

Form G

Commonwealth of Australia
Competition and Consumer Act 2010 — subsection 93 (1)
NOTIFICATION OF EXCLUSIVE DEALING

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93 (1) of the *Competition and Consumer Act 2010*, of particulars of conduct or of proposed conduct of a kind referred to subsections 47 (2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1. Applicant

- (a) Name of person giving notice:
(Refer to direction 2)

N98224 Australia and New Zealand Banking Group Limited ABN 11 005 357 522
trading as Esanda (“ANZ”).

- (b) Short description of business carried on by that person:
(Refer to direction 3)

Provision of consumer and commercial financial products and services and credit facilities (“**banking products**”), including through authorised motor vehicle dealers who are able to offer banking products on behalf of ANZ to their customers.

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

ANZ Centre
Level 9, 833 Collins Street
Docklands Victoria 3008

2. Notified arrangement

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

- Banking products provided by ANZ and arranged through Heidelberg Automotive Holdings Pty Ltd.
- Motor vehicles purchased from Heidelberg Automotive Holdings Pty Ltd.

- (b) Description of the conduct or proposed conduct:

ANZ giving or allowing or offering to give or allow, a discount, allowance, rebate or credit in relation to the supply of banking products to customers of

Heidelberg Automotive Holdings Pty Ltd on condition that the customers will acquire their vehicle from Heidelberg Automotive Holdings Pty Ltd.

ANZ refusing to give or allow a discount, allowance, rebate or credit in relation to the supply of banking products to customers of Heidelberg Automotive Holdings Pty Ltd for the reason that the customers have not acquired or have not agreed to acquire their vehicle from Heidelberg Automotive Holdings Pty Ltd.

(Refer to direction 4)

3. Persons, or classes of persons, affected or likely to be affected by the notified conduct

- (a) Class or classes of persons to which the conduct relates:
(Refer to direction 5)

Customers of Heidelberg Automotive Holdings Pty Ltd and persons wishing to purchase similar goods and services from other dealers.

Dealers.

- (b) Number of those persons:

- (i) At present time:

In excess of 50

- (ii) Estimated within the next year:
(Refer to direction 6)

In excess of 50

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

Not applicable.

4. Public benefit claims

- (a) Arguments in support of notification:
(Refer to direction 7)

Please refer to attached submission

- (b) Facts and evidence relied upon in support of these claims:

Please refer to attached submission

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the

relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):
(Refer to direction 8)

Please refer to attached submission.

6. Public detriments

- (a) Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2 (a) above and the prices of goods or services in other affected markets:
(Refer to direction 9)

Please refer to attached submission.

- (b) Facts and evidence relevant to these detriments:

Please refer to attached submission.

7. Further information

- (a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Mark Fernandez

State Manager Dealer Relationships

Level 28 55 Collins Street

Melbourne Vic. 3000

(03) 8654-2860

Dated.....8/04/2015.....

Signed by/on behalf of the applicant

.....Mark Fernandez.....
(Signature)

Mark Fernandez

DIRECTIONS

1. In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the business of the person giving the notice in the course of the conduct is engaged in.
4. If particulars of a condition or of a reason of the type referred to in section 47 of the *Competition and Consumer Act 2010* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.
5. Describe the business or consumers likely to be affected by the conduct.
6. State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.
7. Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.
8. Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.
9. Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.

Submission

Background

Heidelberg Automotive Holdings Pty Ltd (**Dealer**) sells motor vehicles.

ANZ carries on (among other things) the business of providing banking products to consumers (including commercial purchasers) to finance the purchase of motor vehicles. Under agreement between Dealer and ANZ, the Dealer is permitted to procure applications, requests or offers to obtain finance from their customers who require motor vehicle finance and submit those offers to ANZ. The Dealer is not required to offer their customers banking products from ANZ, and the Dealer's customers are not required to obtain banking products from ANZ (or any other finance products or services) when purchasing their motor vehicle from the Dealer.

Benefits and rewards for customers

From time to time, the Dealer and ANZ propose to offer a discount or rebate on the rate of interest applicable to finance offered and provided by ANZ to customers of the Dealer who purchase a motor vehicle from the Dealer.

Notified Conduct

ANZ and the Dealer are concerned that the conduct described above could be viewed as a technical contravention of sections 47(6) and (7) of the *Competition and Consumer Act* (the **Act**). Specifically, the conduct could be viewed as ANZ giving or allowing or offering to give or allow, a discount, allowance, rebate or credit in relation to the supply of financial products and services to customers of Dealer on condition that the customers acquire their vehicle from the Dealer (and the corresponding refusal to supply for the reason that the customer has not so acquired a vehicle from the Dealer).

Whilst the parties do not necessarily consider that this correctly characterises the conduct, they recognise that it is open to being characterised in this way. Accordingly, out of an abundance of caution and in order to minimise the risk of contravening sections 47(6) and (7) of the Act, ANZ and the Dealer wish to notify the conduct under section 93(1) of the Act. The conduct is set out in the attached Form G.

Competition Issues

ANZ submits that the conduct in question will not adversely affect competition in any relevant market and the conduct in question will result in public benefits and no identifiable public detriment.

ANZ does not believe that the proposed conduct will have an adverse affect on competition in any relevant market. ANZ considers that the relevant markets for assessing this notification are the retail market for motor vehicles, and the markets for banking products. These markets are highly competitive and characterised by relatively low levels of concentration, with a diverse range of services and continuing innovation in product development.

The Dealer is only one of many retailers of motor vehicles. Similarly, ANZ is only one of a number of providers of banking products and services, with other providers including St George, Macquarie, specialist car loan providers and banking institutions providing personal loans and car loans. These markets are likely to remain competitive for the foreseeable future. Accordingly, ANZ does not consider that the conduct will distort demand, create barriers to entry or otherwise harm competition in the market.

Moreover, the notified conduct is pro-competitive and will generate a number of public benefits, including:

- providing customers with the opportunity to obtain competitive rates on banking products in conjunction with their acquisition of a motor vehicle from the Dealer;
- encouraging ANZ's competitors to offer similarly priced products and services, encouraging competition amongst providers of retail motor vehicle finance. These factors will ultimately lead to further consumer benefits by reducing the cost of motor vehicle finance.

ANZ believes that the notified conduct causes little, if any, identifiable detriment to the public.

Some customers may consider that their choice of dealer or motor vehicle is limited because the discount or rebate is only available at the Dealer or they may consider that their choice of financier is limited because the discount or rebate is only available through ANZ. However, consumers retain the genuine choice as to whether or not to deal with any motor vehicle supplier and any financier based on the competitive terms offered by those parties. This choice is not restricted and therefore the conduct is not anti-competitive.

Conclusion

For the reasons set out above, ANZ does not believe the Commission should serve a notice under section 93(3A) of the Act in respect of the attached notifications. This is because the notified conduct will cause little, if any, identifiable detriment and will generate public benefits.