



CEO VISION SERIES PART III

Energy affects everyone: The coming challenges for business

S P E A K E R

Desmond King

Managing Director and Chief Executive Officer
Caltex Australia Limited

Thursday 23 October 2008
12:00pm to 2.00pm
Sydney Harbour Marriott Hotel, Sydney

S P O N S O R E D B Y





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INTRODUCTION

Dr Suzanne Rickard

State Director NSW and ACT
CEDA

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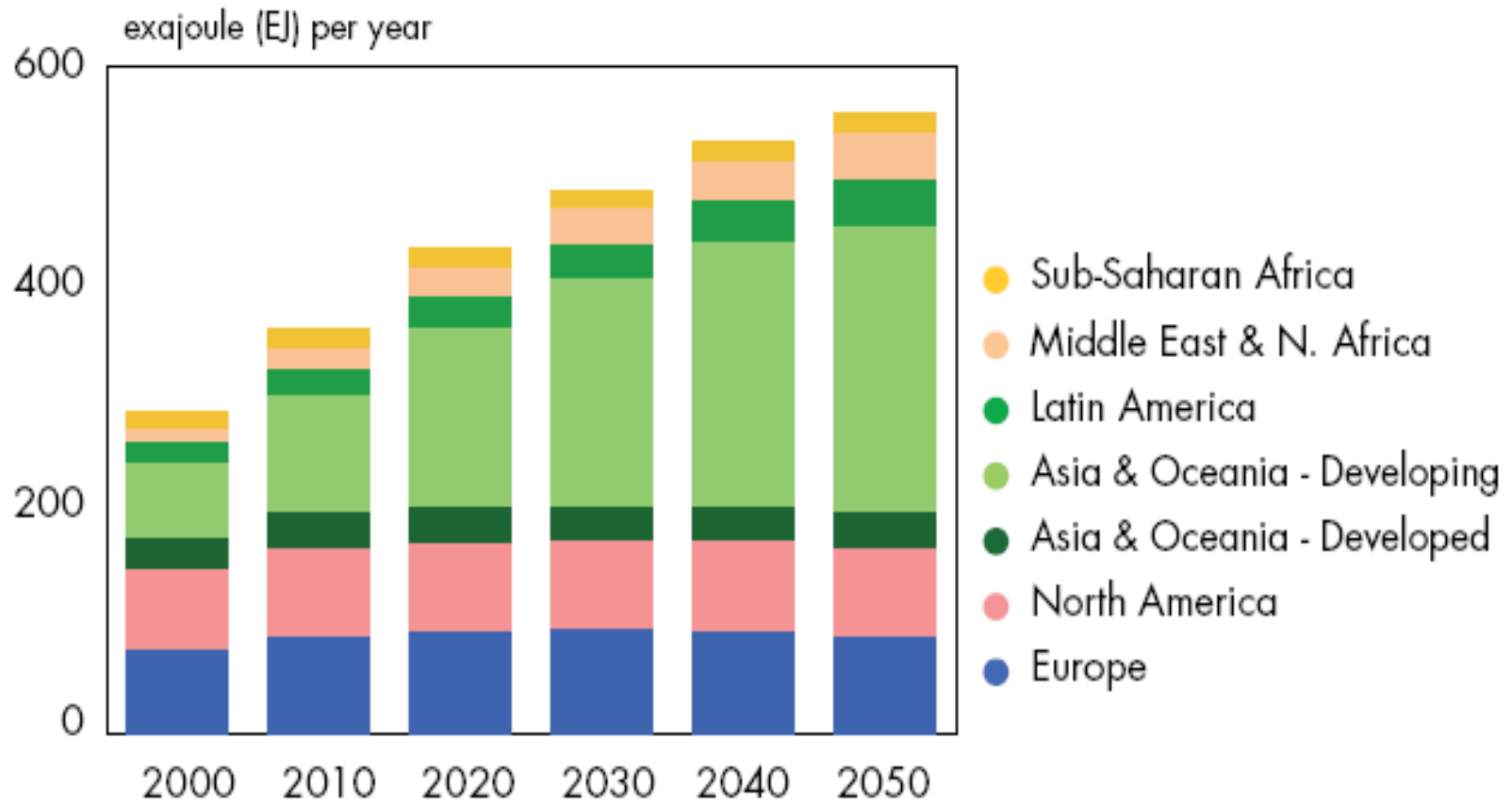
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**Des King
Managing Director & CEO
Caltex Australia Limited**

**CEDA CEO Vision Series
23 October 2008**

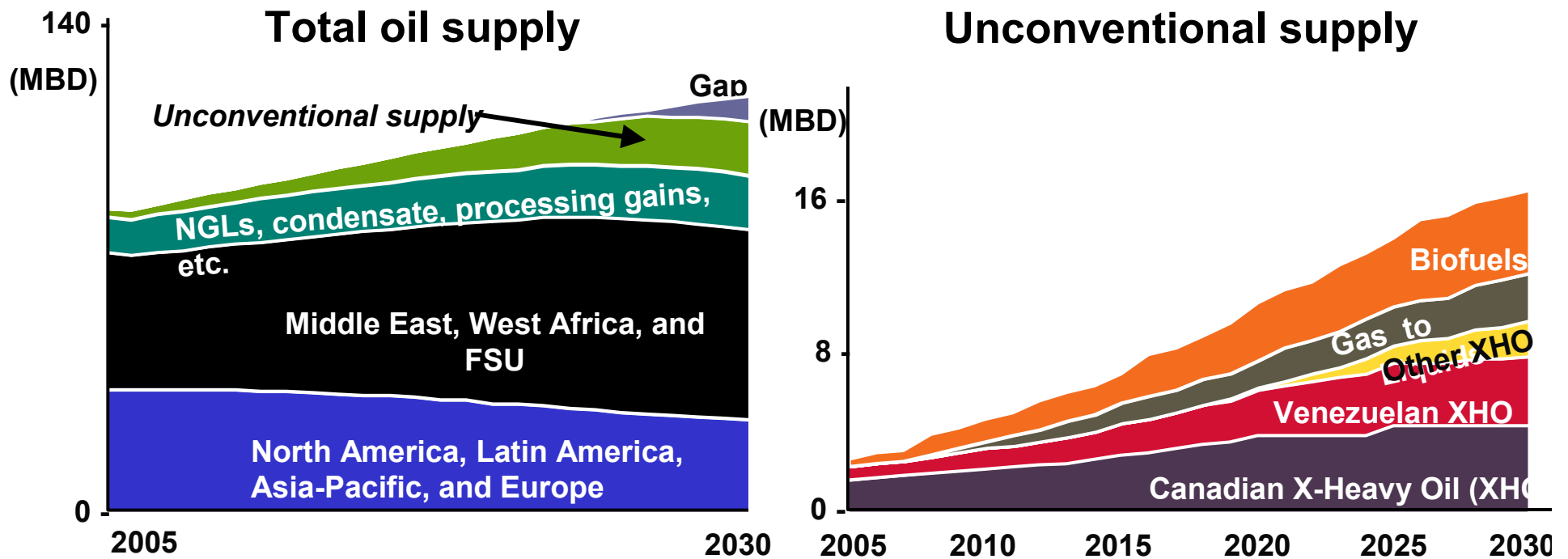


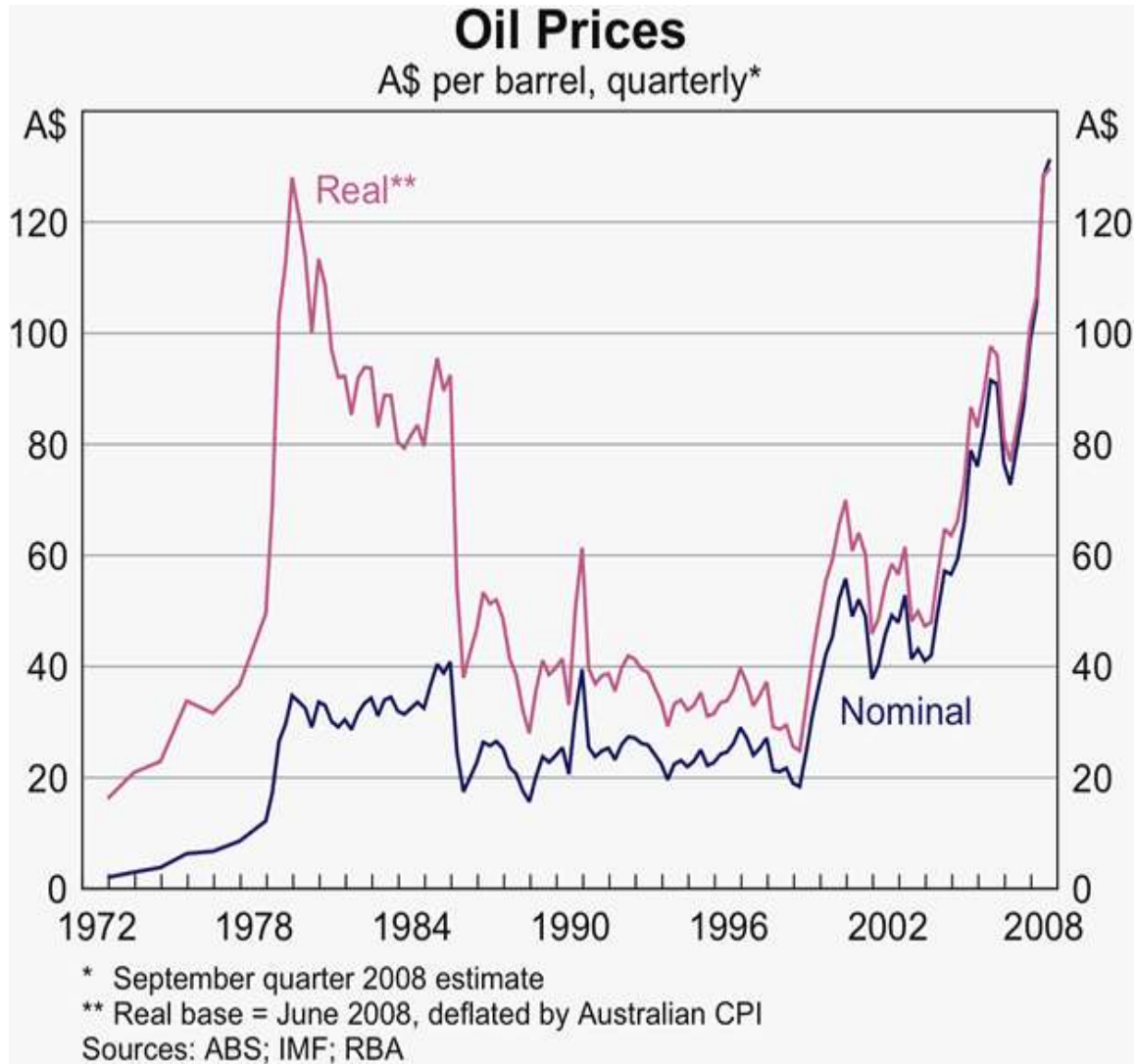
Energy consumption by region



Ref: Shell (2008) *Shell energy scenarios to 2050*, "Scramble" scenario

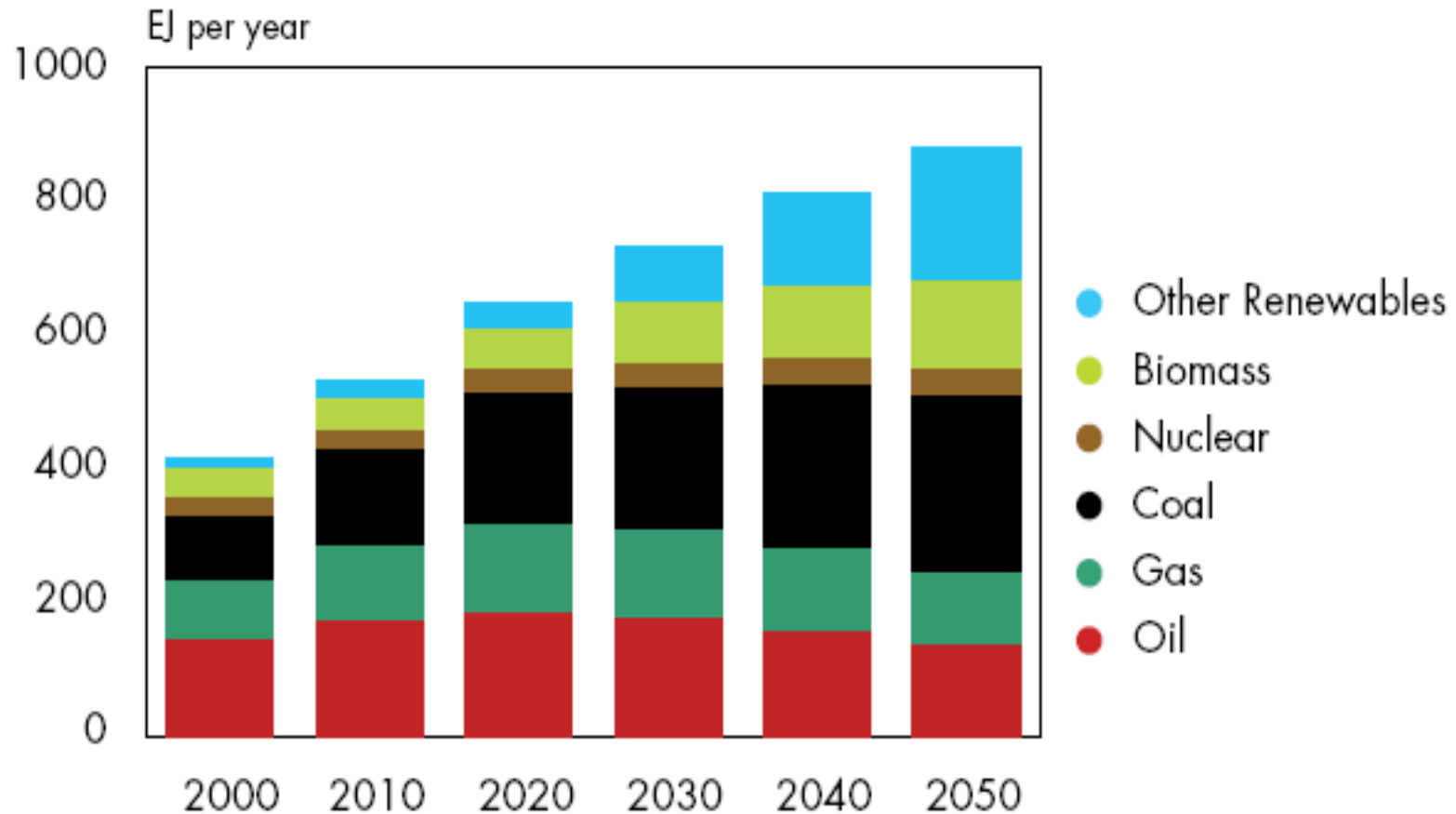
Oil supply sources





Ref: Reserve Bank(2008) *Reserve Bank Bulletin – September 2008*

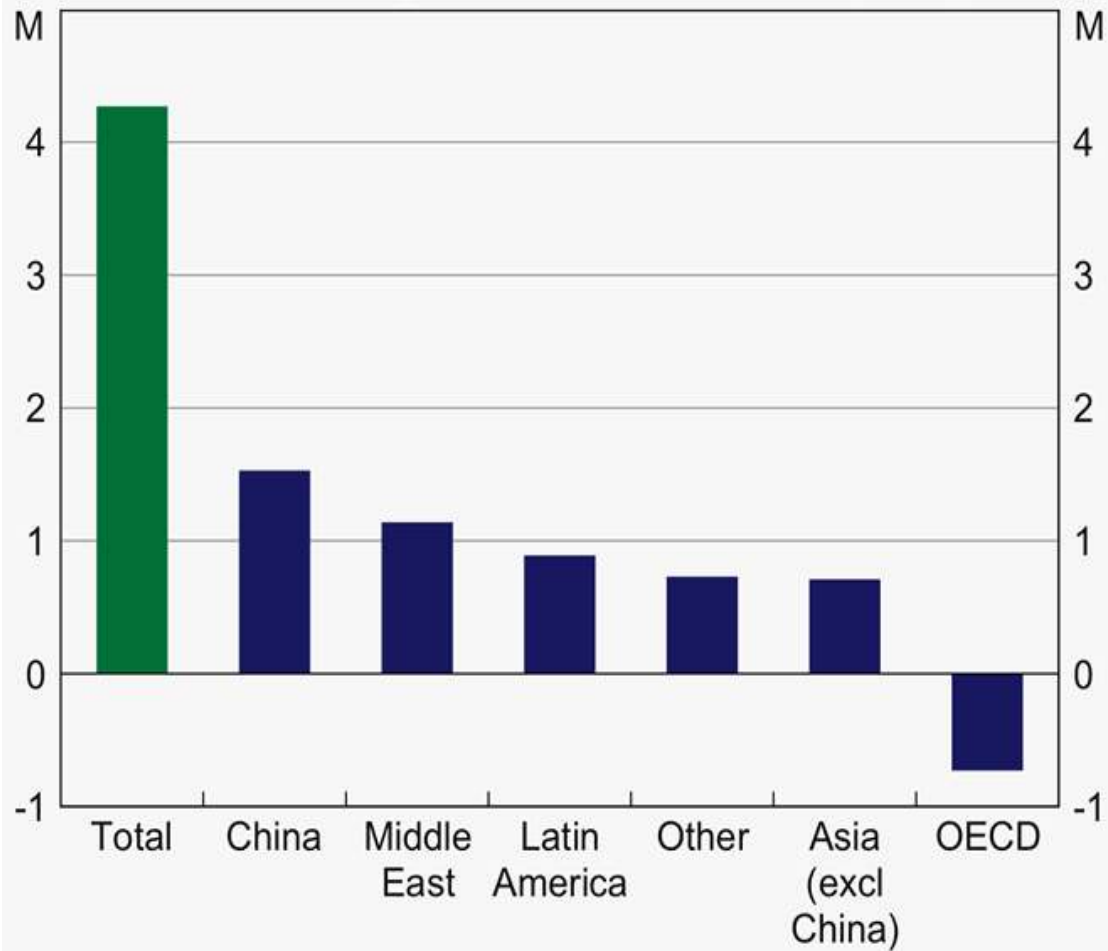
Energy by source



Ref: Shell (2008) *Shell energy scenarios to 2050*, "Scramble" scenario. Biomass includes wood, dung etc

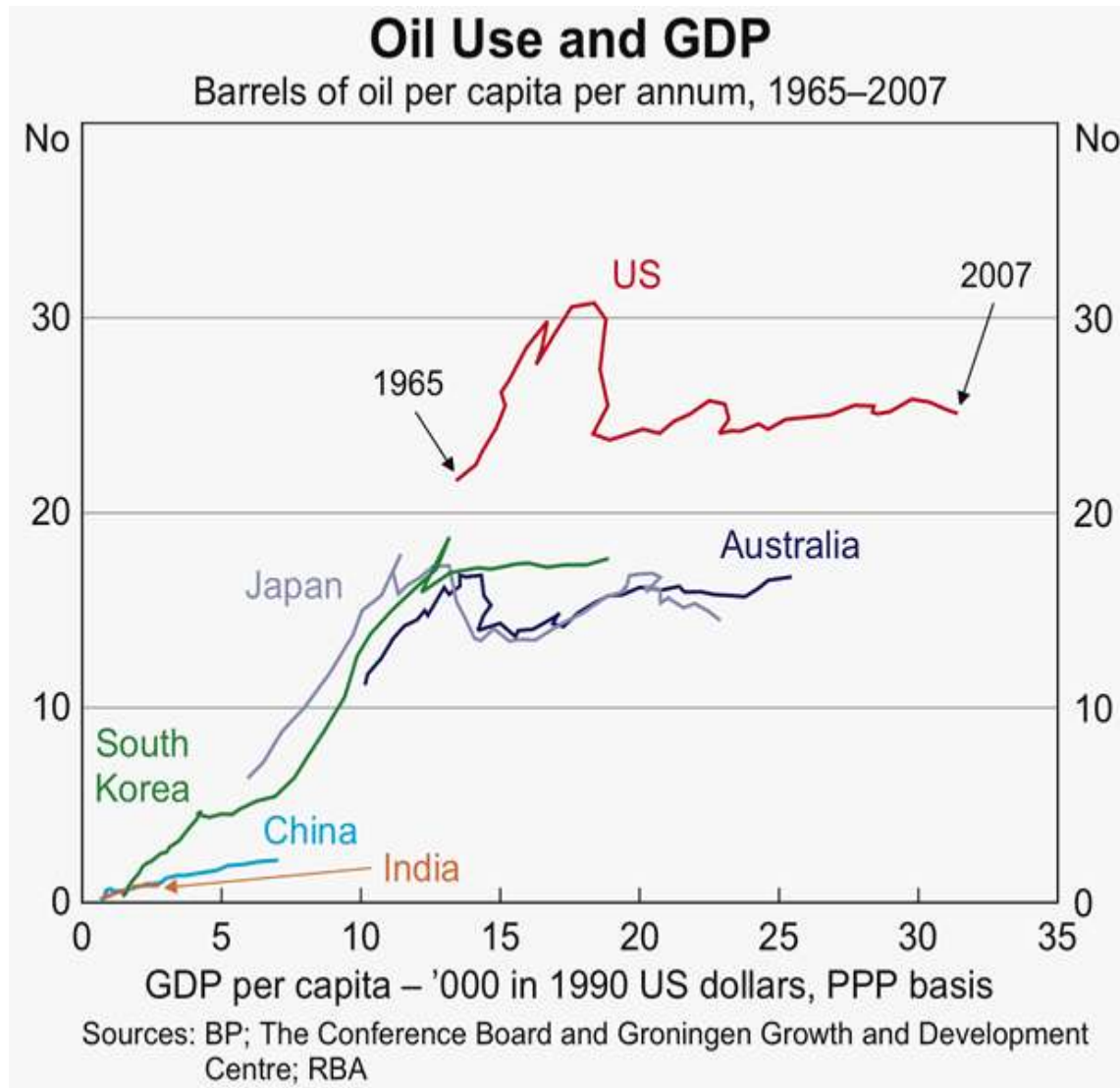
World Oil Consumption

Contribution to growth 2004–2008, barrels per day



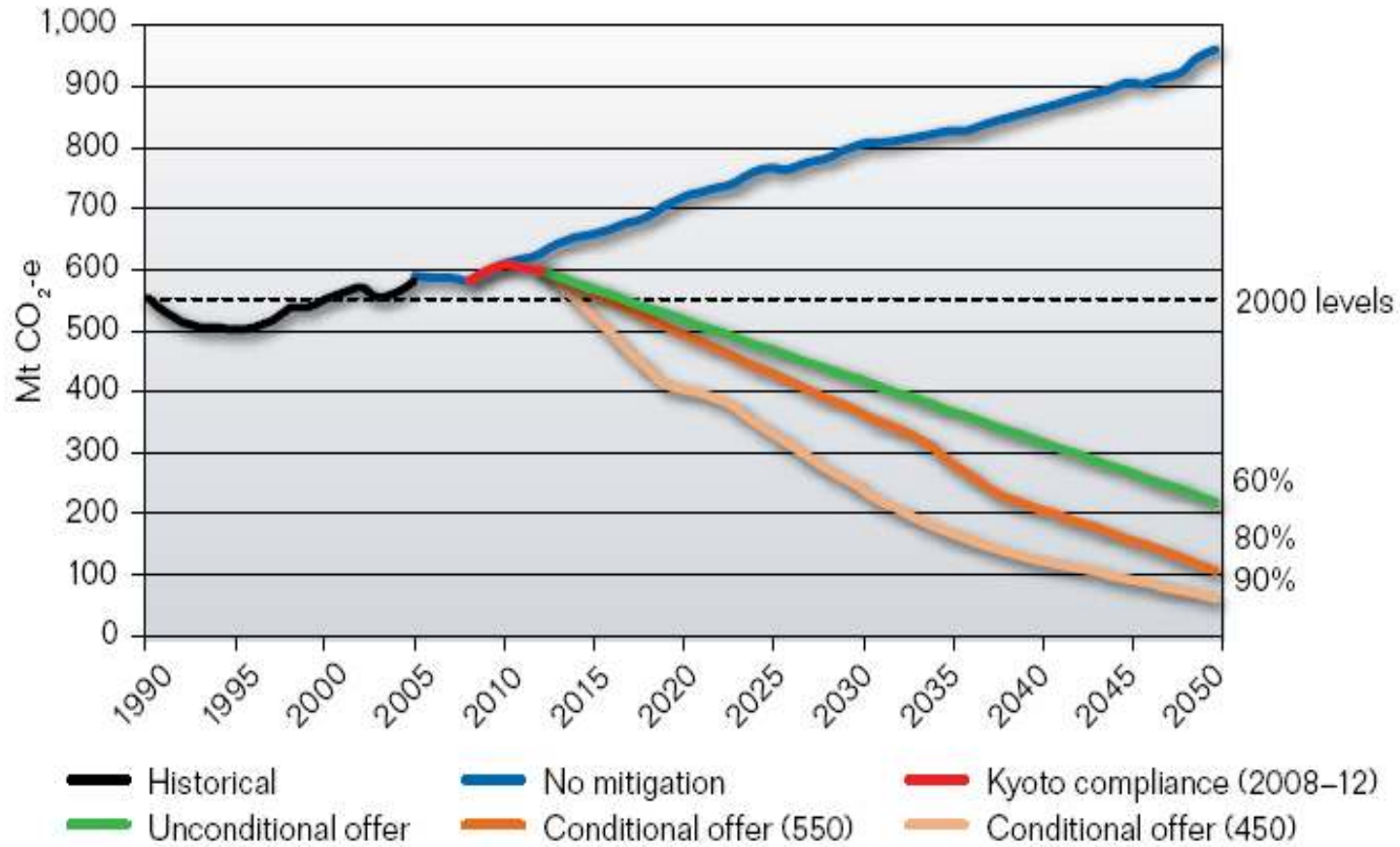
Sources: International Energy Agency; RBA

Ref: Reserve Bank(2008) *Reserve Bank Bulletin – September 2008*



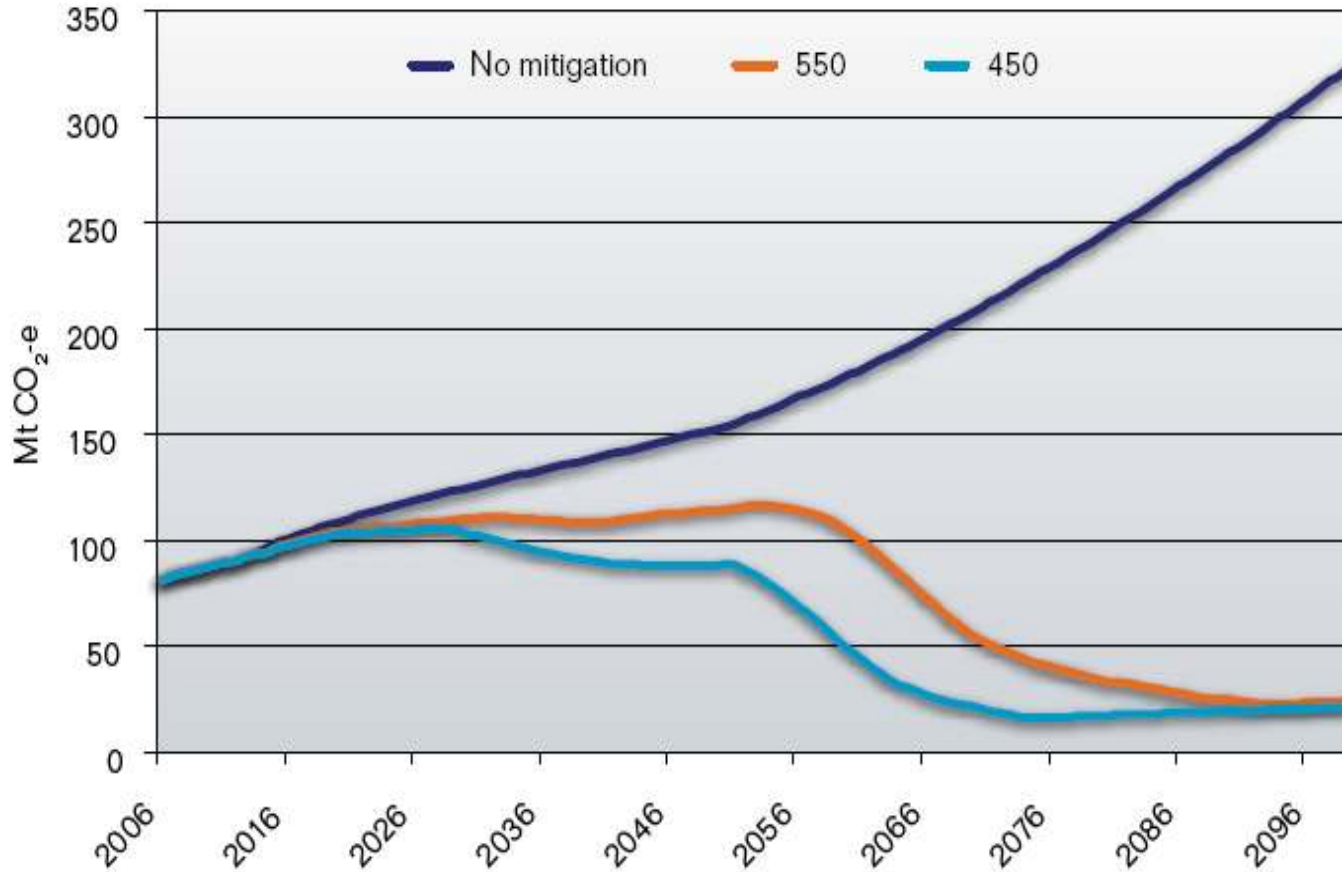
Ref: Reserve Bank(2008) *Reserve Bank Bulletin – September 2008*

Australian GHG reduction scenarios



Ref: Garnaut (2008) *The Garnaut Climate Change Review Final Report*, Figure 12.1

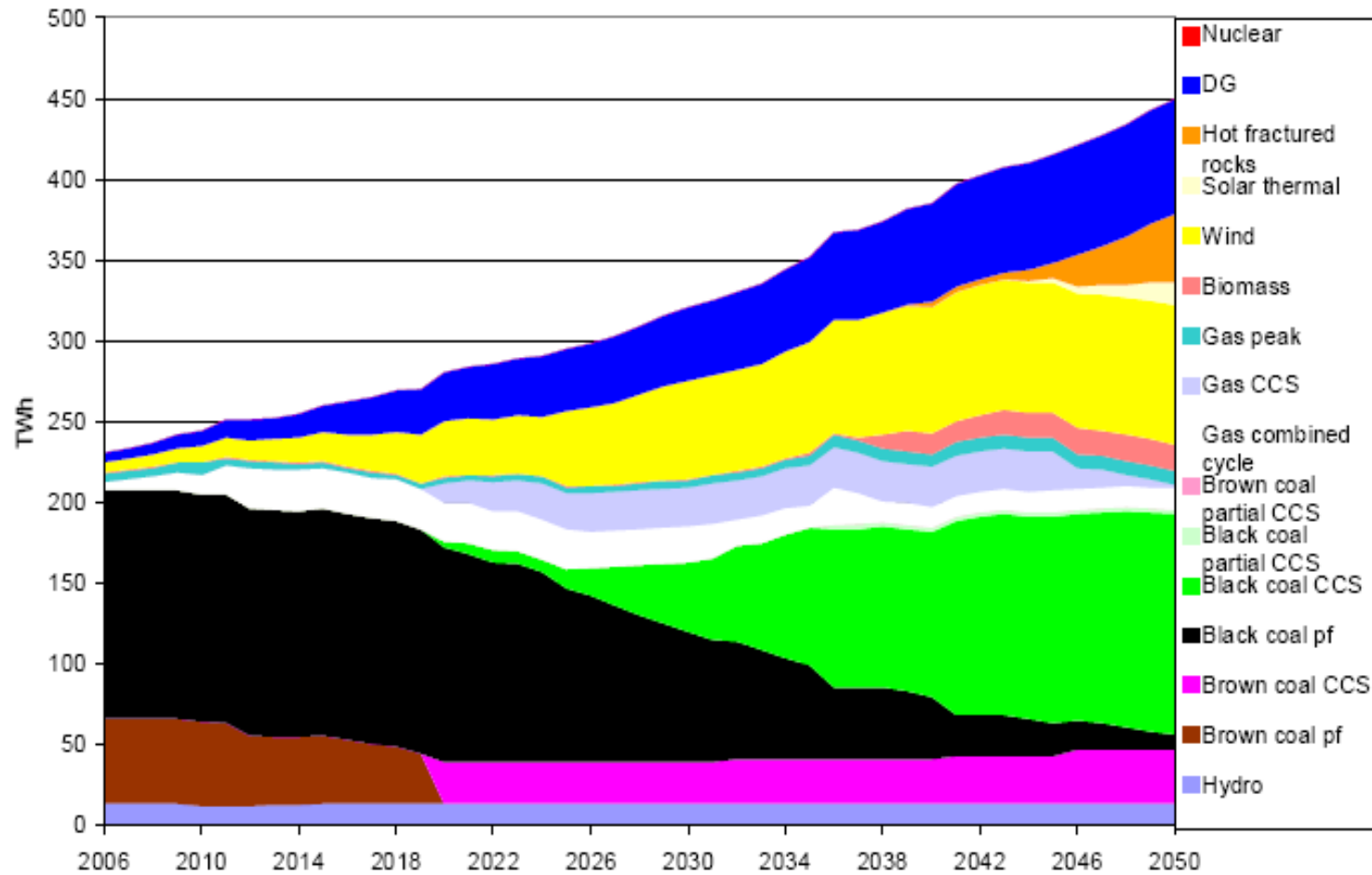
Australian transport emissions



Ref: Garnaut (2008) *The Garnaut Climate Change Review Final Report*, Figure 21.4

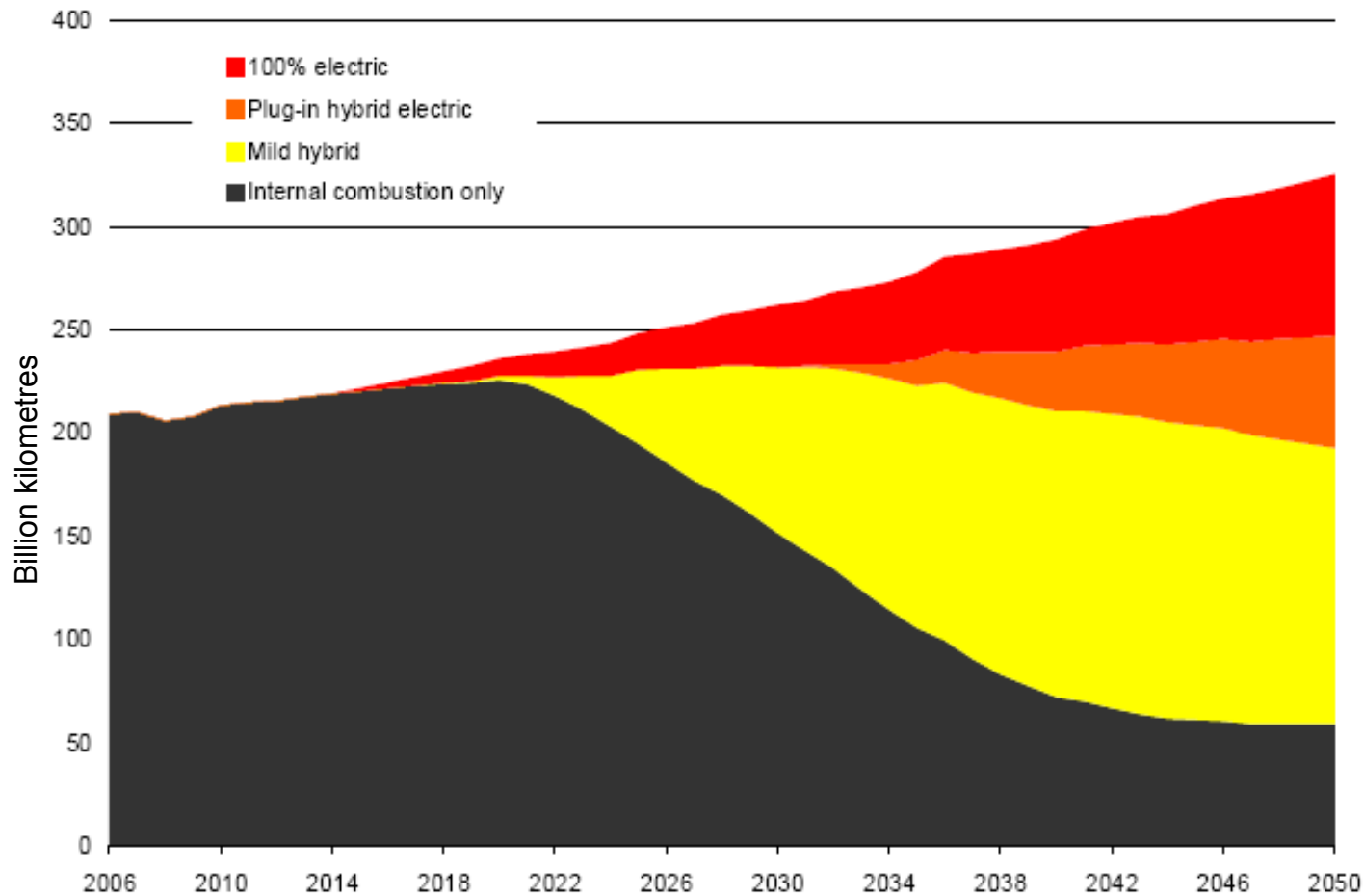
Electricity generation by

technology



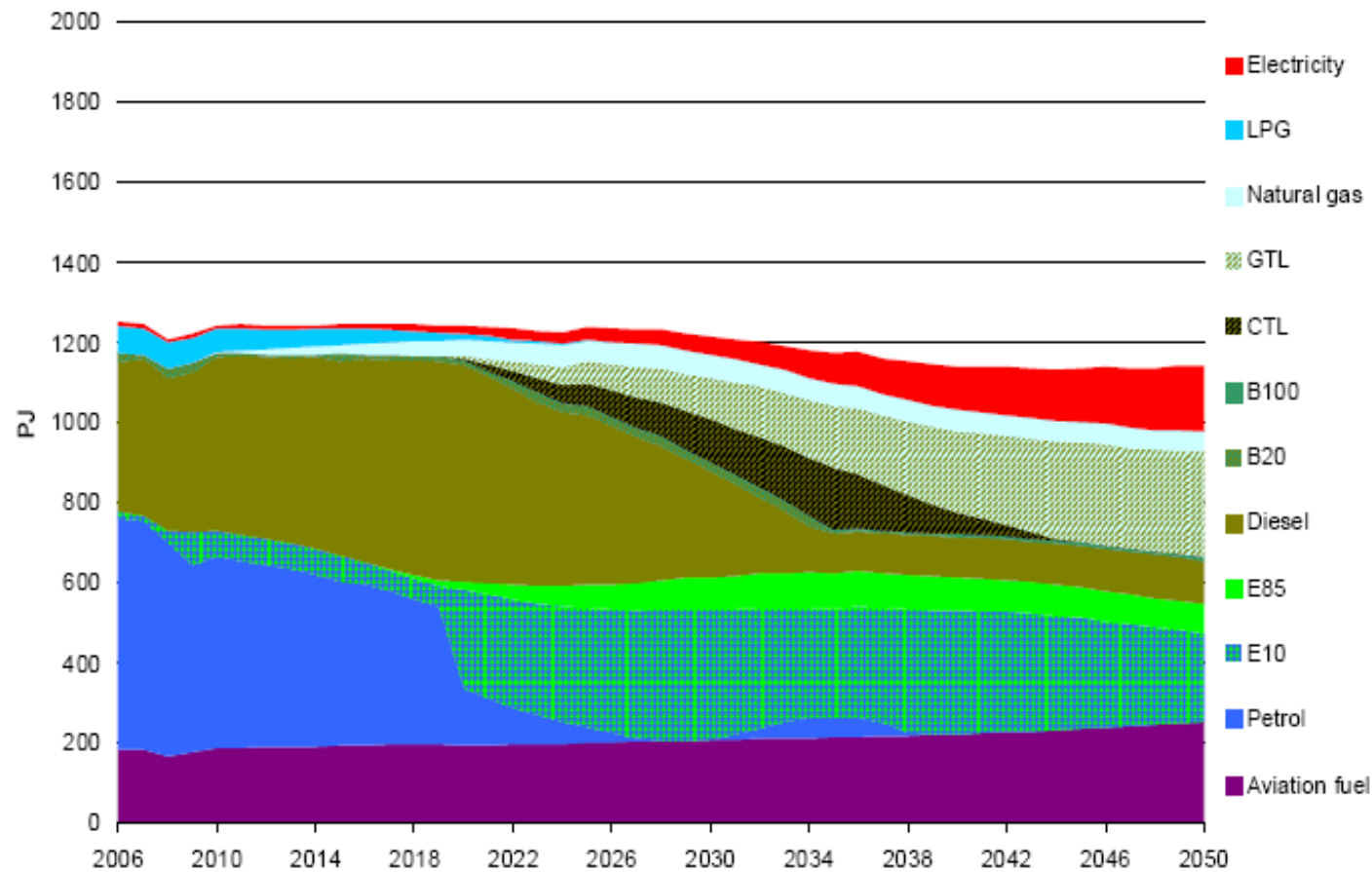
Ref: CSIRO (2008) *Modelling of the future of transport fuels in Australia*, Figure 19. EIA high oil price projection and 60% by 2050 emission reduction target

Distance travelled by engine type (Australia)



Ref: CSIRO (2008) *Modelling of the future of transport fuels in Australia*, Figure 18. EIA high oil price projection and 60% by 2050 emission reduction target

Australian transport fuel consumption



Ref: CSIRO (2008) *Modelling of the future of transport fuels in Australia*, Figure 17. EIA high oil price projection and 60% by 2050 emission reduction target

Australian product demand

- Demand for petroleum products is increasing
 - Petrol 0 - 1%pa
 - Diesel 4%pa
 - Jet fuel 3 - 4%pa
- Percentage of petroleum products* imported
 - 2007-8 30%

Note: Figures are for total Australian oil industry, not just Caltex.

* Petrol, diesel and jet fuel

Advanced vehicle technologies

Chevy Volt

VOLT

A new era in
automotive
transportation



Hino 714 Hybrid Truck

VW's two person
diesel car



Tesla Roadster



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THE STAR

CALTEX'S MAGAZINE FOR EMPLOYEES, FRANCHISEES,
RESELLERS AND THE WIDER WORLD
ISSUE 44 AUG - SEP 08

Emissions trading why Australian refineries need a level playing field



Purpose of CPRS

What is the CPRS?

- (a) a kind of tax to raise revenue for green projects?
- (b) a way to change the relative prices of goods and services according to their greenhouse gas emissions?

The answer is (b) – the Government says

- “the scheme is intended to deliver abatement, and not to adversely affect the distribution of income and wealth”
- “every cent raised...will be used to help

households...and business adjust to the impact of the scheme”.

Ref: CPRS green paper, pp24-25



Cost impacts of CPRS

Emission source	Use of CPRS permit revenue
Public electricity generation	Households assistance, Climate Change Action Fund for business, EITE industries permits
Other stationary energy incl gas, oil	As above
Transport	Full excise offset provided for most road transport for 3 years
Note: EITE industries*	Up to 90 Mt free permits

* EITE estimated at 31.5% of national emissions (direct plus indirect) based on CPRS green paper 2001-2 data and 576 Mt total Australian emissions in 2006 . Indirect emissions are from generation of electricity consumed by the industries.

Conclusion

- Climate change and oil supply/demand will fundamentally change the long term business environment.
- Caltex's business continues to evolve.
- Sound climate change policy decisions are critical for the viability of Australian industries.



Caltex Australia Limited

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VOTE OF THANKS

Klaus Albrecht

CEDA Board of Governors

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