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20 February 2020

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Ayman Guirguis
Partner
K&L Gates

By email: Ayman.Guirguis@klgates.com

Dear Mr Guirguis

**Car rental operators at Cairns Airport application for authorisation AA1000460
– request for further information**

Dear Ayman,

As part of progressing our analysis for this matter, we are seeking some further information from you relating to substantive application for authorisation. Please see request for further information at **Attachment A** to this letter.

We note that the Applicants have provided a number of submissions dated 5 February 2020, 16 January 2020 and the original application for authorisation. To the extent that the Applicants have provided information in those submissions we do not require you to provide this information again

In order to progress our finalisation of a draft determination, please provide us with any information by Friday 28 February.

A copy of this letter will be placed on the ACCC's public register

Regards,

Danielle Staltari
Director
Adjudication

Attachment A – Request for further information

Negotiations with Cairns Airport

1. Do the Applicants have any indication of what scope there is for negotiation on terms and conditions within the tender process being conducted by Cairns Airport Pty Ltd (CAPL)?
2. In previous negotiations with CAPL, what type of contracts have individual car rental operators been offered? Has there be scope for any negotiation? Have the contracts been offered on a take it or leave it basis?

Potential public benefits

3. What costs have each Applicant incurred when negotiating on an individual basis with CAPL? For each Applicant, provide estimates on the amount of transaction cost savings expected to arise from the collective bargaining process.
4. What effect would the proposed tender process have on the public benefits claimed by the Applicants?

Information sharing

5. Paragraph 6.12 of the Applicants 5 February 2020 submission makes reference to ‘Any collective discussions between the negotiator and the Applicants will be “forward looking” information/proposals....’
 - Is this referring to meetings where the negotiator and all of the Applicants will be in discussions? If so, what information will be shared in such discussions?
 - Does information that will be shared between Applicants include individual Applicant’s willingness to pay and other upstream pricing considerations for future negotiations with CAPL?

Degree of competition between applicants and other car rental operators

6. To what degree do the Applicants compete with each other on price?
 - Paragraph 4.11 of the Applicants 5 February 2020 submission states that ‘The Applicants are highly responsive to local market conditions and vigorously compete both on and off-airport through price and non-price strategies’. Can the Applicants provide evidence of pricing competition?
 - For each Applicant please outline how they set prices for car rental services provided to consumers.
 - What combination of charges make up each Applicant’s price charged to consumers? Are these parts fixed or variable?
 - How do each of the Applicants calculate their location fee?
 - What factors result in variation to location fees throughout the year for each Applicant?
7. Please provide information which demonstrates how the Applicants compete with ‘off-airport’ car rental providers, including car rental providers located outside Cairns Airport.