

**From:** [HANRAHAN, Kaitlin](#)  
**To:** [Gong, Mei](#); [Guirguis, Ayman](#)  
**Cc:** [Jones, Gavin](#); [Staltari, Danielle](#)  
**Subject:** RE: AA1000460 - Cairns car rentals - information request [SEC=OFFICIAL]  
**Date:** Thursday, 23 April 2020 11:31:00 AM

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**OFFICIAL**

Dear Ayman and Mei,

As foreshadowed, Cairns Airport has made a further submission to the ACCC (**attached**). We note that we have provided you with the public version without the redactions that the ACCC has used its discretion to make, on the basis that the information was confidential to the Applicants. The version with these redactions made will go up on the ACCC register.

The ACCC requests a response to a number of issues raised by Cairns Airport in its submission, which we have outlined below.

We note that the Applicants have provided a number of submissions to the ACCC. To the extent that the Applicants have already provided information to the ACCC, we do not require you to provide this information again. We are seeking any new information from the Applicants which the ACCC can consider in making its final determination on this application for authorisation.

In particular, the ACCC is seeking further information on the following questions:

1. In the draft determination the ACCC did not consider it had sufficient information to conclude the Proposed Conduct would be likely to result in an increase in the efficiency of space allocation at Cairns Airport. Please outline how the Proposed Conduct will increase the efficiency of the allocation of space at Cairns airport. Please detail and provide evidence relating to the following:
  - a) what alternative uses could any space freed-up from the provision of car rental services at each of the (i) international and (ii) domestic terminals be used and how will it deliver better services to consumers?
  - b) what opportunity does the Proposed Conduct provide that is not available to Applicants on an individual basis?
  - c) will the example which has been provided by the Applicants result in a standardisation of car rental services which are provided to consumers at Cairns Airport? Please explain why or why not?
  - d) Will the example which has been provided by the Applicants result in a reduction of services to consumers? Please explain why or why not. Specifically, from the perspective of each Applicant, will any reduction in space devoted to car rental facilities at the airport be associated with a reduction in its intended number or range of vehicles available to its car rental customers? If so, is there any evidence that the Applicant's customers place a lower value on the foregone number or range of cars than the value of the best alternative use of the freed-up space? If not, how will the Applicant maintain or expand its number and range of cars

available to its customers with less space?

2. Cairns Airport submits that the Applicants have not identified any bona fide efficiencies that would occur if information asymmetry is reduced. Please provide evidence (including examples) of how the Proposed Conduct will result in efficiencies, beyond any efficiencies identified in response to question 1, if information asymmetry is reduced.
3. Cairns Airport submits that, because applicants have already engaged in tender process, there are no transaction cost savings under the Proposed Conduct; and that transaction costs are likely to be higher because of the additional costs involved in collective negotiations. Please provide evidence (including examples) of how the Proposed Conduct will result in transaction cost savings.
4. The ACCC had insufficient information in making the draft determination to form a view on whether there was sufficient competitive pressure on the Applicants to ensure that any cost savings resulting from the Proposed Conduct will be passed onto consumers. Please provide evidence of pricing competition between the Applicants. For example, can the Applicants refer to any historical instances where one or more of them reduced their car rental prices in response to a reduction in their costs? Alternatively, could the Applicants provide evidence of past cost increases feeding through to prices?

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

Regards,

Kaitlin