



## AUSTRALIAN AUTOMOBILE DEALERS ASSOCIATION

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Mr Gareth Jamieson  
Project Officer  
Adjudication Branch  
Australian Competition and Consumer Commission  
23 Marcus Clarke Street  
CANBERRA ACT 2601

Dear Mr Jamieson

I am writing to you on behalf of the Australian Automobile Dealers Association (AADA). AADA is the peak representative body for motor vehicle dealers. AADA is also a Member of the Motor Trades Association of Australia (MTAA) Federation.

The purpose of my writing is in regards to enquiries you have made of MTAA in connection with a notification application made to the Australian Competition and Consumer Commission (ACCC) by Ford Credit Australia (FCA). In that application FCA proposes an arrangement, with a number of Ford Dealers that are clients of FCA, whereby those dealers will enjoy a reduced rate of interest on their floor plan financing on condition that dealer offers Macquarie Leasing first right of refusal for any financing arrangements for the dealer's retail customers.

It is the normal practice of AADA in these circumstances to seek the views of dealers who might be affected by the proposed arrangements. AADA is concerned, therefore, to have learnt from that consultation process that the FCA proposal appears to be not particularly well known to many Ford dealers, be they existing FCA clients or otherwise. As a result, AADA has only been able to receive limited comment from Ford dealers with respect to the arrangements proposed by FCA in its notification application.

Nevertheless, and partly due to the possibility of a lack of awareness among Ford dealers as to FCA's proposal, AADA has some serious concerns as to the impacts of that proposal's potential operation. In particular, AADA is concerned about what consequences might arise for a dealer that is currently a FCA client, but that might not be currently using Macquarie Leasing as the provider of its retail finance. AADA is concerned that FCA's proposals may disrupt what might be mutually beneficial arrangements in a market sector characterised by narrow margins and significant sensitivity to market disturbance.

AADA is also concerned about the impact that the proposed arrangement might have on non-FCA Ford dealers. The operation of the arrangement may limit the ability of non-FCA dealers to compete in the market with a dealer who might 'benefit' from the proposed FCA conduct.

In view of these concerns, AADA would be grateful if the Commission would ask of FCA what it considers the impact of its proposals to be in terms of their possible broad operation in the market and in terms of the circumstances described above. I am also happy to discuss this matter further with you at any time of your convenience.

Yours sincerely

A handwritten signature in cursive script, appearing to read "Sue Scanlan".

**SUE SCANLAN**  
**A/g Executive Director**

16 November 2010