

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates 20-21 February 2008

**Question: aet 49**

**Topic: Hire Car Advertising**

**Hansard Page: E128 – E129**

**Senator MURRAY asked:**

**Senator MURRAY**—The complaint was this. As you know the ACCC have demanded and succeeded—and I am grateful for it frankly—from a public policy perspective that the actual price of airfares including taxes should be advertised as a gross amount. The claim is that the same should apply to hire care advertising and it does not. Frequently hire car advertising is a net amount and by the time you total up all the various charges there is a problem. Now I can accept that some of the aspects might be discretionary, for instance, full or partial insurance. But I think there is a real issue there and I would ask you on notice if you would not mind to have a look at that issue and let me know whether you think it is something that you could or should have a deeper look at?

**Mr Cassidy**—Certainly. I will take it on notice. Let me say again there is a problem with the law at the moment on this section 53C, but the government has indicated that it will fix that fairly soon. That will certainly facilitate our ability to insist that people advertise what is a final price or as near a final price as they can get for any good or service. There may be some components which vary from location to location, which they cannot include such as delivery charges and so forth, in which case they should be required to make it clear that those sorts of things are not included. But the intention of section 53C was that when people advertise a good or service for sale, they should indicate what the actual final price of that good or service is to the best of their ability. Let me take it on notice and we will look at the specific issue for you.

**Senator MURRAY**—I would appreciate if you could tell us whether it is a problem.

**Answer:**

The obligations with respect to price representations, imposed on traders under the *Trade Practices Act 1974*, apply equally to hire car advertising as they do to the advertising of air fares and other goods and services in the Australian market.

The Australian Competition and Consumer Commission (ACCC) has considered the price advertising practices of the national car rental industry in December 2007 in response to certain media reports at that time which suggested that advertised prices in this sector generally did not properly reflect the actual price paid by the consumer.

The ACCC considered and reviewed a broad range of advertisements being made across the car rental industry including newspaper, television and radio advertisements, as well as advertisements published in the monthly in-flight magazines provided by certain airlines. The ACCC also examined materials available at the point of sale from car rental companies at several Australian airports.

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The information examined did not evidence systemic price misrepresentations within the car rental sector in advertisements placed in print, radio or on television. The ACCC found that there were very few advertisements placed by car rental companies which made any representations as to price, rather the advertisements focused on the features or attributes of the companies.

The ACCC is working with the NSW Office of Fair Trading to determine what further action might be taken with respect to certain representations made by a small number of car rental firms which operate primarily within NSW.