



31 May 2004

Mr Tim Grimwade
General Manager - Adjudication
Australian Competition & Consumer Commission
PO Box 1199
DICKSON ACT 2602

Dear Sir

General Motors Acceptance Corporation, Australia and Swann Insurance (Aust) Pty Ltd

We are authorised to lodge the attached notifications on behalf of ourselves and Swann Insurance (Aust) Pty Ltd ('Swann'). We enclose:

- notifications under section 93(1) of the *Trade Practices Act 1974 (TPA)*; and
- a cheque in the amount of \$300 (\$100x1 + \$200x1) as payment of the required fees.

Background

1. Amongst other things, General Motors Acceptance Corporation, Australia (**GMAC**) provides wholesale finance to motor vehicle dealers and retail finance to motor vehicle consumers (including commercial purchasers). By arrangement with Holden Ltd and its authorised dealers GMAC offers finance to consumers of Holden vehicles. These vehicles include the Holden 4-cylinder range of Astra, Barina and Cruze (**Eligible Vehicles**).
2. Swann is a general insurer, offering a range of consumer credit and motor vehicle related products in partnership with financial institutions, motor vehicle and motorcycle manufacturers, dealers and financiers.
3. GMAC is a wholly owned subsidiary of General Motors Corporation (incorporated in Delaware, USA). General Motors Corporation is the parent company of Holden Ltd. Swann is wholly-owned by CGU Insurance Limited, and is not related to either GMAC or Holden Ltd.

Proposed conduct

4. GMAC and Swann propose to offer free comprehensive motor vehicle insurance with Swann to consumers who finance the purchase of selected 4-cylinder Holden vehicles with GMAC.
5. This promotional proposal is intended to commence in the 2004/05 financial year. It is intended that each promotion will last for approximately 3 months' duration and that no more than two promotions will be run per year.
6. Significant retail savings will accrue to consumers from this offer. For example, premiums for a twelve month comprehensive motor vehicle insurance policy on a Holden Astra range between \$750-\$1,000. GMAC will offer its finance based on the ordinary competitive rates offered to other consumers of motor vehicles.
7. It is contemplated that a contribution to the discount savings will be made in part by GMAC, and in part by Holden and each participating dealer.

Notified Conduct

8. Out of an abundance of caution, in order to minimise the risk of contravening sections 47(6) and (7), GMAC and Swann wish to notify the conduct described above under section 93(1).

Competition Issues

9. We submit on behalf of our clients that the Commission should not serve a notice under section 93(3A) of the TPA because:
 - (a) the conduct in question will not adversely affect competition in any relevant market; and
 - (b) the conduct in question will result in public benefits and no public detriment.

Relevant markets

10. We do not believe that the notified conduct adversely affects competition in any of the relevant markets. We consider that the markets affected by the proposed conduct are:
 - (a) the retail market for motor vehicles;
 - (b) the retail market for consumer finance; and
 - (c) the retail market for general insurance.
11. These markets are all highly competitive. For example, the market share of new passenger vehicles sold in Australia of Holden Astra, Barina and Cruze is approximately 5%. Of the Eligible Vehicles sold each month, GMAC provides financing for approximately 8%, while Swann provides insurance for about

5%. We note that neither GMAC nor Swann have market power in these markets.

12. Further information in relation to these markets can be provided to the Commission, if requested.

Effects on competition

13. We submit that the proposed conduct will not lessen competition because:
- (a) the proposed conduct will not alter the structure of these highly competitive markets and, importantly, will not create barriers to entry to any of the relevant markets;
 - (b) the proposed conduct is unlikely to change the behaviour of market participants in a way that could pose a threat to the level of competition in these markets. In fact, as noted in paragraph 14(c) below, it is more than likely that competition will be improved as other industry participants offer similar promotions in an attempt to attract consumers;
 - (c) consumers are able to acquire the Eligible Vehicles and finance from a range of dealers and still be eligible for the free insurance;
 - (d) no restrictions are placed on the ability of dealers to compete for sales of Eligible Vehicles included in the program as no restrictions are placed on competitive terms dealers may offer in an attempt to attract sales;
 - (e) consumers remain free to obtain motor vehicle finance from the financier of their choice;
 - (f) consumers remain free to deal with the insurer of their choice (even where they do elect to finance with GMAC);
 - (g) any advantage GMAC, Holden or Swann might gain as a result of the conduct will not be beyond a competitor's response; and
 - (h) consumers who choose to accept the offer of free insurance from Swann are not required to agree to acquire any additional services, either during the period of free insurance or after it. This means that the proposed conduct does not have the effect of foreclosing long-term market opportunities to other insurers

Public benefits

14. The proposed conduct will be of benefit to the public as it will:
- (a) result in consumers being offered a contribution towards rising insurance costs;

- (b) the corporate and commercial relationships between GMAC and Swann will enable each company to offer more competitive products and therefore foster business efficiency; and
 - (c) promote competition in the relevant markets by encouraging competitors to offer similar promotions and offers.
15. These factors will ultimately enhance consumer welfare via the reduction in the cost of motor vehicle finance and insurance without any threat to competition in the relevant markets.

Public detriment

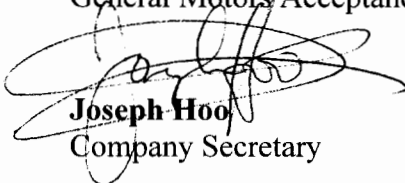
16. We do not believe that the notified conduct causes any identifiable detriment to the public. It is possible that consumers who do not wish to purchase an Eligible Vehicle, or who do not wish to finance the purchase of their vehicle through GMAC, may view the proposed conduct as disadvantageous as it is not available to them. We submit that this is not a relevant public detriment. Promotional activity such as the proposed conduct should be viewed as conferring additional benefits on consumers who purchase an Eligible Vehicle rather than causing detriment to those consumers who choose not to take advantage of the promotion.

Conclusion

17. For the reasons set out above, we do not believe the Commission should serve a notice under section 93(3A) of the TPA in respect of this notification. This is because the notified conduct will cause little, if any, detriment and will generate public benefits.

If you have any questions in relation to this notification or require any further information, please feel free to contact Joseph Hoo of GMAC on (03) 9269 3259.

Yours faithfully
General Motors Acceptance Corporation, Australia


Joseph Hoo
Company Secretary

Form G

Commonwealth of Australia

Trade Practices Act 1974 - Sub-section 93(1)

EXCLUSIVE DEALING:

NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given in accordance with sub-section 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(2), (3), (4), (5), (6) or (7), or paragraph 47(8)(a), (b) or (c) or 9(a), (b), (c) or (d) of that Act in which the person giving notice engaged or proposes to engage.

1. (a) Name of person giving notice:

*General Motors Acceptance Corporation, Australia (ARBN 007 480 382)
(GMAC)*

(b) Short description of business carried on by that person:

Supply of wholesale (inventory) finance and retail (consumer) finance services.

(c) Address in Australia for service of documents on that person:

*C/- Joseph Hoo
General Motors Acceptance Corporation, Australia
Level 17
499 St Kilda Road
Melbourne VIC 3004*

2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

Retail finance provided to motor vehicle consumers by GMAC.

Motor vehicle insurance supplied by Swann Insurance (Aust) Pty Ltd (Swann).

Selected motor vehicles supplied by Holden Ltd.

(b) Description of the conduct or proposed conduct:

Swann supplying, or offering to supply, twelve months' free comprehensive motor vehicle insurance to customers who purchase selected Holden vehicles, on the condition that the customer acquires, or agrees to acquire, retail finance services from GMAC.

Swann refusing to supply, or refusing to offer to supply, twelve months' free comprehensive motor vehicle insurance to customers who purchase selected Holden vehicles for the reason the customer has not acquired, or has not agreed to acquire, retail finance services from GMAC.

3. (a) **Class or classes of persons to which the conduct relates:**

Consumers who acquire selected Holden vehicles and finance the purchase of those vehicles with retail finance provided by GMAC.

(b) **Number of those persons:**

(i) **At the present time:**

Approximately 2,800

(ii) **Estimated within the next year:**

Approximately 8,000

(c) **Where the number of persons stated in item 3(b)(i) is less than 50, their names and addresses:**

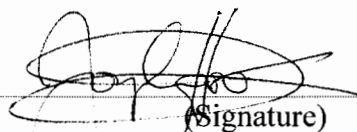
Not applicable.

4. **Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice:**

*C/- Joseph Hoo
General Motors Acceptance Corporation, Australia
Level 17
499 St Kilda Road
Melbourne VIC 3004*

DATED 31 MAY, 2004

SIGNED by/on behalf of the applicant


(Signature)

JOSEPH HOO
(Full Name)

SECRETARY
(Description)

Form G

Commonwealth of Australia

Trade Practices Act 1974 - Sub-section 93(1)

EXCLUSIVE DEALING:

NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given in accordance with sub-section 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(2), (3), (4), (5), (6) or (7), or paragraph 47(8)(a), (b) or (c) or 9(a), (b), (c) or (d) of that Act in which the person giving notice engaged or proposes to engage.

1. (a) Name of person giving notice:

Swann Insurance (Aust.) Pty Ltd (ABN 80 000 886 680) (Swann)

(b) Short description of business carried on by that person:

Swann is an issuer of general insurance products specialising in motor vehicle insurance policies.

(c) Address in Australia for service of documents on that person:

*C/- Darryl Cleeve
Swann Insurance (Aust.) Pty Ltd
CGU Tower
Level 1
485 La Trobe Street
Melbourne VIC 3000*

2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

Motor vehicle insurance supplied by Swann.

Selected motor vehicles supplied by Holden Ltd.

Retail finance provided to motor vehicle consumers by General Motors Acceptance Corporation, Australia (GMAC).

(b) Description of the conduct or proposed conduct:

Swann supplying, or offering to supply, twelve months' free comprehensive motor vehicle insurance to customers who purchase selected Holden vehicles, on the condition that the customer acquires, or agrees to acquire, retail finance services from GMAC.

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(i) **At the present time:**

Approximately 2,800

(ii) **Estimated within the next year:**

Approximately 8,000

(c) **Where the number of persons stated in item 3(b)(i) is less than 50, their names and addresses:**

Not applicable.

4. **Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice:**

*Darryl Cleeve
Swann Insurance (Aust) Pty Ltd
CGU Tower
Level 1
485 La Trobe Street
Melbourne VIC 3000*

DATED

28 MAY

, 2004

SIGNED by/on behalf of the applicant



(Signature)

DARRYL CLEEVE

(Full Name)

MARKET DEVELOPMENT MANAGER - DULY APPOINTED
(Description)