

# Greg Bourne – the not so quiet achiever

**International oil major BP raised a few eyebrows when it introduced its forward looking 'Beyond Petroleum' concept. Did this mean the company was planning to turn the petroleum tap off and concentrate instead on renewable energy sources?**

**Phillip Toyne interviews Greg Bourne, Regional President BP Australasia.**



SINCE GREG BOURNE returned to Australia four years ago to head up BP's Australasian operations he has confounded his CEO peers with his outspokenness on issues of national importance. His public advocacy – especially around greenhouse issues – has seen him most recently warning of a 'big storm brewing for the world's carbon-based economies' and that Australia was wholly unprepared for the coming 'carbon shock'.

Bourne believes that a new debate needs to be fostered in Australia about the Australia we want in the future. He says that this debate cannot be based, as so often in the past, on the power and polarisation of interests, bitterness and a lack of imagination in seeking solutions for the challenges. All parts of the community should be involved and we need to listen hard for the soft voices as well as the loud. Most of all, he says, we need the voice of forward thinking business to finally be heard.

But how ready is Bourne's own company for the challenges ahead? Does the rhetoric run ahead of BP's own business practices?

BP's Australian operations extend from exploring for and developing natural gas and oil in the North West Shelf to manufacturing petroleum products at its refineries in Western Australia and Queensland. It markets fuels and other products at its service stations. BP Solar is the only manufacturer in commercial scale production of solar cells in Australia.

Phillip Toyne talks with Greg Bourne about what motivates him and BP to step out in front...

**PT:** Greg, we have taken a lot of interest in the things that BP have been saying and doing in redefining the company and taking it in a new direction. What have been the driving forces behind that and

what are you going to do with it all?

**GB:** The first thing is that we believe we are heading into a carbon constrained world. Whether it comes about through ratification of the Kyoto Protocol or just a whole series of concerted efforts by countries to reduce their greenhouse gas emissions – carbon constraints are coming.

As a company over the last several years we've moved away from the heavier hydrocarbons. Just a few years ago our portfolio had only 18% gas. Now we are just under 50% gas. So we are moving towards the lighter end of hydrocarbons and of course we are also heavily involved in solar photovoltaics where we have around 17% of the world market share. The photovoltaics business is growing at around 30–40% per annum.

**PT:** And is this what 'Beyond Petroleum' is meant to be about?

**GB:** It's a combination. 'Beyond Petroleum' really is an holistic phrase, which talks about many things. Of course it talks about the renewable energy side of the business and we see that becoming an increasing proportion of our future over the next 30, 40, 50 years. But it also talks about being a progressive company, it talks about being involved in the social issues of the day – thinking way beyond the traditional boundaries of ourselves as a company.

**PT:** And is that move into the lighter end of the hydrocarbons market primarily Greenhouse driven?

**GB:** Well, we have been in the solar photovoltaics business for 30 years and it has just started growing really fast I suppose in



cool it



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the last 5–7 years. Going to the lighter end of the hydrocarbons, we see that is absolutely going to be part of the transition as the world moves to a lighter carbon economy. This transition may take 50 years.

Although it is a long transition, we are already seeing countries like China actually reducing their coal consumption and increasing their gas consumption. That is driven partially by Greenhouse but efficiency and the need to reduce pollution in their cities mostly drives it.

**PT:** 'Beyond Petroleum' has not been a trouble-free concept for you. It created a degree of confusion in the market and elsewhere. What was the cause of that?

**GB:** I think we didn't explain ourselves well. We knew what we meant internally but I think a lot of the analysts thought that we were going to turn off the hydrocarbon taps tomorrow. Clearly that is not possible for the world economy or for a company like

us. So we were finding we had to explain ourselves a bit more. As I say, it is 'Beyond Petroleum' in the sense that we are moving to a lighter economy and the world is heading to a decarbonised economy. But it is also the other part of a sustainably developing world – it is actually thinking about society.

**PT:** BP has taken an outspoken position on climate change and that puts you at odds with the other major petroleum companies in the world. But it has also put you at odds with the positions that some governments are taking in relation to the Kyoto Protocol for example. How do you weave your way through those sensitivities?

**GB:** Clearly it is difficult. We work with governments of many different shapes, sizes, persuasions and so on – no more clearly illustrated than the differences in North America and in Europe. But we have taken a progressive stand on the envi-

ronment. We believe it is very, very important. So choosing how far out ahead you go is a critical choice. But we believe we have led by example. This is not about rhetoric, this is actually a matter of doing things.

John Brown made a speech in March last year in Stanford where he talked about how BP has now managed to reach the 10% reduction in carbon dioxide emissions that we had hoped to achieve by 2010. We achieved it eight years early. He talked about how that has brought us down to 80 million tonnes of carbon dioxide from our own production facilities and how we are going to now cap that level even though we intend as a company to grow. So it is doing things by example that is important. Perhaps the most important thing that we can say about it is it has been done at no cost to the company.

**PT:** One of the things your critics would say is that it is one thing to reduce your own contribution to carbon to 10% but of course you are contributing massively to the global carbon profile because of the fuels you sell. The real challenge for BP is to work out how it can address that bigger impact.

**GB:** Yes, when you take all our products, it is roughly a ten-to-one ratio. So for each tonne (of greenhouse gases) that occurs inside our refinery fence and supply chain fence, there is another ten which is emitted by

your car and someone else's truck. So that is absolutely something that we have to address. The way we've been approaching it is working with the car companies to increase fuel efficiencies and to develop cleaner fuels for two reasons. One is for the urban air pollution but secondly, the cleaner the fuel, the more efficient the engine you can design which helps both with local pollution and the greenhouse effect. That takes you some of the way forward. But then we have also started a program called 'Global Choice' here in Australia where we are buying emission reductions to offset the emissions from the BP petrol which is burnt in your car.

**PT:** How does that work?

**GB:** Ok, what we have chosen to do is to buy emission reductions from companies that are changing their fuel mix or sequestering carbon so they are operating at a lower carbon output level. We have a number of projects that we have invested in where the Australian Greenhouse Office has warranted that carbon is being abated. We are buying those abatement credits. At the moment we don't charge the motorists for that at all. But just like green power and the electricity market, the programme will be extended and eventually the consumer will be able to choose whether he or she wants to buy Greenhouse friendly fuel.

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**PT:** By paying an additional premium?

**GB:** Yes.

**PT:** And is that likely to be adopted across BP's activities globally?

**GB:** What we are doing in Australia is proving that it can work and we will show it can work in the business-to-business market as well. We hope that will then be moved out into other countries. It is being very closely watched by the BP world.

**PT:** One of the challenges for you I think is to explain to people why they should pay extra. That assumes that they understand exactly what Greenhouse is, what the offsets are and it is quite a complex task for you.

**GB:** Clearly we must communicate it to our customers and we will do so. But I doubt that we can do so adequately in terms of the overall educational process that has to go on in society with regard to this issue. So I think the best role for us is being able to prove that it can be done and that it can be done commercially. As soon as an experiment like this actually works, the paradigm has already shifted and it means that others can follow, others can emulate it. That doesn't worry us

at all. In fact, that's what we would like to see occur.

**PT:** There would be greater support for BP and where it is going if governments were decisive about accepting quite stringent Greenhouse reduction targets. How do you operate in situations like in the US and Australia where we are not prepared to adopt the Kyoto Protocol and where there doesn't seem to be a decisive commitment to the reductions that are needed?

**GB:** Well, we set our own world-wide goals and we just get on and do it. What we are doing does get noticed by governments and it does get noticed by the policy makers and I think the most powerful demonstration that we can give is the fact that we can do things that work, that we are still profitable, we are still performance driven, and that the world has not fallen in on us. It gives people the courage to try other things and maybe it gives courage to policy makers that the economy will not fall apart.

**PT:** Do you think the Kyoto Protocol will come into effect and be operational?

**GB:** My gut feeling is that it will get ratified. Whether it does or doesn't, the main nations are

already taking action to either cap or significantly reduce their emissions. So I think the activity is going to continue. I think the key thing about the ratification process is leadership. It sends an unambiguous signal of leadership to the world businesses. Businesses look for certainty and always are trying to find ways to reduce uncertainty. If the leaders of their country seem to be ambivalent, why move?

BP is looking at it on a global perspective and we see that on the balance of probability we are moving to a strongly carbon constrained world. So we are moving too. 🌐



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**Phillip Toyne is one of Australia's best known and highly regarded environmentalists.** A former Deputy Secretary of the Commonwealth Department of Environment and Executive Director of the Australian Conservation Foundation, Phillip is now director of EcoFutures and environmental labeling business Earthmark.