



# Future Energy ACAPMA Conference 2009

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The 2009 ACAPMA Conference, held in Hobart on 16–18 September, was an unequivocal success. The spectacular views of the harbour from the Hotel Grand Chancellor could not distract delegates from a varied and stimulating program.

The conference aimed to:

- explore the challenges facing the fuel business in Australia,
- ask experts for their insights on how to address these challenges
- determine ACAPMA's role going forward.

ACAPMA President, Jeff Griffiths, opened proceedings at the welcome reception in Mawson's Place, where he said, "This year we are looking to the future and how ACAPMA can create a better business environment in support of members facing many challenges."

The business program covered the 'big picture' – changes in the economy, the energy industry and the environment that have a significant impact on the fuel business – as well giving consideration to how the industry presents itself to the rest of the community. In this conference report we call this 'learning together'.

The conference saw delegates 'working together' in the panel session that focussed on solutions for today's physical and legislative pressures. The views from the panel are summarised in this liftout; however, on the day much of the time was devoted to the question and answer session.

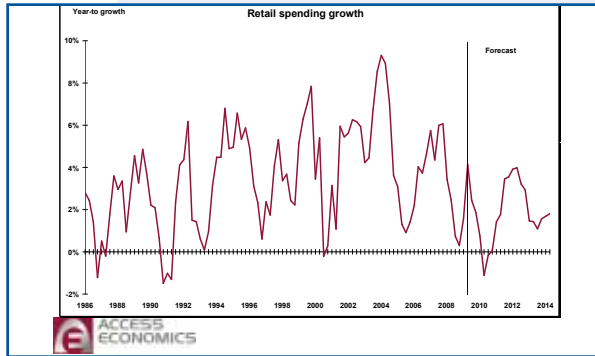
*"Congratulations. A high success rate for the excellent speakers.  
The work-play balance was good and the social events very enjoyable."*

**Merv Bilske, Westoil Petroleum**

Master of Ceremonies . Timothy Hyde. guided proceedings with wit and style, and a little bit of magic; and adventurer and motivational speaker. Allana Corbin. inspired delegates with her amazing story. The business program was balanced by the social events – welcome reception at Mawson's Place, a 'wild' night at the Cascade Brewery, and a catamaran ride to the conference gala dinner (and more entertainment) at Peppermint Bay.

ACAPMA General Manager. Nic Moulis. closed proceedings with a strong sense of purpose. "We may be small but we can be noticed and make things happen," he said. "We will be going out to members for the data we need to inform the community about our businesses and to develop policy positions to take to the regulators, and we will be working with other like-minded associations."

**Chris Richardson**, Director, Access Economics, posed the question, "What's next?" after the 'rollercoaster ride' of the global financial crisis (GFC). The GFC brought five years of well-above-average economic conditions to a halt. "Don't expect the next five to be as good as the last five," he said. "Retailing will be tough over the next 12 to 18 months as households save more and spend less; and inland regions will struggle more than those on the coast."



"Around the world, the run-up to the crisis was characterised by markets charging too little for risk – taking a punt on pretty much anything. Those days are gone. Globally, banks are undercapitalised and scared. In Australia, the banks now face fewer competitors and are being regulated more tightly than before."

"The upshot is that financial markets – and their regulators – may remain relatively uninterested in risk or some time."

"Regional Australia is older and ageing faster than the capital cities. Farming will see the slowest growth of any sector, and farmers are the oldest workforce. Population growth, participation rates and private and total incomes in regional Australia will fall further behind those in the capital cities. Mature consumers are the largest retail growth market in the nation. Their spending over the next decade will grow by 61%, which is double the national average of 32%. So, it is the spending habits of mature consumers that will define growth markets in the years to come."

## Joanna Outhwaite,

Green Marketing Specialist, Marketing Angels, caused quite a stir with her provocative delivery; but she had some important messages for fuel retailers. Ms Outhwaite considered whether it was possible to bring 'petrol' and 'green' together, and concluded it was not.



"Work on greening other parts of your business," she said. "The same principles apply to all products. 'Green' customers are not in any single demographic group; but they can be categorised according to the degree to which the environment matters to them."

"It is important to get to know your customers and provide them with detailed information. That means being well informed yourself. For example, find out the full lifecycle environmental impact of the biofuels you are selling. Most importantly, do not lie to customers. This is one of the worst sins of 'greenwashing'!"

## Jeff Oughton and Joe Dimasi

delivered Jeff Oughton's messages – based on how the Banking Association restored its credibility to the community and governments – emphasised in dialogue and alignment. Although the fuel industry is in the same position as the banking industry after its 'cash for comment' fiasco, it does suffer from a damaged image. The focus is usually on the price of petrol, but prices are where the votes are," said Mr Oughton.

## Keynote Speeches Jeff Oughton, CEO, Banking Association Joe Dimasi, Petrol Commissioner, ACCC



Joe Dimasi said that the industry is not listening to consumers and that's why they're not getting the public perception that with engagement on these issues. Stakeholders need to agree

"Conflict in the media is a waste of time and doesn't align interests – your own, the industry's, the public's."

"My aim is to talk to people in the industry," said Dimasi. "I rely on facts and analysis." In response, he observed that the fuel industry could be more closely aligned with Mr Oughton's view that, "... the industry is an important contribution of the fuel business. Fuel is a fibre to the rest of the world without the

**Brett Barclay**, CEO, him! Australia, focused on survey results for Australia and overseas. "We've said, "From the shopper's point of view, we focus on categories like cigarettes, snacks, confectionery and beverages, but more difficult categories such as fresh food."

Mr Barclay offered three key thoughts for going forward:

1. Fuel brings foot traffic, but we still need to develop shopper perceptions of the convenience offer.
2. Promotions provide value, and alliances with buying groups with buying power and great promotions will drive shopper participation.
3. Ask yourself, what world-class attributes

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## Speakers

**Director, Economics and Beyond (above)**  
**(below)**

agreed. "High petrol prices get people excited when we get most complaints," he said. "A lot of people think retailers are price gouging."

on recalled that, "Canberra told us to fix the exception before talking policy. You can't do spin and rhetoric. It requires stakeholder input – listening and talking to people about their concerns. Stakeholders include adversaries, and you may not always be free to disagree."

effort," Mr Oughton said. "Genuine dialogue is essential for the community's, and the national interest."

y away from the spin and rhetoric," said Mr Oughton. In response to a question from the floor, Mr Dimasi said that retailers are becoming much more active in informing consumers. This is because the community needs to know more about the value of their money. For example, how could Australia supply food to remote areas? For regional fuel distribution industry?"

ocused on the shopper, sharing him!s recent experience. "Retailers are not as convenient as we think we are," he said. "Retailers focus on the categories that are easy to manage (groceries, etc.); but the best retailers are tackling the

**Alex Dronoff**, General Manager LNG, BOC, put the case for conversion to LNG in the heavy transport fleet, using BOC's Tasmanian project as the example.

Natural gas is the lightest hydrocarbon, creating less greenhouse gas emissions than diesel. However, it needs to be cooled or compressed to reduce its volume for it to be viable as a transport fuel. BOC uses cryogenics to cool the gas to minus 160°C to produce LNG (liquefied natural gas). LNG has a number of advantages over diesel – a stable price; security of supply; and lower emissions. LNG is now viable in heavy vehicles driving upwards of 250 000 kilometres per annum, and increasingly trucks are being developed that can use LNG.

In Tasmania, competing trucking companies have come together to create LNG Refuellers Pty Ltd. The consortium is building refuelling facilities with BOC's proven refuelling technology at key locations around the island. BOC will supply the LNG under a six-year fixed price contract from a dedicated LNG plant capable of producing 50 tonnes per annum.



"LNG for transport is a real opportunity for regional distributors and retailers," said Mr Dronoff. "We are looking for refuelling locations along the major truck routes on the mainland."

**Tomm Pitman**, Marketing Manager, Mitsubishi Motors Australia, introduced the i MiEV, Mitsubishi's innovative electric vehicle.

"Motor vehicles account for about 7% of Australia's greenhouse gas emissions and rapid reductions need to be made to new vehicles to have any significant impact on the average emissions over the entire fleet," said Mr Pitman.



"Electric vehicles will be part of the solution, because they are the most efficient in well-to-wheel energy use; the lowest in carbon dioxide emissions; the most cost efficient; and they minimise noise pollution.

"However, despite all the hype over the past 10 years, there are few electric vehicles on our roads. Two things are needed: people to make them and people to buy them. This is starting to happen. There will be 2000 Mitsubishi i MiEVs operating in Japan within the next year."

The key enabling technology is the battery. Mitsubishi has partnered with GS Yuasa to improve range and recharge speed. Mitsubishi expects the battery recharge time on a high-Amp quick recharger to fall to 15 minutes (80% charged) in the next few years. That's **15 minutes with your customers**. What an opportunity!"



can be developed for the Australian market?

# Working together

A panel of industry representatives led a discussion on the physical and legislative pressures facing our business and industry, including the environment, transport, infrastructure and employment. The panel comprised:

- David Goodall, Regional Sales Manager, Mercedes-Benz Trucks
- David Raymond, Environmental Manager, Bureau Veritas
- Grant Stillman, National Manager OTIS, OAMPS Insurance
- Colin Taylor, CEO, JFTA Group.

“The biggest issue is the age and status of our infrastructure,” said Colin Taylor. “Most locations with steel tanks have underground petroleum storage systems that are at the end of their lifespan. This applies to about 25 000 tanks in total, and implies a lot of scope for problems at a time when legislative pressures, such as the introduction of VR2 and biofuels, are happening quickly.”

According to Grant Stillman, four issues are affecting us all:

1. Delivery error – there are now three or four incidents per month; cost to industry is around \$20 million per annum.
2. Wetstock monitoring – why would anyone not monitor stock; I’d want to know where every drop is.
3. Alternative fuels – confusing at the moment; we need a common voice about the impact on business.

4. Industry voice – we need a strong voice in the industry; ACAPMA needs to speak for the industry as a whole.

David Goodall identified two issues in transport: emissions and safety. Australian vehicles will need to comply with Euro 05 standards by 2011, and Euro 06 by 2015. In respect of safety, the buck stops with directors of companies, even if driver is at fault. The technology to reduce accidents is available. For example, lane guidance systems could reduce those accidents caused by drivers moving out of their lane (29% of the total) and rear ends with the vehicle in front (33%).

David Raymond introduced his company’s new service – Energy Auditing and Green Rating Assessments. “Being green can save you money by reducing energy and water consumption,” he said. “Most buildings require only minor modifications and have a relatively short payback, ie within 12 months.”



Welcome at Mawson’s Place

Cascade Brewery Tour & Feast



Playing together



Peppermint Bay Gala Dinner

