

MEDIA RELEASE



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Bingo's acquisition of Dial-a-Dump not opposed, subject to divestiture undertaking

The ACCC will not oppose Bingo's (ASX: BIN) proposed acquisition of Dial-a-Dump after accepting a court-enforceable undertaking from Bingo to divest its Banksmeadow processing facility.

Bingo and Dial-a-Dump both collect and process building and demolition (B&D) waste in Sydney. Dial-a-Dump also owns a large dry landfill at Eastern Creek and Bingo owns a site at Patons Lane which is expected to open as a dry landfill this year.

There are larger players than Bingo in the waste industry, such as Suez, Veolia and Cleanaway, but Bingo is the most significant player in Sydney B&D collection and processing.

"The transaction raised a number of significant concerns. Ultimately, we have concluded that the proposed acquisition, taking into consideration the divestiture undertaking, would be unlikely to substantially lessen competition in any market," ACCC Chair Rod Sims said.

A key issue was the loss of competition in B&D waste processing in Sydney's Eastern Suburbs and inner city.

"The proposed divestment of the Banksmeadow facility will maintain competition for B&D waste processing in Sydney's Eastern Suburbs and inner city," Mr Sims said.

The other key concern related to the removal of future competition between Bingo's and Dial-a-Dump's dry landfills. Dry or non-putrescible landfill is landfill that does not contain putrescible organics such as food waste.

"The Eastern Creek landfill site that Bingo will acquire is a strategically significant asset given that some of Sydney's other dry waste landfills are due to close in the next few years and approval of new landfills is likely to be difficult," Mr Sims said.

"The current practice of taking waste to Queensland will also become more costly after the introduction of the Queensland landfill levy."

Post-acquisition Bingo is expected to hold a significant share of Sydney dry landfill in terms of both annual throughput and remaining airspace.

A key issue was whether Bingo would be able to stop competing B&D waste processors from having access to dry landfill at competitive prices due to its increased vertical integration.

"After an extensive investigation, including consultation with many industry participants, we considered that most building and demolition waste processors would have sufficient dry landfill alternatives to Bingo," Mr Sims said.

Due to the introduction of the Queensland landfill levy, the ACCC considers it likely that Sydney dry landfill prices will rise this year regardless of the proposed acquisition. This will

provide an incentive for increased recycling of B&D waste and incentives for more landfill capacity being made available in NSW.

Background

Bingo is a publicly listed waste management company that provides B&D and commercial and industrial waste collection and processing services in NSW and some parts of Victoria.

Bingo operates 12 B&D waste processing facilities in NSW, ten of them in Sydney. It is also developing a processing facility and landfill in Patons Lane in Western Sydney and a processing facility at Silverwater in Western Sydney.

Dial-a-Dump is a privately owned company, providing B&D waste collection and processing services in Sydney. It operates a waste processing facility at Alexandria and a facility at Eastern Creek which has both processing capability and a landfill.

B&D waste

B&D waste is generated by the demolition and construction of residential and commercial buildings, civil projects, infrastructure development and household renovations. It is collected and delivered to sorting or processing facilities in skip bins or trucks. B&D waste varies in composition and may include a mix of heavy and light materials. A large proportion of B&D waste is recyclable. The residual waste is then placed in landfill.

A high proportion of Sydney's residual B&D waste is currently being transported and disposed of in Queensland landfills as Queensland does not currently impose a landfill levy. However the Queensland government has announced that it will introduce a landfill levy of \$75 per tonne from July this year.

Divestiture Undertaking

The undertaking requires Bingo to divest its Banksmeadow waste processing facility (including all assets and equipment on site, and the transfer of relevant employees) to an ACCC-approved purchaser.

The undertaking provides that the land may be purchased or leased on a long-term basis. If the purchaser enters into a lease of the land, Bingo will be required to appoint an independent lease manager to operate the lease independently of Bingo.

Bingo must also, in certain circumstances, enter into a tipping option agreement (to be approved by the ACCC) to allow the purchaser to tip at Bingo's landfills for a minimum of seven and a half years. It must also appoint an independent auditor to monitor Bingo's compliance with the undertaking, and an independent manager for the facility from the completion date of the proposed acquisition until Banksmeadow is divested to an approved purchaser.

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