

## Form G

Commonwealth of Australia  
*Trade Practices Act 1974 --- Sub-section 93(1)*  
**EXCLUSIVE DEALING  
 NOTIFICATION**

To the Australian Competition and Consumer Commission  
 Level 3  
 AAMI Building  
 500 Queen Street  
 BRISBANE QLD 4000:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(2), (3), (4), (5), (6) or (7), or paragraph 47 (8) (a), (b) or (c) or (9) (a), (b), (c) or (d) of that Act in which the person giving notice engages or proposes to engage.

**1. (a) Name of person giving notice**

Velocity Rewards Pty Ltd ACN 116 089 448 ("LoyaltyCo") as trustee of the Loyalty Trust.

**(b) Short description of business carried on by that person**

Administrator of a rewards program known as "Velocity" and associated with the Virgin Blue Group, comprised by Virgin Blue Holdings Limited ACN 100 686 226 and its subsidiaries ("Loyalty Rewards Program").

**(c) Address in Australia for service of documents on that person**

Level 7  
 Centenary Square  
 131 Barry Parade  
 Fortitude Valley Queensland 4006

**2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates**

Allocation of rewards points to Members of the Loyalty Rewards Program associated with the Virgin Blue Group, and procuring the provision of rewards to such members upon the redemption of allocated rewards points.

**(b) Description of the conduct or proposed conduct**

Allocation of rewards points to Members of the Loyalty Rewards Program when they stay at hotels operated by the Choice Hotels Australasia Pty Ltd. It is also intended that members of the Choice Hotel Loyalty program *Choice Privileges* will at some stage in the near future be able to convert Choice Privilege points into Velocity Points.

Members will also have the opportunity to redeem their points for hotel services from Choice Hotels Australasia Pty Ltd.

Refer to the attached submission.

3. (a) **Class or classes of persons to which the conduct relates**

Members of the Loyalty Rewards Program associated with the Virgin Blue Group, comprised by Virgin Blue Holdings Limited ACN 100 686 226 and its subsidiaries.

(b) **Number of those persons--**

(i) **At present time**

Approximately 500,000

(ii) **Estimated within the next year**

1,200,000

(c) **Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses**

Not applicable

4. **Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice**

Ms Leigh Balderson  
Lawyer  
Virgin Blue Group  
Centenary Square  
131 Barry Parade  
FORTITUDE VALLEY Qld 4006  
Australia

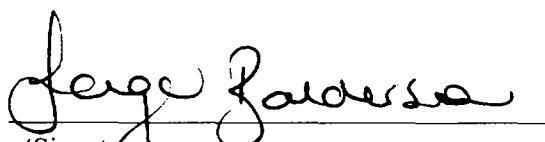
Tel: (07) 3295 5027

Fax: (07) 3839 4024

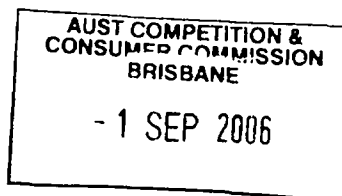
Email: leigh.balderson@virginblue.com.au

DATED this 31<sup>st</sup> day of August 2006

Signed on behalf of the applicant giving notice

  
(Signature)

Ms Leigh Balderson  
Lawyer  
Virgin Blue Group  
Centenary Square  
131 Barry Parade  
FORTITUDE VALLEY Qld 4006  
Australia



## SUBMISSION ACCOMPANYING FORM G EXCLUSIVE DEALING NOTIFICATION

### The Loyalty Program - Related notifications N50170 and N50171

Details of the Loyalty Program were provided to the Australian Competition & Consumer Commission by Velocity Rewards Pty Ltd ACN 116 089 448 ("LoyaltyCo") in its third line forcing notifications N50170 and N50171 dated 31 October 2005 (in those notifications, LoyaltyCo was named ACN 116 089 448).

### Submission

LoyaltyCo submits that the Australian Competition & Consumer Commission should not serve a notice under section 93(3A) of the *Trade Practices Act* in respect of any of the notified proposed conduct because the notified proposed conduct:

- (a) will not lessen competition in any relevant market and so will not create any detriment to the public; and
- (b) will benefit the public by providing the opportunity to obtain valuable rewards.

### Lack of anti-competitive effect of the notified conduct

The relevant market for assessing the notified conduct is the market for hotel services from Choice Hotels Australasia ("Choice").

LoyaltyCo considers that the allocation of rewards points in respect of the purchase of hotel services will increase competition in the hotel market by making the relevant goods and services more attractive to potential customers.

Examples of hotel services for which account holders can earn reward points for hotel services include:

- **Choice** - Various airlines participate as partners in the *Choice Privileges Rewards Program*. In particular, Qantas frequent flyers have the opportunity to *earn Choice Privileges Rewards* points and have them converted to Qantas frequent flyer points (at the rate of 3 points per AUD\$1), and Air New Zealand frequent flyers have the opportunity to earn Air New Zealand Airpoints (at the rate of 1 Airpoint for each NZ\$20 spend) when they stay at Choice Hotels;
- **Hilton Hotels** - Various airlines participate as partners in the *Hilton HHonors* hotel guest reward program. In particular, Qantas frequent flyers currently have the opportunity to earn 1000 points per stay;
- **Constellation Hotel Group** - Various airlines participate as partners in the loyalty program of the Constellation Hotel Group. In particular, Qantas frequent flyers currently have the opportunity to earn 3 points per AUS spent in Australia at associated hotels. Members of the Westpac Altitude program can also earn points for stays with these hotels.
- **Accor Hotels & Resorts** - Various airlines participate as partners in the *Compliments from AccorHotels* loyalty program. In particular, Qantas frequent flyers currently have the opportunity to earn 3 points per AU\$ spent in Australia at Accor hotels

### Public benefit of the notified conduct

There is no obligation on Members to acquire any goods or services from Choice, but those who do so will be allocated rewards points they can redeem for valuable rewards. Members can also earn rewards points by acquiring goods and services from other Earn Partners, even if they do not purchase hotel services from Choice. Members will not pay more than other customers to purchase goods and services from Choice.

**Lodgement Fee** - Accompanying the Form G is the notification lodgement fee of \$100.