



**Australian  
Competition &  
Consumer  
Commission**

Our Ref: 47760  
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Dear Mr Woodward

**Third line forcing notification N95643 - N95648 lodged by Virgin Australia and Skywest Airlines (Australia) Pty Ltd**

I refer to the above third line forcing notifications lodged with the Australian Competition and Consumer Commission (the ACCC) on 8 December 2011 by Skywest Airlines (Australia) Pty Ltd (Skywest) and five Virgin Australia Group entities (Virgin Australia) (the Applicants).

I note that the notifications were lodged together with Virgin Australia and Skywest's applications for authorisation A91287 & A91288. The authorisation applications were to make and give effect to the Applicants' Corporate Alliance Framework Agreement, Frequent Flyer and Lounge Agreement and Joint Sales Agreement (together the Corporate Alliance) for the provision of commercial passenger airline services to corporate customers.

As part of the Corporate Alliance, the Applicants propose to offer a discount to corporate customers on the condition that the corporate customers acquire a bundled offer from each airline which includes charter services from Skywest and domestic and international regular public transport air services from Virgin Australia.

In addition, the Applicants propose to tie the offer of a number of related products and services to the acquisition of the bundled offer by a Corporate Alliance customer, including:

- a joint frequent flyer program whereby customers:
  - using any Skywest operated air service including a charter service can earn status credits (including priority check-in and booking services) and points in Virgin Australia's Velocity Rewards Scheme, and

- Velocity Rewards Scheme points can be redeemed for Skywest air services including charter services (as well as the other services and products normally offered by Virgin Australia under that scheme);
- access to Virgin Australia's airport lounges by corporate alliance customers using a Skywest operated service; and
- integrated booking, itinerary and check-in for corporate alliance customers.

Legal immunity conferred by the notification commenced on 22 December 2012.

On the basis of the information that you have provided, it is not intended that further action be taken in this matter at this stage.

As with any notification, please note that the ACCC may act to remove the immunity afforded by the notification at a later stage if it is satisfied that the likely benefit to the public from the conduct will not outweigh the likely detriment to the public from the conduct.

This assessment has been made on the basis that the Applicants will disclose all relevant terms and conditions to prospective customers.

A copy of this letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Tanya Hobbs on (02) 6243 1029.

Yours sincerely



Dr Richard Chadwick  
General Manager  
Adjudication Branch