



## **Motor Trades Association of Australia**

Committee Secretary  
Senate Standing Committee on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Sir/Madam

Thank you for the opportunity for the Motor Trades Association of Australia (MTAA) and the Australian Automobile Dealers Association (AADA) to provide a submission on the Senate Economics Committee's Inquiry into the Car Dealership Financing Guarantee Appropriation Bill 2009 (the Bill).

MTAA is the peak national representative organisation for the retail, service and repair sector of the Australian automotive industry. As part of its representative role, the Association represents the interests, at a national level, of over 100,000 retail motor trade businesses which have a combined turnover of over \$160 billion and employ more than 308,000 people. MTAA is, therefore, the largest 'stand-alone' small business association in Australia. The Association is a federation of the various state and territory motor trades associations, as well as the Service Station Association (SSA) and the Australian Automobile Dealers Association (AADA). MTAA also has a number of Affiliated Trade Associations (ATAs), which represent particular sub-sectors of the retail motor trades ranging from farm machinery dealers to automotive parts recycling.

The Australian Automobile Dealers Association (AADA) is the national peak body for the new vehicle retail sector of the Australian automotive industry. AADA represents at a national level the interests near to 1,500 franchised new motor vehicle dealers who hold some 3,500 outlets and employ near to 75,000 people.

MTAA and AADA both support passage of the Bill at the soonest possible opportunity.

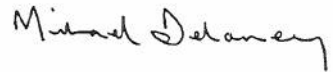
MTAA and AADA have been involved from the outset in the development of the Car Dealer Financing Special Purpose Vehicle (OzCar) and believe it provides a positive and coordinated resolution to the financial and liquidity crisis motor vehicle dealers face as a result of the withdrawal of financiers from the Australian market.

Please find attached to this submission MTAA and AADA media releases relating to OzCar, dating back to 24 October, 2008.

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Email: [mtaa@mtaa.com.au](mailto:mtaa@mtaa.com.au) A.B.N. 66 008 643 561

I trust these comments are of assistance to you in your Inquiry.

Yours faithfully

A handwritten signature in cursive script that reads "Michael Delaney".

**MICHAEL DELANEY**  
**Executive Director**

18 June 2009



## AUSTRALIAN AUTOMOBILE DEALERS ASSOCIATION

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Securing Ford Credit's presence in Australia is good news not just for the employees of Ford Credit, but also for the 230 motor vehicle dealers and their employees that depend on Ford Credit for their wholesale floorplan financing requirements.

ENDS

13 May 2009

For further information contact Michael Delaney on 02 6273 4333



**Motor Trades Association of Australia**



**MEDIA RELEASE**

**THE AUSTRALIAN GOVERNMENT AND TREASURER'S  
ANNOUNCEMENT ON CAR DEALER FINANCING FOLLOWING THE  
FAILURE OF THIS MARKET**

This afternoon the Treasurer, on behalf of the Government, released a comprehensive statement on this matter which followed the Government's announcement of intervention in this failed market of two weeks ago.

The Australian Automobile Dealers Association (AADA) and the Motor Trades Association of Australia (MTAA) welcome this announcement and recognise that the "fine-tuning" that has occurred, and which is described in the statement, which has taken the last two weeks, has been unavoidable, albeit a difficulty for all.

Now, however, we have entire clarity, guidance and a script for what car dealers affected by the withdrawal of GE Money and GMAC from the wholesale finance business can do to sustain their businesses which have always been viable and profitable.

In our media release of 5 December we referred to what the consequences would have been of no intervention by the Australian Government in this failed market. We remain certain that those consequences would have followed and now propose that with the detail of what the Australian Government and the Treasurer have announced today that they can be avoided.

Our principal, further, concern since that media statement by the Associations of 5 December was that GE Money and GMAC should provide enough time for the Australian Government's measures to be settled, introduced and available to affected dealers. We are pleased to see that through discussions the Treasurer has secured from GE Money and GMAC undertakings to do "the right thing" in this regard. We are enormously pleased by that; that having been our principal, continuing concern and we are pleased that between the Government and the companies this is now agreed and settled.

This has been an immensely complex and troubling circumstance for our Associations, the affected dealers and indeed for the wholesale financiers for all of whom the problems have arisen from the global financial and economic circumstance.

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The further measures announced today we think comprehensively and conclusively address those circumstances, avoid great damage to the automotive industry of Australia and Australia's economy and to our trades, but more to the point maintain and enhance competition by securing the continuing presence in the market of those financiers who hitherto have contributed to one of the most competitive retail motor vehicle markets in the World.

AADA and MTAA and the car dealers of Australia thank the Treasurer, the Government and the respected wholesale financiers for us all together being able to secure this comprehensive, durable and effective solution.

ENDS

19 December 2008

For further information please contact Michael Delaney, Executive Director of MTAA on (02) 6273 4333.



**Motor Trades Association of Australia**



**MEDIA RELEASE**

## **MOTOR TRADES WELCOMES CAR MARKET FINANCE ANNOUNCEMENT**

The Australian Automobile Dealers Association (AADA) and the Motor Trades Association of Australia (the latter being the national federation which includes AADA), today welcomed and thanked the Australian Government, the Prime Minister and they hope the Australian Opposition for the co-ordinated, over-arching resolution of the financial and liquidity crisis for motor dealers and traders arising from the global financial crisis and the market liquidity evaporation.

Both Associations have been working closely with the Government and Officials and the particular Task Force appointed immediately by the Government on recognition of this crisis occasioned by the withdrawal from the motor vehicle finance market of GE Money and GMAC (General Motors Acceptance Corporation) on respectively 23 and 24 October.

Much time has passed between those dates and the present; even while time has been of the essence, but the task of recognising, addressing and designing an appropriate response has been a hitherto unknown task, immensely complex and requiring the highest level of expert consideration.

The announcement by the Government we think meets and reflects those burdens and that it will do what is necessary to correct these circumstances.

AADA and MTAA and all of the related trades, and all our Member bodies, want it to be abundantly clear that this is not a bail-out of car dealers and the motor trades; and not so in any way, and cannot be so proposed or represented. We say this is a market failure. That market failure requires government and society to intervene. That intervention is a public good and that it can, and has in this case, secured a market correction. That is entirely appropriate and valuable.

No motor trader through this measure will secure market money at a lower cost. There are no distortions to the hitherto operating market in these arrangements and the liquidity that has been secured is all that is necessary to keep the market appropriately operating.

Absent these measures the cascading and corollary and collateral effects of the loss of car dealers, and their contribution to the economy through their trade would have been horrific in the impacts on employment, GDP and confidence.

The Associations have not been able before this to say so for reasons of the need for avoidance of these prospects, but now observe this is what requires these measures.

Nothing like this has been seen before. No solution such as this has ever before been necessary.

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Absent these measures we believed and were able to document to Government that Australia would have lost five hundred car dealers from its near to 1,500 new car franchised dealers, with 3,500 outlets, would have lost up to 75,000 jobs and would have seen most all of the present stock of motor vehicles fire-saled through liquidations at anything up to below 50 percent of the list price. That would have wiped-out the valuations of all new and used cars, for all persons and parties holding a motor vehicle as an asset and in many cases could have caused a cascading call for more security from the financiers of those parties.

Into the bargain, the cascading effects of the complete cessation and devaluation of the retail new and used market could have transmitted to the wholesale manufacturing and import markets, given the present extraordinarily high levels of stock occasioned by the 22 percent turn-down in demand, and that would have produced even more write-downs on new stock that would have become unavoidable and with chaos in all elements of the market being the result.

In the corrective endeavour undertaken mutually by us, the Government, administration and senior officers to address these circumstances, there have been persons who have contributed greatly to this present outcome. MTAA and AADA would particularly want to recognise the efforts of the Secretaries of the Department of Prime Minister and Cabinet and the Treasury and their Officers in securing this outcome which we believe is very good public policy, in the public interest and probably unavoidable for stability and security in the markets for our goods in the face of the present turmoil.

Some have said these circumstances are the product of the guarantees offered in the financial markets. This is completely wrong; we dismiss that entirely and we can demonstrate that this is not the case. The circumstances the retail motor trades faced are entirely due to the global economic and financial crisis and the situations caused by that for the parent companies of the financiers to our trades in Australia who precipitously determined to leave the market.

While these measures are welcome and we are grateful for them, it is the case that if there is not time and capacity made available and secured with our financiers for them to take them up on the part of motor vehicle dealers and other motor traders, they will not work and therefore we shall engage further with Government to ensure that there is enough time in transition for us to construct arrangements by which we can benefit from them and protect this important part of the Australian Economy.

ENDS

5 December 2008

For further information please contact Michael Delaney, Executive Director of MTAA on (02) 6273 4333.

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**Media Release**

## **Tightening Credit Market Places Dealers in Financial Uncertainty**

Following GMAC Financial Services announcement that it would be withdrawing from its Australian wholesale and retail operations, the Australian Automobile Dealers Association (AADA) understands many of its members now face considerable uncertainty in terms of their existing finance arrangements.

For many dealers, these financing arrangements include the provision of floor plan financing and the provision of retail financing services. Such finance plays an integral role in the operation of Dealerships.

Given current economic conditions, Dealers may face challenges in re-financing. AADA recognises the difficulties that affected dealers may face and will assist its Members throughout this difficult time.

AADA notes that the Government has announced that it will soon release its response to the Bracks Review and has indicated that its response will provide greater certainty for the automotive industry.

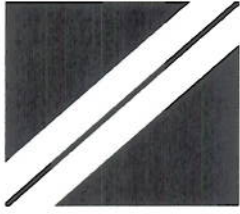
AADA urges the Government to carefully consider the ramifications of the economic crisis upon the retail motor trades and the Australian automotive industry as a whole.

24 October 2008

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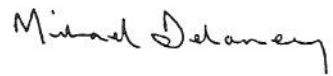
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18 June 2009



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