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PRIVATE & CONFIDENTIAL

The Registrar
Mergers and Authorisations
Commerce Commission
PO Box 2351
WELLINGTON

BY COURIER & EMAIL: registrar@comcom.govt.nz

21 August 2015

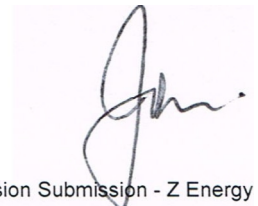
Dear Registrar

Z Energy Acquisition of Chevron New Zealand (Z/Chevron)

We refer to the public version of the Z Energy Limited (**Z Energy**) notice dated 30 June 2015 (**Notice**) seeking clearance to acquire Chevron New Zealand Limited (**Chevron**). In relation to this acquisition Technix Group Limited (**Technix**) makes the following submission:

1. Background

- 1.1 Technix has, in various forms, been in the bitumen business for more than 100 years. Technix was the first organisation to apply bitumen to a road surface in New Zealand and has been, and still is, at the forefront worldwide in the research and development of bitumen related technologies.
- 1.2 Technix was the second largest road construction and pavement business in New Zealand until such time that its road contracting and associated activities were sold to (then) Works Infrastructure Limited (now) Downer New Zealand Limited (**Downer**) in 1998-1999. The acquisition not only gave Downer access to the bitumen related road construction and maintenance markets created by Technix, it also acquired the very large terminal referred to in clause 1.3, and leased for a 12 year term a smaller terminal (referred to in clauses 2.1 and 2.2) and the bitumen technologies Technix had researched and developed up to this time.
- 1.3 The sale included the largest bulk bitumen terminal in New Zealand that Technix built at Port Taranki in the 1990s for the importation and distribution of bitumen throughout New Zealand. This terminal has the capacity to store [] tonnes of bitumen and is operated by Road Science a company formally named Downer Bitumen Supply.



2. The Bitumen Market

2.1 Technix continues to own a bulk bitumen terminal at Port Taranaki, Technix Taranaki Terminal Limited (**TTT**). []. The terminal has been in operation supplying bulk bitumen since the period of restraint of trade between Downer and Technix expired approximately two years ago.

2.2 Currently, the TTT has the capacity to store only [] tonnes of bitumen. []

2.3 Technix has developed bulk bitumen containers for transportation, and surge tanks for short term storage, of bitumen that incorporate world first patented technology. []

2.4 Technix has researched, developed and patented a Multistage Bitumen Reactor (**Reactor**) which is the only one of its kind in the world. It is currently being offered on the world market and []. General information regarding Technix Multistage Bitumen Reactors may be found at www.technix.net. []

2.5 Subject to our comments in Section 3, Technix is confident, should Z Energy obtain Commerce Commission clearance and the acquisition of Chevron by Z Energy goes ahead, that Technix will continue to be in a good position develop its New Zealand markets.

2.6 Although, Z Energy would be, for the present time, the sole supplier of bitumen from The New Zealand Refinery Company Limited, (trading as Refining New Zealand) (**RNZ**), plenty of alternatives for the importation of bitumen exist. Some of these options are:

2.6.1 The Fulton Hogan Limited terminal in Tauranga, which has significant bulk bitumen storage and handling facilities. It recently purchased a further bulk tank that was owned by Delta Corporation Limited (in receivership) and its total storage capacity is [] tonnes or more.

2.6.2 The Road Science (formerly Downer Bitumen Supply) bulk bitumen terminal at Tauranga can hold [] tonnes bitumen and the terminal at New Plymouth up to [] tonnes.

- 2.6.3 We note that, in Clause 168 of the Notice mention is made of Downer bulk bitumen terminals in New Zealand. However, it excludes to mention the largest bulk bitumen import and storage facility in New Zealand, with a capacity of [] tonnes, that Downer purchased from Technix.
- 2.6.4 Higgins Group Holdings Limited with its terminal facility in Napier with something in the order of [] tonnes.
- 2.6.5 The bulk bitumen terminal at the Wynyard Wharf at Ports of Auckland, with capacity in the order of [] tonnes of storage, leased from Stolt by Trafigura-PTE Limited. The latter company is one of the largest terminal operators for hydro-carbons in the world and now plays a very active role in the Australian bulk bitumen terminal market.
- 2.6.6 Bulk bitumen supplies may also be imported into New Zealand by container. Termcotank is a company which is actively supplying bitumen in containers. The sea containers have a capacity of around 30 tonnes and are used to transport bitumen throughout the Pacific Islands and elsewhere in the world.
- 2.6.7 Note: We have not recently explored the current bitumen storage capacities of the larger New Zealand bulk bitumen terminals. We recommend that our figures are checked by yourselves.

3. Concerns

3.1 []

[]

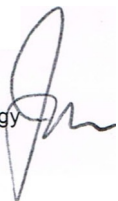
3.2 The Shell Oil Company owned 37.8% of Fulton Hogan until a few years ago, when it sold its interests in the company to Fulton Hogan and related parties. Traditionally, transfers of equity from a shareholding oil company invariably include agreements containing very long term contracts for the continuing supply of petroleum products including bitumen. Such an agreement is likely to continue to exist between Z Energy and Fulton Hogan, and we suggest that it should be examined by the Commerce Commission.

3.3 We note that Chevron's equity in RNZ has been sold to ostensibly 'non oil company' interests.

We would be very concerned if Z Energy was able to, in the future, create a situation whereby it had a significant influence on RNZ activities. The major shareholders Z Energy, BP and Mobil are, with 53.69%, effectively the controllers of RNZ – minor shareholders have little influence.

3.4 Similarly, we recommend that the Commerce Commission investigate the relationship of Z Energy and BP and Mobil in respect to the management and influence of Operations of Coastal Oil Logistics Limited (**COLL**) if the Z Energy (Chevron) acquisition proceeds.

3.5 We believe it is not material, but we note that the pictorial barrel of oil in Clause 66 of the Notice shows 'other' as 23 litres i.e. 15% of the total of 152 litres, so Clause



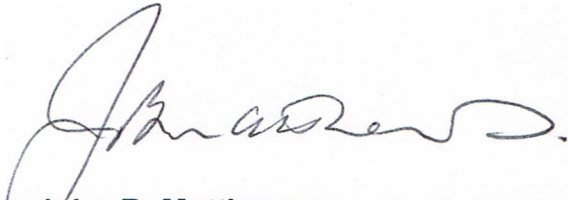
150 states that marine fuels account for 13% of a barrel of oil, which leaves 2% for bitumen. This bitumen figure appears to be incorrect (too low).

4. Conclusion

Subject to our concerns contained in Section 3, Technix does not consider that the acquisition of Chevron by Z Energy will materially inhibit or have a materially detrimental effect on the overall supply of bulk bitumen into the New Zealand market.

Please keep this admission strictly confidential and disclose it only on a "need to know basis." to people in the New Zealand Commerce Commission.

Yours sincerely



John B. Matthews
Managing Director