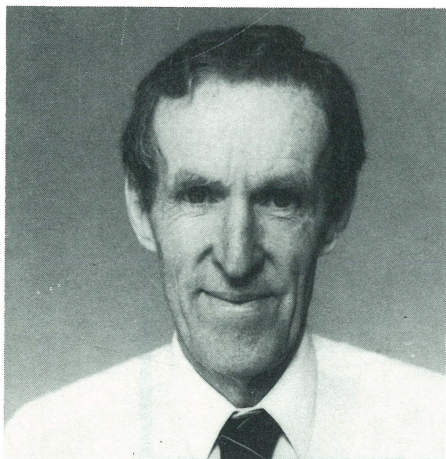


## PESA AUSTRALIAN LECTURER

### AUSTRALIA'S PETROLEUM RESOURCES—MARKETING IS A NECESSARY EVIL

**Tom Savage**, Manager—Industrial & Commercial Division, Esso Australia Ltd, Sydney



Tom Savage has had thirty-seven years' experience in the petroleum industry. He has been associated with the refining, supply, transportation and marketing aspects of the industry, both in Australia and overseas.

Graduating with a B.Sc. (Hons) degree from the University of Sydney, and subsequently completing a Diploma of Chemical Engineering from Swinburne Technical College, Tom's career has been principally with the Standard-Vacuum Oil group of companies and, since 1962, Esso Australia.

Refining plant experience at both Coryton (UK) and Altona (Victoria) led

to his involvement in long-range planning and supply operations scheduling. After an assignment in New York with the Esso International Company, he was appointed Supply and Transportation Manager for Esso Australia Ltd in 1965. This appointment involved the co-ordination of sales of crude oil and LPG from Bass Strait and the preparation and implementation of plans to satisfy Esso's marketing requirements for products. In 1977, he was appointed Manager of the Industrial and Commercial Division of the Marketing Department where he is responsible for sales to major customers, the aviation industry and for the marketing of asphalt and LPG.

Since 1982, he has acted as a consultant for Shedden Pacific Pty Ltd, assisting in a range of feasibility studies on crude oil and alternate fuels marketing, and on potential refinery opportunities. In addition, he has been closely associated with the oil trading market, both for imports and exports of crude oil, feedstocks and refined petroleum products.

The debate on the most effective methods for utilising Australia's petroleum resources and at the same time providing a climate for encouraging exploration continues within the industry and government circles. The diversity of the parties involved, the changing nature of their roles and the potential for specific interests to differ over time means that this debate will continue. A most significant element is the tax at both State and Federal levels: recent decisions in this area will be modified in the future no doubt. However, another significant element is the fact that, once having found petroleum (oil and/or gas), there is no income without a market.

Marketing of petroleum involves a wide variety of technical and commercial skills. An understanding of the local and international environments and of the comparative strengths and weaknesses of buyers and sellers are fundamental for successful negotiations.

There appears to be an increasing emphasis towards a marketing environment where the direct involvement of governments in establishing prices will diminish greatly, if not disappear entirely. This opens up wider horizons for explorers, producers and marketers. Since 1964, with commercial production from Moonie, the oil industry has operated under a range of schemes associated both with the allocation and absorption of indigenous crude oil, and in establishing a determined pricing basis. These schemes, involving all parties under the guidance of government authorities, have been the result of extensive discussions, meetings, debates and lobbying by most participants.

This lecture provided an historical perspective on the issues raised, actions taken and the working relationships established to enable indigenous crude oil to be absorbed as expeditiously as practicable. Governments' role in the marketing, as distinct from the taxing aspects, of crude oil were examined: of course, there are inter-relationships in decisions taken in either area. From this review, the lessons learnt were highlighted because the industry is moving towards revised arrangements yet again.

