

Notice
under s66 of the
Commerce Act 1986

**Application by
Transpacific Technical Services (NZ)
Limited
in relation to
the acquisition of the solvents business
of Medi-Chem Waste Services Limited**

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SECTION 66: NOTICE SEEKING CLEARANCE

13 August 2007

The Registrar
Business Acquisitions and Authorisations
Commerce Commission
PO Box 2351
Wellington

Pursuant to s66(1) of the Commerce Act 1986, notice is hereby given seeking **clearance** of a proposed business acquisition.

PART I: TRANSACTION DETAILS

1. What is the business acquisition for which clearance is sought?

- 1.1 Clearance is sought for the acquisition by Transpacific Technical Services (NZ) Limited (*TTS*), or a wholly owned subsidiary of TTS, of the assets and business of Medi-Chem Waste Services Limited (*Medi-Chem*) that relate to solvent treatment, recycling, and disposal (the *solvents business*).
- 1.2 Concurrently with this application, TTS is filing a separate application for clearance for the acquisition by TTS, or a wholly owned subsidiary of TTS, of the assets and business of Medi-Chem that relate to the collection, treatment and disposal of other hazardous wastes (the '*chemical smalls*' business) - but not including the medical and quarantine waste business, or the business of collecting and recycling lamps, amalgam and x-ray film and fluids.
- 1.3 This clearance application and the application relating to the '*chemical smalls*' business are filed in substitution for the application filed by TTS in February this year (and registered by the Commission on 21 February 2007 under file number 10487) (the *Original Application*). The *Original Application* has been withdrawn.
- 1.4 The *Original Application* contained information relating to the solvents business, and in the course of the Commission's investigation into the *Original Application*, further information was provided by TTS in relation to the solvents business. We refer to this as the *Original Information*. Since the *Original Information* is all relevant to this application and TTS has no further information that it wishes to provide in relation to the solvents business, this application refers to, but does not repeat, the *Original Information*.

2. Who is the person giving this notice?

2.1 This notice is given by:

Manus Pretorius
General Manager
Transpacific Technical Services
PO Box 58 032
Greenmount
Auckland

Telephone: (09) 273 2801
Facsimile: (09) 274 1065

2.2 All correspondence and notices in respect of this notice should be directed in the first instance to:

Chapman Tripp Sheffield Young
Level 35
ANZ Tower
23-29 Albert Street
Auckland

Telephone: (09) 357 9000
Facsimile: (09) 357 9099

Attention: Lindsey Jones
(09) 357 9020

Huw McKinlay
(09) 357 9254

3. Confidentiality

3.1 Do you wish to request a confidentiality order for the fact of the proposed acquisition?

No. Confidentiality is not required for the fact of the proposed acquisition

3.2 Do you wish to request a confidentiality order for specific information contained in or attached to the notice? If so, for how long? Why?

- (a) Yes. Confidentiality is sought in respect of:
- (i) the information contained in the appendices accompanying the Confidential Copy of the Original Application; and
 - (ii) the information provided to the Commission in the course of its investigation into the Original Application and which was identified as confidential.
- (b) Confidentiality is sought under section 100 of the Commerce Act 1986 and under section 9(2)(b) of the Official Information Act 1982 on the grounds that:
- (i) the information is commercially sensitive and contains valuable information which is confidential to TTS and/or Medi-Chem; and
 - (ii) disclosure of it is likely to give an unfair advantage to TTS and Medi-Chem's competitors and unreasonably prejudice their commercial positions.
- (c) TTS also requests that it is notified of any request made to the Commission under the Official Information Act for the confidential information, and that the Commission seeks TTS's views as to whether the information remains confidential and commercially sensitive at the time those requests are being considered.

4 Who are the participants (i.e. the parties involved)?

4.1 The Applicant

Transpacific Technical Services (NZ) Limited

PO Box 58 032
Greenmount
Auckland

Telephone: (09) 273 2801
Facsimile: (09) 274 1065
Attention: Manus Pretorius

4.2 The Target

Medi-Chem Waste Services Limited

9-13 Lorien Place
East Tamaki
Auckland

Telephone: (09) 273 1998
Facsimile: (09) 273 1992
Attention: Lincoln Falconer

All correspondence and notices addressed to Medi-Chem in respect of this notice should be directed in the first instance to:

Minter Ellison Rudd Watts
PO Box 3798
DX CP24061
Lumley Centre
88 Shortland Street
Auckland

Telephone: (09) 353 9847
Facsimile: (09) 353 9701
Attention: Andrew Matthews

5 Who is interconnected to or associated with each participant?

TTS

- 5.1 TTS is wholly owned by ERS New Zealand Limited, which is ultimately wholly owned by Transpacific Industries Group Limited, an Australian company listed on the Australian Stock Exchange.
- 5.2 Further details about TTS and the Transpacific Group are available at www.transtechserv.co.nz
- 5.3 An updated structure chart setting out the interconnected bodies corporate of TTS is set out in the Appendix. (There have been some changes since the structure chart provided with the Original Application, notably to reflect the acquisition of Cleanaway in Australia.)

Medi-Chem

- 5.4 Medi-Chem is owned by Tennex Waste Limited (90%) and Tennex Holdings Limited (10%). An ownership structure diagram is set out in Schedule 2 of the Original Application.
- 5.5 Further details about Medi-Chem are available at www.medicchem.co.nz

6 Does any participant, or any interconnected body corporate thereof, already have a beneficial interest in, or is it beneficially entitled to, any shares or other pecuniary interest in another participant?

Please refer to the Original Application.

7 Identify any links, formal or informal, between any participant/s including interconnected bodies corporate and other persons identified at paragraph 5 and its/their existing competitors in each market.

Please refer to the Original Application.

8 Do any directors of the 'acquirer' also hold directorships in any other companies which are involved in the markets in which the target company operates?

Please refer to the Original Application.

9 What are the business activities of each participant?

Transpacific Group

- 9.1 Please refer to the Original Application. Since the Original Application was filed, TTS has established an operation in Christchurch and is in the process of constructing a treatment plant.

Medi-Chem

9.2 Please refer to the Original Application.

10 What are the reasons for the proposal and the intentions in respect of the acquired or merged business?

Please refer to the Original Application.

PART II: IDENTIFICATION OF MARKETS AFFECTED

Horizontal Aggregation

10 Are there any markets in which there would be an aggregation of business activities as a result of the proposed acquisition?

Please refer to the Original Application.

Differentiated Product Markets

12 Please indicate whether the products in each market identified in question 11 are standardised (buyers make their purchases largely on the basis of price) or differentiated (buyers make their purchases largely on the basis of product characteristics as well as price).

Please refer to the Original Application.

13 For differentiated product markets:

- Please indicate the principal characteristics of products that cause them to be differentiated one from another.**
- To what extent does product differentiation lead firms to tailor and market their products to particular buyer groups or market niches?**
- Of the various products in the market, which are close substitutes for the products of the proposed combined entity? - which are more distant substitutes?**
- Given the level of product differentiation, to what extent do you consider that the merged entity would be constrained in its actions by the presence of other suppliers in the market(s) affected?**

Please refer to the Original Application.

14 Vertical integration

Please refer to the Original Application.

15 In respect of each market identified in question 11 identify briefly:

- all proposed acquisitions of assets of a business or shares involving either participant (or any interconnected body corporate thereof) notified to the Commission in the last three years and, in each case,
 - the outcome of the notification (e.g. cleared, authorised, declined, withdrawn)
 - whether the proposed acquisition has occurred.
- any other acquisition of assets of a business or shares which either participant (or any interconnected body corporate) has undertaken in the last three years.

15.1 Please refer to the Original Application.

15.2 Apart from those listed below. All acquisitions in New Zealand within the last three years by companies in the Transpacific Industries group were notified to the Commission in the context of the Commission's investigation into the merger of Transpacific and Waste Management in 2006 and Transpacific's clearance application to acquire certain assets of Enviro Waste Services Limited and Manawatu Waste Limited filed in December 2006.

15.3 Since the Original Application:

- (a) Transpacific has undertaken a number of acquisitions in Australia but the only transaction affecting the New Zealand market has been the acquisition of the solid waste business of Cleanaway; and
- (b) TPI has acquired the following businesses:
 - Corrosion Control, an industrial sand blasting and coatings business located in Kawerau;
 - Mullan & Noy (by way of a joint venture with the existing owner, Stevensons) – a manufacturer of bins and aerators (for use in waste water treatment ponds); also runs a machine shop machining parts for large commercial businesses;
 - East West Waste Limited which operates a solid waste collection business in Northland from its base in Kerikeri. (Until this acquisition, TPI did not operate in the same geographic area as East West Waste.)

PARTS III, IV AND V: Constraints on market power by existing and potential competition and other potential constraints in relation to each of the identified product markets

Please refer to the Original Information.

THIS NOTICE is given by Manus Pretorius on behalf of Transpacific Technical Services (NZ) Limited (*TTS*).

I confirm that:

- all information specified by the Commission has been supplied;
- all information known to TTS which is relevant to the consideration of this Notice has been supplied;
- all information supplied is correct as at the date of this Notice.

I undertake to advise the Commission immediately of any material change in circumstances relating to the Notice.

Dated this day of August 2007.

Signed by Transpacific Technical Services (NZ) Limited:

General Manager

I am an officer of Transpacific Technical Services Limited and am duly authorised to make this Notice.

APPENDIX

Structure Chart Of Transpacific Group