



**AGCO Australia Limited**

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16<sup>th</sup> May 2007

Sarah Chubb  
Adjudication Branch  
Australian Competition and Consumer Commission  
PO Box 119  
Dickson  
ACT 2602

Dear Sarah

AGCO Australia Limited adopts similar principles to CNH regarding exclusive use of original replacement parts and lubricants where warranty support is to be provided. With regard to points raised in the letter dated 8<sup>th</sup> May 2007, we would make the following comments:

1. All owners expect our products to be covered by warranty.
2. Yes as this is the only way to ensure the machine is fitted with the correct specification replacement.
3. With extended warranties, it is even more important to ensure the right specification is adhered to as alternative parts and lubricants may not last as long or meet the design criteria of the original specification.
4. AGCO distributes machinery via a network of franchised dealers. AGCO operates primarily as a wholesaler to these dealers and does not therefore sell direct to the retail customer.
5. At least 60% of agricultural machinery dealers in Australia would operate with two or more franchises.
6. Up to 12% of Parts & 95% of lubricants
7. Yes the majority have services carried out by the Dealer network although as the age of the machine increases, this may lessen.
8. The customer can chose anyone to undertake service of their machines (or even do it themselves), however, servicing in the past may have only been oil and filter changes, but today, machines have sophisticated electronic systems requiring diagnostic software only available through the manufacturer's agent. These are costly investments not only in servicing equipment, but more importantly in training of operators to use them correctly.

AGCO Australia Limited like other manufactures trained their Dealer network to ensure the customers have the confidence not only in the machine, but with the Dealer also. Too many times we have seen untrained personnel carry out services and repairs that resulted in damage to the machine. This has caused untold downtime for the customers during busy times and it is not as simple to give out a loan car as per the motor industry. The question is once again who is responsible?

I thank you for your time during our discussion and hope that we have been able to assist you. If you require any further information please feel free to contact me on 03 93130313

Yours sincerely

ALLAN HILL  
National Service Manager  
Australia & New Zealand