



16 May 2019

Mr Tom Leuner  
General Manager, Merger Investigations  
Australian Competition and Consumer Commission  
GPO Box 3131  
Canberra ACT 2601

FEDERAL CHAMBER  
OF AUTOMOTIVE  
INDUSTRIES

ABN No 53 008 550 347

LEVEL 1  
59 WENTWORTH AVENUE  
KINGSTON ACT 2604  
TELEPHONE 02 6247 3811  
FACSIMILE 02 6248 7673

Dear Mr Leuner,

Thank you for your letter dated 1 May 2019 with respect to the Australian Competition and Consumer Commission's (ACCC) consideration of the proposed acquisition of Automotive Holdings Group Limited (AHG) by A.P. Eagers Limited (AP Eagers). We appreciate the consultation regarding this potential further concentration of Australia's automotive dealership industry.

The Federal Chamber of Automotive Industries' (FCAI) member companies supply a majority of new vehicles sold in Australia through automotive dealers, including AHG and AP Eagers. Given the nature of your specific enquiry, we strongly encourage the ACCC to engage directly with manufacturers and dealers that are directly impacted by the proposed acquisition to ensure as full as possible knowledge of the Australian automotive retail landscape.

It is not appropriate for the FCAI to comment specifically on the likely public benefit or detriment of this proposed acquisition. However, in general terms the proposed acquisition demonstrates the continuing consolidation of dealership ownership models across Australia. The FCAI recently sought independent advice, which demonstrated that Australia's new vehicle dealership market is dominated by new vehicle dealers that own five or more new car dealerships. Should this acquisition proceed, it further challenges the notion of a perceived power imbalance between automotive dealers and their suppliers, many of whom are considerably smaller than the two above-mentioned dealer groups.

On the matter of new car servicing and the supply of parts, the FCAI also notes that there is extensive competition between dealers and independent repairers and an enormous range of both genuine and aftermarket parts available. On conservative estimates, independent repairers account for over 80 per cent of service and repair businesses in the Australian market. The FCAI is working with representatives of dealers and the independent repair sector on the future landscape of automotive repair – of which the safety of consumers and automotive technicians should be paramount.

Thank you again this matter to our attention. Please do not hesitate to contact us again if you have any further queries.

Regards

Tony Weber  
Chief Executive