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Daniel McCracken-Hewson
Acting General Manager
Adjudication Branch
ACCC

12 February 2020

By Email

Dear Mr McCracken-Hewson

RFT PROCESS FOR CAR RENTAL OPERATORS AT CAIRNS AIRPORT

I refer to Cairns Airport's submission of 19 December 2019 regarding the application by a group of car rental operators for authorisation to collectively bargain with Cairns Airport in relation to the acquisition of airport space associated with the provision of car rental services at Cairns Airport (**December submission**).

This letter is to provide an update to the ACCC on Cairns Airport's request-for-tender (RFT) process and its hold-over arrangements with the incumbent car rental operators.

Cairns Airport's RFT process has commenced

Cairns Airport's December submission explained that Cairns Airport is conducting a competitive RFT (or request-for-proposal) process, in order to allocate airport space to car rental operators following the expiry of their previous agreements.

This process has now commenced. On 24 January 2020 Cairns Airport issued a document inviting car rental operators to submit expressions of interest (EOI) for car rental facilities at the airport. This EOI document is provided in Appendix A. The EOI process was also advertised in local media on 25 January and 1 February and as well as on LinkedIn. The EOI closing date was 11 February 2019.

Once Cairns Airport has reviewed the EOIs, it will issue an RFT to suitable rental operators identified through the EOI process. This will call for the rental operators to identify their preferred services, airport locations, along with the price that each operator is prepared to pay for the various services. The participating rental operators will also be required to demonstrate, against specified criteria, why they would be a suitable candidate to operate at Cairns Airport.

As explained in Cairns Airport's December submission, the RFT process has been designed to:

- efficiently allocate the use of limited ground and terminal space between car rental operators and other uses (such as car parks and taxi stands); and

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- efficiently allocate the limited proposed front of house, parking booths and bays, and back-of-house facilities (given different locations and features are likely to have different values for different operators).

The RFT process has been designed to ensure competition between the operators for the limited facilities and requiring tenderers to demonstrate how they will deliver value for consumers of car rental services at Cairns Airport. Interim authorisation could potentially eliminate these benefits and deny consumers better value of car rental services at Cairns Airport.

We also note the rental operators' primary justification for the interim authorisation is to enable them to negotiate a 'hold over' of their existing agreements, following the expiry of the agreements. However, Cairns Airport has already agreed to hold-over these agreements on their existing terms until the completion of the RFT process, as shown in the letter set out in Appendix B. As such, the rental operators' primary justification for the interim authorisation has fallen away.

For these reasons there are no public benefits arising from interim or final authorisation.

Interim authorisation submission

We note that the car rental operators have provided a submission on the interim authorisation to collectively bargain with Cairns Airport.

We have not sought to respond to submission in this letter, as Cairns Airport has not yet received the redacted information contained in that submission. Cairns Airport reserves its rights to comment on this submission following the receipt of the confidential version. However, in the interim Cairns Airport reiterates its concerns raised in its December submission, including the risk that an interim authorisation will irreversibly harm competition between the rental operators in the provision of car rental services and potentially undermine the competitive RFT process.

If you have any questions regarding this letter, please do not hesitate to contact us.

Yours sincerely



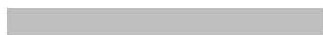
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The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses, income, and transfers between accounts.

Next, the document outlines the process of reconciling bank statements with the company's records. It stresses the need to identify and explain any discrepancies, such as bank charges, interest, or errors in recording. Regular reconciliation helps in detecting fraud and preventing errors from accumulating.

The following section covers the preparation of the income statement. It details how to calculate net income by starting with total revenue and then subtracting all operating expenses, including depreciation and amortization. The document provides a clear breakdown of the components that make up each line item on the statement.

Finally, the document discusses the significance of the balance sheet. It explains how the balance sheet provides a snapshot of the company's financial position at a specific point in time, showing assets, liabilities, and equity. It also highlights the relationship between the balance sheet and the other financial statements, ensuring that the accounting equation always balances.

