they work."

How will the new approach work in practice? It's already happening in many parts of the company.

'Grey power': retaining knowledge

Caltex's Lubelink hotline, which provides specialised lubes advice to employees, customers and resellers, is manned by a team of seven with a combined 260 years' experience in the industry. All are aged between 60 and 70 and no longer want full-time employment.

The team is free to devise its own weekly roster so long as personnel are on duty each day for five days a week. On average that means a two day working week for each manager, leaving plenty of room for outside interests.

"It's a terrific arrangement," says Lubelink Engineer Graham Palmer who has 36 years' experience working with lubes. "This way we can all travel regularly."

Graham enjoys the work because it keeps his mind alert and allows him to put the knowledge he's developed over a long career to good use. He and his colleagues have had offers from other companies but declined them because of the flexibility their current roles afford them.

cial

The system works for customers too. The Lubelink team are consistently among the best performers in Caltex's customer satisfaction surveys.

"To have these guys stay on and continue to work for us is invaluable," says Andrew Sitaramayya, National Customer Service Manager. "These aren't positions we can just

advertise and expect to fill. These guys all possess specialised knowledge that's in short supply."

Job sharing

In recent years Zoe Devos and Francis Nelson covered each other's roles as refinery schedulers while each took maternity leave. In July this year, when Francis returned from having her second child, the women approached their manager and proposed a job sharing arrangement that would allow them to work part time.

Zoe and Francis now share responsibility for scheduling the arrival of crude shipments at Kurnell wharf and ensuring optimum crude diets are sent to the refinery's processing units. The role can be complex and demanding, but the nature of the work and the complementary skills of Zoe and Francis make it suitable for job sharing, says Zoe.

"You're always working two weeks ahead and that makes it easier to deal with the changeover," she says. "Everything's been running smoothly and our manager and coworkers have been supportive."

Without the arrangement Zoe says it's unlikely she would have returned to work. "We're close friends so the only downside is we never get to see each other!"

Balancing passions

Mabelle Reyes is successfully balancing her lifelong passion for film production and theatre with her work for Caltex. The Marketing Change Leader switched to a less traditional working arrangement in 2005 after she found full-time employment was sapping her creative energies.

"I was burning out," says Mabelle. "When it came to the weekend I just didn't have the energy to make films. You can't be creative when you're tired."

So she went to her manager and together they came up with a solution: a four-day working week that would allow her time to pursue her love of film production.

A University of Technology Sydney film school graduate, Mabelle has been writing, directing and editing her own films for decades. She's entered many of them in the popular short-film festival Tropfest. Two were selected from thousands of entries for the Tropfest shortlists in 2001 and in 2005.

"I feel lucky to have such a flexible arrangement; it's a great incentive to stay with Caltex," she says. ●

Job sharers Zoe Devos (left) and Francis Nelson. Zoe can now spend more time with her 16-month-old son Lawson



Unsafe deliveries? Never again

Rusty tanks with shaky foundations. Broken ladders. No safety railings. Improperly marked tank fill points on forecourts. Cluttered and cramped delivery areas.

The message is out. Risks and unsafe practices like these will never be tolerated by Caltex.

If pre-delivery checks indicate there's any safety risk associated with making deliveries, Caltex company, equity and contract drivers will not be required to make them, even if it sometimes means losing customers.

"In the past our drivers might have continued with a delivery with some risk but that's no longer the case," says Caltex National Logistics Manager John Morgan.

"We've given authority and responsibility to all our drivers to stop delivery if they think it's unsafe or if they feel there's risk that needs further consideration or advice."

The policy is reaping benefits, and not just for drivers. The Caltex Petroleum Services (CPS) reseller network, which operates 140 trucks making 58,000 deliveries a month, reports significant safety improvements in rural and regional customers' premises, says National Manager Reseller Ian Ross.

"Saying *no* in this business isn't easy," says Ian. "Customers and the community often don't view safety in the workplace the same way we do. We find this everywhere from outback farms and tiny service stations to large rail yards and mine sites."

At first drivers were hesitant about getting customers to focus more on safety, but they've gained confidence and are now doing an excellent job, says Ian.

"In some CPS businesses we've seen upwards of 80 per cent of the customer base having made safety and engineering improvements to equipment at a driver's request."

Dangerous incidents vividly illustrate the need for change. One driver in Victoria could clearly hear a static spark at the delivery point, yet the customer still expected him to offload fuel. Another wanted a driver to reverse a 40 tonne semi onto a beach to get access to a crumbling tank. (Both refused to continue with the delivery.)

'Mate, it's great'

Truck drivers who spoke to *The Star* were grateful for the emphasis on safety.

"I tell you mate, it's great that Caltex cares about us and other people," says Kevin Schuurs, a driver for Caltex reseller South East Queensland Fuels who's been in the industry 29 years.

"Before, a driver might have dropped off fuel if there was no dipstick, for example. But we no longer take a free and easy approach and rightly so."

Under the Loss Prevention System Kevin and his colleagues now always do pre-checks before delivery. At service stations they examine breather vents on underground tanks, check levels and ensure outlets have product indicators. If there's any problem, they get the site manager involved.

As an example of how Caltex listens to drivers' concerns Kevin cites a recent case at the Caltex Lytton Terminal in Queensland. He suggested to a supervisor that the levers

drivers use to manoeuvre loading arms when filling tankers were too short for comfort and required excessive effort. Caltex had soon installed longer levers.

"That's really listening," says Kevin.

"We appreciate we drivers will still get paid if we don't drop product. A lot of other companies don't think this way – that at the end of the day the most important thing is for everyone to go home safely."

Time to do it right

Another veteran, Mark James from the Caltex Newcastle Terminal, is pleased his colleagues have taken the new safety culture seriously. Today drivers genuinely believe there's always time to do it right, that they must do it safely or not at all and when in doubt find out, he says listing the Caltex tenets of operational excellence.

"We understand it's no longer an excuse to say I was in a rush so things went wrong," says Mark, who's been driving for Total, Ampol and then Caltex for over 25 years.

BELOW AND BELOW RIGHT: rusty tanks and cramped access areas mean "no delivery"



He points to vapour recovery systems at service stations as an example of LPS in action. When unloading in previous years there was no system for vapour recovery and individual fuel points were usually scattered around forecourts. Now they're all in one spot and drivers can avoid breathing fumes.

'Golf course' sites

"We used to call these service stations 'golf courses'," says Greg Coombes, a driver for contractor Cootes Transport. "Fortunately they've all but gone now."

Greg and other drivers meet with a Caltex logistics representative once a month to discuss safety issues, and this feedback system means problems get fixed quickly, he says.

"Caltex has been proactive in assessing hazards in cooperation with drivers' committees. We've come together in a partnership that really works."

John Morgan is especially pleased that support from sales business managers, terminal and logistics staff and customers is helping Caltex eliminate risk from the business so it can achieve zero incidents. "I'm proud of everyone's efforts," he adds.

'So be it'

Of course Caltex's position challenges the notion that customers always gets what they want, admits Ian Ross.

In CPS it's meant the loss of a small percentage of the customer base and deliveries currently suspended to another small percentage of businesses. In some cases the strengthened focus on unsafe practices has also meant driver resignations.

So be it, says Ian. It's the price Caltex is prepared to pay for the benefits the company is getting in safety performance. ●



CLOCKWISE FROM LEFT: the new Heathcote store; ready prepared meals; Heathcote Store Manager Asim Shahid with Jenna Rowland, Assistant Store Manager

Stores test ideas for the future

"This is fantastic!" said a customer who walked into the Caltex Star Mart at Heathcote in southern Sydney. "I can see all the products I want!"

That's just what New Product Development Executive Melinda Bossina wanted to hear. On 30 August 2007, the Heathcote store became the first "twenty first century Caltex" (21CC) concept site to open its doors to customers – the end result of a pilot project to redesign Star Marts and realign the Caltex offer in line with customer needs.

The new 21CC project will test the new retail concept in the next 12 to 18 months. There will be five trial sites, four in metropolitan areas of Sydney and one at west Gosford on the NSW central coast. They range from large to small stores.

"Having more products visible is exactly what the new design is meant to achieve," explains Melinda. "It's been developed around showing off the products for sale and making it easier for customers to navigate."

The new trial merchandising offer incorporates research of the latest trends and customer desires. The traditional range of confectionery, snacks and beverages are complemented by quality Mocopan coffee with fresh beans and milk, fresh bakery items including gourmet sourdough bread, a healthier alternatives range, ready prepared meals, indulgence treats, last minute gifts and top up shopping pantry items.

It's all about keeping Caltex ahead of the competition, Melinda says. "Though we're currently the number one convenience retailer in Australia, we can't be complacent and must continue to innovate, test new things and change to stay in front and keep up with customers' expectations."

The opening of the 21CC trial store was a result of huge effort from many departments within Caltex and a consultant specialising in the design of retail environments.

During the trial period, sales and feedback will be analysed to enable further fine tuning of the offer. Each trial site is in an area with different demographics, which will allow the concept to be tested across a variety of customer categories. ●



SUPER STARS SHINE

The pursuit of excellence has earned a group of Caltex franchisees Super Star status for their performance in customer service, merchandising compliance and driving operational excellence within their stores. The awards were presented at the 2007 Caltex franchisee conference in September.

Their sites achieved scores of 99 per cent and above in Caltex's All Stars performance management program in which 530 franchisees participated over 16 months. These sites often worked above and beyond the standard requirements in areas such as staff training, business planning and building community awareness with local store marketing.

Caltex franchisee Super Stars are:

NSW – Anil and Meena Beri, Kel Campbell, Leo & Tracey Corthals, Kevin & Sandra Crossey, Mick and Leonie Daniels, Kole & Lee Grujovski, Malik & Huma Haidar, Bob and Jill Harrison, Tony & Elena Inannella, John Ibrahim, Chris Lafazanis, Joe & Sonia Lamba, Joseph Nadar, Sandeep & Amandeep Pandher, Nareen & Renuka Patel, Mark & Di Patterson, Cathy Petzer, Tony Rizk, Kiri & Mathani Somasuntharam, Warwick and Ivana Teasdale, Graeme & Marion Whittington.

QUEENSLAND – Angela & Trevor Brand, Fred Shurmann, Jim & Leonie Keelan.

TASMANIA – Marcus & Jane Raine.

VICTORIA – Dean Anastasiadas, Nadeer Kaka, Kim & Viola Kunda, Mel & Sandra Owen, Phil & Kerrin Schubert.

WA – Merv & Viv Waddington.



Dolores with some of the orphanage charges

FRANCHISEE BRINGS JOY TO ORPHANS

Caltex franchisee Dolores Palm could hardly have been blamed for lounging by the pool during a well-earned free day at the Caltex franchisee conference in September.

Instead Dolores, who owns the South Coogee Star Mart in Sydney's east with her husband Charlie and volunteers weekly in a paediatric ward at the Royal Children's Hospital in Sydney, decided to visit the SOS Children's Village, an orphanage in the "Black River" district outside Bambous in Mauritius where the conference took place.

On Dolores' first, five-hour visit the children took turns sitting in her lap, brushing her hair and playing hide and seek with her.

The orphanage was in good condition, but very basic, and the Australian visitor felt a

powerful sense of sympathy for its 80 young charges. When it was time to leave she asked the manager for the Village's "wish-list". It had only two items: a library and a computer.

"I told him I'd see what I could do," she said.

Dolores did more than the manager might have imagined. The next morning Dolores approached Caltex National Manager Retail Leo Pucar and asked for his support in approaching the 461 attendees at the conference for donations of items or money. Between franchisees, Caltex people and suppliers at the conference a total of \$10,000 was raised together with boxes containing clothing, treats and small gifts.

The orphanage staff were incredulous when Dolores returned with the news that they would be receiving enough money not only for a library and computer, but to buy each child a tracksuit and pair of sports shoes.

"They didn't believe me," she laughed.

"Not until I gave them a cheque later in the week."

Dolores stayed on after the conference and for the next week visited the orphanage daily. She formed strong bonds with many of the children. On the last day, she hired the top floor of a local McDonald's and treated the entire orphanage to lunch.

Dolores plans to continue her fundraising efforts for the orphanage in Australia and is still considering the best way to go about it.

Meanwhile the moral of this outcome, she says, is the benefit of action.

"The world is full of 'gonnas'. Everyone is always 'gonna' do something. But if you actually get up and do it you can achieve a lot."

VORTEX SHOWCASED IN FINALS COVERAGE

Caltex's premium fuel Vortex made a mark of its own during the recent Australian Football League (AFL) finals series broadcast on Channel Seven. The match balls used in games broadcast live during the 2007 finals prominently displayed the Caltex brand, as did post match shots in newspapers and magazines in which the balls appeared, giving the brand exposure around the nation.

A Vortex promotion also ran on Channel Ten's Sports Tonight and Before the Game programs. Viewers were asked to reveal the rituals they observed to "help" their teams, like wearing the same footy socks, sitting in the same seat at each match or wearing a lucky shirt. The idea behind the campaign was to emphasise that Vortex is a high performance ritual that's good for your car.

This has been Caltex's first year of brand activities around the AFL finals. It was aimed at boosting Caltex's and Vortex's brand profile in Victoria, Western Australia and South Australia while reinforcing the high performance attributes of Vortex in New South Wales and Queensland.





ELIZABETH BRYAN SUCCEEDS DICK WARBURTON

Elizabeth Bryan has been appointed Chair of the Board of Caltex Australia with effect from 1 October 2007. She succeeds Dick Warburton who retired on 30 September but will stay on as a board member until the Caltex AGM in April next year to help effect a smooth transition.

A member of the Caltex Board since July 2002, Elizabeth is also a director of Westpac Banking Corporation, the stockfeed company Ridley Corporation and Chair of UniSuper – the super fund for people who work in the higher education and research sector.

She is one of relatively few senior executives to have successfully operated in both the public and private sectors. Before becoming a professional director, she served as Managing Director of Deutsche Asset Management and its predecessor, the NSW State Superannuation Investment and Management Corporation, in the 1990s.

When Elizabeth joined the board five years ago Caltex was facing considerable challenges: a large debt burden, low margins and a share price at less than \$2. She has been with the company while it worked through these problems – refinancing the debt, implementing a cost savings push and, as margins firmed, undertaking two major initiatives: the

Woolworths agreement and the refineries' clean fuels transition.

Today the issues she will face as chairman are the same – and brand new. "You always need to be alert and ready for the cyclical downward movements in margins," Elizabeth said. At the same time, she says, Caltex is facing the monetisation of carbon that's coming from the debate on climate change and further pressure – and potential expenditure – to manage emissions and make its products as environmentally friendly as possible.

While the other boards she sits on represent different sectors (financial and agribusiness), what unifies the companies are their values. "I was giving a speech recently and was asked: 'Why Caltex and Westpac? What's the connection?'," she said.

"I said Westpac had a good set of internal values about team work and respect for each other, and a laudable positioning on the environment and the communities in which it operates. And though Caltex was a very different type of business, it had a similar value set. Caltex's values were equally strong and came from concern for safety and emphasis on looking after their people properly."

Elizabeth says that good corporate values are essential for directors to do a good job and for companies to be successful in the long term. "It doesn't matter how much work you put in at a board level, if you are working into a set of values in the company that is not driving in the same direction, then you have an upward battle."

Away from her life as a professional director, Elizabeth likes to relax by visiting her cattle property in central western New South Wales.

Meanwhile the Caltex Board has acknowledged Dick Warburton's valuable contribution to the company and his leadership during a period which has seen substantial improvement in its performance.

AUSTRALIA SEES STARLIGHT MAGIC

A heartwarming documentary capturing the highlights of what has been described as Australia's happiest road trip was screened nationally on the Nine Network on 7 October. Miles of Smiles tells the story of the 50 Towns in 50 Weeks tour, a joint initiative by the Starlight Children's Foundation and Caltex, which bought the magic of Captain Starlight to seriously ill children in some of the most remote parts of Australia.

The "fly on the wall" documentary shows how seriously ill and hospitalised children and their families were touched by Starlight's magic during the year-long tour as the van travelled 40,000 kilometres visiting 106 hospitals in 110 country towns around Australia.

Caltex provided the van, fuel and accommodation for the journey and Caltex people at different locations around the country helped raise \$85,000 for Starlight. Caltex has been a major supporter of the Starlight Children's Foundation since 2000 and chose the 50 Towns in 50 Weeks tour to celebrate its 50th year of refining fuel for Australia.

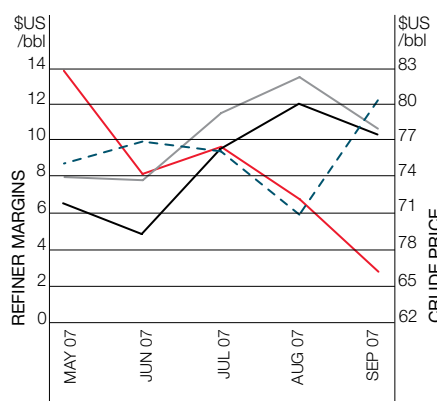
Jill Weekes, CEO of the Starlight Children's Foundation, said since it was established in 1998, the Starlight Children's Foundation has helped millions of children and their families. "This trip was about extending our successful formula to those who may not always get the chance to see Captain Starlight and experience the amazing work they do with sick children," Ms Weekes said.

"We get so much feedback from families and medical teams telling us the child would not have made it through the illness had it not been for Captain Starlight."

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 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 (Avg) (left axis)
 — Jet (left axis)
 — Diesel (0.5%) (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.