



MEDIA RELEASE

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Strong concerns about Pacific National's proposal to buy Aurizon intermodal assets

The ACCC has raised preliminary competition concerns about Pacific National's proposed acquisitions of Aurizon's (ASX:AZJ) Queensland intermodal freight haulage business and intermodal rail terminal at Acacia Ridge in Brisbane.

Currently, Pacific National and Aurizon are the only providers of intermodal rail linehaul services in Queensland and compete closely with each other.

"Aurizon's decision to sell its Queensland intermodal operations and the Acacia Ridge Terminal to its closest competitor, while shutting down its remaining intermodal business, will fundamentally change this market. We are concerned about the impact on competition in the freight industry," ACCC Chairman Rod Sims said.

The ACCC has published a Statement of Issues outlining concerns about the reduction of intermodal rail linehaul providers from two to one in Queensland, raised barriers to entry for rail companies if Pacific National controls the Acacia Ridge terminal, and the reduction in options for freight-forwarders on most interstate rail routes from two to one.

Although freight services company SCT Logistics will remain on interstate rail routes, it is vertically integrated with freight forwarding and does not generally haul many containers for other freight forwarders.

The ACCC has received extensive feedback from interested parties who say there is no close alternative to rail for many types of freight, particularly to and from far north Queensland.

"We are concerned the proposed acquisitions would lead to increased prices and reduced service for freight hauled between Brisbane and Far North Queensland," Mr Sims said.

The ACCC is also concerned about Pacific National's proposal to acquire the Acacia Ridge Terminal.

"The Acacia Ridge Terminal is an important infrastructure asset, and would be a key component in the strategy of any potential supplier of intermodal rail freight that wants to compete with Pacific National."

Pacific National has offered a section 87B undertaking that it would not discriminate in providing access to the Acacia Ridge Terminal if the acquisition went ahead.

The ACCC is consulting on the proposed undertaking as part of the Statement of Issues consultation.

"The ACCC's preliminary view is that a section 87B undertaking won't resolve the concerns arising from the dominant provider of intermodal rail linehaul services nationally also owning the Acacia Ridge Terminal," Mr Sims said.

"We welcome feedback from all interested parties on the issues we have outlined."

The ACCC invites further submissions from interested parties in response to the Statement of Issues by 3 April 2018. The ACCC's final decision is expected to be announced on 24 May 2018.

The Statement of Issues and the s 87B undertaking are available on the public register: [Pacific National / Linfox - proposed acquisitions of Intermodal assets from Aurizon](#).

Background

Pacific National is the largest provider of intermodal rail freight services in Australia. Currently, Pacific National and Aurizon are the only providers of intermodal rail freight services within Queensland. Aurizon previously also competed with Pacific National and SCT on interstate routes.

The interstate rail network is a standard gauge rail track, while the rail network north of Brisbane is narrow gauge and requires specific locomotives and wagons.

The Acacia Ridge Terminal has both a standard gauge terminal (supporting interstate transport), which was used by both Pacific National and Aurizon, and a narrow gauge terminal (supporting transport within Queensland) used only by Aurizon. Pacific National's Queensland rail operations currently use a separate terminal at Tennyson, which is owned and operated by Pacific National.

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