

MEDIA RELEASE



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Transurban's proposed majority ownership of Horizon Roads raises concerns

The ACCC has raised preliminary competition concerns about Transurban's (ASX: TCL) proposed acquisition of a majority interest in Horizon Roads Pty Ltd.

Horizon Roads operates the EastLink toll road in Melbourne. 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. Another toll road, the North East Link, which is set to be operational by 2028, is being built and will be operated by the Victorian Government.

In a [Statement of Issues](#), the ACCC has outlined preliminary concerns about the impact of the proposed acquisition on competition for future toll road concessions in Victoria.

A 'toll road concession' refers to a government grant of an exclusive right to operate and collect tolls for travel on a road. This is done through a long-term concession deed.

"We are considering Transurban's advantages from already owning two toll road concessions in Melbourne, and the extent to which owning a majority interest in Horizon Roads will further advantage it when competing for future toll road projects," ACCC Chair Gina Cass-Gottlieb said.

The ACCC considers Transurban's advantages from its existing toll road operations, including traffic modelling capabilities and expertise, and access to traffic data, need to be further examined.

"We are also considering whether Transurban benefits from lower cost finance due to perceptions of its existing market position, and how this may further entrench its advantages over other competitors after the acquisition," Ms Cass-Gottlieb said.

The ACCC is concerned that the proposed acquisition may deter the emergence of a key rival to Transurban for future toll road concessions. If the proposed acquisition by Transurban does not proceed, the ACCC considers it likely that Horizon Roads would be acquired by an alternative bidder in the sale process.

"Without the transaction, Horizon Roads could provide an alternative toll road owner or operator with the opportunity to gain some of the capabilities and incumbency advantages held by Transurban. This includes Horizon Road's traffic modelling capabilities, which may be leveraged to bid competitively for future toll road projects in Victoria." Ms Cass-Gottlieb said.

"The extent to which the Victorian Government has the ability to constrain Transurban and promote competition for future toll road concessions is another factor we are examining."

The ACCC is also examining the impact of the proposed acquisition on the supply of electronic tolling services (ETS) to motorists, the supply of tolling systems to toll road operators, and road-on-road competition between EastLink and CityLink.

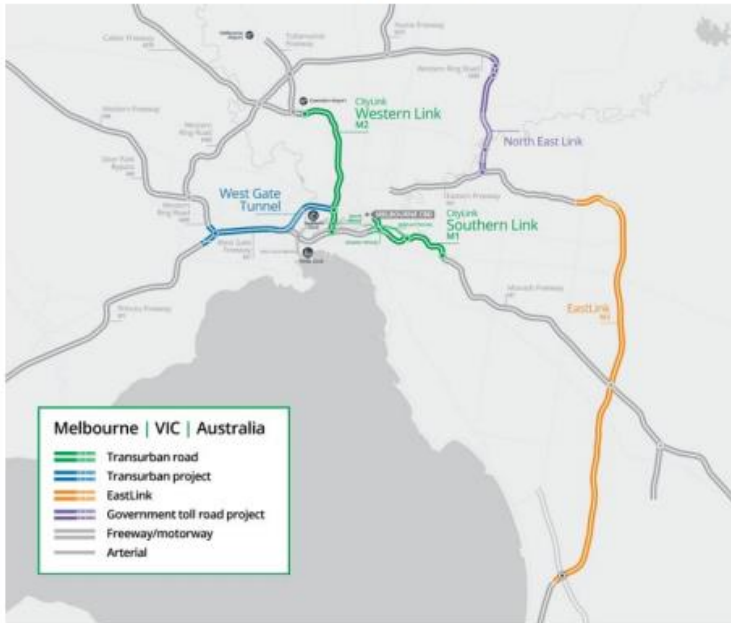
The Statement of Issues is available on the ACCC's public register: [Transurban Group proposed acquisition of Horizon Roads Pty Ltd](#)

The ACCC invites submissions in response to the Statement of Issues by 14 July 2023.

Background

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 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.

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 CityLink and 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 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.

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