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17 October 2019

Alistair Newton
By email

BP Australia and Qantas application for authorisation

Dear Alistair and Michele

As you are aware, the period for initial consultation on this application has now passed. The ACCC has received a number of public submissions, which are available from the public register for this matter.

You are invited to respond to the issues raised in these submissions.

In addition, we seek your response to the following issues - some of which have been raised with the ACCC on a confidential basis, as well as raised in the course of the ACCC's review into customer loyalty schemes:

1. Why is interim authorisation urgent and who will suffer harm if interim authorisation is not granted?
2. To be competitive in Australia, how important is it to an airline to have a loyalty scheme and must that loyalty scheme include an arrangement with a major fuel retailer? Does it make a difference to airlines' competitiveness if the arrangements with fuel retailers are exclusive?
3. What amount of the Qantas Frequent Flyer revenue from Woolworths is derived from purchases at retail fuel and convenience sites?
4. To what extent would the arrangements between BP and Qantas (when combined with other existing arrangements) limit other airlines ability to enter into loyalty scheme partnerships with large fuel retailers?
 - a. Does Qantas have exclusive arrangements with other fuel retailers which, either directly or indirectly prevent those fuel retailers from entering into arrangements with other loyalty schemes?

- b. For example, is Caltex prevented from choosing to participate in any other schemes by its arrangements with Woolworths (and/or Woolworths' arrangements with Qantas), whereby customers can effectively earn Qantas Frequent Flyer points on purchases at Caltex by using Woolworths Rewards and exchanging points for Qantas Frequent Flyer points, or its Star Card arrangements with Qantas Business Rewards? Please identify any schemes that Caltex is prevented from participating in.
5. Please set out the top ten most valuable partners of the Qantas Frequent Flyer program in the last year, by number of points purchased from Qantas and amount paid to Qantas for those points.
6. What is the expected value to Qantas' Frequent Flyer program of the partnership with BP, in dollars per year?
7. To be competitive in Australia, is it important for a fuel retailer to be a participant in a loyalty scheme arrangement with a major airline?
8. What are the advantages and disadvantages of a direct-earn loyalty partnership versus an indirect-earn loyalty partnership? To be competitive in Australia:
 - a. is it important for loyalty schemes to have a direct earn relationship with a fuel retailer, and
 - b. is it important for fuel retailers to have a direct earn relationship with an airline?
9. Please provide BP's proposed terms and conditions for loyalty scheme members, including any relevant data protection and privacy policies.

We would appreciate you providing your response by **25 October 2019**.

A copy of this letter has been placed on the public register.

Yours sincerely



Daniel McCracken-Hewson
Acting General Manager
Adjudication