



11 May 2010

Tess Macrae
Adjudication Branch
Australian Competition and Consumer Commission
Level 38, The Tower
360 Elizabeth Street, Melbourne Central
GPO Box 520, Melbourne VIC 3001

By Email: Tess.Macrae@accc.gov.au

Re: Hertz Australia Pty Limited collective bargaining notification CB00143

Dear Ms Macrae

Redspot hereby notifies the Australian Competition and Consumer Commission (ACCC) of its objection to the granting of immunity to collectively bargain by the parties to the above collective bargaining notification.

Redspot is Australia's largest independent car rental company with locations on and off-airports across Australia. It has grown its business over the past twenty one years through its delivery of value and transparency in car rental service and pricing and through gaining exposure to airline passenger markets.

Redspot gained its first on-airport licence for a major Australian airport in 1999 when it was successful in its tender for Sydney Airport. Redspot has since gained on-airport licences for Cairns, Mackay, Brisbane, Gold Coast, Melbourne, Launceston, Hobart and Perth Airports. In addition Redspot operates an off-airport location near Adelaide Airport and city locations in Sydney, Melbourne, Adelaide and Perth.

Before Redspot commenced its on-airport operations Australian airports were a closed shop reserved for the major international brands. The barriers to entry were and remain high due to the high financial thresholds and concentration of market power to the five international brands. I note that with the recent acquisition of Dollar / Thrifty Rent A Car by Hertz in the USA there will soon be just three parent companies controlling Avis/Budget, Hertz Thrifty, and Europcar.

To the disapproval of its competitor's, airport owners and consumer markets have welcomed Redspot and the competition it has stimulated for car rental in airports.

Perth Airport is a prime example of the concentration of market power of Redspot's on-airport competitors. Redspot commenced its Perth on-airport operation in August 2008 establishing rental desks in Terminal 1 (international) and Terminal 3 (domestic Virgin Blue, Skywest etc.). In April 2010 Redspot finally established a third desk in the Qantas Terminal (domestic Terminal 2).



Commercial in Confidence

Perth Airport, recognising the competitive nature of the car rental industry has in its latest licence renewal offered a competitive tendering process for its terminal desk sites and parking bays to allow proponents for on-airport licences to compete by way of auction (if they so wish) for the better desk site and parking bay positions.

Commercial in Confidence

Redspot supports a competitive tendering process for airport licences and facilities.

Commercial in Confidence

Redspots' on-airport competitors are opposed to the competitive tendering process. Redspot asserts that its on-airport competitors are not prepared to negotiate on, pay a premium or compete for the desk site positions they currently hold. Their preference is for the allocation of facilities to be awarded on the basis of market share such that the operator with the highest market share is given first choice, the second highest market share the next choice and so on.

Redspot wishes to draw to the attention of ACCC the immunity from prosecution recently granted by the ACCC to the same group of on-airport competitors to collectively bargain against Mackay Airport during its recent licence renewal process. Redspot was not a party to the Mackay application or the collective bargaining process that followed.

Commercial in Confidence

Redspot strongly objects to the ACCC providing immunity to the parties to the above notification to collectively bargain with Perth Airport. Redspot asserts that if an application for immunity were successful, collective discussions between competitors would lessen competition. Collective bargaining with Perth Airport would most likely see Redspot's competitors use their collective market power to interfere with the allocation of facilities and structure of fees payable to avoid any competitive tendering process, to their advantage and to the disadvantage of Redspot.

The parties to the collective bargaining application are working to exclude all other operators, including Redspot to gain a competitive advantage. Their actions at Perth Airport and at Mackay Airport beforehand indicate that they are not willing to operate on a level playing field.

Redspot has prepared this submission as a brief outline of its concerns in time to meet the lodgement timing requested by the ACCC. It's submission will be followed by a further and more detailed submission in due course.



Yours faithfully

A handwritten signature in black ink, appearing to read "Dan Mekler", is shown within a light grey rectangular box.

Dan Mekler
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