

From: [Louise Klamka](#)
To: [Jones, Gavin](#); [Macrae, Tess](#); [Byrne, Tim](#); [Leuner, Tom](#)
Cc: [Elizabeth Avery](#); [Sophie Player](#); [Johnathon Geagea](#); [Rheya Shah](#)
Subject: Gumtree AU - Carsales" submission and the MTA survey
Date: Tuesday, 7 April 2020 11:49:45 AM

Dear Tess and Gavin

We refer to Carsales' submission dated 27 March 2020. At paragraphs 11 and 19, Carsales directs the ACCC to "pay close regard to" the survey conducted by the independent Motor Traders' Association of NSW (**MTA**) and provided to the ACCC, dated 12 February 2020.

Gumtree questions the methodology and reliability of this survey and submits that the ACCC should approach the results presented with caution because the survey is unlikely to be representative of dealers in NSW. In particular:

1. **Respondents are not likely to be representative of NSW dealers.** According to the MTA submission (page 1), members of the MTA include not only motor dealers but also automotive repairers, smash repairers and service stations. The Parties only overlap with respect to dealers of cars, vans and utes (henceforth, "**dealers**"), since Carsguide/Autotrader only offers listings for cars, vans and utes. It is important, therefore, to understand whether the responses provided are likely to represent the views of dealers (i.e. the group of interest) or the views of other MTA members. In this regard, respondents were asked by the MTA to identify their line of business. There were 60 respondents. Of these, only 24 were dealers. Put differently, 60% of respondents were not dealers and so the responses provided are not likely to represent the views of dealers. It should also be noted that Autobiz data for November 2019 indicates that there are at least 874 dealers in NSW. Since (at most) 24 dealers provided responses to the MTA questions, it is unlikely that responses would reflect the population of dealers in NSW (even if non-dealer responses were filtered out). Moreover, since 30% or more of respondents did not answer questions 3-6 (see below), the number of dealer responses to a given question may be substantially smaller than 24.
2. **The majority of the 60 total respondents did not explicitly raise concerns about the merger.** In response to question 3, asking whether the proposed acquisition would pose an industry concern, only 16 answered it would (38% of the 42 responses given). Assuming those who skipped the question were indifferent, then only 27% of total respondents (i.e. 16/60) explicitly raised a concern. As regards questions 4, 5 and 6, which ask respectively whether the respondents agreed with the merger, considered the merger beneficial, or thought that the merger would provide more or less competition, a large proportion of the total 60 respondents (38% or more) skipped these questions. Assuming those who skipped these questions were indifferent, then:
 - a. Only a third of the 60 total respondents do not agree with and support the proposed acquisition;
 - b. Less than half of the 60 total respondents think that the proposed transaction would not benefit the industry; and
 - c. Only 43% of the 60 total respondents think that the proposed acquisition will allow for less competition with other providers (noting that the relevant question for the ACCC is whether it would *substantially* lessen competition in the market).
3. **Carsales' citation of the survey must be considered in context.** Carsales' references to

the survey demonstrating that “74% of responsive members considered that the proposed transaction would result in less, rather than more competition”; and “76% of responsive members considered that the proposed transaction would not be beneficial to the industry”, are therefore misleading. Meaningful inferences about the competitive effects of the Proposed Transaction simply cannot be drawn from the MTA survey.

We confirm that this response does not contain information that is confidential to Gumtree.

Please let us know if you would like to discuss.

Kind regards,
G+T

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