

Gull New Zealand Limited

**Submission to
Commerce Commission
of New Zealand**

in response to

**Statement of Preliminary Issues
Z Energy Limited / Chevron New Zealand**

August 2015





21 August 2015

Gull welcomes the Commerce Commission's over view of this transaction.

Gull sees that there are many barriers to portions of the fuel market in New Zealand and thus competition is limited. With review of this proposed transaction the Commission has the opportunity to remove barriers to competition to many existing and potential future market entrants therefore increasing competition for the greater good of the consumer.

Gull accepts that this document is a public document and no portion of it requires redaction.

Gull welcomes the opportunity to meet with the Commission to discuss this proposed acquisition.

Dave Bodger
General Manager



Contents

Submission Overview	4
An introduction to Gull.....	5
Commercial entities	5
Gull New Zealand Limited overview	5
Terminals (N.Z.) Limited overview.....	7
Key areas that limit competition	8
Area for review: Reduced competition due to limited access to fuel terminals or refining infrastructure.....	10
Area for review: Lack of competition when “independent” players are price takers	12
Area for review: Retail trade areas facing reduced competition due to the proposed acquisition.....	14
Area for review: Competition reduced by long term commercial supply contracts	16
Appendix one: Comments on Z clearance document.....	17
Appendix two: Areas with potentially reduced competition (NI)	21

Submission Overview

This submission is from Gull New Zealand Limited and Terminals (N.Z.) Limited. The term "Gull" should be taken to mean either party.

This submission will give an overview of the Gull business, its history and operation in New Zealand.

The key portion of this submission is to address Gull's major areas for concern in the proposed acquisition of Chevron New Zealand Limited "Chevron" by Z Energy Limited "Z".

These areas are:

- Constrains in the market regarding terminal and refinery access that if removed would increase competition.
- Gull's view of the fuel supply chain and its segments. Greater knowledge, influence and clarity around the supply chain will increase competition. Conversely lack of knowledge, influence and clarity makes price takers unable to offer competition.
- A review of individual trade areas in the service station sector.
- The tenure of contracts between supplier and customer.

Each of these areas is discussed in the submission.

Gull requests that the commission reviews each of these areas in detail before determining clearance for the proposed transaction.

In the accompanying appendix Gull will address specific points from the clearance document.

This submission raises concerns Gull has. Gull's concerns are based on what it observes in the market, what it understands happens in relationships between other fuel suppliers and their customers and Gull's staff experience in the market. However Gull by no means has the full information. Therefore Gull appreciates the Commerce Commission review of this proposed acquisition as Gull does not have the resources or access to the relevant data to fully understand if Gull's concerns are actual or only possible.

An introduction to Gull

Gull Petroleum was founded in 1976 with a single service station by a group of business people in Western Australia who saw the potential for an independent supplier. Rationalisation by the major oil companies at the time offered Gull the opportunity of obtaining sites considered unviable by the multi-nationals. Adherence to a philosophy of low cost management, prudent investment decisions and a carefully planned marketing strategy enabled Gull to increase its number of outlets to thirty-five by 1984, when ownership of the company was consolidated with the Rae family. Gull continued expansion building Australia's first independent fuel import terminal in the 1990's and growing station numbers to over 120 becoming the largest retail player in the Perth market. The Australian business was sold by the Rae's in 2010 with a family decision made at that point to retain ownership of the New Zealand Gull business.

Gull started operations in New Zealand with the building of a state of the art terminal in Mount Maunganui in 1998. Tanks were relocated from Marsden Point by barge, a feat the opposition said was "impossible". Gull made the first retail sales of petrol in 1999 and has grown the network to 67 branded sites. Gull was the first company to introduce low sulphur diesel to the New Zealand market bringing environmental benefits well ahead of the opposition. In August 2007 Gull again set new environmental benchmarks for the industry with the first retail sale of Gull Force 10, New Zealand's first biofuel, 10% ethanol mixed with premium gasoline giving higher octane and cleaner performance. Gull is credited with keeping the fuel market competitive and giving savings to the Kiwi motorist. The Automobile Association term "Gull Effect" is widely used in the media to note competitors' response to Gull's pricing in the same area.

Ownership of Gull in New Zealand remains 100% with the Rae family.

For more information please visit www.gull.co.nz

Commercial entities

The Gull group of companies operates several businesses in New Zealand. The two key entities are:

- Gull New Zealand Limited.
- Terminals (N.Z.) Limited ("TNZ").

The ultimate ownership of both entities is identical.

Gull New Zealand Limited overview

Gull is the marketing / sales arm of the operation. Gull leases or owns or contracts retail service stations. Gull contracts to purchase fuel predominantly imported into the terminal facility at TNZ where it is stored under a shared services agreement. Gull also makes commercial sales generally of diesel to marine and commercial customers.

Gull's service stations are split between:

- Major retail sites with convenience stores attached. The majority of these are operated under a Management Agreement with Night n Day Foodstores Limited.
 - Gull owns or holds leases over these sites.
 - These sites are Gull branded.
 - Gull sets the fuel price at these outlets.
 - At time of writing there are 25 of these sites.
- "Drive Thru" or unmanned retail fuel outlets. These have no permanent fuel attendants and often have no other business on the same site. Payment is via electronic terminals and a credit or debit card.
 - Gull owns or holds leases over these sites.
 - These sites are Gull branded.
 - Gull sets the fuel price at these outlets.
 - At time of writing there are 21 Drive Thru sites with one under construction.
- Independent Sites. Gull supplies fuel to these sites "ex terminal". These are often in smaller centres and family owned and operated, as well as a convenience store the sites may operate a workshop or other business such as LPG bottle filling.
 - Gull in general holds no interest in the real estate at these sites.
 - Gull holds a supply contract with these outlets.
 - 17 of these sites are Gull branded.
 - The site operator sets the fuel price at these outlets.
 - Gull supplies a total of 19 independent outlets.

In addition to the service stations Gull supplies four retail outlets in marinas.

Long term access to only one terminal restricts Gull's market penetration. Gull's northern most site is in Whangarei; the southern most is Masterton. Gull is not represented in the retail market space in:

- Any part of the South Island.
- Wellington.
- Taranaki.
- The Far North.
- Several parts of the central North Island.

Gull is a partner with Countdown supermarkets accepting their petrol discount docketts at most Gull manned outlets.

Gull does not actively participate in the aviation fuels market, the bitumen market or the fuel oil market. Gull is aligned with a lubricants supplier but does not participate directly in this market.

Gull does not: own refining facilities, own crude oil or refinery feedstock. Predominantly Gull imports fully refined fuel for on sale.

Terminals (N.Z.) Limited overview

TNZ's prime business is the operation of a fuel terminal adjacent to the Port of Tauranga.

Total storage at TNZ is just less than 90 million litres across six large tanks and several minor tanks. We understand TNZ to be the largest refined fuel facility in New Zealand outside of Wiri in South Auckland and the refinery.

Initially opening with four tanks TNZ added an additional large tank in 2005 and another in 2013.

TNZ stores/warehouses Gull's fuel and on instruction blends ethanol biodiesel and butane for Gull. TNZ also leases two bulk tanks to a third party on a long term basis.

TNZ receives fuel from the Port of Tauranga tanker berth via a 1.5 kilometre long pipeline. Fuel is dispatched from TNZ predominantly by road tanker. Indicatively there are 1,000 tanker movements each month from TNZ.

Key areas that limit competition

Gull has four major areas for concern should the proposed acquisition go ahead. Gull believes it is important that these areas are reviewed by the Commission as part of the process to clear or not clear the proposed acquisition.

With the information available to Gull and our industry knowledge Gull concludes that these four areas limit competition. By addressing these four areas during this clearance process the Commission can increase options for competition. In brief the four areas are:

1. Reduced competition due to limited access to terminal or refining infrastructure.

The four major oil companies and their shared arrangements (referred to in this document as "The Club") is a major impediment to competition. In practical terms there is no long term access to terminal facilities or fuel direct from the refinery unless you are a Club member. This imposes significant cost disadvantages on Gull and due to extremely high sunk costs effectively eliminates the options for new entrants or for existing large users to import their own fuel.

Without access to terminal facilities there is no option for Gull or any other party to feasibly supply retail or commercial customers and make a difference to the market.

2. Lack of competition when "independent" players are price takers.

Gull's view of the Z document is that significant weight is given to many players setting the final price to the consumer. Gull believes this is incorrect. This argument overlooks the significant influence that suppliers upstream have on any final price. If you are supplying to a market and you are a price taker from a "midstream participant" you have significantly less opportunity to influence the final price as you have less influence on the supply chain and the cost structure.

Should the proposed acquisition go ahead; indicatively half of the fuel sold in New Zealand will imported by / refined for / stored by / distributed by / marketed by only one entity. The final sale to the consumer may be by another party but the influence of that one entity prior to the final sale is very large and potentially disadvantageous to the consumer.

3. Retail trade areas facing reduced competition due to the proposed acquisition.

Practical retail choice for customers will be significantly reduced by this acquisition. Gull's view is that due to Z's potential control of the supply chain up until the Caltex service station possibly reduces competition in 42 individual trade areas or markets across the North Island. Note Gull has not fully analysed the South Island.

4. Competition reduced by long term commercial supply contracts

Gull believes this review should consider not just the market impact now but look at the length of time this proposed acquisition will tie up the customers of Z and Chevron. It is not fair that one player gains both market dominance via size and in addition holds very long term supply contracts with customers locking out the contestability of that customers business.

All players in fuel distribution in New Zealand look to contract their customers; this gives surety of supply to the supplier. However how long is too long? In previous employment Gull staff worked for companies who were reluctant to enter contracts of greater than five years as this may have been a restrictive practice. However fuel supply contracts of 10 to 15 years duration are commonly executed by some current participants.

A long term contract captures a portion of a market potentially removing for many years' opportunities for competition. The tenure of supply contracts especially those of Z and Chevron must be reviewed as part of this proposed deal.

The following sections will expand on each of these four areas.

Area for review: Reduced competition due to limited access to fuel terminals or refining infrastructure

Supply of fuel in New Zealand revolves around access to terminals or fuel drawn directly from the refinery. Long term access to terminal facilities (or refinery) is critical to supplying a geographic area. Shipping fuel by sea is relatively inexpensive. Indicatively 6 to 7 cents per litre from Singapore or Korea to New Zealand as opposed to 3 to 4 cents per litre for trucking fuel from Mount Maunganui to Auckland.

Bulk fuel at a distribution hub is the key to competitive costs for distribution. Therefore terminals and refineries become very important to ensure the competitive nature of the fuel market.

Without access to a terminal or refinery, parties are unable to bring greater competitive pressures from higher up the supply chain. This is discussed further in the next section of this document.

Long term reliability of supply of fuel from a terminal is imperative. If a service station runs out of fuel customers go to the next one; if a quarry runs out of diesel millions of dollars of equipment becomes idle; if an aeroplane does not have fuel the operator would be deemed untrustworthy. In order to offer fuel to these markets the retailer (or wholesaler) must know they have long term reliable access to fuel from a terminal or refinery.

Gull's contention is that to effectively do this in New Zealand it is only possible by building your own terminal and supplying it with your own fuel as there is not a fully functioning market for terminalling facilities. This is because there are in effect currently only two bulk fuel terminal / refinery operations in New Zealand.

One is TNZ. TNZ has one location at Mount Maunganui. It is under the same ultimate ownership as Gull. It is used by Gull and one other party.

The second operation has no defined name. Gull refers to this operation as "The Club". It is owned and controlled by Chevron, Z Mobil, and BP. It covers the refinery, the coastal shipping operation of Club members, the stock holding of Club members, ten coastal fuel terminals, around three pipelines, several airport fuel installations, and two major inland storage facilities. It covers innumerable tanks and an extremely large capacity of storage.

Gull acknowledges the information above is far from complete but it does not have the resources to accurately calculate what are confidential details to Club members.

Only Club members can utilise Club facilities. In Gull's experience Club members will not give long term off take agreements to non-members. Therefore in turn offering long term reliable supply to service stations, quarries or airlines as noted above, is not feasible, unless you are a Club member. Club members offer long term supply to customers but they do not (to Gull's view) offer long term terminal access, which would open up greater competition.

If a short term (12 month) access agreement to a terminal is agreed by a party how can a 10 year lease on a service station be contemplated? There are no guarantees of viable supply to that service station after that initial year.

- If this site is extremely successful what will the attitude be of the terminal owner/s who will also own the competitor sites in that trade area?
- Even if that one site only reaches average volume but by competitive pressures lowers the market price for a further 5 to 10 sites in the adjacent area what will the attitude be of the terminal owners who also own or supply the competitor sites?

The Club situation is inequitable to new entrants to the market. It is the major block to greater competition and Gull's submission that in clearing any purchase of Chevron the Commerce Commission must review the current operation of The Club and look to instil some form of independence or mechanisms that enable significantly greater long term access to non-Club members. This has potential to bring the benefits of competition to many more consumers.

The Club situation includes product swapping or 'borrowed and loan'. Club members talk with government officials of having one national tank. Gull understands that this enables Club members to draw fuel from one area where they may not have fuel stored nor own tanks but still be able to source fuel in that location there and sell it to customers. This fuel is then at some point repaid in another location. This is inequitable. Gull has not been offered access to this system. It effectively ring-fences Gull's influence. It is a barrier to entry for any new market participant that requires a multi-million dollar investment in a terminal and stock to overcome.

Area for review: Lack of competition when “independent” players are price takers

Price takers have less influence or understanding of the supply chain. Suppliers who are customers of “midstream participants” who are price takers have no involvement in key segments of the supply chain and have less opportunity to offer meaningful competition in the final sale to the consumer.

Gull views the key segments in the supply chain that contribute to the final cost of fuel to the New Zealand end users as:

- A) The production of crude oil.
- B) The refining process.
- C) International transportation of the fuel.
- D) Storing fuel at bulk terminals prior to domestic distribution.
- E) Distributing fuel to the service station or commercial user.
- F) For retail sales, making the sale to the motorist at the service station.
- G) For fuel card based transaction there is another step in the card payment system.

Gull's view is that Mobil, BP Z and Chevron have influence over all segments A–G.

Mobil, BP and Chevron have a cost of product at A (for the majority of their fuel). They have significant control over all key segments and face costs with exceptional clarity across the whole chain. The Z clearance document notes that the Caltex outlets are priced independently therefore Gull suspects Chevron would disagree with Gull's comments here and note Chevron controls A-E plus G; while the Caltex operator controls F.

Z would have a cost of product at A (for the majority of its fuel). They have significant control from segment B onwards and have very good clarity of costs from point A.

Gull has influence over items B–G. Gull has a cost of product determined at point C. Gull has a view of refining costs and dynamics as well as international transport costs, and can reflect this in procurement negotiations. Gull has significant control downstream from point C. Gull faces the costs and has close to 100% clarity on items D–G.

Gull contends that the fewer segments of A–G above you are involved in then the lower your influence and thus lower ability to make a market impact. Unfortunately if you have less knowledge you have to accept a price rather than find an alternative price.

Table 2 from Z's clearance document is used as the base for the following table. It lists the significant companies distributing fuel to the New Zealand market. This table reflects Gull's view of influence on the market. Again Gull notes it has less than perfect data available to it and relies on industry experience and information received that is not necessarily verified.

Supplier	Area of Influence	Upstream Supplier as understood by Gull
Z	A - G	
Caltex	A - G	
BP	A - G	
Mobil	A - G	
Gull	B - G	
Foodstuffs	F	Mobil
Challenge	F	Chevron
GAS	F	BP
Allied	E - G	Mobil
NPD	E - F	Mobil
RD Petroleum	?	BP
McKeown	E - G	Chevron
Waitomo	E - G	Mobil
Southfuels	E - G	Z
Farmlands	E - G	Chevron
Rural Fuels	E - G	BP

The contention from the clearance document is that there are 16 suppliers in the market therefore if the proposed transaction went ahead there would not be a substantial reduction in competition. Gull opposes this stance.

Many of the suppliers have minimal influence on the whole supply chain. Most have no terminal access or understanding of how to obtain access to terminals, building terminal infrastructure is beyond most participants' scope and Gull aside there is no independent supplier of viable sized terminals. Some parties are 100% reliable on their supplier to deliver fuel by truck to their outlets. It is Gull's understanding that several have their own purchase prices indexed to the average market retail price thus effectively receiving only a fixed margin.

The issue with the proposed Chevron acquisition by Z is that it moves Caltex's indicative 20% of the market (for the segments A-E plus G at the least) to a party that is already influencing a significant portion of the market for most of the supply chain.

Gull contends that should Z acquire Chevron, retail prices at Caltex and Challenge outlets will as a minimum be influenced by Z via segments A-E. It is dangerous for the fuel consumer to rely on the independence of site operators to oppose pricing influence by Z when Z has extreme clarity and significant influence over segments A-G. The Caltex operator's influence depends on the nuances of the Chevron contract with the site. In Gull's view this is not an acceptable assurance that competition will be maintained. Especially if there are a lack of other outlets in the area who do have a wider sphere of influence over a large portion of the supply chain.

Area for review: Retail trade areas facing reduced competition due to the proposed acquisition

To Gull, the trade area of a service station is the area where customers can easily go to buy fuel from competitor outlets. The Z document appears to define a retail trade area as a local market with a defined kilometre radius, apparently either 2 kilometres or 5.

Gull contends this is incorrect. The trade area for a service station is not set by a certain number of kilometres. It is set by many factors and for differing consumers may be significantly greater or smaller than a set kilometre figure. In Gull's 39 year experience in operating and building service stations there is not a fixed set of rules to define a trade area. Key considerations in defining a trade area are:

- Where people live.
- Where people work.
- Where the traffic flows.
- The socio demographic makeup of the area.
- What loyalty cards customers may hold.
- What supermarket they may go to.
- Where their children attend school.
- Where the best price for fuel is.

Trade areas may also overlap.

Gull contends that there is no finite determination of a trade area. In summary there are opinions of what a trade area may be and there are various influences on what determines a trade area but overall it is conjecture of how one person describes of trade areas for retail fuel in New Zealand.

Appendix Q of the Z document identifies five areas where independent brands will reduce from two to one as a result of the proposed transaction.

Gull believes much greater scrutiny must be given on what represents a reduction in competition. Is a reduction from four brands to three significant? Is three brands to two? Based on the Commerce Commission's rule of thumb that the two largest players remaining should not exceed 70% of the market probably both of these changes are worth scrutiny.

Gull has conducted a review of public available data for existing service stations for the North Island. We have formed our opinion of trade areas for Z and Chevron sites. Those where we believe there may be a reduction in competition by the proposed acquisition are listed in the accompanying appendix. Gull's current area of operation is the North Island only and we believe we have good insight as to what constitutes a trade area for service stations across the North Island. As Gull does not currently operate in the South Island our insight to the nuances of these individual markets is not as detailed and we do not add this data to this report.

Given our belief that Z will still have a significant sphere of influence over the pricing of Chevron sites; our appraisal is that there are 32 North Island trade areas where there is possibly a decrease in competition and a further 10 trade areas where we see a significant decrease in competition if this acquisition is to go ahead.

For the benefit of consumers in these areas Gull appreciates that the Commission will give these 42 areas a detailed review. Gull believes the clearance process should identify other likely areas where there may be a reduction in competition and ensure there is a review of these as well.

Area for review: Competition reduced by long term commercial supply contracts

Contracts between a service station operator and their oil company supplier (or between a commercial user and their supplier) be that a “midstream” supplier or another form of supplier are well guarded. Gull has only a limited view of what tenures certain parties offer into the market.

Fuel supply contracts offer security of supply to the service station operator (or commercial fuel user or fuel distributor). These contracts may also offer equipment and branding as well as promotional programme participation to retail site operators. To the supplier they offer security of revenue and a known offtake from their facilities. However if these contracts are extended in duration they may capture a customer for an un-fair and disadvantageous period of time and thus are anti-competitive.

A market exists for the “sale” of contracts by independent service station operators (and others) and the “purchase” of the same contract by fuel suppliers up stream. It is anticompetitive to have these contracts tied up for a significant period. The market must have an opportunity to function. Long term contracts remove this opportunity.

If there are opportunities for service station operators to change brands (to better deals) then there is the opportunity for those operators to offer better competition into their trade areas. If there are opportunities for commercial users to change supplier that is the natural working of a competitive market. Long tenure contracts will distort this.

As part of this review Gull requests the Commerce Commission forms a view of the tenure of contracts for fuel supply between both Z and Chevron and other parties. The size of the market being potentially allocated to one party with this proposed transaction is very large. It is therefore important that there is detailed review over what is a fair and reasonable period for portions of the market to be contracted to one major player. It would be a double blow to the market if one party was allowed both a dominant market share and have that tied up for an extensive period of time.

Appendix one: Comments on Z clearance document

3.2.d.1.

Independent distributors are predominantly diesel based customers of oil companies. Choice is limited by the distance to alternate terminals and there are no alternate terminals outside of those operated by The Club

3.2.d.ii.

What terminal would give commercial customers “choice” for “direct imports”? Given Gulls submission there is no viable alternate terminal supplier. Commercial customers would have enhanced choice if there was greater independence of terminal operation with this clearance process.

3.3.a.

Professor Hausman’s on line profile and awards are impressive. We are sure his mathematical analysis of the data given to him is absolutely correct. The analysis is redacted so Gull is not aware of Professor Hausman’s:

- Experience in the New Zealand oil industry.
- Length of time living in or visiting New Zealand either related to this study or otherwise.
- Experience with traffic flows and decisions around purchasing of fuel in New Zealand.

Gull’s position is that there are many decision factors that impact on where a customer may fuel their vehicle. It is not an exact science. Gull believes that experience in the oil industry and the New Zealand market place is very important in assessing trade areas and impacts on them.

3.3.b.

Detailed examination of the contractual relationship between Chevron and the Caltex operators must be made on this point. There are many ways to influence retail price even if you do not set it. Gull contends that it is likely Chevron has options to influence the retail price and thus Z would have those same options.

3.3.c.i.C.

As per Gull’s comments many of these brands are price takers across most of the value chain and therefore only have limited scope to impact on retail prices.

3.3.e.

Note the cost of a terminal will vary significantly but a new entrant would need to invest in the order of \$50 million to \$100 million in a new terminal and stock in that terminal before they can make an offer to a customer for supply of fuel.

12.

The terms “optimise its network” could imply closure of outlets. Dependant on what outlet this could be a further reduction in competition.

35.2.

Gull views the procurement of crude and refined products as two separate markets.

35.5.d.

There is a blur of markets for diesel. Private individuals can access truck stops, commercial users can get fuel from service stations or truck stops or delivered, Commercial users have the opportunity to pay on account or by company card or by a personal card that is used by the company.

50.

Comments made to Gull by other industry players were that two of the four processors of fuel at Refining New Zealand voted against the investment in expansion.

54.

Given Gull's comments on the sphere of influence over the supply chain we disagree that "other independent retailers" have the ability to have "significant pricing discretion".

55.

The redaction in this section is interesting as it appears personal to Gull, we would like to review it and comment but we cannot.

62.

As per the comment at 3.3.e. terminal costs are prohibitive. The cost to build plus the cost to hold stock will be similar North Island to South Island; the South Island offers a significantly smaller market for petrol and a much greater distribution geography increasing costs of supply from one terminal.

Z correctly noted that Gull currently has limited access to purchase fuel from a Wellington terminal. Z cannot have an accurate picture as to:

- the tenure of Gull's relationship with that terminal,
- whether the relationship is a terminalling agreement or a fuel purchase agreement,
- the volume of product involved, or
- the price charged.

Therefore it must not be assumed this is the basis for a successful entry or expansion. As discussed in this document it is not feasible to base long term supply to end users on short term access agreements.

Gull's contractual details on fuel supply are private to us but we comment as follows on access to Wellington:

Around 5 years ago we also had access to a Wellington terminal. Immediately prior to that contract expiring we were informed by the supplier (one of the current four "midstream participants") along the lines of "your alternate costs for supply are X, therefore we are increasing your price by Y". Gull's response was that we do not engage in that type of discussion so we walked from renewal of the contract at that point. If Gull had planned

expansion on this original contract our business model would have been broken by the power of such short term purchasing agreement.

71.

As noted the Refinery is effectively part of The Club. To Gull's understanding the refinery operates as a tolling refinery. A cap and collar toll guarantees throughput, it places a floor price as insurance but it limits revenue when refining margins are high (as they are currently).

Gull notes another refinery model is that refineries purchase the crude and contract out the sale of the refined fuel to customers.

80.

The vast majority of Gull's fuel is refined at off shore facilities. As per 55. The redacted portion appears personal to Gull we would like to comment but cannot.

106.2.

Gull notes it faces significantly greater costs than Club members when competing in remote areas where Club members can swap fuel and utilise other Club member's tankage. If Gull faced the same cost structure as Club members our opportunity to add further competition to the market place would be greatly increased.

111.

Operationally it is relatively simple to move tanks between diesel or jet to petrol. Gull agrees fuel oil tanks do need to be dedicated for their lifespan.

116.

For clarity Gull's entry was in 1998 / 1999.

204.

To make a "credible threat of importing directly" any party would require access to tanks in a quantity that makes an economic delivery size from international refineries. This is a significant quantity of tank space, indicatively 60 to 70 million litres of capacity. This is not available now in New Zealand and to build it requires a significant investment.

208.

As per 204

223.

There is market blur as there are large volumes of "commercial" fuel sold via oil company card at service stations and truck stops.

Appendix O.

Gull notes when rationalising sites and exiting outlets caveats are placed on titles by operators other than Z. Gull is not aware that Z has used this practice. These caveats prevent the site reopening as another branded service station, this is anti-competitive. Gull assumes this practice will be reviewed for recently closed sites as part of the review of the proposed transaction.

Appendix two: Areas with potentially reduced competition (NI)

Trade Area	Site Names	Site Address	Reduced Competition ?
Kaitaia	Z Kaitaia	141-145 Commerce Street, Kaitaia	Possible
	Z Kaitaia Truck Stop	Whangatane Drive, Kaitaia	
	Caltex Kaitaia	172-174 Commerce Street, Kaitaia	
Bay of Islands	Z Paihia	140 Marsden Road, Paihia	Possible
	Caltex Waitangi	10-12 Puketona Road, SH11, Paihia, Bay of Islands	
Kaikohe	Z Kaikohe	45 Broadway, Kaikohe	Significant
	Caltex Nga Puhī Service Station	19 Broadway, Kaikohe	
Whangarei	Z Kamo	382 Kamo Road, Whangarei	Possible
	Z Kensington	Cnr Kamo Road and Nixon Street, Whangarei	
	Z Porowini	47 Porowini Avenue, Whangarei	
	Caltex Western Hills	307-311 Western Hills Drive, Whangarei	
	Caltex Whangarei	15-24 Tarewa Road, Whangarei	
	Caltex Oakley S/Stn	SH1, Whangarei	
	Z Whangarei Truck Stop	Kioreroa Road, Whangarei	
	Caltex Whangarei Truck Stop	(101) Kioreroa Road, Whangarei	
Auckland City East	Z Quay Street	27 Quay Street, Auckland Central	Significant
	Z Beach Road	150 Beach Road, Parnell, Auckland	
	Z Beach Road Truck Stop	151 Beach Road, Parnell, Auckland	
	Caltex Stanley Street	30 Stanley Street, Grafton, Auckland	
	Caltex Stanley Street Truck Stop	30 Stanley Street, Grafton, Auckland	
Ellerslie Greenlane	Z Ellerslie	301 Ellerslie Panmure Highway, Mt Wellington, Auckland	Significant
	Z Panmure	434 Ellerslie-Panmure Highway, Panmure, Auckland	
	Z Greenlane	122-128 Greenlane Road, Greenlane East, Auckland	
	Z Triangle	574 Great South Road, Ellerslie, Auckland	
	Caltex Penrose	682 Great South Road, Penrose, Auckland	
	Caltex Abbots Way	83 Abbots Way, Remuera, Auckland	
Epsom	Z Epsom	129-131 Manukau Road, Epsom, Auckland	Significant
	Caltex Epsom	378 Manukau Road, Epsom, Auckland	
	Caltex Capricorn	363 Manukau Road, Epsom, Auckland	
	Caltex Newmarket	476 Broadway, Newmarket, Auckland	
Pt Chev/Grey Lynn	Z Pt Chev	1125 - 1143 Great North Road, Pt Chevalier, Auckland	Possible
	Caltex Western Springs	790 Great North Road, Western Springs, Auckland	
	Caltex Grey Lynn	339 Great North Road, Grey Lynn, Auckland	
Albany/Constellation	Z Albany	287 Othea Valley Road, Albany	Possible
	Caltex Albany	7 Mercari Way, Albany, Auckland	
	Z Constellation Drive	36 Constellation Drive, Mairangi Bay	
	Caltex Constellation Drive	21 Constellation Drive, Mairangi Bay, Auckland	
	Caltex Upper Harbour	73 - 77 Paul Mathews Road, Auckland	
Takapuna/Milford	Z Lakeside	Cnr Northcote Road & Taharoto Road, Takapuna	Possible
	Z Mairangi Bay	413 - 417 Beach Road, Mairangi Bay	
	Challenge Milford, Auckland	79 Kitchener Road, Milford, North Shore, Auckland 0620	
Glen Eden	Z Glen Eden	362 - 364 West Coast Road, Glen Eden, Auckland	Possible
	Caltex West Coast Road	West Coast Road, Glen Eden, Auckland	
Te Atatu	Z Te Atatu	402 Te Atatu Road, Te Atatu, Auckland	Significant
	Caltex Peninsula	571 Te Atatu Road, Te Atatu, Auckland	
	Caltex All Seasons Energy Centre	288 Te Atatu Road, Te Atatu, Auckland	
Highland Park	Z Pakuranga	470 Pakuranga Highway, Pakuranga, Auckland	Possible
	Caltex Highland Park	489 Pakuranga Road, Highland Park, Auckland	
Hillcrest	Z Eastside	116 Grey Street, Hamilton	Possible
	Challenge Naylor Street Auto	101 Naylor Street, Hillcrest, Hamilton 3216	
	Caltex Hillcrest	223 - 231 Cambridge Road, Hillcrest, Hamilton	
Hamilton West	Z Dinsdale	Cnr Whatawhata Road & Tuhikaramea Road, Dinsdale, Hamilton	Significant
	Caltex Dinsdale	163 Whatawhata Road, Dinsdale, Hamilton	
Hamilton North	Z Pukete	Cnr Pukete & Te Rapa Roads, Te Rapa	Possible
	Z Te Rapa	661 Te Rapa Road, Te Rapa	
	Caltex Te Rapa	589 Te Rapa Rd, Te Rapa, Hamilton	
Morrinsville	Z Morrinsville	202-210 Thames Street, Morrinsville	Possible
	Caltex Morrinsville	328 Thames Street, Morrinsville	
Te Aroha	Z Te Aroha	11 Stanley Street, Te Aroha	Significant
	Caltex McConnachie's Service Station	45 Kenrick Street, Te Aroha	

Matamata	Z Matamata	Cnr Waharoa Road & Peria Road, Matamata	Possible
	Challenge Matamata	118 Broadway, Matamata, Waikato 3400	
	Caltex Matamata	97 Firth St, Matamata	
Putaruru	Z Putaruru	68 - 70 Tirau Street, Putaruru	Possible
	Challenge Putaruru	107 Tirau Street, Putaruru 3411	
Cambridge	Z Cambridge	81 Victoria Street, Cambridge	Possible
	Challenge Rockgas Cambridge	88 Duke Street, PO Box 509, Cambridge 3434	
	Caltex Cambridge Truck Stop	45 Allwill Drive, Hautapu, Cambridge	
Te Awamutu	Z Te Awamutu	601 Sloane Street, Te Awamutu	Possible
	Caltex Super Service Station	98 Ohaupo Rd, Te Awamutu	
	Z Rosetown	451 Alexandra Street, Te Awamutu	
Paeroa	Z Paeroa	Belmont Road, Paeroa	Possible
	Caltex Moores Service Station	2 Belmont Road, Paeroa	
Central North Island SH 1	Challenge Tauranga-Taupo	3481 SH1, Turangi, Waikato 3382	Significant
	Caltex The Store	267 SH1, Te Ranglita	
	Z Turangi	Cnr SH1 & Pihanga Road, Turangi	
	Z Waiouru	SH 1, Waiouru	
	Caltex Waiouru Truck Stop	State Highway 1, Waiouru	
Whakatane	Z Whakatane	Cnr Domain Road & King Street, Whakatane	Possible
	Caltex Whakatane	149 Commerce St, Whakatane	
Opotiki	Z Opotiki	89 Church Street, Opotiki	Significant
	Caltex Opotiki	121 St Johns St, Opotiki	
Gisborne	Z Gisborne	300 Gladstone Road, Gisborne	Possible
	Caltex Gladstone Rd	401 Gladstone Road, Gisborne	
	Challenge Gisborne	814 Gladstone Road, Te Hapara, Gisborne 4010	
	Caltex Makaraka	105 Main Road/State Highway 2, Makaraka	
Wairoa	Z Wairoa	Achilles Street, Wairoa	Possible
	Z Wairoa Truck Stop	Achilles Street, Wairoa	
	Caltex Wairoa Truck Stop	Corner Mahia Ave & Carrol St, Wairoa	
Napier	Z Taradale	21 Lee Road, Taradale, Napier	Possible
	Caltex Taradale	366 Gloucester Street, Taradale, Napier	
	Challenge Maraenui	40 Bledisloe Road, Maraenui, Napier 4110	
Hastings	Z Karamu Rd	927 Karamu Road North, Hastings	Possible
	Caltex Karamu Rd	800 Karamu Road, Hastings	
Palmerston North Tce End	Z Terrace End	768 Main Street, Palmerston North	Possible
	Caltex Terrace End	839 Main Street East/State Highway 3, Palmerston North	
	Challenge Hokowhitu	344 Albert Street, Hokowhitu, Palmerston North 4410	
Wanganui	Z Dublin Street	14 Dublin Street, Wanganui	Possible
	Challenge Castlecliff, Whanganui	9 Cross Street, Castlecliff, Whanganui 4501	
	Caltex Victoria Avenue	241 Victoria Avenue, Wanganui	
Sanson	Z Sanson	SH1, Sanson	Possible
	Caltex Sanson Truck Stop	61 Dundas Road, Sanson	
New Plymouth	Z Courtenay Street	Cnr Liardet & Courtenay Street, New Plymouth	Possible
	Caltex Elliot Street	53-57 Elliot Street, New Plymouth Central, New Plymouth	
	Z Waiwhakaiho	Cnr Devon & Smart Roads, New Plymouth	
Hawera	Z Hawera	Cnr South Road & Princes Street, Hawera	Significant
	Caltex Hawera	137 Glover Road, Hawera	
Stratford	Z Stratford	Cnr Broadway & Regan St, Stratford	Possible
	Caltex Stratford	90 Broadway, Stratford, New Zealand	
Masterton	Z Masterton	80 Chapel Street, Masterton	Possible
	Challenge Parkview Motors	32 Dixon Street, Masterton 5810	
	Caltex Chapel Street	Cnr Wrigley & 14 Chapel Streets, Masterton	
	Caltex Solway Service Station	216 High Street, Masterton	
Paraparaumu	Z Kapiti Rd	Cnr Kapiti Road & Milne Drive, Paraparaumu	Possible
	Caltex North Highway	12 Main Road North, SH1, Paraparaumu	

Johnsonville	Z Johnsonville	136 - 140 Johnsonville Road, Johnsonville, Wellington	Possible
	Challenge Johnsonville	Cnr Bassett & 2 Ohariu Road, Johnsonville 6037	
Newtown	Z Constable Street	35 - 41 Constable Street, Newtown, Wellington	Possible
	Caltex Basin Reserve	28 Adelaide Road, Newtown, Wellington	
Lower Hutt	Z Hutt Road	453 Hutt Road, Lower Hutt	Possible
	Z Vic Corner	545 - 555 High Street, Lower Hutt	
	Z High Street	834 High Street, Boulcott, Lower Hutt	
	Caltex Olympic Service Station	Cnr Holland Crescent & Vogel Street, Naenae, Lower Hutt	
	Caltex Railway Ave	32 Railway Avenue, Lower Hutt	
Upper Hutt	Z Trentham	430 Fergusson Drive, Trentham, Upper Hutt	Possible
	Caltex Upper Hutt	749 - 755 Fergusson Drive, Upper Hutt	
	Caltex Rimutaka	1193 Fergusson Drive North, Upper Hutt	
	Z Moonshine Road	51 - 53 Moonshine Road, Trentham, Upper Hutt	
	Caltex Old Hutt Road Truck Stop	208 Old Hutt Road, Wellington	