



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 RELEASES SOI ON THE PROPOSED ACQUISITION OF ASCIANO LIMITED BY BROOKFIELD

15 October 2015

The Australian Competition and Consumer Commission has released a Statement of Issues on the proposed acquisition of Asciano Limited (ASX: AIO) (Asciano) by a consortium assembled by Brookfield Infrastructure Partners LP (Brookfield).

Following the proposed acquisition, Brookfield will own Asciano's Pacific National above rail business. Pacific National operates on Brookfield's rail network in WA (Brookfield Rail) and transports coal to Brookfield's Dalrymple Bay Coal Terminal (DBCT) in central Queensland. Brookfield operates both assets under long-term leases that expire in approximately 35 years.

Market participants have raised strong concerns about Brookfield's ability and incentive to favour Pacific National through its Brookfield Rail and DBCT businesses.

"The ACCC is concerned that the vertical integration will lead to a substantial lessening of competition in related markets for the supply of above rail haulage services in WA and Queensland," ACCC Chairman Rod Sims said.

The ACCC notes that state access regimes are in place, which cover Brookfield Rail and DBCT.

"While there are access regimes in place for these businesses, they are primarily intended to deal with market failure issues that are inherent for any monopoly infrastructure. They do not currently need to address the competition issues that arise from vertical integration," Mr Sims said.

"The ACCC's general view is that competition is to be preferred to regulation whenever possible. Whether access regulation can provide appropriate outcomes in a situation of vertical integration depends on the extent of any competition concerns."

"Competition concerns can be particularly acute in cases involving key infrastructure assets of a technical nature, which require many operational decisions to be made on a daily and longer-term basis."

Where the owner of such infrastructure vertically integrates with one of a very limited number of users of the infrastructure, then the ACCC considers that an access regime may not be capable of averting a substantial lessening of competition that would otherwise arise.

Brookfield proposes to acquire 100 per cent of the shares in Asciano by way of a scheme of arrangement.

The ACCC invites further submissions from the market in response to the Statement of Issues by Wednesday 4 November 2015. The ACCC expects to announce its final decision on Thursday 17 December 2015. Further information is available at www.accc.gov.au