



Australian
Competition &
Consumer
Commission

GPO Box 3131 Canberra ACT 2601
23 Marcus Clarke Street Canberra ACT
tel: (02) 6243 1111 fax: (02) 6243 1199
www.accc.gov.au

NEWS RELEASE

ACCC TO NOT OPPOSE ACQUISITION BY APA OF HDF SUBJECT TO DIVESTITURE

The ACCC today announced that it would not oppose the proposed acquisition by APA Group (APA) of Hastings Diversified Utilities Fund (HDF) after accepting a court enforceable undertaking from APA to divest the Moomba to Adelaide Pipeline System (MAPS).

APA owns a number of gas transmission pipelines in Australia including the Moomba to Sydney Pipeline, the Victorian Transmission System and a 50% interest in the SEA Gas pipeline. HDF is the owner of Epic Energy Pty Ltd which in turn owns several gas transmission pipelines including the South West Queensland Pipeline (SWQP), the Queensland to South Australia/New South Wales Link (QSN) and the MAPS.

The ACCC undertook extensive consultation on the proposed acquisition, with a strong focus on the extent to which APA and Epic imposed competitive constraints upon each other. The ACCC examined whether the proposed acquisition would be likely to result in higher prices for the transportation of gas or more costly or difficult developments of new pipelines.

“The ACCC had significant concerns that, absent the undertaking, APA would own all of the pipelines servicing Moomba and have a significant interest in both of the pipelines servicing Adelaide and that this would substantially lessen competition in the supply of gas transmission pipeline services and ancillary services,” ACCC Chairman Rod Sims said.

“The ACCC is satisfied that the divestiture of the MAPS addresses these primary competition concerns by ensuring that there is a separate owner of gas pipelines servicing Adelaide and Moomba.”

Some market participants expressed concerns in relation to the transaction notwithstanding the undertaking, particularly in relation to the impact on transportation charges for any flows of gas from south to north in eastern Australia and on competition for the construction of new pipelines.

“However, after careful consideration, including close consultation with the relevant industry players, the ACCC formed the view that, while there were concerns, they did not amount to a substantial lessening of competition,” Mr Sims said.

The ACCC was not satisfied that if south to north flows were to occur, the MSP and QSN/SWQP would impose a significant competitive constraint on one another. “The ACCC also considered that there were likely to be other competitive constraints on APA which were important in determining the price of the transportation of gas, such as alternative pipelines including MAPS, the threat of gas swaps and generally the countervailing power of the major gas suppliers,” Mr Sims said.

The undertaking will be available on the ACCC's website. A Public Competition Assessment will be issued by the ACCC in due course.

Media inquiries

Mr Rod Sims, ACCC Chair, (02) 6243 1108 or 0408 995 408

Mr Duncan Harrod, media unit, (02) 6243 1108 or 0408 995 408

General inquiries

Infocentre: 1300 302 502

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