

Geoff Gwilym
EXECUTIVE DIRECTOR



**Victorian Automobile
Chamber of Commerce**

ABN 63 009 478 209

VACC House
464 St Kilda Road
Melbourne 3004

P: 03 9829 1103

E: ggwilym@vacc.com.au

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Via email: APEagers-AHG-Mergers@accc.gov.au

Mr Tom Leuner
General Manager
Merger Investigations
ACCC
GPO Box 3131
CANBERRA ACT 2601

Dear Mr Leuner

**AP Eagers Limited proposed acquisition of Automotive Holdings Group Limited –
interested party consultation**

The Victorian Automobile Chamber of Commerce (VACC) makes this submission regarding the AP Eagers Limited (AP Eagers) application for merger authorisation for its proposed acquisition of the ordinary shares in Automotive Holdings Group Limited (AHG) that are not already owned by it.

VACC tables this response to the Australian Competition and Consumer Commission (ACCC) invitation to comment on the application on behalf of its 640 Victorian Automobile Dealer Association (VADA) members. VADA is the peak body representing new car dealers in Victoria.

As a matter of transparency, it must be noted that all current 35 AP Eagers and AHG dealerships in Victoria are financial, accredited and valued members of VACC. AP Eagers and AHG are supporters of policy initiatives raised by VADA.

By way of disruption in Victoria, any merger would have an unknown impact on the current new car dealership model as AP Eagers currently holds three Victorian new car dealerships and four commercial vehicle dealerships. VACC is not privy to where rationalisation, if any, of dealerships may occur in the future.

VACC research indicates that in the first instance the proposed AP Eagers and AHG dealership would have 229 new-car dealership locations and 68 new-vehicle truck and bus dealership locations in Australia. This would equate to approximately 11.9 per cent of new-car dealership market in Australia.

VADA members support a free market and concur with the AHG view that there is logic and benefits of bringing the two groups together. VADA has no objection to the proposed merger but encourages dealer parity on key performance indicator (KPI) advantages that may be a result of the potential market power and influence that the proposed entity could potentially enjoy. VADA requests that Original Equipment Manufacturers (OEMs) avail the same KPI opportunities to all franchise dealers.



VADA members acknowledge that while it will remain the case that OEMs dictate their usual level of control in relation to vital KPIs, including target setting , infrastructure and facility upgrades, access to high volume stock and other incentives ,there is a degree of anxiety within the dealership network that such a large entity may potentially enjoy a competitive advantage by virtue of having greater influence with the OEMs.

In a marketplace that is currently under severe duress, VACC is pleased to see new competitive innovations that will result in better outcomes for its members and consumers. VACC congratulates the Boards of AP Eagers, AHG and respective shareholders and hopes for the best possible business outcomes from the merger.

VACC requests an opportunity to reply orally to ACCC to further expand upon this submission.

Yours sincerely



GEOFF GWILYM