

# FINANCIAL REVIEW

**SE** Market Wrap - Street Talk  
**HD** **Transpacific Industries' new boss set to plug landfill gap**  
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It's no secret that Transpacific Industries boss Bob Boucher has been looking to plug the gaps in the waste handler's east coast landfill footprint.

Lifting "internalisation rates", which means dumping waste in your own rubbish tip rather than someone else's, is a key plank in the American's strategy.

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Margins on waste dumped in Transpacific's own landfills can easily be twice as healthy as using a third party. But the **company's** Erskine **Park** landfill in Sydney has approximately two years of useful life remaining and the Clayton **site** in Melbourne is likely to stop accepting waste in 2017.

So Boucher has been shopping and the likely acquisition target or joint venture partner will be someone with landfill in Sydney or Melbourne.

Construction materials **company** Boral has landfill at Deer **Park** in Melbourne. Hanson's Wollert Landfill is also a possible solution in Melbourne. Dial-A-Dump has two landfill sites in Sydney. Its colourful founder, Ian Malouf, is believed by some to be a seller.

The various state governments are also potential partners. Transpacific has run the ruler over all of those options and Street Talk understands the **company** will do a deal before Christmas.

But the Australian waste sector has been an investment banker's best friend given the huge volume of deals, and it is believed a wider consolidation play could be in the offing.

Transpacific itself gorged heavily during the Terry Peabody days pre-GFC and then spent the years after the crash selling businesses.

There have been long and persistent rumours that the French parents of SITA (owned by GDFSuez) and Collex (owned by Veolia) want to exit Australia. The other big players are Germany's Remondis and private operator JJ Richards.

But Boucher has indicated he will boost waste volumes through small bolt-ons and better sales and marketing, so any near-term merger and acquisition activity will be on the landfill side.

After selling its New Zealand business to **China's** Beijing Capital **Group** (BCG) for \$880 million this year, Transpacific has the balance sheet to do a deal. Interestingly, BCG and another **Chinese** player are believed to have approached various members of the top five in Australian waste management in recent months.

Sita and Collex would be obvious targets and indeed Transpacific itself.

Deutsche Bank ran the recent New Zealand waste management **sale**, while Macquarie Capital helped the **company** through the credit crisis.

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