

THE STAR

CALTEX'S MAGAZINE FOR EMPLOYEES, FRANCHISEES,
RESELLERS AND THE WIDER WORLD
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**The truth
about
biofuels**
and why customers
want them



From the Managing Director

As we discuss in this issue of *The Star*, Caltex believes that biofuels have an important role to play in reducing greenhouse emissions and in making Australia's energy supply more secure.

The biofuels used by Caltex have a high level of sustainability. Our ethanol comes from waste from the wheat starch manufacturing process and from molasses, a by-product of sugar refining. Our biodiesel is made mainly from used cooking oil and tallow. These biofuels do not reduce food supplies.

Caltex is committed to the development of biofuel blended fuels to complement our conventional automotive fuels. We have backed our belief in them with significant investment over the past five years in terminal and service station conversion and the business has experienced rapid and exciting growth.

Consider these achievements:

- This year Caltex will sell around 750 million litres of blended fuels containing 39 million litres of neat (unmixed) biofuels.
- We have rolled out Bio E10 Unleaded petrol blend and/or Bio New Generation Diesel (two per cent biodiesel blend) to 400 Caltex-branded locations. Further expansion is planned.
- To ensure more efficient delivery of E10, Caltex has invested in new, multi-million-dollar ethanol blending facilities in Brisbane and Sydney. These will enable us to supply more E10 to our networks as demand keeps growing.

In a fast-changing world, Caltex must constantly adapt the fuels it offers. Petroleum-based fuels will continue to meet a major proportion of Australia's transport needs for many years to come but the race for new fuel and vehicle technologies has begun in earnest.

Until the full potential of these alternatives can be realised, biofuels are an immediate option that offer customers genuine environmental benefits. They can help reduce Australia's reliance on fossil fuels and fill the gap when conventional crude oil supply starts to fall short of demand.

And with new technologies emerging for "second generation" ethanol made from any plant material containing cellulose or biodiesel made from special-purpose crops grown on marginal land or even algae, there should be even more benefits to be realised in future.

Des

COVER: Sugarcane plants – one source of ethanol for Caltex



LPS at work

Caltex's Loss Prevention System (LPS) protects staff in a multitude of ways, in some circumstances even saving lives.

When Guy Todaro, Process Safety Management Specialist with Chevron, boarded a flight to Australia he was looking forward to a two-week assignment as a member of an operational excellence review team at Lytton and Kurnell refineries. Guy had spent two years at Kurnell until 2004 and hoped to catch up with colleagues from his time in Sydney.

Things didn't turn out that way. As Guy got off the aircraft in Brisbane he noticed one of his legs was a bit stiff. Twenty-four hours later the discomfort had developed into a constant cramp. Guy did a Safe Performance Self Assessment (SPSA) to consider what was the worst thing that could happen. He decided to ask someone with the appropriate training and called his wife in Houston for advice, as she's a registered nurse.

She recommended he take immediate action to minimise risk and go to the nearest hospital. Guy had just done an SPSA, and it may have just saved his life. It was very late at night, but Guy asked Kurnell Operational Excellence and Risk Manager Mike O'Sullivan to take him to hospital.

The diagnosis: deep vein thrombosis (DVT) and life-threatening blood clots in his lungs. Guy spent ten days in hospital, then had to wait another four weeks before doctors gave him the all-clear to board a plane to the US at the end of August. Some of that time he lodged with the family of his friend at Lytton Terminal, Geoff O'Mara.

"This is a real big shock," says Guy, 50, who had no health problems, has never smoked and has no family history of blood clots.

He is grateful to Mike O'Sullivan for taking him to have the cramp investigated and feels lucky it happened in Australia where medical help is readily available. Now in Salt Lake City, he is having further treatment.

Likewise, Mike is glad Guy did an SPSA and called him that night. "This is where LPS and IIF (incident and injury free) pull risk reduction and caring for others together to get great results," he says.

Mike strongly recommends reading airline advisory notices about exercise when flying. If you feel discomfort after a flight, do your SPSA and take action to have it checked by a medical professional.



Biofu why Caltex

The scene: a dinner party in an Australian suburb

The subject: climate change

"Look, biofuels are a con," a man says animatedly. "They push up the price of food and rainforests are being cleared to make way for the crops they're made from."

"They reduce greenhouse gas emissions," argues another. "And oil is running out so the world needs to move away from fossil fuels."

These matters seem to be a common subject for debate these days. From being widely hailed as a clean and attractive alternative to fossil fuels a year or two ago, the view of biofuels has changed in some quarters. The caution is warranted but once sustainability issues are worked through, the stage should be set for long-term expansion of biofuels usage.

The fact is, these fuels have an important role to play in Australia's energy supply security and



A young "Bio E10 Ambassador" prepares to brief customers at the Rydalmere site northwest of Sydney. Acceptance for Caltex's ethanol-blended fuel is increasing.

els is a supporter

in helping to reduce greenhouse emissions into the future. If properly developed, biofuels need not adversely impact food supplies and will have undeniable environmental benefits.

Greenhouse gases from producing and using ethanol and biodiesel blends are significantly less than from fossil fuels alone. In addition, Caltex's biofuels are made from feedstocks that include waste products and by-products of food processing.

Caltex has backed its belief in biofuels with a significant investment in a business which has grown quickly and dramatically from a tiny base about five years ago. This year it will sell 750 million litres of blended fuels containing 39 million litres of neat (unmixed) biofuels. One in every 21 litres of fuel sold by Caltex is a biofuel blend.

The growth in volume has been made possible by a rollout of biofuel blends to hundreds of service stations in Queensland, New South Wales and the ACT, and by sales to commercial customers who see benefits in its use.

Caltex now sells biofuels at 400 sites offering either the 10 per cent ethanol petrol blend Bio E10 Unleaded and Bio New Generation Diesel (a blend of two per cent biodiesel and regular diesel) or both. And that figure excludes around 60 sites branded Caltex but operated by Woolworths. So biofuels are sold in over 380 Caltex-branded locations.

Increasingly, our customers want biofuels. Commercial and industrial businesses are seeking out biodiesel, a diesel substitute made from renewable materials such as tallow and vegetable oils which is blended into diesel at ratios of two, five and 20 per cent.

"We have lots of large commercial customers asking for it as a potential option, with the level of interest increasing dramatically over the past few years," says National Fuels Marketing Manager Michael Ridley-Smith.

Caltex is selling B5 – the five per cent biodiesel blend – in a few locations in New South Wales, primarily to commercial customers. In Adelaide we're selling B5 and B20 to business

customers including bus companies and are currently negotiating to supply other commercial customers in that city.

For E10 as well, acceptance is increasing, helped by a discounted price relative to unleaded petrol at retail sites in NSW. Where customers have choice, E10's penetration has increased from six per cent of the petrol portfolio to about 16 per cent. In Queensland it has moved from the low teens to 20 per cent at sites where motorists are offered the choice.

"We have some sites in Queensland where E10 penetration is up to 50 per cent, in pockets of Brisbane for example," says Michael. "It's bought by people who like the price discount and want to help the environment."

Displacement trial – farewell to Unleaded

Interestingly, where Caltex's Bio E10 Unleaded is sold, total petrol sales have remained the same or increased. With this in mind, >

Caltex is exploring the option of removing unleaded petrol (ULP) altogether at many sites and replacing it with Bio E10 Unleaded.

As a start, Caltex has been running a “displacement trial” in New South Wales at selected sites selling only E10 and two premium petrol brands, Vortex95 and Vortex98, says Biofuels Marketing Manager Mabelle Reyes.

In the current trials, 12 sites went E10-only in September, with more sites scheduled in October and November. “We know there’s work to be done to generate more consumer trust in ethanol and we’re getting there,” says Mabelle. “With the roll-out plan we need to do it at a pace that’s commensurate with consumer acceptance and the ability of contractors to convert sites.”

In areas where E10 is well accepted, Caltex will roll out the E10-only policy town by town. At others it will identify whether more work is needed to generate interest and acceptance.

There’s an infrastructure issue here too. Tankage at some sites is old and not suitable for E10. “We’ll be addressing this in our tank replacement program which aims to upgrade tankage across our network,” says Mabelle.

Making the supply chain more efficient

To ensure more efficient and cost-effective delivery of E10, Caltex has spent \$6 million on recently completed ethanol blending infrastructure projects at Lytton Terminal in Brisbane and Banksmeadow Terminal in

Sydney. These facilities enable Caltex to supply more E10 to its networks as demand keeps growing.

The Banksmeadow facilities, opened in June, include ethanol tankage and ratio blending of ethanol and unleaded petrol to make E10 Unleaded at the loading rack. This cuts loading time because petrol was previously taken to the Vopak terminal three kilometres away to add the ethanol then the truck had to return to Banksmeadow to complete the invoicing.

A similar project at Lytton, opened in August, represents an even bigger efficiency improvement because Caltex previously had to blend ethanol with petrol from Lytton at the South East Queensland Fuels Depot at Rocklea, 30 kilometres away.

E10 blending infrastructure is currently under construction in our Newcastle Terminal, adding to the efficiency of ethanol blending and marketing from that location. Newcastle Terminal will also see biodiesel blending facilities in place at the loading rack early in 2009, which will permit efficient marketing of B5 and B20 blends as well as the current B2.

Where our biofuels come from

The ethanol and biodiesel Caltex uses in its transport fuels are produced by specialist Australian manufacturers using various feedstocks. The commercial arrangements between Caltex and these suppliers are of equal importance to both parties. “Our commercial links are a vital part of the supply chain,” observes Caltex’s Manager Government Affairs & Media, Frank Topham. “Biofuels can

only be successful if all links in the supply chain work together to promote them, from biofuels producers to fuel companies, vehicle manufacturers, motorists and commercial fuel users. Things are improving but we are still quite a long way from a consensus on biofuels strategy.”

Dalby Bio-Refinery

A good example of the interdependence between buyers and suppliers is the new Dalby Bio-Refinery ethanol plant at Dalby in south west Queensland which will produce 80 million litres of ethanol a year, mainly from locally grown sorghum. Caltex is contracted to buy a substantial proportion of the output from the Dalby plant.

Manildra

Another supplier to Caltex is the agri-business giant Manildra, which distils ethanol from waste wheat starch at its processing facility at Nowra, south of Wollongong. This plant’s capacity is currently being increased and by the middle of next year it will have doubled its ethanol production capacity to more than 250 million litres a year.

CSR

CSR Ethanol, a division of sugar refiner CSR Limited, is upgrading its distillery in Sarina, Queensland, to increase fuel grade ethanol production from 35 to 60 million litres a year. Its ethanol is made from molasses, a by-product of sugar production.

BIA

Caltex’s biodiesel is supplied mainly by Biodiesel Industries Australia’s (BIA) purpose-

Things are improving but we’re still a long way from a consensus on biofuels strategy”

An artist’s impression of the new 80-million-litre ethanol plant in Dalby, Queensland





TOP: In Adelaide Caltex is selling biodiesel blends to bus companies
ABOVE: E10 is now sold at 400 Caltex-branded locations

built production factory – the first in Australia – at Rutherford, NSW. It has a capacity of 15 million litres a year.

ARF

Australian Renewable Fuels (ARF) has supplied biodiesel to Caltex in South Australia. Their Adelaide plant had been closed for 12 months but has re-opened and will continue its supply of biodiesel to Caltex in future. ARF also has a biodiesel plant in Picton, WA. Caltex is not currently marketing biodiesel blends in WA but this is under regular review.

BPL

Caltex has a biodiesel supply contract with Biodiesel Producers Ltd (BPL) and takes product from their state-of-the-art biodiesel plant near Wodonga in northern Victoria.

Government policy – the latest

In Queensland, where about 32 million litres of fuel ethanol are produced each year, all from molasses, the government intends introducing a five per cent ethanol mandate by 2010. In NSW, legislation requires ethanol volume to equal two per cent of total petrol supply. In both states, the required ethanol volumes will

mostly be achieved through the sale of E10 blends. Interestingly, Caltex sells as much ethanol in Queensland as it does in NSW even though there's no mandate legislated yet in the Sunshine State.

Caltex remains committed to the previous federal government's biofuels action plan and supplying an appropriate share of the target of 350 million litres of neat biofuels in 2010.

"Queensland has been a great supporter of ethanol and understands the benefits," says Frank Topham. "The federal government currently does not charge excise on ethanol and the previous government made substantial grants to producers and retailers. We are hopeful that state and federal governments will increase support in various ways for the development and sale of biofuels."

"NSW also has a positive, proactive approach to ethanol even though Caltex doesn't agree with mandate policies."

Environmental benefits: hope for a cleaner world

The debate about biofuels and their effect on food production and cost has gathered momentum and the issue of their sustainability is driven by some genuine concerns.

Globally, these include the effect on animals and their habitats, destruction of rainforests, and potential displacement of poorer farmers by land clearing (especially in southeast Asia and South America). There is a need to ensure use of crops for biofuels doesn't compete with food crops.

A measure of how concerned Caltex is about sustainability is that it does not buy biodiesel made from imported feedstocks, including palm oil. Caltex only purchases biofuels made in Australian factories from Australian-sourced feedstocks.

The environmental benefits of sustainably produced biofuels have been well chronicled. "From an environmental perspective, you have to take into account the life-cycle of the product," says Mabelle Reyes. "The plants that are eventually turned into ethanol absorb the carbon dioxide created when the ethanol is burnt – hence the fuel is 'renewable'. There are still some carbon dioxide emissions in growing, harvesting and making the ethanol from plant matter but overall the greenhouse gas emissions are less than for petrol produced from crude oil."

One of the benefits for Australia is that it can offset the cost of imported petroleum with biofuels from Australian agriculture and reduce our reliance on fossil fuels. "Increased security of fuel supply is a big plus for the future," says Mabelle.

CSIRO study shows benefits

The advantages have been recently supported by a CSIRO study on biodiesel's life-cycle benefits. It showed that a two per cent

biodiesel blend can reduce greenhouse gas (GHG) emissions by 1.5 per cent compared with unblended diesel, assuming the biodiesel is made from tallow (animal fat). The reduction for a five per cent blend is 3.7 per cent and the reduction in GHG for a 20 per cent blend is 15 per cent.

The advantages of ethanol are confirmed by a Caltex biofuels supplier. "Studies have shown that throughout its life-cycle, sorghum-based ethanol produces less than half the greenhouse gases produced by fossil fuels," says Pauline Brownless, the Safety, Health, Environmental and Community Affairs Manager at the Dalby bio-refinery.

The future may be brighter still

For ethanol, new technologies are emerging for "second generation" ethanol, made from any plant material containing cellulose. For biodiesel, algae holds promise as an alternative feedstock.

Because supplies of the traditional ethanol feedstocks will always be limited, much effort is being focused on developing technologies to convert the more plentiful "ligno-cellulosic" materials into biofuel. These can include bagasse waste from sugar mills, timber plantation waste (thinnings, sawdust and so on), stubble from crops and even certain grasses, according to Bruce Harrison, Chief Executive Officer of the Biofuels Association of Australia (BAA).

In Australia, a pilot plant is being built by a New South Wales company, Ethtec, to convert timber waste into sugars for fermentation using a special process to break down the cellulose, says Bruce.

In the meantime, the Queensland University of Technology and Syngenta are working on the use of enzymes to break down sugar cane cellulose materials into sugars to ferment into ethanol, and several other local companies are undertaking similarly exciting work.

"These second generation feedstocks and technologies have the potential to contribute significantly – more than 20 per cent – to our transport fuel mix in future, with a start on commercial production likely within the next five years," says BAA's Bruce Harrison. ●

Conquering crisis

When adversity strikes, a company like Caltex needs people with level heads and determination who can put things right. A crisis can even be an opportunity to get ahead of the competition if you manage it properly, as these two examples show.



Caltex Wyong F3 store managers Leica Clark and Trevor Harrison with one of their new generators

recharge at caltex.

how convenient.



run smoothly



CALTEX



An ad that Mackay franchisee Bruce Hollett used to attract customers after DialTime's demise



Dealing with a dilemma

Earlier this year when telecommunications provider Bill Express and its DialTime subsidiary went into liquidation, retailers across the country suddenly faced the prospect of being unable to offer customers prepaid phone credit.

Caltex stores were no exception, and the potential consequences were serious. The telecommunications category represents about 10 per cent of Caltex's convenience retail shop sales and is worth \$100 million a year in sales revenue.

As soon as the Caltex merchandising team heard that Dialtime was having problems, it began discussions with another provider, e-pay. The talks quickly resulted in extensive software upgrades and system testing between Caltex and e-pay.

"Some hard work between merchandising, legal and marketing systems departments ensured we had a solution in place to minimise the impact on Caltex and our franchisees' business," says Karim Sumar, Caltex National Merchandise Manager.

"Many retail outlets didn't react quickly enough after the demise of DialTime so they couldn't provide an electronic telecommunications offer to their customers," says Karim.

"Caltex did react quickly by placing ads in newspapers nationally and regionally to tell our customers to 'Re-Charge at Caltex'. The joint effort between merchandising and the brand department led to record sales for several weeks in response to the ads."

Mackay, Queensland, franchisee Bruce Hollett exemplified Caltex's proactive stance. He jumped on the opportunity to advertise and drive sales in his three stores.

Realising his sites were virtually the only places in town that had a recharge solution in place, Bruce ran ads on a local radio station and put up advertising signs. Staff spread the word to customers.

Not only did Bruce's telco sales double, he also saw a significant increase in total shop sales thanks to companion purchases with recharge cards. He has retained many of the customers gained in this period.

Power problem

Over the last Queen's Birthday long weekend, storms throughout the Newcastle and Central Coast area of New South Wales cut power to all four Caltex Wyong F3 freeway stores for several days.

The outage resulted in lost sales, spoilt stock and poor brand presentation. "People driving up that freeway depend on us for shop items and fuel," says Trevor Harrison, the F3 Petrol North site manager. "When there is a power outage, it puts the customer in a predicament."

Shorter power outages caused by fallen trees or overloading of the grid occur quite regularly in the area. Caltex decided that a solution had to be found, and business manager Kynan Grace undertook an investigation. The conclusion: each site should get its own generator.

With the assistance of the Project Services Group Kynan set about seeking quotes. The capital outlay of \$200,000 was approved and the four generators were installed.

Just a few days later, the F3 Petrol North store had a power dip. The generator immediately kicked in and the store traded normally for five hours until the electricity came back on. On another recent occasion the generators powered all four sites for close to 15 hours.

"This demonstrates our commitment to operational reliability and the fact that we continue to be there for our customers when others are not," says Caltex Retail Operations Manager John Dulgarno. ●



John Taylor (left) and Jos Kusters with the Kurnell DHTU, producing more diesel thanks to on-site ingenuity

Kurnell's problem-solving skills add dollars to the bottom line

They'll be the first to admit their work isn't always appealing. It involves handling massive machines and tasks of almost unimaginable complexity. Most non-refining people understand little about what Caltex's refinery personnel do.

One recent example of refinery employees' expertise in action was the work undertaken in August and September on the diesel hydrotreater unit (DHTU) at Kurnell by the refinery's Technical and Operations teams.

Their task: to identify through a process safety study a way to increase the unit's diesel output.

The DHTU has been making low-sulfur diesel since it was upgraded as part of the Clean Fuels Project in 2006, with throughput limited to around 200 kilolitres an hour. Refinery planners realised that even a small incremental gain in output would be very significant for Caltex.

The challenge

What was holding it back? The main issue was a design condition on a vessel in the refinery known as the flare knock-out drum. In some emergency shutdown scenarios, the DHTU will release gas to the flare drum which must then also catch any liquid that may accompany the gas.

"A key issue with the drum," explains Kurnell Technical Services Manager John Taylor, "is that it must have a certain capacity to accommodate that liquid. Simply put, our people had to ensure this capacity wouldn't be exceeded if we increased the DHTU's throughput."

Jos Kusters (Technical) and Ross Langshaw (Operations) and their colleagues were soon focusing their attention on the problem. They began by looking at the unit's operating levels and instrumentation.

The solution

Jos identified that by improving the reliability of instrumentation on the flare knock-out drum and slightly modifying levels at which it operated, they could change the operational range so there was more volume available to capture any liquid that would be carried over to flare in the event of an emergency. (This potentially dangerous situation resulted in an explosion at a Texaco refinery in 1994.)



Adelaide terminal's new vapour unit will cut losses *and* clear the air

Cleaner air and reduced safety risks are among benefits to be gained from the recent installation of a vapour recovery unit (VRU) at Caltex's Birkenhead terminal in Adelaide.

The Adelaide facility, officially commissioned by Caltex Managing Director Des King, joins Caltex's Newport, Banksmeadow and Lytton terminals in having VRUs. These units remove most hydrocarbons from the vapours released from tankers during filling thus controlling emissions.

The project's \$2-million price tag represents a saving due to recycling. The unit was removed from the Caltex Newport terminal in Melbourne and reconditioned before being installed in Adelaide. (The new VRU commissioned last year in Newport, Caltex's largest throughput

terminal, is 50 per cent bigger than previous units that operated there.)

It is estimated that around 0.1 per cent of a typical tanker load can be lost in vapours while refilling.

The work is part of a broader project to upgrade facilities, improve compliance and increase storage capacity at Birkenhead terminal – which is in turn part of Caltex's ongoing huge supply chain infrastructure program. The Adelaide work includes the demolition of old tanks and warehouse buildings and an advanced new safety monitoring and control system, in which tank gauges have independent high-level alarms.

The upgrade and expansion is designed to improve overall compliance at the terminal, improve the efficiency of its operations and better equip it to service growth markets. Originally built in 1937, Birkenhead terminal has been under increasing pressure since 2003 when Mobil's Port Stanvac refinery in Adelaide closed and the terminal became reliant on ship imports, mostly from Asia. ●

Jos and Ross put in new maintenance regimes to ensure instruments were operating correctly. This helped them to increase accuracy and allowed them to operate the pump safely at the lowest possible level.

The end result was an increase in throughput from 200 kilolitres an hour to 210 kilolitres an hour.

"We've been able to up the feed rate from September," says John Taylor. "This was achieved despite a hiatus caused by a power failure and poor weather that restricted unloading of crude oil and feed available for the unit. It again shows how refinery experts working together can make a really big difference." ●



From left, GM Supply & Distribution Alex Strang, Managing Director Des King and Gavin Bath, SA Operations Manager, at the commissioning of the vapour recovery unit in Adelaide



Carmel and Tony Franza, winners of the Best Franchised Store of the Year Award

CALTEX RETAIL: "GETTING IT RIGHT!" ON THE NIGHT

Caltex was the star performer at the recent Australasian Association of Convenience Stores (AACS) Awards 2008, taking out the coveted Retailer of the Year in both the company-owned and franchise categories, as well as the prestigious Peter Jowett Industry Award.

AACS is the premier body of the convenience retailing industry whose members include major retailers and industry suppliers. The Retailer of the Year is the pinnacle of recognition in the industry and is based on a random sample of sites from each retail network being visited anonymously by the AACS judging panel on a number of occasions over a set period.

To win this award requires the retailer to display consistent retail execution and customer experience across *all* stores that are visited and judged. This makes Caltex's achievement all the more outstanding given that network size and brand awareness are immaterial in the judging process.

Caltex Star Mart Heathcote (Northbound – 21CC Concept Store) won Best Company Store of the Year. The Award was accepted by Leo Pucar, National Retail Manager, and confirms Caltex operated Calstores' position as the leader and innovator in convenience retailing.

Franchisees Tony and Carmel Franza won Best Franchised Store of the Year for Caltex Star Mart Albert Park, Victoria. This is a tremendous achievement which is a testament to Tony and Carmel's passion for the Caltex Star Mart brand and their commitment to "Getting it Right!" for their customers and staff.

Simple philosophy

Tony and Carmel have a simple retailing

philosophy. It means getting the basics right and attending to detail. For this reason they're on first-name terms with their customers, maintain a well-laid-out, spotlessly clean store, keep their five part-time employees well trained and motivated and, above all, work hard. The support of their Caltex Business Manager and team and a couple of other franchisees have helped them along the way, Tony adds.

"That's what I mean about attending to detail," he says. "Details in presentation are vital, not only in the way the shop looks but in how the staff are dressed. First impressions really do count." For this reason, too, they maintain full shelves in accordance with the Caltex All Stars shop layout and planograms.

Running a convenience store has been a steep learning curve for the couple who less than two years ago had an old fashioned service station workshop. Eighteen months after moving to the new Caltex Star Mart convenience retailing format, the Franzas' revenue has grown steadily and they've exceeded budget in every merchandising category, including coffee, pies, drinks and confectionery. They run ongoing promotions and advertising to help attract customers.

Another key ingredient for their success is being welcoming, to show customers they're appreciated. "People don't *have* to stop here – there are plenty of other convenience stores around and our employees understand that," says Tony. "We choose them on their abilities to interact with people."

Rising Star

Naomi Jackson, New Product Development Executive with the Retail Operations Team at Caltex, won the Peter Jowett Industry

Award which recognises the best rising talent in Australian convenience retailing.

This award requires nominees to address a pre-set topic on convenience retailing and prepare a detailed submission for the AACS Board. Shortlisted finalists are then required to deliver a keynote presentation on their submission in front of all the AACS member organisations who vote for a winner.

Naomi went on to represent the Australasian convenience industry and Caltex in competition against other international winners at the North American Association of Convenience Stores (NACS) conference in Chicago in October – and won!

Naomi achieved the milestone for Caltex in claiming the "NACS 2008 Global Convenience Industry Award" on 5 October, ahead of finalists from SPAR (United Kingdom) and BP (New Zealand).

Naomi Jackson – winner at home and abroad



RECOGNISING A FINE CAREER

A longstanding member of the Caltex leadership team has won national recognition for exceptional management and leadership.

Alex Strang, Caltex General Manager Supply & Distribution, was winner of the Fluor award for leadership in chemical engineering at this year's Chemeca. The Fluor award is one of a dozen chemical-engineering awards, mostly industry sponsored, made each year at Chemeca, the annual conference for the profession hosted by the Institution of Chemical Engineers in Australia, Engineers Australia, the Royal Australian Chemical Institute and the Society of Chemical Engineers New Zealand.

The award recognises exceptional management and leadership talent that has directly resulted in sustained corporate success over a significant period. It can include line management and project management in either the private or public sectors.

Alex's 36-year career is an example of the diverse and impactful career a chemical engineer can enjoy.

He says he was surprised to be nominated for the award – and just as surprised to win it. It's as much a reflection on Caltex as on himself, says Alex.

"It demonstrates the positive image the company has and the achievements I've been fortunate enough to be a part of. That's also what's being recognised here."

Significant corporate successes

Guests at the presentation heard that Alex has been instrumental in two corporate successes that have changed the face of

Caltex and Australian refining and marketing. These are the merger of Caltex and Ampol in 1995 and the present alliance between Caltex and Woolworths that began in 2004.

His leadership roles at Caltex have included Manager of Strategic Planning, Corporate Treasurer, Group Controller, General Manager of Manufacturing and his current role.

Caltex's Supply and Distribution division has responsibilities that span the buying of crude oil, production planning at refineries, scheduling finished petroleum product movements, distributing products to terminals and delivering them to customers.

Having a safe and reliable supply chain is critical for Caltex achieving its marketing growth targets, says Alex. In essence this means ensuring it always delivers high-quality products to customers when they need them. "The supply chain must be sufficiently flexible to handle potential disruptions, such as when unreliability affects a refinery and we then have to go to alternate sources of supply," he says.

Alex joined Caltex at Kurnell refinery in Sydney in 1972 and worked in a number of engineering and production roles in Kurnell and on secondment in New York. From 1982-1997 he worked in various finance, project and planning roles in Sydney and again in the USA, in Dallas, Texas.

He has enjoyed the journey. "Chemical engineering training is a good mix of the fundamentals of chemistry and engineering. It's a discipline that gives you a very good understanding of how a refinery works. Starting from that position, if you do well it really opens up opportunities."

- The Caltex Teaching Award which recognises outstanding achievements in the teaching of chemical engineers was also presented at the Chemeca conference. Caltex Managing Director Des King made the award to Jeffrey Mayne of BP's Kwinana Refinery near Perth. As well as holding a full-time position at Kwinana, Jeffrey has lectured in core subjects in the chemical engineering course at Curtin University for the past 10 years.

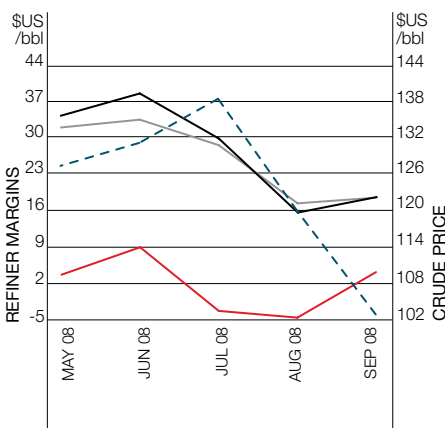


Dr David Dolan, director of process engineering at Fluor Australia, presents Alex Strang (right) with his award on 30 September

SHARE PRICE



CRUDE OIL PRICE & SINGAPORE REFINER MARGINS



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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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