



Virgin Australia Airlines Pty Ltd
Virgin Australia International
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

www.virginaustralia.com

7 July 2014

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

adjudication@accc.gov.au

Dear Sir/Madam

Please find **enclosed** the Form G – Notification of Exclusive Dealing in relation to Virgin Australia Airlines Pty Ltd ACN 090 670 965.

We will telephone you shortly to pay the \$100 lodgement fee by Credit Card.

An electronic copy of the Form G – Notification of Exclusive Dealing has been emailed to you.

In relation to the lodgement fees, please provide us with a receipt in due course.

Please feel free to contact me should you have any queries.

Kind regards

A handwritten signature in black ink, appearing to read "Stewart Ebbott", written over a white background.

Stewart Ebbott
Manager, Legal
Virgin Australia Airlines Pty Ltd

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.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1. Applicant

- (a) Name of person giving notice:

N97569 Virgin Australia Airlines Pty Ltd ACN 090 670 965 (“Virgin Australia”).

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

Operates an airline and other associated services.

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

Legal Department
Virgin Australia Airlines
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 a point of sale discount, a rebate and ancillary benefits to all participants of the SmartFLY Program (“Participants”). The SmartFLY Program is a corporate benefits program offered exclusively by Flight Centre Group as agent for Virgin Australia. Virgin Australia is the exclusive airline partner and Flight Centre Group is the travel agent for the SmartFLY Program (“SmartFLY Program”).

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

When Participants register with the SmartFLY Program for the purpose of using Flight Centre Group as their travel agent to acquire Virgin Australia coded flights from time to time, they will be allocated a point of sale discount, a rebate and ancillary benefits.

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:

Participants of the SmartFLY Program. To be a participant of the SmartFLY Program, you need to be an ASIC registered Australian company and your

total air travel expenditure is not greater than AUD\$350,000.

(b) Number of those persons:

(i) At present time:

Nil. The SmartFLY Program is a new program and will only commence once we receive ACCC clearance.

(ii) Estimated within the next year:

Approximately 3,000 – 4,000

(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 Participants, or persons with whom they are associated, to register or acquire any goods or services from or through the SmartFLY Program, but those who do will be allocated a point of sale discount, a rebate and ancillary benefits. Participants and their associates will not, by reason of their eligibility for a point of sale discount, a rebate and ancillary benefits, pay more than other customers to acquire goods and services through the SmartFLY Program.

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

Virgin Australia considers that the allocation of a point of sale discount, a rebate and ancillary benefits in respect of the registration or acquisition of Virgin Australia coded flights through the SmartFLY Program will increase competition in their respective markets by making the relevant services more attractive to potential customers.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):

The market for airline corporate benefit programs in Australia and New Zealand is highly competitive. There are a large number of competitive offers available to the public in respect of the provision of airline corporate benefit programs at any given time.

Similarly, the market for travel agents and airlines as described at 2 (b) in Australia and New Zealand 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 Virgin Australia'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:

Virgin Australia considers that the allocation of a point of sale discount, a rebate and ancillary benefits in respect of the registration for the SmartFLY Program and purchase of Virgin Australia coded flights will increase competition in the markets for airline services described in 2 (b) by making the relevant services more attractive to potential customers.

The proposed conduct:

- In no way limits the genuine choice of customers in choosing a provider of the products and services described in 2 (b); and
- Will not lessen competition as customers will be under no obligation to register and /or acquire goods and services from the SmartFLY Program as described in 2(b) simply because they are a Participant, and similarly non-SmartFLY Program Participant will be free to acquire goods and services from other airlines.

7. Further information

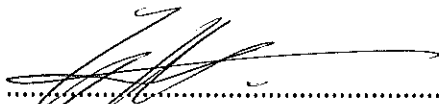
(a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Stewart Ebbott
Manager, Legal
Virgin Australia Airlines Pty Ltd
56 Edmondstone Road
Bowen Hills QLD 4006

Tel: (07) 3119 7143
Fax: (07) 3295 3996
Email: stewart.ebbott@virginaustralia.com

Dated this 7th day of July 2014

Signed by/on behalf of the applicant



.....
Stewart Ebbott
Virgin Australia Airlines Pty Ltd
Manager, Legal

DIRECTIONS

1. In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the business of the person giving the notice in the course of the which the conduct is engaged in.
4. If particulars of a condition or of a reason of the type referred to in section 47 of the *Competition and Consumer Act 2010* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.
5. Describe the business or consumers likely to be affected by the conduct.
6. State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.
7. Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.
8. Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.
9. Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.