

Form G

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

| |
|---|
| FILE No |
| DOC. |
| MARS/PRISM |
| AUST COMPETITION & CONSUMER COMMISSION BRISBANE |
| 22 FEB 2007 |

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

N92837

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 in or proposes to engage in.

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

Rydges Hotel Group. Allocation of rewards points to Members of the Loyalty Rewards Program when they stay at hotels operated by Rydges Hotels Pty Limited ACN 050 035 268 ("Rydges Hotels")

Saville Hotel Group. Allocation of rewards points to Members of the Loyalty Rewards Program when they stay at hotels operated by Stockland Hotel Group Pty Limited ACN 002 563 920 ("Saville Hotels")

Members will also have the opportunity to redeem their points for hotel services from both Rydges Hotels and Saville Hotels.

Dalgeddes Pty Ltd trading as Airport Parking ACN 007 053 643 ("Airport Parking"). Allocation of rewards points to Members of the Loyalty Program when they acquire the airport parking facilities provided by Airport Parking in various locations in Australia and New Zealand.

Members will also have the opportunity to redeem their points for selected products and service with Airport Parking.

Brunel Chauffeur Drive and Limousines Pty Limited (ACN: 106 904 974) ("Brunel") Allocation of rewards points to Members of the Loyalty Program when they acquire chauffeured luxury car hire services provided by Brunel Chauffeur Drive and Limousines in certain cities throughout Australia.

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 700,000.

(ii) Estimated within the next year

Approximately 1,200,000.

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

Not applicable

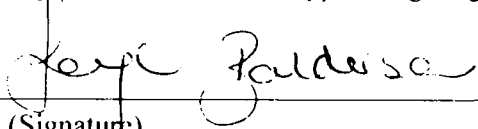
4. Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice

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 20th day of February 2007

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 these members of the public by providing the opportunity to obtain valuable rewards.

Lack of anti-competitive effect of the notified conduct

Rydges Hotel Group. The relevant market for assessing the notified conduct is the market for hotel services from Rydges Hotels Pty Limited ACN 050 035 268 ("Rydges Hotels"); and

Saville Hotel Group. The relevant market for assessing the notified conduct is the market for hotel services from Stockland Hotel Group Pty Limited ACN 002 563 920 ("Saville Hotels")

LoyaltyCo considers that the allocation of rewards points in respect of the purchase of hotel services from these 2 groups 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:

- **Rydges Hotels** – Qantas frequent flyers have the opportunity to earn *Frequent Flyer* points (at the rate of 3 points per AUD\$1 spent) when they stay at Rydges Hotels;
- **Saville Hotels** – Qantas frequent flyers have the opportunity to earn *Frequent Flyer* points (at the rate of 3 points per AUD\$1 spent) when they stay at Saville Hotels;
- **Medina** – Qantas frequent flyers have the opportunity to earn *Frequent Flyer* points (at the rate of 3 points per AUD\$1 spent) when they stay at Medina Hotels;
- **Choice** - Various airlines or related entities (other than LoyaltyCo) 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 HHonours* 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 AU\$ 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..

Airport Parking The relevant market for assessing the notified conduct is the market for parking facilities from Dalgeddes Pty Ltd trading as Airport Parking ACN 007 053 643 ("Airport Parking").

LoyaltyCo considers that the allocation of rewards points in respect of the purchase of car-parking facilities from Airport Parking will increase competition in the car parking facilities market by making the relevant products and services more attractive to potential customers.

Examples of car parking facilities for which account holders can earn reward points include:

- **Qantas Valet Parking** – Qantas frequent flyers have the opportunity to earn *Frequent Flyer* points (at the rate of 5 points per AUD\$1 spent) when they use the services of Qantas Valet Parking.

Brunel The relevant market for assessing the notified conduct is the market for luxury car hire services provided by Brunel Chauffeur Drive and Limousines Pty Limited ACN 106 904 974 ("Brunel").

LoyaltyCo considers that the allocation of rewards points in respect of the purchase of luxury chauffeur driven car hire services from Brunel will increase competition in the luxury chauffeur drive car hire market by making the relevant products and services more attractive to potential customers.

Examples of chauffeured luxury car hire services for which account holders can earn rewards points include:

- **Qantas Drive**– Qantas frequent flyers have the opportunity to earn *Frequent Flyer* points (at the rate of 5 points per AUD\$1 spent) when they use the services of Qantas Drive, a chauffeur driven limousine service.

Public benefit of the notified conduct

Rydges Hotels. There is no obligation on Members to acquire any goods or services from Rydges Hotels, 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 Rydges Hotels. Members will not pay more than other customers to purchase goods and services from Rydges Hotels.

Saville Hotels. There is no obligation on Members to acquire any goods or services from Saville Hotels, 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 Saville Hotels. Members will not pay more than other customers to purchase goods and services from Saville Hotels.

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

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

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