

**COLLECTIVE BARGAINING NOTIFICATION  
REQUEST FOR FURTHER INFORMATION (RFI)  
Redcliffe Aerodrome Chamber of Commerce Inc.**

RFI - Additional information:

Please see below additional information provided by RACCI in relation to the Collective Bargaining Notification lodged with the ACCC on 13 July 2020.<sup>1</sup>

**1. Further detail on the current leases of each tenant:**

**a. how were the leases negotiated**

The current RAH Leases were negotiated separately. Each RAH Tenant negotiated the terms of its own RAH Lease directly with the Target at various points in time.

**b. are the existing leases in a standard form**

The existing RAH Leases are based on the Target's template lease but have some variances and are also outdated in some respects.

**c. when do the existing leases expire**

The RAH Leases have various expiry dates.

**d. what is the ordinary term of a lease.**

The ordinary term of a RAH Lease is between 15 years and 20 years, with or without renewal options.

**2. In respect of the claimed efficiencies from collective negotiation, please advise (a) the terms and conditions that the RAH Tenants could have greater input into, and (b) how efficiencies would result**

RAH Tenants expect to have greater input by negotiating collectively with the Target on various terms. Three key aspects include contamination issues, the level of rent payable and the length of the lease term:

- (1) **Contamination:** [REDACTED]
- (2) **Rent applicable:** RACCI has obtained its own rental valuations for all hangars at the Redcliffe Aerodrome to negotiate a more reasonable rent with the Target. A collective approach to this is likely to result in a more cost-reflective, consistent and efficient imposition of rent across the group;
- (3) **Term of the lease:** RACCI, on behalf of the RAH Tenants, intends to negotiate a common expiry date for all RAH Leases, which would give all RAH Tenants certainty and allow the Target to masterplan for the Redcliffe Aerodrome.

The Target's current lease is generally not appropriate for hangar use. The renegotiation of the RAH Leases is to ensure that the template lease moving forward is appropriate.

<sup>1</sup> Please note that the capitalised terms used in this RFI have the meaning assigned to them in the Collective Bargaining Notification lodged by Redcliffe Aerodrome Chamber of Commerce Inc. on 13 July 2020.

As a result, by negotiating collectively, RACCI and the RAH Tenants expect to achieve greater efficiencies, including:

- (1) for all parties (i.e. the Target and the RAH Tenants) by avoiding unnecessary transaction costs (as noted below); and
- (2) addressing and negotiating common terms and conditions to all RAH Tenants in a more streamlined and effective manner, which should flow through to more streamlined operation at the hangar and a more efficient allocation of risks and costs between RAH Tenants and the Target.

**3. Please detail the expected types of transaction cost savings that may result from collective negotiation.**

RACCI will pay the costs applicable to the legal negotiation of the template lease with the Target. Following that, each RAH Tenant will engage with the Target separately to negotiate and finalise their specific commercial terms, based on the template lease.

Given that the individual negotiation between each RAH Tenant and the Target will be limited mostly to commercial issues only (rather than legal issues), the proposed collective negotiation will generate significant cost savings for both parties (the Target and the RAH Tenants).

**4. Please advise the typical cost to an RAH Tenant of erecting a hangar.**

Erection of a hangar creates a sunk cost for each RAH Tenant of some materiality. The cost to an RAH Tenant of erecting a hangar depends on several factors, including the nature and size of the hangar. Typically, the cost to erect a hangar is at least [REDACTED], but can be up to [REDACTED].

The annual lease cost applicable to a small private hangar is between [REDACTED] and [REDACTED], and the annual lease cost applicable to a large commercial hangar is approximately [REDACTED].