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Dear Interested Party

Request for submissions: Acquisition of Port of Geelong by Consortium made up of CSC, Palisade and Spirit Super

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of the Port of Geelong by a consortium of investors comprised of Commonwealth Superannuation Corporation (**CSC**), the Diversified Infrastructure Fund managed by Palisade Investment Partners (**Palisade**) and Spirit Superannuation (**Spirit Super**) (the **Consortium**) (the **proposed acquisition**).

Background

The Port of Geelong is a diversified bulk commodity seaport in Corio Bay, Geelong, approximately 70km by road south west of Melbourne.

The Port of Portland and the Port of Geelong are Victoria's major regional bulk commodity ports. Both supply port services to customers importing / exporting grain, fertiliser, forestry products and certain break-bulk cargo such as wind farm equipment. Funds managed by Palisade own 100% of the Port of Portland.

Further details regarding the parties and their respective interests in Australian ports are set out at **Attachment A**.

How you can engage with our review

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

- the level of competition between Port of Geelong and other bulk commodity ports (particularly Port of Portland) to attract importers / exporters;
- whether prices for port services would increase, or service levels would decrease as a result of the proposed acquisition;

- whether common ownership between bulk commodity ports would remove incentives to invest in port infrastructure in order to attract new customers; and
- whether the proposed acquisition is likely to have any impact on competition for the provision of stevedoring services in any market.

A list of specific questions is outlined 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* (the **Act**). Section 50 prohibits mergers and acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by **2 February 2022** via email with the title: *Submission re: Consortium (incl. Palisade) proposed acquisition of Port of Geelong – attention Yak Wang / Sidd Sharma*. 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 Yak Wang on 03 9290 6978 or Sidd Sharma on 02 9102 4011.

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

Confidentiality of submissions

The ACCC will not publish submissions regarding the proposed acquisition. 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, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Nick Cooke
General Manager (acting)
Merger Investigations

Attachment A

The proposed acquisition

The Consortium, via a newly established company, will implement the proposed acquisition by acquiring 100% of the shares in GeelongPort Pty Ltd, the Port of Geelong Unit Trust and Ports Pty Ltd (collectively, the Target). The Target operates the Port of Geelong.

Post-acquisition, funds managed by Palisade would hold 24.5% of the Port of Geelong, and Palisade would also be responsible for managing a 24.5% interest held by CSC (meaning Palisade would be responsible for managing 49% of the Port of Geelong). The remaining 51% would be held by Spirit Super.

The Port of Geelong

The Port of Geelong is currently owned 50% by a consortium comprised of Linx Cargo Care Pty Ltd and Infrastructure Investment Corporation (managed by Brookfield) and 50% by SAS Trustee Corporation. It is held on a freehold basis, which is different to many other ports which are privatised via a long-term lease.

The Port of Geelong handles approximately 44% of Victoria's bulk freight and is Victoria's largest bulk commodity port, covering an area of over 96 hectares with 15 berths and five sheds. It provides a range of services associated with ownership and management of the port, including facility hire, leasing, berth hire, and equipment hire. It is also responsible for some port infrastructure and undertaking port related developments.

Customers at the Port of Geelong include importers and exporters of a number of different products, including grain, fertiliser, forestry products, equipment used on wind farms, liquid bulk commodities, cement and clinker, and trans-Tasman freight and passenger services (commencing 2022).

Palisade and the Port of Portland

Palisade is an independent Australian infrastructure fund manager with over \$3.2 billion in funds under management and commitments. It provides investment opportunities in Australian infrastructure to Australian superannuation funds and wholesale investors through tailored portfolios, pooled funds and direct investment mandates.

Investors managed by Palisade have a 100% interest in the Port of Portland. The Port of Portland is a diversified bulk commodity seaport located in Portland in South-West Victoria. It handles approximately 21% of Victoria's bulk freight. The port provides services to importers / exporters of grain, mineral sands, fertiliser, smelter cargoes and forestry products (among others). By road, the Port of Portland is 290km west of the Port of Geelong and 356km from the Port of Melbourne. The Port of Portland provides stevedoring services to port users.

Investment funds managed by Palisade hold a minority interest in Quantem, a tenant at the Port of Geelong that provides bulk liquid storage services.

Spirit Superannuation and CSC

Spirit Super is an Australian industry super fund established by trust deed following the merger of MTAA and Tasplan in April 2021. Spirit Super has investments in infrastructure assets, including a 20% interest in Flinders Ports, which owns and operates seven ports across South Australia, including container and bulk ports.

CSC is a not-for-profit, corporate Commonwealth entity. CSC is the trustee for government superannuation schemes which provide retirement, insurance and superannuation services to current and former Australian Government employees and members of the Australian Defence Force.

Attachment B

Questions for all interested parties

1. Please provide a brief description of your business or organisation.
2. Please outline the reasons for your interest in the proposed acquisition, including any relevant commercial relationships (e.g. with the Port of Portland or the Port of Geelong).
3. Please discuss the extent to which bulk commodity ports compete with one another, including in relation to particular commodities (e.g. grain, mineral sands, fertiliser, forestry products). To the extent relevant, please comment on:
 - a. the factors that influence competition between ports, such as geographical location, the ability to handle particular freight, storage facilities, quality of service, and the costs of transporting goods to / from a port;
 - b. any relevant examples of specific competition (e.g. customers 'shopping around' or switching between ports, ports bidding against one another for business) between bulk commodity ports that you are aware of; and
 - c. any views in relation to the level of competition between the Port of Portland and the Port of Geelong, including reasons as to why they do / do not compete.
4. Please discuss whether, in your view, a degree of common ownership between the Port of Portland and Port of Geelong (resulting from the proposed acquisition) could impact how each port is managed.

Questions for customers

5. Please identify and describe the products that you import or export to / from Victoria, indicating whether your products classify as bulk freight, containerised freight, or both.
6. Please identify which port/s you use to import / export products.
7. Please describe the factors influencing your decision when choosing where to import / export out of, and the extent to which you are able to consider alternate ports. In your answer please include a description of whether your decision to use a particular port is influenced by:
 - a. prices for port services including, but not limited to, facility hire, leasing, berth hire and equipment hire;
 - b. the efficiency of operations / quality of service offered at a particular port;
 - c. the availability of particular port infrastructure required to import / export your commodity (and if so, please describe the relevant infrastructure); or
 - d. any other factors.
8. Please describe any experiences of bulk commodity ports (particularly Port of Portland and Port of Geelong) offering discounts or service benefits (e.g. priority access to berths or infrastructure) to attract contestable business.
9. Please advise whether the proposed acquisition would likely result in changes to:
 - a. port prices;

- b. the levels of service or efficiency of port operations; or
 - c. port development or investment strategies.
10. Please advise whether you have any competition concerns in relation to Palisade's minority interest in Quantem. Specifically whether Palisade's proposed interest in the Port of Geelong could create an incentive and ability to foreclose rivals of Quantem from accessing to port services.
11. Please advise whether you have any competition concerns in relation to Spirit Super's minority interest in Flinders Ports, which operates several ports in South Australia.

Questions for port operators

12. Please identify the services that you provide in connection with operating a port in Victoria or South Australia.
13. Please identify who you consider to be your competitors, and the markets in which you compete.
14. Please describe the extent of rivalry between you and any competing ports in Victoria or South Australia, including:
- a. the extent to which any of your customers (e.g. customers exporting a particular commodity) have the ability to switch between ports;
 - b. the factors that, in your experience, influence a customer to choose a particular port; and
 - c. any strategies that you implement to attract customers from other ports (e.g. offering discounts, priority access to infrastructure / berths, port development initiatives etc.).

Questions for stevedores or towage operators

15. Please briefly outline the nature of operations and services that you provide, including any current or previous operations at either the Port of Geelong or Port of Portland.
16. Please explain the relationship between you, the port at which you operate and the customers to which you provide services.
17. Please outline any competition concerns in relation to the impact of the proposed acquisition on competition for the provision of stevedoring services or towage services in any markets.

Other information or competition issues

18. Please provide any additional information or comments, or identify any other competition issues, that you consider relevant to the ACCC's consideration of the proposed acquisition under section 50 of the Act.