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Our ref: IM-72073
Contact officer: Ninad Kulkarni
Contact phone: 03 9910 9531

28 March 2023

Dear Interested Party

Request for submissions: Transurban's proposed acquisition of Horizon Roads

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of a majority interest in Horizon Roads Pty Ltd by Transurban Group (the **proposed acquisition**).

Transurban is Australia's largest toll road operator. In Melbourne, Transurban operates the CityLink toll road, and is building and will operate the West Gate Tunnel toll road. Horizon Roads, through ConnectEast, operates the EastLink toll road in Melbourne.

Further details about the parties and the proposed acquisition are provided at **Attachment A**.

The ACCC's investigation is focused on the impact of the proposed acquisition on competition. In particular, we are seeking your views on the extent to which the proposed acquisition:

- would impact any future competitive processes for toll road development, ownership and operation
- would enable Transurban to increase the charges, including administrative fees paid by motorists, for toll road usage
- would impact road-on-road competition between the CityLink and EastLink toll roads.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are

likely to have the effect of substantially lessening competition in a market.

Please provide your response by **13 April 2023** via email with the title: *Submission re: Transurban/Horizon Roads – attention Ninad Kulkarni/Tim Byrne*. If you require more time to respond, please let us know.

If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Ninad Kulkarni on 03 9910 9531 or Tim Byrne on 03 9658 6440.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC treats sensitive information it receives during a merger review as confidential, and will not publish your submission. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the Competition and Consumer Act 2010. Where the ACCC is required to disclose confidential information, we will notify you in advance where possible so that you have an opportunity to be heard. Therefore please clearly indicate if any information you provide is confidential.

Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Daniel McCracken-Hewson
General Manager
Merger Investigations

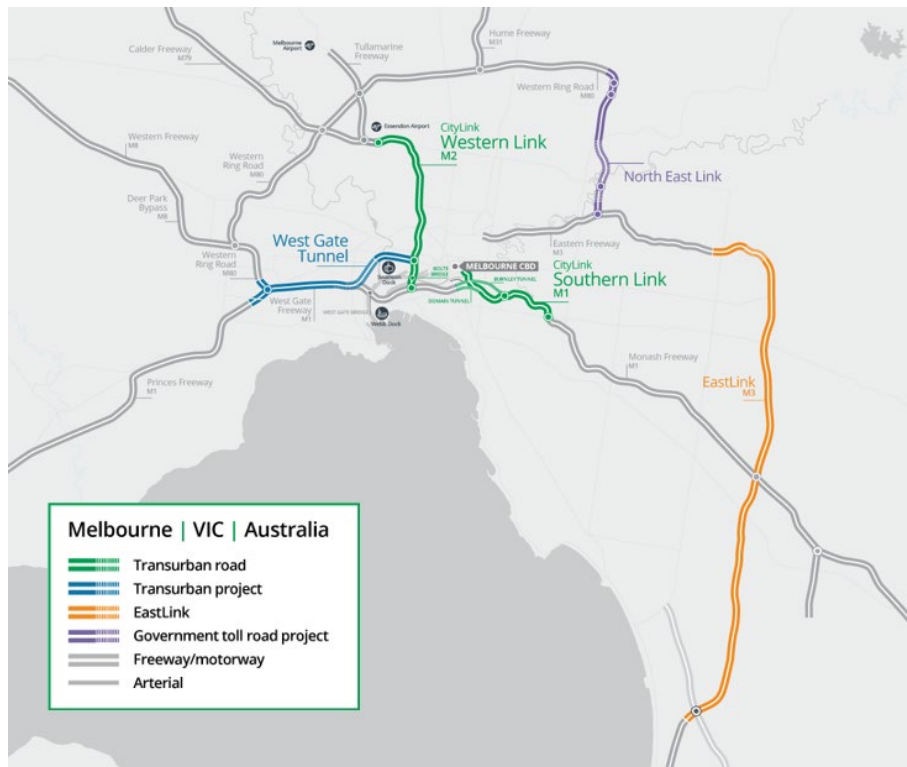
Attachment A

The proposed acquisition

Transurban is seeking to acquire a majority interest in Horizon Roads through a competitive sale process. Horizon Roads, through ConnectEast, holds a concession from the State of Victoria to operate the EastLink toll road until November 2043.

EastLink is a 39-kilometre freeway in South-East Melbourne that runs from Mitcham to Frankston. It connects to the Monash, Eastern, Frankston and Peninsula Link freeways. Map 1 shows EastLink in relation to other Melbourne toll roads and freeways, including Transurban's CityLink.

Map 1 – Melbourne toll roads and freeways



Source: Transurban

Transurban

Transurban is listed on the Australian Securities Exchange (ASX) and is Australia's largest toll road operator. Transurban's operations include the development, ownership, management and operation of toll roads in Australia and North America. In Victoria, Transurban has interests in the following toll roads:

- CityLink
- West Gate Tunnel (under construction).

In addition to its toll road assets, Transurban provides electronic tolling and tag issuing services under the Linkt brand.

Horizon Roads

Horizon Roads is a private Australian resident company. In addition to being the ultimate concession holder of the EastLink toll road, Horizon Roads also provides electronic tolling and tag issuing services under the EastLink brand.

Attachment B

Background

1. Please describe your business or organisation and explain your interest in the proposed acquisition, including any commercial relationship with Transurban or Horizon Roads.

Toll road construction and ownership

2. Please address the extent to which the proposed acquisition would be likely to impact on the ability of Transurban's rivals to compete for future toll road development, ownership and operation in Victoria, having regard to:
 - a. the number of toll roads Transurban operates in Victoria
 - b. the importance of traffic data, in particular data from toll roads, in competing for toll road development, ownership and operation
 - c. the extent to which the Victorian government can influence or control future competitive processes for toll road concessions
 - d. whether there are any other regulatory or other constraints that could limit concerns relating to future competitive processes for toll roads.

Supply of electronic tolling services to motorists

3. The ACCC understands that there are contractual and regulatory limits on the tolls and other fees and charges that can be charged to motorists on Victorian toll roads. Please address the extent to which the proposed acquisition would enable Transurban to increase any charges, including administration fees paid by motorists, for toll road usage. In responding to this question, please comment on:
 - a. the extent to which Victorian motorists have the ability to avoid any attempted increase in administration fees by their electronic tag or account provider, for example by switching to a different provider
 - b. the existence of any regulation, contractual arrangements and/or industry characteristics that would likely constrain any attempt by Transurban to increase administration fees and/or tolls, post-acquisition.

Road-on-road competition

4. Please address the extent to which Transurban's CityLink and Horizon Roads' EastLink compete for motorists, and the extent to which the proposed acquisition would lessen competition between these toll roads, including:
 - a. any origin/destination combinations CityLink and EastLink provide competing routes for
 - b. the extent to which free public roads or public transport are alternatives for tolled routes
 - c. whether there are any regulatory or other constraints that could limit concerns relating to road-on-road competition.

Other

5. Please address any other competition issues that may be relevant to the ACCC's consideration of the proposed acquisition under section 50 of the Act.