



FILE No:
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29 August, 2012

The General Manager  
Adjudication Branch  
Australia Competition and Consumer Commission  
GPO Box 3131  
Canberra ACT 2601

By email to: [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

Dear Sir/Madam

Enclosed are the following documents:

1. Form G – Notification of Exclusive Dealing in relation to Velocity Frequent Flyer and [loyalty.com.au](http://loyalty.com.au) Pty Ltd/ News Limited; and
2. Our cheque in the amount of \$100.00 for the lodgement fee.

Please direct any enquiry about this matter to Natalie Mironov, who may be reached at [natalie.mironov@virginaustralia.com.au](mailto:natalie.mironov@virginaustralia.com.au), or on 07-3087 4482.

Yours faithfully,

Roger Gibson  
Manager, Legal

**Virgin Australia Airlines Pty Ltd**

PO Box 1034  
Spring Hill QLD  
Australia 4004  
P +61 7 3295 3000

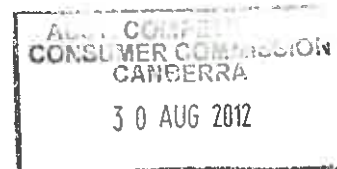
**Virgin Australia Airlines (NZ) Ltd**

PO Box 14 212  
Christchurch  
New Zealand 8544  
P +64 3 357 3900  
GST 86 157 047

**Virgin Australia International  
Airlines Pty Ltd (North America)**

5777 West Century Blvd.  
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Los Angeles CA 90045

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## Form G

Commonwealth of Australia  
*Competition and Consumer Act 2010 — subsection 93 (1)*  
**NOTIFICATION OF EXCLUSIVE DEALING**

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93 (1) of the *Competition and Consumer Act 2010*, of particulars of conduct or of proposed conduct of a kind referred to subsections 47 (2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

### 1. Applicant

- (a) Name of person giving notice:

N96131 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 Frequent Flyer Program" and associated with the Virgin Australia group of airlines, comprising Virgin Australia Holdings Limited ACN 100 686 226 and its subsidiaries and associated companies.

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

56 Edmondstone Road  
Bowen Hills, Qld 4006

### 2. Notified arrangement

- (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 Velocity Frequent Flyer Program and procuring the provision of rewards to such members upon the redemption of allocated rewards points. Rewards points are allocated to Members who purchase goods and/or services from participating businesses ("Earn Partners")

- (b) Description of the conduct or proposed conduct:

Allocation of rewards points to Members of Velocity Frequent Flyer Program when they or associated persons (such as their employer) purchase, either directly, or indirectly through an agent or marketing consolidator, advertising from a specified publisher of print or online media ("Program Partner"). The first proposed Program Partner will be loyalty.com.au Pty Ltd acting as a marketing contractor for News Limited.

**3. Persons, or classes of persons, affected or likely to be affected by the notified conduct**

- (a) Class or classes of persons to which the conduct relates:  
Members of Velocity Frequent Flyer
- (b) Number of those persons:
  - (i) At present time:  
Approximately 3.2 million.
  - (ii) Estimated within the next year:  
Approximately 3.7 million
- (c) Where number of persons stated in item 3 (b) (i) is less than 50, their names and addresses:  
Not applicable.

**4. Public benefit claims**

- (a) Arguments in support of notification:

There is no obligation on Members, or persons with whom they are associated, to acquire any goods or services from or through the Program Partner, but those who do so will be allocated rewards points that Members 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 goods and/or services from or through the Program Partner (or any other person that becomes a Program Partner). Members and their associates will not, by reason of their eligibility for rewards points, pay more than other customers to purchase goods and services from or through the Program Partner.

- (b) Facts and evidence relied upon in support of these claims:

LoyaltyCo relies on the facts as stated in 4(a) above, and is prepared to supply whatever evidence may be required to prove them.

**5. Market definition**

The market for loyalty programs in Australia is highly competitive. There are a large number of competitive offers available to the public in respect of the provision of loyalty programs at any given time.

Similarly the market for print and online media advertising in Australia is also highly competitive with multiple providers.

**6. Public detriments**

- (a) Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or

services described at 2(a) above and the prices of goods or services in other affected markets:

It is LoyaltyCo's submission that there is no likely detriment to the public resulting from the proposed conduct, and that the proposed conduct would have a negligible effect on competition in the markets noted above in section 5.

(b) Facts and evidence relevant to these detriments:

LoyaltyCo considers that the allocation of rewards points in respect of the purchase of these goods and services from or via these Program Partners will increase competition in the print and online media advertising market by making the relevant goods and services more attractive to potential customers.

The proposed conduct:

- in no way limits the genuine choice of customers in choosing a provider.
- will not lessen competition as customers will be under no obligation to purchase goods and services from News Limited or any other Program Partner simply because they are Velocity members, and similarly non-Velocity Members will be free to purchase goods and services from News Limited or any other Program Partner.

**7. Further information**

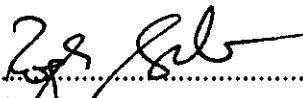
(a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Natalie Mironov  
Legal Counsel  
Virgin Australia Airlines Pty Ltd  
56 Edmondstone Road  
Bowen Hills QLD 4006

Tel: (07) 3087 4482  
Fax: (07) 3295 3996  
Email: [natalie.mironov@virginaustralia.com](mailto:natalie.mironov@virginaustralia.com)

Dated this 29<sup>th</sup> day of August 2012

Signed by/on behalf of the applicant

  
.....  
(Signature)

Roger Gibson  
Virgin Australia Airlines Pty Ltd  
Manager – Legal



