

# THE STAR

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## Petrol at what price?



**CALTEX**  
Caltex Australia



## From the Managing Director

Petrol at what price? In a few years we may wonder at petrol prices in 2008. There is long-term upward pressure on prices because conventional crude oil reserves are limited. And carbon pricing to help reduce greenhouse gas emissions will increase Australian fuel prices from 2010.

Prices in many countries are already over \$2.00 per litre and consumers have had to adjust to these. We understand consumers may be upset about the prospect of long-term higher prices in Australia, just as they were upset when high world prices increased petrol prices recently. However, it's a prospect we all have to face.

The Australian Competition and Consumer Commission last year conducted an intensive inquiry into petrol prices. Its report debunks many of the myths around petrol pricing. We have updated the enclosed Petrol Pricing Mythbusters with extracts from the ACCC's report.

The report concluded the petroleum industry is fundamentally competitive and did not recommend regulation. However, it also expressed concern over certain aspects of market operation and possible future developments.

Caltex does not agree with the concerns expressed by the ACCC in its report. In our view the supply chain from refinery to service station is highly competitive and provides customers all over Australia with a fairly priced, high quality, safe and reliable supply of fuel.

In this issue of *The Star*, Caltex responds to the ACCC report. As well as commenting on the ACCC's concerns, we suggest a much broader picture needs to be considered. The report provides just one perspective on the industry – that of consumer prices.

The ACCC has an important role to play but factors like the environment, security of supply and the viability of the refining industry need to be considered when policy decisions are made by governments. Retaining a substantial oil refining capacity is essential to Australia's future security.

I trust you will enjoy reading this issue of *The Star* and *Caltex Talkingpoint*.

**Des King**

Des King

**COVER:** The trend for fuel prices looks to be heading up. Our cover story looks at the recent ACCC report on petrol prices and Australian consumers.



## LPS at work

### Safer tankers for safer drivers

To support the zero incident driving program for Caltex drivers, some of the barrels in the company's tanker fleet have been replaced with a new model with extra safety features.

The \$3.25 million project was aligned to the principles of the Loss Prevention System. Using the safe performance self-assessment (SPSA) framework – starting with “what's the worst thing that can go wrong?” – the national logistics team assessed the risks against the history of truck-driving incidents and near misses and analysed them to work out how to stop them happening in future. Then they made recommendations and decisions using the Chevron Project Development and Execution Process (CPDEP).

“Learning from past incidents, determining the root causes and rectifying problems is the essence of LPS,” says Darren Mason, National Logistics Compliance Manager, Supply and Distribution.

Twelve of the new 42,000 litre barrels have already been delivered to Caltex terminals in Newcastle, Fremantle, Adelaide and Lytton, with more still to come. They are a blend of state of the art technology and simplicity in safety features.

For example, says Darren, some drivers had experienced overfill incidents when they weren't aware of retained product still inside the barrels. The team recommended that probes should be installed in the compartments to alert drivers when product was retained.

“The program supports our drivers and the relentless approach of the logistics team to achieving zero incidents,” says National Logistics Manager John Morgan. “It will improve our fleet's reliability and competitiveness in reducing repairs and maintenance.

“This project combined with the SPSA approach for every task will help us in the journey to zero incidents and losses. We'll all stay safe every day.”



Underrun protection prevents cars crashing under tanker barrels

“If Australian refineries close, they will be gone forever.”

# Petrol what

Australia's fuel prices today may represent a bargain, and it's time for motorists and regulators to think carefully about the future.





Kurnell refinery – a vital link in Australia's fuel supply security

**Driving through** Melbourne's eastern suburbs on his way to work, Victorian lawyer Peter Mannion glances at his fuel gauge. *Getting a bit low*, he thinks. Soon he swings his European hatchback into the forecourt of a Caltex service station.

It's Tuesday, a good day to fill up, when the weekly price cycle is typically at its lowest ebb. At the register inside the Star Mart Peter pays \$70 for his 51.8 litres of Caltex Unleaded, an average of \$1.35 a litre. Looking at the receipt, he shakes his head, reflecting that the same tankful cost him \$10 less just a year ago.

Like most of the million other motorists buying fuel on any day of the week, Peter is unsure exactly what the \$70 actually pays for. Of that sum, \$26 goes to the federal government in tax, \$36 pays for the crude oil from which the fuel is refined, \$4 is for refining, \$2 is for wholesale gross margins and \$2 goes to the Caltex service station to cover costs and leave a slim profit.

And while he is not happy about being charged \$70, it may be a bargain. Not only is it substantially less than what he'd pay in most other industrialised countries, it could be a lot less than what he'll pay in ten years' time.

### Inconvenient truths

The trend in petrol prices will almost certainly be upwards. This is not good news, but Caltex believes it's a prospect that should be acknowledged by motorists, regulators and governments.

The pressure on price is likely to come from higher crude oil costs as demand increases ahead of supply, global refining capacity shortages, higher fuel quality standards and the introduction of carbon costs by government to help address climate change.

As dozens of inquiries and reports have shown, including the most recent ACCC enquiry into petrol prices, Australian petrol prices are not the result of collusion or "price gouging". The market operates in a way that delivers prices as low as they can feasibly go. Petrol prices are the fourth lowest of developed countries.

While commentators and regulators focus on retail prices, the underlying reason for public concern is that the cost of crude oil has been skyrocketing. Ten years ago it was \$US10 a barrel, recently it was over \$US100. Singapore refinery product prices were higher still.

No one knows for sure where crude oil or refined product prices will be in future, but the way seems to be up. There is general agreement that to meet increasing demand conventional oil production will be supplemented by unconventional fuels like biofuels and gas to liquid fuel within the next 10 to 20 years, forcing up oil prices. Carbon pricing to help reduce greenhouse gas emissions will also increase fuel prices with government plans to start in 2010.

### It's not just about consumers

As the ACCC report released in December demonstrates, our key competition regulator is focused on the impact of fuel prices on consumers. Caltex has no problems with this narrow role of the ACCC, yet it should be acknowledged that the ACCC's report is just one perspective on a complex, highly competitive industry. Factors like the environment, security of supply and the viability of the refining industry need to be considered.

Retaining a substantial oil refining capacity is essential to Australia's future security. As Australia is a small economy spread over a vast area, petroleum refining and marketing will differ from large scale operations in North America or Europe but the industry will remain highly competitive.

These perspectives have shaped Caltex's responses to the ACCC's report as Caltex Managing Director and CEO Des King discusses in the next story.



ACCC Chairman Graeme Samuel

## The ACCC petrol price report

*The Star* asked Managing Director and CEO Des King for Caltex's views on the issues raised in the Australian Competition and Consumer Commission's report on petrol pricing. Here's what Des said:

**The ACCC's report focuses on current petrol prices and pays little heed to issues like energy security, refinery viability or the environment. Have they missed something?**

The commission's main role on petrol pricing is to look at competition and how to achieve the lowest consumer prices. They aren't required to give weight to these broader issues but they will become increasingly important for Australia. There's a much bigger picture for the government to consider.

**ACCC Chairman Graeme Samuel has said that if competition was fully effective the impact on petrol prices would amount to a few cents per litre. Can prices go lower?**

Competition is strong at all levels of the supply chain so lower prices are really only possible through further cost reductions. And we're talking about fractions of a cent. **Caltex's average profit across all products is about 2.2 cents per litre, so it's hard to see how price reductions of a few cents could occur unless the government is willing to lower the 50 cents or so tax per litre.**

**The commission would like to encourage imports by independent marketers. Is this a good idea?**

We welcome competition – provided there's a level playing field. There is nothing to stop any competitor, including independents, from building a customer base and importing

fuel through their own or leased terminals. But this is a very competitive business. The large volumes required and high setup costs make importing challenging. And existing competitors can be expected to fight to maintain their customers and market share.

### Could imports threaten Caltex's business?

Imports from large new Asian export refineries are a major challenge for Caltex. Our concern is the ACCC appears to want to bias policy against local refiners in favour of new entrants to the market to achieve the lowest consumer prices regardless of the impact on the security of supply and the role of existing refiner/marketers.

If Australian refineries close, they will be gone forever. That would be disastrous for the nation's energy security.

**The ACCC has questioned buying and selling contracts between refiners. It suggests they keep prices up by effectively excluding independents and increasing their purchase prices. How do you respond?**

We reject this suggestion. No one is excluded from negotiating for supply from Caltex. But the ability to negotiate supply at low prices reflects the bargaining positions of buyers and sellers. Prices are typically lower for very large volumes.

The ACCC found it is appropriate and desirable that wholesale petrol prices are based on the cost of importing petrol. Caltex buy-sell prices are very similar to actual import prices.

**All this is pretty negative for Caltex. Did the report contain anything positive?**

Yes, a great deal. But the positive content hasn't received much publicity. And some commentators have focused on the doubts and questions. The report says the industry is fundamentally competitive. It found refiners earn reasonable rates of return, wholesale margins are narrow and retail margins are relatively small. That's not the picture often portrayed in the media.

**What about common complaints about pricing, such as the speed of response to international price changes. Are consumers getting ripped off?**

Absolutely not. The ACCC found there is a strong relationship between retail petrol prices and the Singapore refinery price for petrol. There is no evidence of any systematic

### HOW A CARBON PRICE INCREASE COULD INCREASE FUEL PRICES

Carbon price \$ per tonne of carbon emissions	Petrol cents per litre	Diesel cents per litre
10	2.5	2.7
20	4.8	5.4
30	7.2	8.1
40	9.6	10.8
50	12.0	13.5

# “We understand that customers become upset when prices increase.”

deviation of retail prices from the relevant international benchmark prices, though deviations do occasionally occur.

The full impact of movements in international prices may take up to two weeks to be reflected in local prices. The ACCC says the effect of price lags can work in both directions but this is seldom acknowledged. Consumers benefit when international prices are rising as domestic price increases are delayed.

## “The industry is fundamentally competitive”

### How about the weekly price cycle and the way prices seem to increase at the same time? Are oil companies colluding?

The ACCC found that many explanations for price cycles are consistent with competitive market behaviour and that the existence of price cycles does not provide evidence of a lack of retail competition.

They described price cycles as an “enigma” because they have no simple explanation. In our view the enigma is why people are concerned about a market that delivers highly discounted prices on a weekly basis. Many

price-sensitive consumers take advantage of these cycles, but others don’t or can’t. The ACCC is to look at schemes to increase consumer price information.

### What about allegations of price increases before public holidays?

The ACCC debunked the myth that prices increase before holiday periods, saying there’s little evidence to support the media claim that cyclical petrol price increases before public holidays are always higher than the cyclical price increases that occur at non-public holiday times.

### Prices vary considerably between country and city. What does the ACCC say about this?

In general price differentials in seemingly “like” country towns may be explained by differing local competitive factors, including population sizes, the level of competition and the presence of discount retailers. This is consistent with what Caltex has said for many years.

### So why do myths about petrol pricing persist in the face of strong evidence?

We understand that customers become upset when prices increase. That’s why we do our best to price fairly and explain why prices change.

Unfortunately not everyone does the same to inform the public. In the course of preparing the report the ACCC identified a concerning level of misinformation in the media reporting on petrol prices. It acknowledged that commentators on petrol prices have a responsibility to the members they represent to raise concerns. But this responsibility should also include a commitment to discourage myths and misapprehensions unsupported by evidence.

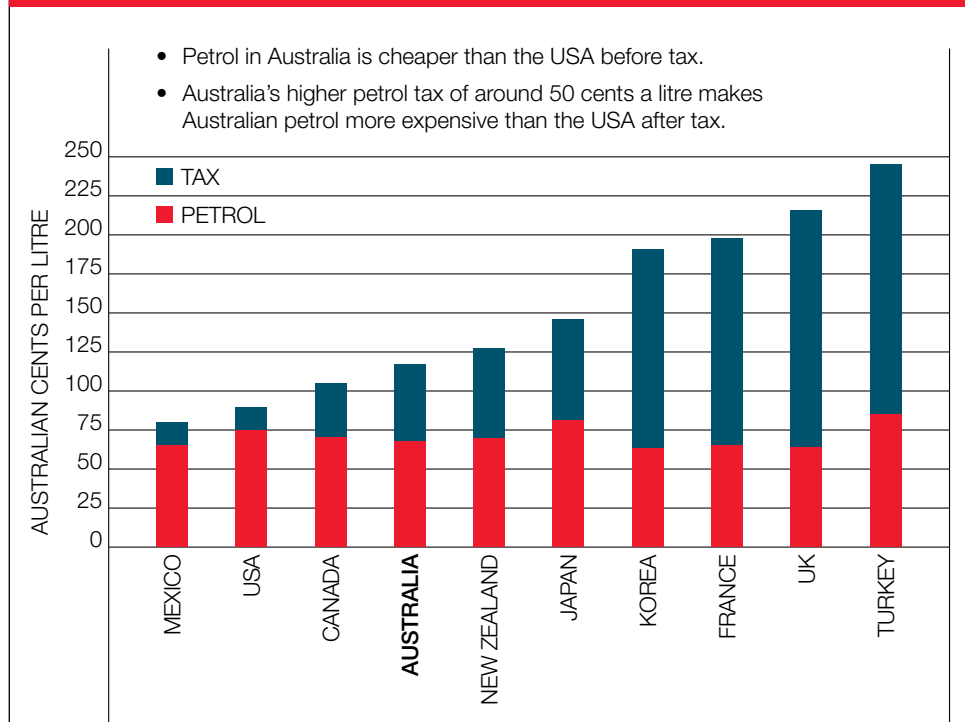
### Any final comments?

We’ve worked very hard for many years to provide our customers around Australia with reliable supply at fair prices. We’re investing heavily in our two refineries, in terminals and in retail sites to maintain our competitive position and prepare for future challenges. And we have very good people to make all this happen.

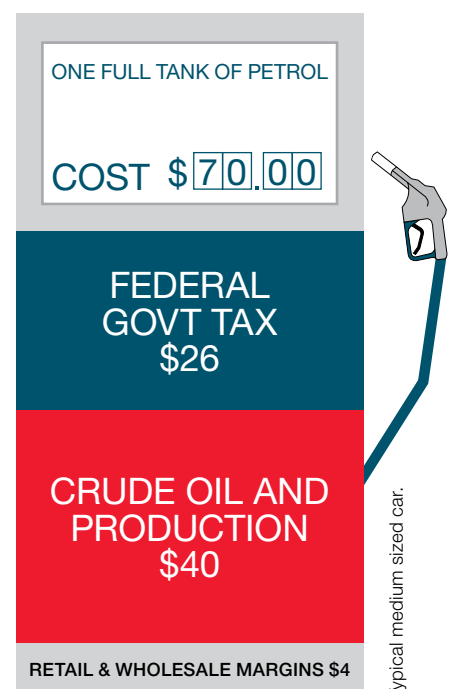
From the government’s perspective, industry policy has to be looked at holistically. The ACCC’s report provides just part of the picture.

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

## FOURTH LOWEST PRICE FOR PETROL IN THE OECD



## WHERE DOES YOUR MONEY GO?







Seeking better and better performance – Lytton's Michael Jennings (left) and Brad Robertson

# Refineries set records

If teamwork is the fuel that lets people obtain outstanding results, Caltex refinery people have been running on full tanks for the past year.

**Thanks to great** cross-functional cooperation between teams, the two refineries have had a very successful 12 months, setting records for production and throughput of petrol, jet fuel and diesel. This was achieved even though operational issues in November and December meant some process units had to be shut down for repairs.

"We should look back with a sense of achievement on what we've accomplished," says Caltex General Manager Refining Brian Waywell. "Operationally the period from mid-2006 until October 2007 was our best ever for utilisation."

## Lytton shutdown 'removed barriers'

An important factor behind Brisbane-based Lytton refinery's success was a reformer shutdown earlier in the year to repair a failed transformer. (The reformer unit converts crude oil to higher octane product.) The Lytton Area North team under superintendent Mike Jennings took advantage of the down time to make modifications that lifted steam limits, improved effluent cooling and hydrogen purity and removed other production barriers. The work resulted in the plant running more reliably with consistently higher throughputs.

"We were also able to complete a number of important tie-ins for the project for the new diesel hydrotreater which avoided a later costly shutdown," explains Michael. "This saved the company millions of dollars and is a credit to those involved across many different disciplines."

Lytton's Area South team was able to break a daily throughput record for the big FCCU petrol production unit (the fluid catalytic cracking unit) – when it ran for a week at a record 97.4 per cent capacity. Area South superintendent Brad Robertson points to better use of the "constraint busting" process as a reason for this success. "It essentially focuses on good communication and execution between departments," explains Brad.

Lytton refinery Production Manager Paul Vardanega agrees. “Excellent focus and the right feed types allowed the Lytton production team to run the plant at record rates – the whole area was accountable for helping to get the most out of every last drop of crude.”

### Kurnell’s rate hike

At the Kurnell refinery in Sydney, four factors contributed to the refinery’s strong performance in the past year, says Production Manager Ray Greenup.

The crude injection system was improved, with engineers making changes to pipework and manifolds to facilitate a better mix of crude oil stocks. This allows the injection of more product into the units, says Ray. “In the past heavy crudes would restrict rates. Now by being able to mix crude in different tanks we can get a higher rate.”

The recently introduced crude scheduling tool, Orion, helped the refinery’s supply and planning people to plan better crude mixes, and excellent teamwork between Supply and Planning, Technical Services and Production meant teams could set aggressive targets.

Representatives from each group meet to set the maximum rates they believe the process plants can run using an approach known as P20 (meaning 20 per cent probability). The information gathered at this meeting is fed to computers to model the target rates required for each plant. “Generally we had a very good result over the year,” says Ray.

Finally the Hydrogen Taskforce, a team of engineers and production people, was able to increase the amount of hydrogen available for the diesel hydrotreater, so it could run at maximum rates for most of the year.

### How high?

Three 30-day rolling average throughput records were set at Kurnell. In the most recent the number one crude distillation unit recorded a rate of 398kL/hr in October. (The previous record was 388kL/hr.) Utilisation, a measure of how efficiently the refinery complex operates, also hit a record last July of 91.2 per cent. The previous record was 90.3 per cent.

At Lytton, the record weekly utilisation of 97.4 per cent occurred in the first half of November. A major record was broken when the daily FCCU rate reached 5,521 tonnes.

“While 2007 was a record year for production and utilisation it also showed that we could do better. 2008 is about getting the plant back into safe and reliable performance, continuing to reduce our risk profile and leveraging off our business partnerships to continue to push our performance into new territory,” says Lytton Refinery Manager Liam Tobin.

At Kurnell, the year ahead will be about executing the major diesel hydrotreater cluster shutdown with excellence and getting back into the excellent groove they were in last year, concludes Kurnell Refinery Manager Tip Huizenga.

“Stable, safe operations will then allow teams to focus more on our important risk reduction work.” ●



Refinery technician Wayne Turner tests equipment on Kurnell refinery’s 18 megalitre diesel tank which was commissioned in January. The huge new structure has increased diesel storage capacity at Kurnell by 26 per cent





# Getting connected

Caltex franchisees across Australia are building their businesses by being closely involved with their communities. *The Star* spoke to three who are using smart ideas to engage potential customers and promote the Caltex brand.

## Business and pleasure

**As he strolls** down a picturesque fairway bordered by mangroves and the sea, you wouldn't think Todd Stewart was hard at work promoting his business. But the franchisee at the Caltex Star Shop in Redcliffe, Brisbane, has found some creative ways to combine business and pleasure.

At the golf club Todd sponsors a number of tournament prizes as well as the par three holes where players see a *Caltex Redcliffe supporting the community* message. He has put up \$100 in StarCash for any player who hits a hole in one.

Franchisee colleagues who are thinking about giving back to their community shouldn't just make a donation, advises Todd, they should get involved. "Just handing over money doesn't work," he says.

He stays personally involved with seven sporting clubs in his district: Australian Rules, rugby union and rugby league football, touch football, tennis, golf and lawn bowls.

It's been a successful way to build relationships. People know and recognise Todd at events and make the connection between the sponsorship and his business. "A percentage of people associated with an event will go out of their way to

give me business because of it, and they say so. That commitment is part of the volunteer culture."

During the six years he's been active in sponsorships, Todd has seen shop sales revenue grow by 25 per cent a year and is convinced some part of that is due to his support for local events.

Rather than cash donations Todd favours other gifts. At a recent tennis tournament for junior players – the biggest in the region – he provided trophies to winners and runners-up in each category. He also gave \$100 in StarCash as a prize in a special draw for the parents.

"If I'm sponsoring an event I try to be there to present the trophy. That way, people can see that you're actually involved."

He tries to use StarCash in all his sponsorships. Free fuel is a great gift which has obvious benefits for his business.

Incentive schemes can work well too. Todd operates one for parents and members of the Junior Rugby Union competition where his dockets are marked throughout the year. At financial year end Todd gives assistance, the value of which is determined by the value of the dockets redeemed, in buying sporting equipment.

"Rather than just handing over money we're giving people a reason to support us in turn."

## Goodwill in Gisborne

Danny Gevergizian, franchisee at the Caltex Star Shop in Gisborne northwest of Melbourne, is a major sponsor of one of the most popular events on the town's calendar, the annual Gisborne Festival. A procession of floats parades through the town and ends at the showground. The sponsorship allows the Caltex brand to be displayed on the festival's promotional material.

In the past three years the business has also given StarCash to the Country Fire Association and to local schools for fundraising as well as certificates of achievement, coach awards and best player awards to junior football and cricket teams. "We've also been giving Local Site Marketing-based prizes the winners can redeem in the shop," he says.

A successful home side helps. The Gisborne football team often features in the grand final for the region and Danny's sponsorship here earns him a banner at the home ground. It's a personal involvement – Danny's son plays in the junior competition. "We're a small



community so it's especially important to be involved at that level," he says.

There's plenty of evidence of the goodwill generated. Two weeks of disruption during a recent shop fitout saw no drop in fuel sales. "It would have been easy for my customers to avoid a cramped temporary hut by going to my competitors but they didn't. I put it down to goodwill in the bank."

He's convinced that by staying involved he's benefiting his bottom line. In four and a half years he's seen a healthy growth in his shop sales and fuel volumes – and that's despite strong new competition in town.

## Cost-effective sponsorship

When Iain and Rosemary McPherson eat out in a local restaurant, even when they're walking down the street, people stop to say hello and have a chat. In the eight years the couple have been running the Caltex Star Shop at Brighton in southwest Adelaide, they've given annual cash donations to a variety of local causes, and it's made them many friends.

The McPhersons make a donation to the local Drug Arm volunteers group who assist in the rehabilitation of people with drug and alcohol problems, for example. Plus they sponsor two local surf life saving clubs, a tennis club and the Brighton Football Club where their 17-year-old son plays for the under 18s, a team Iain also manages.

Iain sees this commitment as a necessity in a competitive environment, because the site is flanked by a Woolworths and a big BP. It's cost-effective too, he says, because the Caltex Brand group reimburses them half of the sponsorship money.

While he can't put an exact figure to the amount of business the sponsorships help to generate, he gets an indication by collecting receipts from club members buying fuel. The receipts are stored in a box, then at the end of the year the McPhersons add them up.

"We live in the community and our children have been going to schools here," says Iain. "It's very important we're seen to be giving something back." ●



Todd Stewart of Redcliffe and his fairway promotion



The StarCash kid – Hayden Dodman, 12, of Echuca shows off the kart competition prize donated by his Caltex franchisee parents

# StarCash kings celebrate success

## What kind of competition makes a kid give back his prize? Answer: the kind where Dad puts up the prize money in the first place.

**Well that's the** experience of 16-year-old Christopher Dodman of the Murray River town of Echuca. Christopher and his 12-year-old brother Hayden recently raced in the regional Victorian go-kart competition to which their Caltex franchisee parents, Rod and Carmen Dodman, had donated \$1,500 in StarCash as prizes.

"We believe in giving back to the community that supports us," explains Rod, who with Carmen runs two service stations in Echuca, one in nearby Moama and another in Bendigo.

"Our sons have been racing sprint karts since they were small. Christopher won some of the StarCash we'd donated but he gave it back with – mostly – good grace."

The Dodmans are again the most successful sellers of the prepaid cards in the national Caltex network. Despite stiff competition from competitors' products, they topped the 2006 StarCash sales poll with \$613,057 in sales, a 120 per cent increase on the previous year. And in 2007 they did even better with \$660,000.

Karting is a family friendly amateur sport, says Rod, catering to all-comers from seven year olds to the over 40s. It exemplifies the kind of excellent community relationship that StarCash can help develop, benefiting local bodies as well as Caltex operators.

By giving StarCash to the regional karting competition, Rod and Carmen gain the benefits of cross promotion because they increase the chances of seeing the prize winners in their store and of winning them over as customers.

What's the secret of their success? "Simply, we don't stop talking about what a great product it is," says Rod.

When the couple first started selling StarCash in 2004 they visited as many clubs, local organisations and small businesses as possible to talk about it and build relationships. In doing so they focused on the cards' wide use, convenience and ability to allow businesses to manage pre-paid fuel accounts.

With the recent increase in fuel prices it's a welcome proxy for cash, Rod points out, so it's become even more appropriate as a prize or gift.

The Dodmans have made careful use of the Caltex-supplied advertising materials for StarCash, with one poster taking pride of place in the foyer of the local RSL club.

Their sales efforts have gathered so much momentum that StarCash has become a favoured raffle prize at the RSL and is regularly used for bingo and door prizes at the local golf and sports clubs. Many small businesses – including a caravan park, real estate agent and concreter – use it to pre-pay staff petrol accounts.

One-off promotional uses are gaining in popularity as well. A car dealership recently purchased \$1,000 in StarCash to offer the first customer to seal the purchase of a vehicle on a particular day of the week.

More and more franchisees are embracing StarCash and the business is booming. National sales were \$3.6 million in 2004, \$6.9 million in 2005 and \$10.8 million in 2006. By the end of 2007 the business was worth \$11.6 million nationally. ●

## FUELLING CHANGE PROGRAM TOPS \$100,000 IN ITS FIRST YEAR

Caltex's employee charity donation program Fuelling Change celebrated its first year with a significant high point. With Caltex matching all employee donations dollar for dollar, a total of \$102,000 was raised for participating charities in 2007.

Hundreds of Caltex employees are currently signed up for the program which donates to six charities. Analysis of income for the year shows the Cancer Council is the most popular followed by Caltex's long-standing community partner the Starlight Children's Foundation, then The Smith Family, RSPCA, Heart Foundation and OzGreen.

"We're delighted with this wonderful achievement," says program manager Suzanne Cohen. "Now we're looking to grow employee

participation so we can give even more to our charities in the year ahead."

Fuelling Change is an effective way to make a difference, Suzanne points out. Charities get to use 100 per cent of the money because they don't incur the cost of fundraising, and because Caltex matches donations they go further to alleviate need.

Plans for 2008 include email and poster campaigns across the company to raise awareness and build participation, bulletin updates on what the donated funds are spent on and education sessions by some charities.

For more information contact Suzanne on 02 9250 5059. Employees who would like to sign up should please contact the HR Service Centre on 02 8114 2030.



## LYTTON SPONSORSHIP GOING SWIMMINGLY

Queensland's Rainbow Bay Surf Life Saving Club is celebrating girl power and much else as it enters the tenth consecutive year of sponsorship by Caltex's Lytton refinery in 2008.

Largely as a result of the club's youth development program begun with Caltex funding, Rainbow Bay crews have achieved outstanding results at state and national surf life saving rowing championships. The competitors, all of whom live in the suburbs near the refinery, have won five national medals over the past decade. But one of their proudest achievements came at the state championships on the Sunshine Coast in March last year.

Their all-girl team won the inaugural under-23 event in a four-year-old boat sponsored by Caltex, becoming the first all girls' team in history to triumph in such a contest.

To celebrate the win, Lytton refinery and Lytton terminal have jointly bought the club a new \$26,000 boat. "Though we usually sponsor

the club solely from the refinery, we bought the boat in conjunction with the terminal on this occasion," explains Lytton's Community Relations Coordinator Toni Dugdale.

Caltex is the club's biggest and longest standing sponsor, says club Deputy President Peter Hickey. The Caltex brand is synonymous

with Rainbow Bay surf boats which are highly visible around the bayside communities of Wynnun, Manly and Redlands.

"Caltex is strongly identified with surf boat competitions round Australia because Rainbow Bay attends all major surf life saving carnivals," says Peter.

**BELOW: The winning team - Krissy Kedwell, Erin Huttenmeister, Nathan Davies (sweep), Courtney Dreaver and Emily Leiner - with their new Caltex sponsored boat**



## BIG-HEARTED STARLIGHT SUPPORT SEES MORE WISHES COME TRUE

Five-year-old Paris from Sutherland Shire in Sydney longed for "a special cubby house", a hideaway where she could play and have tea parties with her friends and little brother.

She deserved it. Born with a digestive problem that sent her to hospital 12 times and on 40 visits to doctors and specialists last year, Paris has had most of her bowel removed and requires daily medical treatment. Her three-year-old brother suffers from the same condition.

Thanks to funds raised for the Starlight Children's Foundation by the employees at the nearby Caltex Kurnell refinery, Paris got her Starlight wish, a bungalow cubby house decorated inside and out with flower boxes and furniture. "Paris loves it, it's given her a chance to have fun and be a kid again," says her mother Annita.

This was all part of a special Caltex Starlight program in the run up to Christmas, when Caltex employees again showed what big hearts they have, supporting Starlight with great generosity. Teams at sites and offices across the country raised almost \$65,000, but with Caltex generously matching the funds, the grand total is just under \$130,000.

The team at Caltex's Fremantle terminal led the way with a splendid \$38,000 raised mostly from a business development manager day with an employee 'slave auction' (see opposite), caricaturist, hat sales, donation boxes and raffle.

Others sites held barbecues, picnics, Christmas feasts, Santa hat sales and parties. Newport terminal in Melbourne organised a live auction, while in Sydney Banksmeadow terminal held a barbecue. 2Market Sydney office arranged a Russell Ingall visit, a sponsored silence, a head shave and much more including – and this must be a first – a Nintendo Wii competition.

"These efforts will enable Starlight to brighten many sick kids' lives," says Helene Patounas, Caltex's Starlight Relationship Manager.



## ROY'S 'SLAVES' FEEL THE HEAT

WA/SA Retail Sales Manager Ross Bohan and Operation Support Manager Andrew Triplett had a sweltering introduction to 'unpaid' work in the Pilbara in February. The two worked as 'slaves' for a day at a Caltex site at South Hedland, 1,800 kilometres north of Perth.

The hard yakka, conducted in 45-degree heat, was the brainchild of Roy and Kathy Horsman who have been franchisees at the Star Mart South Hedland since 1981. Roy and Kathy bought the services of Ross for \$10,000 and Andrew for \$2,500, with the money being donated to the Starlight Children's Foundation.

They got their hands dirty as the Horsmans intended. Wearing uniforms and 'trainee' badges, they washed pumps, emptied bins, shifted cartons, swept floors and

manned the tills of the 24/7 operation that sells \$18,000 of excellent food from a busy kitchen each week. Ross even helped local kids pump up their bike tyres.

"We're in a remote location and don't often see these guys," says Roy. "It was good to show them the challenges we face – and that we can organise the shop better than they can!"

Ross and Andrew learned a lot. Though the forecourt is not as congested as those of some metro sites it was a challenge to serve fuel and food and answer customers' questions, Ross says.

"With fuel at around \$1.60 per litre, some big diesel sales were common. Certainly Andrew and I have a better understanding of some of the operational challenges in our remote locations in the northwest."

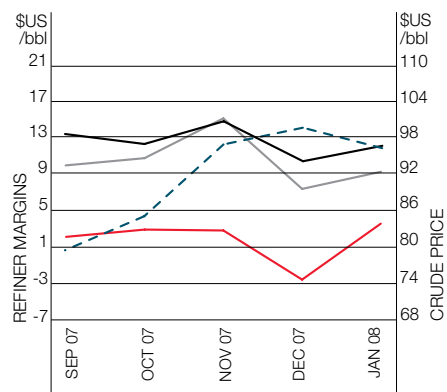
**PICTURED:** Roy's 'slaves' Ross Bohan and Andrew Triplett hard at work at the Star Mart South Hedland in outback WA.



## 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 Policy, Public & Government 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 (95 ULP) (left axis)
- Jet (left axis)
- Diesel (0.005%) (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.



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