



**7-Eleven Stores Pty Limited and Velocity Frequent Flyer Pty Ltd –
Application for authorisation AA1000549
Interim authorisation decision
7 May 2021**

Decision

1. The Australian Competition and Consumer Commission (**ACCC**) has granted interim authorisation in respect of the application for authorisation AA1000549, lodged by 7-Eleven Stores Pty Limited (**7-Eleven**) and Velocity Frequent Flyer Pty Ltd (**Velocity**), together the **Applicants**, on 24 March 2021.
2. Interim authorisation is granted to enable 7-Eleven to participate in Velocity's loyalty program as a retail partner and a redemption partner in accordance with the Proposed Conduct defined below. Interim authorisation is granted in relation to Division 1 of Part IV and section 45 of the *Competition and Consumer Act 2010* (Cth) (the **Act**).
3. Interim authorisation commences immediately and remains in place until it is revoked or the date the ACCC's final determination comes into effect.

The application for authorisation

4. The Applicants seek authorisation for 5 years for 7-Eleven to participate as a retail partner of Velocity's loyalty program (**Velocity Program**) pursuant to a confidential participation agreement (**Participation Agreement**) between 7-Eleven and Velocity. The Applicants are also considering the potential appointment of 7-Eleven by Velocity as a redemption partner (together with the Participation Agreement, the **Proposed Conduct**).
5. 7-Eleven is a locally-owned private company with a license to operate and franchise 7-Eleven stores in Australia from the US-based 7-Eleven Inc. The 7-Eleven network in Australia comprises retail fuel and convenience stores across Australia, with over 700 stores in Victoria, New South Wales, the Australian Capital Territory, Queensland and Western Australia.
6. The Velocity Program is operated by Velocity, which is wholly owned by Virgin Australia Holdings Pty Ltd (**Virgin Australia**). It was first launched in November 2005 by Virgin Blue as a domestic air travel focused rewards program and was relaunched in August 2011 as the Velocity Program.

Recent loyalty scheme authorisations

7. **BP / Qantas**: On 27 February 2020, the ACCC granted authorisation to BP Australia Pty Ltd and participating BP fuel resellers, Qantas Airways Limited and Qantas Frequent Flyer Limited to collectively participate in the BP Rewards, Qantas Frequent Flyer and Qantas Business Rewards programs.
8. **BP / Woolworths**: On 14 December 2017, the ACCC granted authorisation to BP, Woolworths and BP resellers to introduce the Woolworths Rewards Loyalty Program at BP owned and operated service stations and certain BP reseller service stations.
9. **BP / Velocity**: On 18 August 2015, the ACCC granted authorisation for BP and BP resellers to collectively participate in the Velocity Frequent Flyer Program. The authorisation enabled BP and BP resellers to provide opportunities for Velocity

members to earn points for purchases made at BP sites. BP terminated its participation in this program in mid-2017.

The authorisation process

10. The ACCC may grant authorisation, which provides businesses with protection from legal action under the competition provisions in Part IV of the Act for arrangements that may otherwise risk breaching those provisions, but are not harmful to competition and/or are likely to result in overall public benefits. The ACCC conducts a public consultation process to assist it to determine whether a proposed arrangement results in a net public benefit.

Interim authorisation

11. Section 91 of the Act allows the ACCC, where it considers it appropriate, to grant interim authorisation. This allows the parties to engage in the Proposed Conduct while the ACCC is considering the substantive application.
12. The Applicants requested interim authorisation on the basis that:
 - interim authorisation will result in an immediate and direct benefit to consumers through the earning of Velocity Points
 - for commercial reasons, it is important for the Applicants to be able to engage in the Proposed Conduct as soon as possible. For example, the Applicants will need to undertake pre-launch activities including IT integration, marketing, promotional activities and a pilot program
 - the inability to take advantage of these benefits from the Proposed Conduct will be commercially costly for 7- Eleven, its franchisees and Velocity and to the detriment of customers of both, and
 - granting interim authorisation will not have a significant impact on, or permanently alter the structure of or dynamics in, any market and it will not result in any commercial harm to customers, suppliers or the Applicants' competitors.

Consultation

13. The ACCC invited submissions on the interim authorisation application from a range of potentially interested parties including major competitors, loyalty schemes, industry associations, supermarkets, consumer groups and banks. The ACCC received no submissions in response.
14. Further information on the application for authorisation, including any future public submissions, is available on the ACCC's [public register](#).

Reasons for decision

15. In granting interim authorisation, the ACCC considers that:
 - granting interim authorisation would not permanently alter competitive dynamics in any relevant market and the Proposed Conduct is likely to be reversible should authorisation ultimately not be granted
 - there may be some limited harm to the Applicants if interim authorisation is not granted and to consumers from not being able to earn points from 7-Eleven purchases
 - the Proposed Conduct is likely to enable the Applicants to provide more attractive offerings in airline and fuel markets in Australia, resulting in benefits from increased competition, and
 - many of the Applicants' competitors are already participating in similar arrangements.

Reconsideration of interim authorisation

16. The ACCC may review the interim authorisation at any time. The ACCC's decision in relation to the interim authorisation should not be taken to be indicative of whether or not the final authorisation will be granted.