

# THE STAR

CALTEX'S MAGAZINE FOR EMPLOYEES, FRANCHISEES,  
RESELLERS AND THE WIDER WORLD  
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## The best options for cleaner vehicles



CALTEX



Premium fuels  
expansion keeps  
on rolling

Caltex aims to broaden  
its retail reach

Lytton's safety secrets

Franchisees who are  
"Getting it Right!"

Meet Julian Segal  
Caltex's new CEO



**CALTEX**  
Caltex Australia



## From the Managing Director

It gives me great pleasure to write my first Managing Director's message for *The Star*.

Many people, from many different industries, have said that this is an unprecedented time in history. This is particularly true in our competitive industry. I am determined to build on the legacy of my predecessors to ensure Caltex remains financially strong and that we are vigilant, adaptable and ready to seize opportunities to become even stronger.

The article on page 4 outlines ways in which Caltex is showing leadership in the debate on matters of interest to the industry and the public – specifically in relation to climate change.

We have proposed to a Senate committee an integrated package of measures which, we believe, will be more effective in reducing emissions from the country's vehicle fleet than the proposed carbon pollution reduction scheme.

By giving people incentives to buy more efficient cars and encouraging the development of new technologies and fuels, the nation can take a big step forward in cutting emissions – as evidence from around the world attests. Indeed, an increasing number of reports confirm that new vehicle technology is one of the best ways to make meaningful progress in this area.

On this and other matters Caltex's voice deserves to be heard. We will ensure that it is.

Julian Segal



## LPS at work

There were many challenges to overcome when over 450 short-term contractors were introduced into one of the biggest turnaround and inspection shutdowns at Kurnell refinery this year, particularly as many of the workers had not set foot on the site before.

As the hustle and bustle of a large shutdown got underway and hundreds of contractors started working on repairs to the refinery's number one fluidised catalytic cracking unit (cat cracker), it was imperative that the Kurnell team looked out for their safety and well being.

To support that goal the shutdown group adopted the loss prevention "buddy" system. LPS methods are used throughout Caltex by employees to prevent or reduce loss, using behaviour-based tools and proven management techniques. The buddies assisted the short-term workforce to use LPS and other safety tools such as incident and injury free (IIF).

The schedule was developed to allocate buddies to every work group for the duration of the shutdown and involved personnel from across the refineries. At the start of each shift the LPS buddies attended toolbox meetings to talk about safety aspects of working in a refinery – meetings which happen every day whether a shut-down is underway or not.

Throughout the shutdown, the buddies also participated in almost 1,000 audits, loss prevention observations (LPOs) and safe performance self assessment (SPSA) discussions, helping to raise safety awareness further.

## Caltex aims to broaden its retail reach

In late May 2009, Caltex entered into an agreement to acquire 302 Mobil service station sites. This agreement is subject to regulatory review and clearance.

"The proposed acquisition is a good strategic fit for Caltex. It will enable Caltex to grow its business consistent with its long term strategy of being a marketing-led business," said Caltex Managing Director and CEO, Julian Segal.

"Currently, Caltex is primarily a wholesaler of fuel but a relatively small player in the retail fuel market when compared with Coles Express, Woolworths and BP. This acquisition will allow us to better compete in the retail fuel market with these major players.

"We know what our customers want. Caltex has one of the most successful convenience retail networks across the nation, with both company and franchised stores operating predominantly under the Caltex Star Mart brand. This proposed acquisition will allow our fuel, convenience and card offer to be more accessible to our customers."

Caltex is proposing to purchase the 302 Mobil service station sites as a going concern, providing it with experienced people to help grow the business. "Subject to regulatory clearance, Caltex will take on more than 1700 employees. We regard employees as a key asset," said Julian.

"Caltex's long term commitment to a strong balance sheet will enable the proposed acquisition to be funded from internal sources. Caltex remains committed to maintaining a strong balance sheet moving forward.

"Regulatory review and clearance by both the Australian Competition and Consumer Commission (ACCC) and the Foreign Investment Review Board (FIRB) is ongoing, and we are working with the regulators to assist them with their review."

The acquisition cost to Caltex is in the order of \$300 million including estimates for inventories and other settlement costs which will be finalised on completion.

**STOP PRESS:** On 2 September the ACCC released a Statement of Issues on the proposed acquisition. This indicates the ACCC's preliminary views, drawing attention to particular issues of varying degrees of competition concern, and identifies lines of further inquiry that the ACCC wishes to undertake. Caltex will address the areas of competition concern and will continue to work with the ACCC while its review is ongoing.

The ACCC has indicated it will deliver its final decision on 7 October 2009. ●



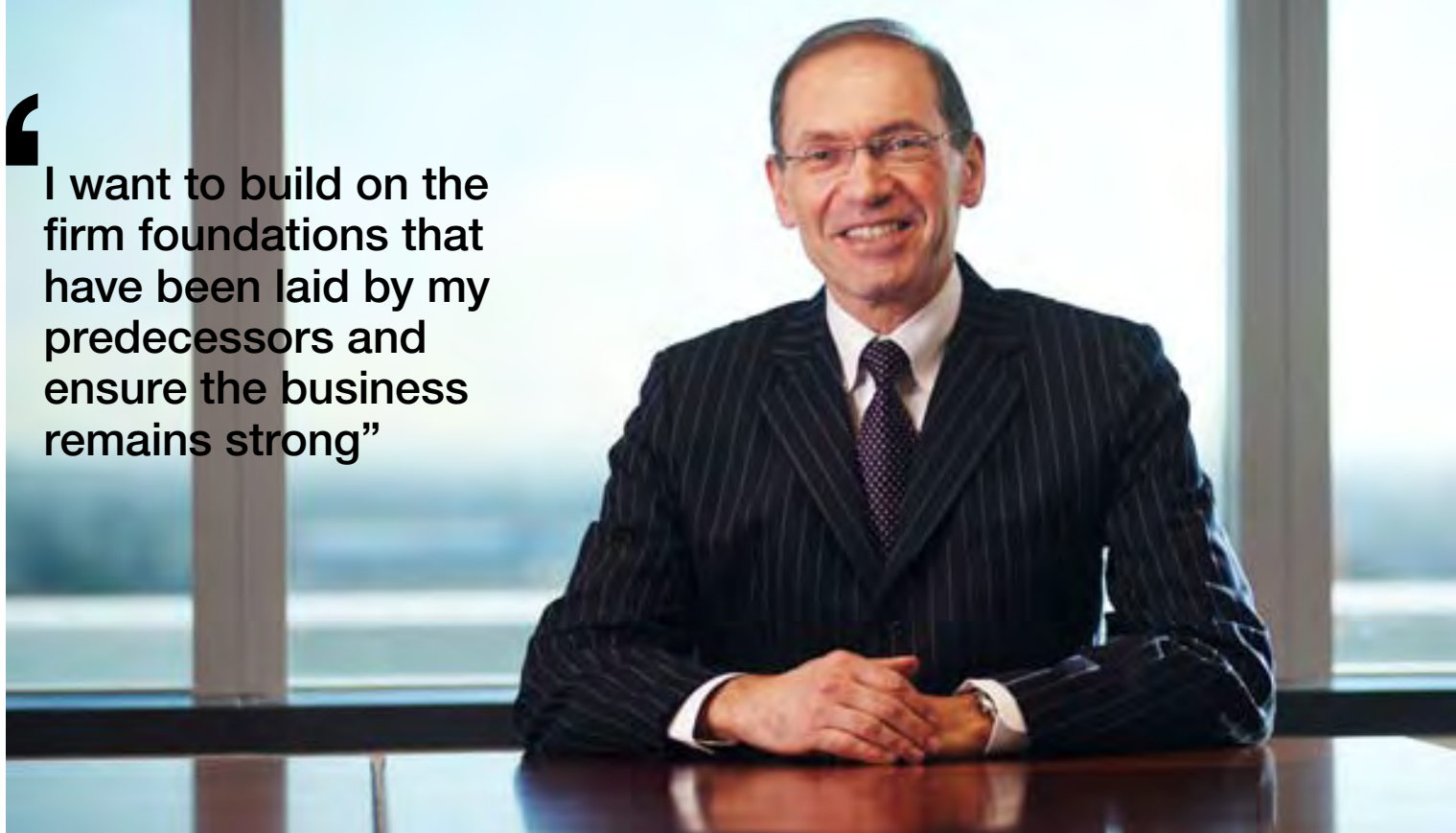
## RETAIL IS GETTING IT RIGHT

Calstores recognised the outstanding performance of its best store managers with the Calstores "Getting it Right!" Awards. Pictured from left are regional finalists: Ross Metcalfe, WA, Kylie Schubert, Vic/Tas, Daniel Milosev, NSW, Tom Peterson, Qld (Store Manager of the Year), Sue Creacy, SA, with Leo Pucar



“

I want to build on the firm foundations that have been laid by my predecessors and ensure the business remains strong”



New Caltex Managing Director and CEO Julian Segal

# Building on a solid foundation

On 1 July this year, Julian Segal took over the reins from Des King as Managing Director and CEO of Caltex Australia and has hit the ground running. He has spent time visiting the Caltex refineries and terminals and also with the Caltex Board and with Chevron (Caltex's 50 percent shareholder) in both Singapore and the US.

"Caltex is a great company with a long Australian history, spanning over 60 years. There are few other companies on the Australian Securities Exchange (ASX) that have that longevity," Julian said.

"My focal point, as the new Managing Director and CEO of Caltex, is to deliver a superior performance. We will deliver on our strategy while creating a culture that continually challenges the status quo and executes our plans with speed and excellence."

Julian led global chemicals company Incitec Pivot from June 2005 to May 2009. Under his management the company moved from well outside the top 100 ASX companies into the top 50 within three years. When announcing his appointment, Caltex Australia Chairman, Elizabeth Bryan said, "Julian's strong track record, commercial skills and experience will be integral in further developing Caltex's strengths and ensuring that it is positioned well for the long term."

Julian has been quick to note the volatility of the oil industry and acknowledges the need to continue to focus on the factors within our control.

"As a business we need to become more efficient, bigger and stronger. We need to foster a culture that has genuine urgency, solid accountability and strong cost control. Culture is imperative to a company's strength and success," Julian said.

"First and foremost though, above all else is the safety of our people and our operations. This goes hand-in-hand with ensuring we have a safe, secure, reliable and incident-free operation.

"I want to build on the firm foundations that have been laid by my predecessors and ensure the business remains strong, as we continue to ride out the challenges of the current economic climate and protect the gains we have made to date.

"In the short to medium term, we will continue to focus on the factors and opportunities that are within our control – refinery reliability, cost control and efficiency. We will also take advantage of appropriate external opportunities that present themselves. This will ensure the company is in a position of strength to cushion the natural cycles of our industry."

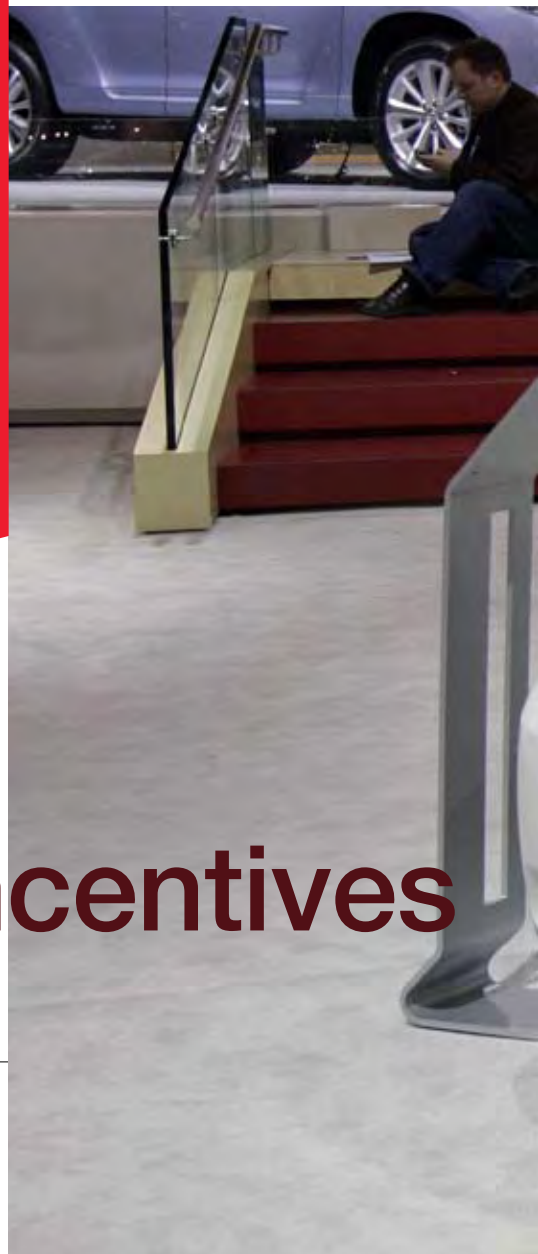
Julian holds a Bachelor of Science in chemical engineering from the Israel Institute of Technology and a Masters of Business Administration from the Macquarie Graduate School of Management.

Prior to his role as Managing Director and CEO of Incitec Pivot Limited, Julian spent six years at Orica in a number of senior management positions, including Manager of Strategic Market Planning, General Manager – Australia / Asia Mining Services, and Senior Vice President – Marketing for Orica Mining Services. ●

## COAG NEWS

The latest Council of Australian Governments (COAG) meeting agreed to undertake a detailed assessment of the costs and benefits of introducing voluntary or mandatory CO<sub>2</sub> emission standards for light vehicles.

COAG will ask the Henry Tax Review to consider options such as financial incentives for the purchase of fuel efficient cars and differential stamp duty and registration regimes linked to environmental performance.



# Technology and incentives

## Best options for cleaner vehicles

Caltex has proposed an integrated package of measures for cutting transport emissions as a more effective alternative to the Carbon Pollution Reduction Scheme (CPRS). *The Star* reports.

In May, when President Obama unveiled efficiency and greenhouse gas standards for vehicles in the US, it signalled a big change for the car industry.

American manufacturers will be obliged to use new technologies to produce cars with much tougher fuel-efficiency standards.

The president's announcement shows how technology can be a key to a cleaner, more sustainable future. While American cars will cost \$US600 more to make as a result of the new laws, owners will get more than that back in fuel cost savings over the life of their vehicles.

Caltex believes new vehicle technology is one of the most important ways progress can be made in reducing carbon emissions in Australia.

The proposed CPRS is complicated and flawed when it comes to cutting transport emissions. The excise reduction for motorists and users of light commercial vehicles will

make their inclusion environmentally ineffective for many years.

For this reason, Caltex proposes the CPRS be amended to remove private motorists and light commercial vehicles from the scheme. The issue of emission reduction from their vehicles can be better addressed through complementary measures – in line with what's happening in many places overseas.

Here are the measures Caltex has proposed to a Senate committee on climate policy:

### Set efficiency targets

Australia should aim to take advantage of technological developments overseas, where improvements are mandated. By monitoring vehicles' carbon efficiency (in grams per kilometre) against a set of voluntary targets related to those of other countries, we can assess if good efficiency gains are being made.

A voluntary National Average Carbon Emission (NACE) target for new cars and light commercial vehicles is in place through to

2010. NACE saw a 10 percent improvement from 2002 to 2007. Caltex believes Australia's voluntary approach should be continued and suggests a target NACE of 170gCO<sub>2</sub>/km by 2015 and 125g/km by 2020.

These would allow improvements in vehicle carbon efficiency to be tracked while allowing for policy to be adjusted so targets can be achieved.

### Provide incentives to buy more fuel-efficient cars

We can reduce emissions from using fuel by encouraging consumers to buy the most carbon-efficient models through a simple "feebate" scheme. This would provide cashbacks for low-emission vehicles, funded by fees imposed on vehicles with higher emissions.

A feebate arrangement can raise people's awareness of the link between fuel consumption and carbon dioxide emissions. It can provide incentives for manufacturers



Toyota's hybrid Camry

to offer more efficient options within model ranges, such as hybrids, or diesel or LPG engines.

That's not just Caltex's view. The International Energy Agency, for instance, says even modest incentives like feebates can send strong signals to consumers and manufacturers.

Feebates are widely used in Europe. In France a new small car attracts a purchase bonus of 700 euros (about A\$1,200) but large cars incur fees of 750 euros or more.

In addition, Caltex believes state and territory stamp duty and/or registration charges for light motor vehicles should be realigned on a sliding scale based on carbon dioxide emissions per kilometre.

### **Incentivise new technologies**

The European Commission has noted that "improvements in car technology have delivered the bulk of the CO<sub>2</sub> reductions" to date. Incentives for local manufacturers to

develop and produce more efficient vehicles could deliver significant emission reductions.

Caltex believes grants should be provided for research, development and demonstration of low-emission vehicles and the fuel distribution systems to supply alternative fuels where required for them, such as E85 or electricity, tailored to developing local manufacturing capability.

The government has already proposed the five-year, \$1.3-billion Green Car Innovation Fund as part of the ten-year, \$6.2-billion New Car Plan for a Greener Future. A portion of this has been directed to Toyota to develop a hybrid Camry.

### **Increase the use of alternative fuels**

To reduce greenhouse gas emissions further, a shift to low-emission vehicles should be accompanied by a shift to low-emission fuels. In the next decade the use of biofuels, liquefied petroleum gas (LPG) and compressed natural gas (particularly in freight) in vehicles will expand.

It will take time for these to be fully commercialised. Longer term – beyond 2020 – advanced biofuels that limit competition with food production, hydrogen and synthetic fuels made from gas and coal (using carbon capture and storage) are expected to come into use once production infrastructure has been built.

Meanwhile, vehicles relying on electricity as the main or partial source of fuel could be on the Australian market within a few years. This could represent a near-zero emission fuel if the electricity is "renewably" generated.

### **Improve public transport and land use**

To deliver a greener future, developers and governments must build more sustainable cities and offer incentives to people to leave cars at home. This means creating better public transport networks and developing housing in a way that gives people easy access to transport, and lets them work closer to home. ●





The promising start has convinced Caltex there's a place for a 'retail focused' diesel on forecourts



Spreading the word in the North – Bruce Hollett and colleague Amanda Coad

# More Vortex

## Premium fuels expansion keeps on rolling

As Vortex premium petrol sales continue to outperform competitors' products, Caltex has announced a new supply deal to make Vortex 98 available in the northern half of Queensland for the first time.

High-octane product is now being sourced out of Townsville, making Vortex 98 petrol available at Caltex sites from Mackay northwards to Cairns.

Caltex's high-octane brand has been available for some time in the southern half of the Sunshine State. Making it available in the north to complement Vortex 95 represents an additional convenience for customers, especially those with high-powered cars, says Shannon Fallis, Business Manager Retail – Queensland. Many European imported vehicles now also require high-octane fuels.

"Vortex 98 is aligned with where we want to head as a convenience retailer," adds Rob Watson, Retail Sales Manager for Queensland and Northern Territory. "There's been terrific growth in premium fuels. Customers who use them generally are better off and have a higher propensity to spend in the shop."

Caltex's premium fuels suite grew two percent in 2008, increasing our market share to 32.9 percent. At the same time, the Vortex portfolio has been expanded with a successful trial of Vortex premium diesel, now being rolled out across Australia.

### It's incremental volume

Wherever Caltex introduces Vortex 98, premium sales tend to grow dramatically with virtually no cannibalisation of Vortex 95.

The experience of Queenslander Bruce Hollett, franchisee of three sites in Mackay, supports this. After the first week Bruce's outlets were shifting an average of 2,000 litres of Vortex 98 a day.

"It's all incremental volume," Bruce says. "I'm delighted. I didn't think we'd be selling that amount so quickly."

Mackay has one of the highest rates of Ford and Holden V8 ownership in the country, Bruce says. With these drivers he and his employees are pushing the fact that the fuel has an additive that cleans injection systems.

"I'm running an education program for staff because it's critical they can answer questions and recommend it to folks who have vehicles suited to it. If a customer asks a question and the employee doesn't know the answer, it could turn them off."

Bruce and his team are emphasising these points about Vortex 98:

- It can take you further per tank of fuel.
- It has an additive that cleans injection systems.

- It's mainly designed for V8s, higher performance and modern European cars, but can benefit any car.

### Vortex Diesel in more places

Meanwhile, to increase its share and penetration of the premium market, Caltex is now supplying Vortex Diesel in more locations.

The premium diesel product has been trialled in Sydney since late 2007 with feedback "extremely positive," says Biofuels Marketing Manager Mabelle Reyes. It's a blend of extra-low sulfur diesel with an additive pack that contains a detergent that removes deposits on fuel injectors, has an anti-foam chemical and is anti-corrosive, says Mabelle.

The promising start convinced Caltex there was a place for a "retail-focused" diesel on forecourts. Currently some 30 Caltex sites in New South Wales offer it, and it recently became available from the rack at the Newcastle terminal, says Terminal Operations Manager Dominic Lum.

A national rollout will follow. Vortex Diesel will be launched in Perth, Brisbane and Melbourne during the remainder of 2009 and in the rest of Australia through 2010. By the end of 2009 the number of sites retailing it will be close to 130. ●

# Link Energy purchase

## New opportunities appear on the western horizon

When Caltex took over 100 percent ownership of West Australian reseller Link Energy in May this year, it acquired a business with very unusual attributes.

Link Energy services over 2,000 customers in some of the remotest areas of the Australian continent, in one of the biggest distribution areas of its kind on the planet.

"Most resellers' delivery times are calculated in hours," says Caltex Business Development Manager Bill Pollock. "Some of Link's deliveries take days and require lots of road train work."

Link Energy had been Caltex's largest independent reseller and franchised distributor of fuel and lubes in the west since 2001, when the company was formed. The purchase of the other half through Caltex Petroleum Services (CPS) allows Caltex to extend its volumes and reach significantly into the West Australian market.

The acquisition adds a complement of 115 employees to Caltex Energy WA under Brad Brown, Regional Manager WA, with day-to-day operations being run by Ian Grosse, Link Energy Manager.

### Cartage business adds volume

It adds some impressive volumes to the business. Link Energy sells around 114 million litres of fuel a year, and its cartage business another 160 million litres on top of that. "We're a carrier of product as well as a reseller," explains Bill Pollock.

Its marketplace stretches from the South East and Great Southern regions of WA up to the Goldfields, the Pilbara and Kimberley in the far north. Distribution is achieved via five service stations, three wet depots, seven unmanned truck stops, several lubes stores and an office in South Perth. The Link Energy fleet comprises over 50 trucks and trailers, including triple road trains.

Key customers are typically mining-services companies (which contract to big miners like BHP and Rio Tinto) along with large transport companies and a diverse primary producer market.

Some deliveries require unusual effort. One client is an aboriginal community on the Canning Stock Route, near Well 33, called Kunawarritji. It requires a 1,600-kilometre return trip into the Great Sandy Desert.

### Seeking synergy

What will change? Not much in the first year while Caltex assesses the business closely, says Bill Pollock. The most important task is to ensure employees are happy and understand Caltex's procedures and policies. The next

challenge will be to integrate Link Energy's functions with Caltex systems so it can operate effectively.

"We need to ensure there's a cultural and operational fit with everyone having a clear understanding of the end game," says Bill. "We now have an opportunity to look at this large market on an integrated basis which should ensure the best outcome. It'll be made easier by the fact that Link Energy is already a very good, well-run outfit. But we want it to contribute even more to the bottom line."

"We won't be kicking doors down and changing things that don't need to be changed," adds Link Energy Manager Ian Grosse.

One thing certainly won't change, says Ian. That is Link Energy's operational philosophy, focused on the provision of excellent local service at an economic price on a single customer account. ●

## THE ROAD TRAIN – KING OF THE ROAD

Link Energy's road trains operate in rough, inhospitable terrain where temperatures can exceed 50 degrees Celsius. Only the best quality equipment can survive in such conditions, and Link Energy prides itself on a proven track record of service, on time, says Ian Grosse.

Some facts about these large vehicles:

**Number of litres carried per trip:** over 110,000.

**Number of tyres on the road at any one time:** 70.

**Distance travelled from Port Hedland base:** up to 700 kilometres

**Gross mass:** up to 150 tonnes.

A Link Energy juggernaut hits the road



Ian Grosse



# Simon says

## Targeted learning will make riskier jobs safer

Caltex has made great progress in developing a culture of safety in recent years. The results are plain to see – the lost-time injury rate fell by over 20 percent last year.

Now employees in higher risk jobs across the company can expect to be safer still, thanks to an “operational excellence competency management framework” currently being trialled in the reseller network.

“The title makes it sound difficult,” says Simon Willshire, Group Manager Human Resources, “but it’s simple – a system that ensures our front-line people get the right training, at the right time, to do their work safely.”

You can have the best safety system in the world, Simon adds, but if employees don’t get appropriate training and it isn’t kept up to date, the system can fail.

To ensure this doesn’t happen, under the OE competency management framework HR staff and departmental managers will identify the competencies people in higher-risk jobs need to mitigate risks. For example, that may involve new education for tanker drivers to ensure they have all the skills and knowledge they need to stay safe.

“An important focus is on category-three risks that can result in serious injury or death, or serious incidents like loss of product from an above-ground tank,” explains Helen Smirniotis, Manager Organisation Development. “We’re now building the processes and network tools we need to support a company-wide rollout.”

### Pilot program underway

The pilot program recently got underway in the southeast region of the reseller business. In practical terms, employees involved will find the learning requirements to do their job safely will be crystal clear, says Simon. Timing and particulars of the training will be recorded on the Caltex intranet and constantly reassessed so managers will know precisely when someone needs a refresher course.

“If workplace procedures or jobs change, we’ll ensure requirements are updated so training is specifically targeted to needs,” Simon says.

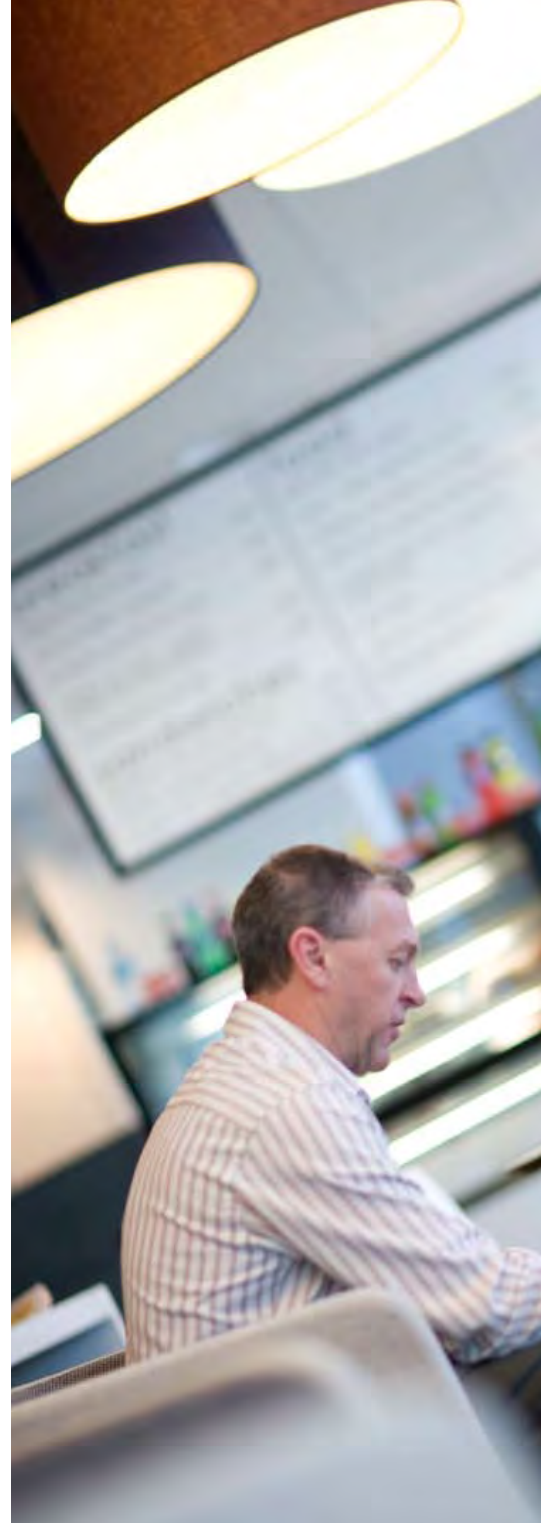
Competence is partly about how people behave when no-one is watching, he adds. “It’s one thing to respond to a quiz in a classroom. We expect employees to respond appropriately in emergencies, to act instinctively when something goes wrong.”

The implementation of an OE competency framework addresses the need for Caltex have an appropriate IT platform for recording training or assessing results. “It’s not just about having a place to record data, but about ensuring there is quality assurance in keeping training relevant, Simon says.

Plans are in place to fully integrate the system into the reseller business by the end of the year.

### More training streams

The OE competency framework is not the only learning initiative that’s being prioritised at Caltex, Helen Smirniotis points out. Another stream which is part of “Learning@Caltex” (the company’s enterprise-wide approach to training and development) is leadership and professional development.



Caltex HR Business Partners Bob Behnke and Ebru Isik discuss details of new learning initiatives

A new senior leadership program has been introduced, and is supported by the Mt Eliza Centre for Executive Education at Melbourne University. Senior management attends a variety of sessions, for periods ranging from three to eight days.

A professional development stream, which is suitable for employees throughout the company, comprises 25 courses, ranging from half a day to three days in length and held at various locations. “The focus of these is to support development capabilities such as negotiating and sales skills,” explains Helen. “At least 250 people have benefited from these courses in recent months and feedback has been very positive.”





# Diesel stops: meeting a need in thirsty trucks

Truckies generally don't like having car drivers around when they're filling up their rigs, and vice versa. It usually takes 15 minutes to fill a truck with 1,200 litres of diesel, and congestion caused by large vehicles on forecourts can slow up the refuelling process for other customers or turn them away.

That's just one of the reasons Caltex will be opening new purpose-built "diesel-stop" facilities around the country in coming months, says Phil Dunbar, Caltex Petroleum Services (CPS) National Operations Manager.

More importantly the concept presents Caltex with a potential business opportunity. Freight transport, projected to expand at 3.5 percent a year until 2015, is an area which is under-served by Caltex. "At present the configuration of our depot, truck-stop and convenience store network isn't entirely suitable for increasing our share in this market," says Phil.

However, the upside is good. Caltex Energy Queensland has operated the Yatala unmanned diesel stop near Brisbane since 2004 and returned good results.

Retail sites are typically ill-suited to serving this segment because most have low-flow diesel pumps, lower canopy heights and limited truck access. Trucks can also cause significant damage to retail forecourts and, often, only one vehicle has access at any given time.

## Attractive proposition

That's why diesel-stops are an attractive proposition. They feature ultra high-flow pumps and multiple truck bays which allow tanks on both sides of the vehicle to be filled simultaneously with the swipe of a card. They also have significantly upgraded pollution controls and safety features.

Most of the planned diesel stops will be near heavy industrial and commercial zones on the

outskirts of metropolitan areas and in regional towns. Many will be unmanned. At others, depot fronts will be converted to serve as diesel stops where lubes and other services will also be available.

## Port Kembla stop – 'just what truckies want'

The first of the new facilities has already opened at Port Kembla depot, 80 kilometres south of Sydney, adjacent to a port expansion. It's the result of a diverse Caltex team comprising employees from reseller, engineering, property services and operational excellence.

The Port Kembla diesel stop is designed to deliver 1,200 litres of diesel in five minutes, which is just what truckies want, says Greg Smyth, CPS Business Development Manager.

"And because of recent changes to fatigue management legislation, the time a driver takes to refuel a truck is now deemed 'work time'. This allows drivers more time for proper rest breaks," adds Greg.

The aim is to attract a greater slice of the "intermodal" commercial vehicle refuelling business. This typically involves two forms of transport coming together, like rail to road, or ship to road, and daily back-to-base truck operators travelling short-haul.

"These purpose-built diesel stops are smaller than truck stops, so urban site locations can be economically viable, and they cost less to build and run," says Phil Dunbar.

"Results in the first weeks of operations at Port Kembla were in line with initial volume expectations while competitors and customers continue to show strong interest."

One or two more diesel stops are due to be completed in 2009, with another 20 potential locations under investigation, says Phil. "We need to get a few more built before we can completely evaluate the concept." ●

Technical and functional development remains the core of the curriculum, covering a broad area with department-specific applications.

"An important tool for employees, including new appointments, is SharePoint, accessible through the Learning@Caltex intranet site", Helen says. Management level employees simply log in to register for courses in the leadership curriculum while staff throughout Caltex can sign up for continuing professional development at any time. Eventually this facility will also be expanded to cover the technical and functional curriculum. ●

The new Port Kembla facility saves truck drivers time when refuelling





Tupara Moanaroa (left) and Bill Macey, maintenance contractors, carry out work on Tank 57 at Kurnell

# Commitment, concerted effort behind Refining's safety improvement

Refining's safety statistics have improved dramatically – by more than 20 percent over the past year – following similar rates of progress over the past five years in what refinery people often refer to as their 'safety journey'.

"Some may wonder if it's good management or just luck," says Tip Huizenga, Kurnell Refinery Manager. "Or maybe they'll link the performance to the changes in the way we've managed safety."

It definitely didn't happen by chance, Tip concludes. Changes in the way Caltex refineries manage and approach safety have been the difference, and can be linked back to the application of the Loss Prevention System (LPS) and the introduction of the Incident and Injury Free (IIF) program some years ago.

Work done by everyone in refining to encourage a culture of care and concern among work teams for each others' welfare has also helped, and the hard work put in by many Caltex people over the years is starting to pay off, Tip says.

"Safety improvement is a tenuous thing. When you change the way you manage, results are often not immediate. It's not like when you tune a car and get a better performance straight away."

This year to July the serious injury rate is 30 percent down on last year across refining and 70 percent down at Kurnell. Lytton has made steady progress over the past few years. Kurnell achieved minor improvements for a number of years, so the results of the hard work are finally becoming apparent, Tip adds.

## People and process

While LPS and IIF have been enablers, it's how people get involved that actually makes the difference, Tip says. The programs enable employees to be engaged and interact with each other and support certain behaviours which, in turn, lead to improvements. More open dialogue then follows, which means issues are extensively reviewed and even better controls can be put in place.

"The way our work teams consider the hazards associated with a job prior to commencing work is a great example of how improvement comes with effort. It reinforces our permit-to-work processes and reinforces the need to focus on safe execution of work."

Though the refineries have indeed made great progress, there is determination to make their operations safer still. "Consequently, the issue can become one of 'blow-outs' – when you get to a really low injury rate, one or two injuries can make a significant difference," says Mike Gray, Acting Lytton Refinery Manager. "That's why we need to reach the mindset that zero is achievable, and open new lines of communication to support that."

The notion of zero is critical, because ultimately refineries have to reach a stage where everyone thinks it's unacceptable to have any injuries whatsoever.

"We've gone for long periods with no serious injuries at all, so we know it's possible," says Tip. "We must promote that mindset. But we should also acknowledge our safety achievements and continue to demonstrate to people how we're doing things differently." ●



# Lytton refinery shares its safety secrets

As construction work on Lytton's new diesel hydrotreater unit (DHTU2) was being completed recently, Caltex workers noticed that employees from one of the contracting companies used small generators and pumps that emitted lots of fumes adjacent to where people were working.

This caused concern. By Caltex standards, the leased generators and pumps were mostly outdated and many seemed to operate inefficiently. The contractors appeared unaware they might be exposing their people to hazardous fumes.

Lytton Safety Superintendent Rob Banks expressed his concerns with the company, which agreed to remove and replace the machinery with low-emission equipment that cut the risks.

"They were happy to do it," says Rob. "All the gear was leased so it wasn't an extra cost for them, and they were grateful we'd pointed out how their workers might be less exposed to a potential health risk."

Such concerns are all in a day's work for employees at Lytton, for whom safety has become a priority in every task.

## Best-ever record

Tangible evidence of this new awareness was the refinery's celebration earlier this year of two million man hours worked without a lost-time injury. Remarkably, it coincided with the presence of the large construction workforce building the DHTU2 – a \$320-million project to increase the refinery's capacity to produce ultra-low-sulfur diesel.

Work on the DHTU2 project, completed in June, threw up many instances in which Caltex's standards and contractors' work methods did not mesh. "In every case the contractors improved their safety procedures by working with Caltex," says Ross Shaw, Operations Assurance Manager. "It's helped them change the way they think about safety holistically," Ross says.

## Setting a new standard

One contractor, an international company, had a history of injuries when installing plugs on their piling machine drill heads. Rob and his team identified the plugs' design as a major risk factor.

The company not only changed the way it went about the task, it changed the design of the plug as suggested by Rob and his team. "It's now become an international standard for that company," says Rob.

Caltex also found differences in what it and contractors perceived to be acceptable procedures when working at heights. Adopting the Caltex standard for the use of temporary work platforms effectively reduced risks to workers overall, Rob says.

In the area of dust control Caltex noticed that mechanical and electrical contractors used jackhammers on the DHTU2 concrete pile caps, after which they would blow dust away with compressed air.

"We thought civil contractors would have known more about dust control and the potential risk of silicosis," says Rob. "But we worked with them to change their work methods, using the wet method or a vacuum process to remove and clean up dust."

## Proactive approach

Other safety matters were identified by Caltex before actual construction work began, and Caltex sought alignment with contractors during pre-tender discussions. "This helped make the site safer," says Rob.

The proactive approach was extended to civil contractors who suggested Caltex use a process of vacuum trenching before excavating to identify underground services or electrical cables. "The equipment is non-invasive and deployed before we use mechanical methods," says Rob. "It's now standard for Caltex and contractors alike."

In general, mechanical and electrical contractors were accustomed to Caltex's systems, so the process of early engagement was seamless. Caltex gave IIF (incident and injury-free) training to all project personnel with additional training to supervisors to instill a safety culture in their work teams. ●

Safety crusaders – Rob Banks and Ross Shaw



# Franchisees who are 'Getting it Right!'



"Success in convenience retailing is about having the right people in your business. People with a passion for delivering an unbeatable customer experience and a commitment to *Getting it Right!* everywhere, everyday and every time,"

says John Dulgaro, Acting National Manager Retail, when talking about the type of franchisees the company loves to work with.



LEFT: Dean and John Anastasiadis ABOVE: Craig Banfield

## Craig Banfield and the Anastasiadis brothers – Dean and John – may run their Caltex sites on opposite sides of the continent, but they have much in common when it comes to *Getting it Right!*

Craig, in Beechboro, Perth, and the Anastasiadis brothers – at Mt Waverley and Carnegie in Victoria – have achieved stellar success. They sit on their respective state franchise councils and are praised as outstanding operators by their retail business managers.

"Craig is a model franchisee," says WA Business Manager Greg Smith. "He's committed to retail standards, excellence in retail execution and customer service."

Victorian Business Manager Tracey Atkinson has equal praise for the Anastasiadis brothers. "They take great pride in their two sites," she says. "For them, every detail counts."

These operators' careers began in similar fashion. Craig Banfield started out in 1999 as a Calstore customer service attendant in Perth, moving into manager roles before becoming a franchisee himself in 2007. Now two years on, his shop sales have grown by 50 percent.

The Anastasiadis brothers also started off on the shop floor. In the early '90s they helped their father run Caltex South Melbourne before following in his footsteps. In June 2009, they became the first franchisees to operate a Caltex 21st Century (21CC) site at Mt Waverley.

Why are Craig, Dean and John doing so well? They offer this advice:

### Lead by example

**Craig Banfield:** If your team see you doing basic, little things like walking the site multiple times a day, facing shelves, picking up rubbish, cleaning, checking the bathrooms and removing hazards, they'll do the same.

**Dean Anastasiadis:** To perform at their best your employees need to see you getting your hands dirty, arriving at work early and leaving late – not ridiculous hours, but enough to show you're dedicated. You can't demand performance from people if you don't perform and have a do-as I-do-culture. Being hands on means getting involved in all aspects of the business. Except the back office – leave that to the experts.



### Employ and roster the right people

**Craig:** Check applications for employment carefully and get as much information about a prospective hire as you can before interviewing them. A résumé may give you little or nothing useful about someone's background, education, workplace visas and so on. Take your time. You need to ask a multitude of questions and do all reference checks. Your team is the face of your business to your customers.

Good rostering is essential. I have key staff in the right places to cope with surges in trade such as Thursday nights. Better to have too many on duty than too few and get caught short. If a customer can't get served they may turn away.

### Attend to fine details

**Dean:** Have an eye for merchandising and make sure shelves are always full and products face the front. Be as diligent as you can with controls.

**Craig:** Ensure you stick rigidly to planograms and that your stock control system is functioning well so you have no out-of-stocks. If you want to build sales, stock must be fresh, full-faced (placed with the labels facing the customer) and clean.

### Stick to the rules

**Dean:** As franchisees we must obviously work within the guidelines. But if you're getting 100 percent in your mystery shopper tests (part of the Caltex All Stars excellence program), having great retail execution, great fresh food and running your business at optimum levels, you'll succeed. The things you can control most – like making sure you have outstanding customer service, that your shop is clean and well presented – are key. The Caltex model is proven and constantly evolving. It's not number one in brand choice by coincidence.

### Have passion

**Craig:** Working in management roles in Caltex and Calstores gave me inspiration and ideas about running a successful business. I also had confidence the Caltex All Stars program would contribute to a strong and successful business. To be successful you must build a team who's passionate about working towards the same goals as yourself. We share knowledge at our monthly team meetings to ensure everyone's on the same page. If you're not passionate in engaging your team it will show in your performance. ●



Chris Patmore (left) and Steve Gilbert on pipeline duty with Bryce Wright (kneeling)

## Walking the lines

It's a winter morning at Newport, Melbourne. Overnight rain has wet the ground between the tanks and bund walls of the Caltex terminal, and a chilly breeze off Port Phillip Bay brings the smell of the sea.

Clad in high-visibility work gear, Reliability and Maintenance (R&M) engineers Steve Gilbert, Bryce Wright and Chris Patmore walk slowly through the complex, checking pipelines.

They're performing a low-tech but vital annual monitoring service keeping Caltex terminals and the community safe and preventing business interruptions.

While more specialised methods can help Caltex monitor the integrity of the many kilometres of lines in its 13 terminals, old-fashioned legwork, experience and a sharp pair of eyes are still indispensable. People can sometimes see what machines or technology can't.

"We walk each line looking for corrosion, damage and leaks, checking pipe supports are adequate and checking that lines meet the current standards," explains Reliability and Maintenance Manager (Terminals) Tim Moore. "We also inspect pressure safety valves, pumps, valves, vents and drains and investigate potential problem areas like dead legs [blinded lines]."

The lines are identified via frequent reference to Piping & Instrument Diagrams (P&IDs) in which each has a number. Inspections start with a review of the results of previous annual inspections and end with repairs. Problems are rated for priority: fix immediately (emergency), fix within two to three years (medium priority) and fix within five years (low priority).

### Rigorous program

The annual visual inspections are a part of R&M's rigorous program to maintain the piping network. Other methods include pressure tests (using diesel or water), long-range ultrasonic thickness gauging and magnetic flux leakage gauging.

Obviously, says Tim, it's all about safety and preventing disaster, like the recent incident in Victoria in which over 400,000 litres of petrol seeped from a pipeline belonging to another supplier, leaving a toxic plume under a Melbourne suburb.

"We don't want this to happen to Caltex, ever," says Tim who recently worked with Terminal Operations on replacing docklines (ship-to-shore piping) which had corroded at Gladstone and Hobart. "It's our job to see that it doesn't".

### "Flying pigs"

Another part of R&M's responsibility for ensuring the integrity of Caltex lines is to support the New South Wales Operations group (under Colin Broom) who conduct seven yearly inspections of the 220-kilometre-long Sydney-to-Newcastle pipeline with "Intelligent Pigs".

These are sophisticated corrosion-detection devices officially known as Inline Inspection Tools. The computerised cylinders get their nickname from the squealing sound they make when they're pushed through the pipeline by product, checking for faults and corrosion. ●

## MELODY POOLS HER EFFORTS FOR MS

Melody Xu, a member of the Caltex business services team, doesn't mind getting cold, wet and tired – as long as it's for a good cause.

The ebullient Refining, Supply and Distribution Project Accountant competed in the "MS 24-hour Megaswim" at the Homebush pool in Sydney in July to help raise funds for multiple sclerosis.

Part of a team of 15, Melody raised over \$1,700 having completed a gruelling 138 laps in two hours.

"The idea was for one team member to be in the water at all times," explains Melody, who heard about the marathon via her North Sydney swimming club and decided to take the plunge.

"My friends, colleagues and family have all supported me. I'm hugely grateful to everyone who helped me reach the target."

Melody is no stranger to fundraising, having worked on Starlight Day while at Caltex. Now she aims to complete the Sydney-to-Wollongong cycle ride later in the year to raise more for MS, a debilitating autoimmune disease.



Melody Xu poses with swimming star Michael Klim



TOP: Martin Place, Sydney, merchandise sellers (from left): Sandra Magon, Peter McKay, Kelly Haynes and Damien Altschul

BOTTOM LEFT: Jodi Prussing heads out from head office, ready to sell

BOTTOM RIGHT: A photo exhibition of young people who have benefited from Starlight's help was set up in Sydney's Martin Place. Chris, who was helped by Starlight while a patient at Westmead Childrens' Hospital, stands with his picture.

## CALTEX'S STELLAR STARLIGHT DAY

Chilly weather and the lacklustre economy didn't dampen the efforts of the many Caltex employees and partners who helped raise a record \$295,110 for Starlight Day – over \$45,000 more than in 2008 and a hefty lump of the \$1.6 million the Starlight Foundation was aiming for this year.

"Our record-breaking result has highlighted our continuing commitment to Starlight by our retailers, resellers and employees across the board," says Carmen Prince, Sponsorship and Social Investment Manager Caltex. "Starlight is absolutely thrilled with the result which went a long way to helping them achieve their fundraising target."

"What a great way to kick off our Caltex Starlight 10-year celebrations!"

Working from before dawn to dusk, Caltex Starlight volunteers fanned out around suburban and city railway stations and CBD thoroughfares in Sydney, Melbourne, Brisbane and Perth selling Starlight merchandise to office workers and commuters. At refineries and terminals there

were barbecues and raffles and, at Lytton, local community involvement through the 'Be a Star, Wear a Star for Starlight Day' event organised with a local school. Lytton refinery and terminals raised \$12,000 overall, while Fremantle terminal collected nearly \$11,000.

Around 570 retail sites participated, selling Starlight goodies. In-store promotions featured products generously donated by Caltex suppliers such as Nestlé, Cadbury and Coca-Cola Amatil.

In Adelaide, volunteers from Birkenhead terminal were permitted to sell Starlight merchandise in the two hours before kick-off in the showdown AFL match of the season between Port Adelaide and Adelaide, raising \$1,800 for Starlight in the process.

Jo Branscombe, a Caltex volunteer working the early morning shift in Sydney's Martin Place says: "A young woman told me how Starlight had helped her when she was little. People recognise the Starlight logo and just want to support it."



## SINGLE-SUPPLIER LUBES SERVICE FOR CALTEX'S SYDNEY CUSTOMERS

Clients of Caltex in greater Sydney can expect even better service in future, thanks to a new three-year contract deal under which the reseller Caltex Energy

NSW (CENSW) will handle all Caltex lubes distribution for the metro area.

Previously Caltex had been using an external carrier for packaged lubricant distribution in greater Sydney, with CENSW handling all other business including pump-outs and bulk lubricant deliveries. When the

entire lubricant business recently went out to tender, CENSW was the winner.

"It's fantastic news because it means we're competing on a level playing field with other carriers and can provide a superior offer based on service and price," explains Operations and Logistics Manager Paul Crane. "From now on, Caltex people who understand Caltex's requirements will be dealing with Caltex products."

Customers can expect time-saving synergies too. A large workshop that previously received packaged goods separately can now have all its lubes needs attended to at the same time from the Caltex truck fleet.

To win the tender CENSW acquired two new vehicles, and branded them with Delo, Caltex's premium diesel engine oil.



A new Delo-branded CENSW truck

## IAN ROSS EMBRACES NEW ROLE

"It's an exciting area I have little experience in," says Ian Ross. "But it's a privilege to have a chance to make a difference in a completely new job."

Discussing his appointment as Manager Supply Operations for Supply and Distribution, Caltex's former National Manager Reseller reflects that it's not the first time he's been thrust into a challenging new position in which he has little experience. When he joined Caltex 11 years ago, Ian was employed for a year as a brand manager before moving into the reseller area.

"I'm delighted Caltex considers I have the necessary leadership skills," Ian says. "I've worked for a few companies and not too many would take that kind of punt on a person's development."

General Manager Supply and Distribution Ken James strongly endorses Ian's talent. "He has

demonstrated he is a highly capable business leader showing genuine concern for his people, their development and effectiveness along with delivering great business outcomes in the reseller area," Ken said when announcing the appointment. "He will bring a new perspective and capability to Supply Operations."

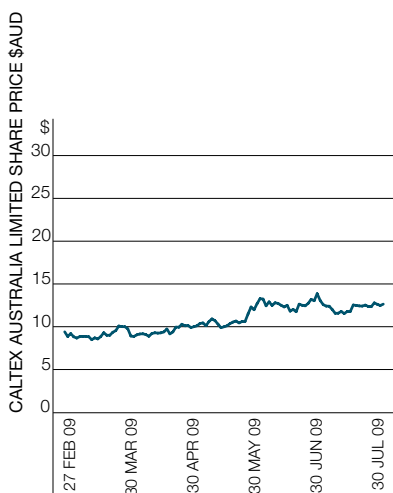
Ian says his first priority is to learn. "The catchcry for me will be to focus on people first while asking lots of questions," he says. "The Supply Chain team is very experienced but I hope some of the insights and ways of thinking I can bring from marketing will make a meaningful contribution."

Ian takes over from Richard Muller who has been acting Manager Supply Operations since late 2008 and has returned to the Supply Analysis Manager role. Ian's replacement as National Manager Reseller is Peter Holmgren, previously National Customer Service Manager.

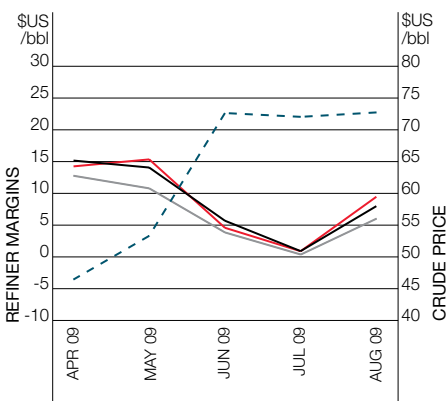


Ian Ross

## SHARE PRICE



## CRUDE OIL PRICE & SINGAPORE REFINER MARGINS



*The Star* is a bimonthly magazine 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, contact *The Star*, c/o Caltex Brand & Communications, 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 (left axis)**  
 — Petrol (MOPS 95 ULP)  
 — Jet  
 — Diesel (10ppm sulfur)  
**CRUDE OIL PRICE (right axis)**  
 - - Tapis

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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