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7 June 2024

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600
Email: rrat.sen@aph.gov.au

Dear Committee Secretariat,

Submission: Inquiry into the Airline Passenger Protections (Pay on Delay) Bill 2024

Thank you for the opportunity to provide comments on the Inquiry into the Airlines Passenger Protections (Pay on Delay) Bill 2024 to the Committee on Rural and Regional Affairs and Transport.

Virgin Australia is dedicated to engaging constructively on consumer protections for airline customers in Australia as we recognise the importance of consumers having trust and confidence in the aviation industry. As the Committee will appreciate, the provision of airline services is complex and dependent on many aviation supply chain participants and factors, all of which can contribute to flight disruptions. Above all else, the safety of our guests, team members and the wider community is paramount.

Our performance continues to improve

The post-COVID recovery has been challenging for the aviation sector, ranging from a large turnover of experienced personnel – including in the critical domain of air traffic control - to significant supply chain disruptions. Virgin Australia has not been immune from these challenges and acknowledges periods where our service levels fell well short of both our customers' and our own expectations. Right across our 7,500 strong team, we have been working hard to restore operational stability and resilience in our operations at levels consistent with those pre-COVID.

Virgin Australia was pleased that these efforts have led to our airline achieving the best on-time performance (OTP) and highest completion rates of any major Australian airline for the month of April 2024¹. This result highlights a positive trajectory and performance improvement over the last four months. We achieved an on-time departures rate of 82.6 per cent and completed 98.3 per cent of flights in April. Virgin Australia was required to cancel just 1.72 per cent of its scheduled sectors for April. We are pleased to see our performance trending strongly towards a return to pre-COVID levels.

Other metrics of customer interest are also moving positively. In August 2023, Virgin Australia launched Australia's first-ever airline baggage tracking tool. This allows customers to track their bags in real time when travelling on all of Virgin Australia's domestic network, and most of our short-haul international routes (except Christmas & Coco Islands). Virgin Australia was also awarded Best Cabin Crew² for the sixth consecutive year against 350 airlines around the world, cementing our reputation for providing outstanding onboard service.

Our support for customers

¹ Based on data from Bureau of Infrastructure and Transport Research Economics

² Through Airline Ratings: <https://www.airlineratings.com/news/virgin-australia-wins-best-cabin-crew-for-the-sixth-time/>



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Virgin Australia has a comprehensive Guest Compensation Policy that outlines the support we provide to customers when their travel is disrupted. When guests experience disruptions that are within our control, eligible customers may have access to the following compensation:

- Automatic re-booking on the next available flight without charge;
- Reasonable cost of a hotel room, where one is not supplied by Virgin Australia;
- Reasonable cost of airport transfers;
- Reasonable meal costs; and
- Cost incurred for reasonable personal items.

Separate to our offer of compensation, customers are also able to request a travel credit or a refund for their booking if they have been disrupted and no longer wish to travel with us.

Aviation White Paper

In our response to the Australian Government's Aviation Green Paper, Virgin Australia outlined in extensive detail the suitability of existing consumer-related legislation and the need to ensure that any industry-specific regime must deliver better outcomes for consumers now and in the longer-term. It is prudent that government actions do not cut across or undermine current protections and incentives to innovate in relation to customer service. Virgin Australia is always looking for ways to improve the customer experience and is constantly innovating and improving its offering.

We wish to draw the Committee's attention to Section 8 of our Aviation Green Paper submission³. In summary, Virgin Australia believes Australian Consumer Law (ACL) is fit-for-purpose as it provides a comprehensive framework for consumers including guaranteed rights and appropriate compensation. Airlines already add to those rights through their own compensation policies. Neither a Passenger Bill of Rights, 'Pay-on-Delay' nor a fixed compensation regime meet the intention of the proposed Bill. This is due to several factors:

- Automatic, blunt penalty regimes like the European Union's passenger compensation scheme risk leading to increased fares, but not necessarily improved customer outcomes or operational performance.
- The operation of the ACL and the intense competition that most airlines in Australia face, mean airlines are already incentivised to ensure they meet their obligations under the Consumer Guarantees.
- It is not typically the operation of the ACL that is the subject of consumer complaints, it is instead their experiences with the operational challenges that arise due to the inherently uncertain nature of aviation or the resolution of complaints. Virgin Australia believes that complaints are better resolved by providing an accessible and fit-for-purpose complaints handling mechanism for airline customers.

Virgin Australia acknowledges the benefits to consumers that would arise through greater awareness of, and guidance on, the ACL which could be developed collaboratively between the Australian Competition and Consumer Commission (ACCC) and industry. Further, Virgin Australia recommended in its Green Paper submission changes to the Airline Consumer Advocate to make a more effective external

³ Available here: <https://www.infrastructure.gov.au/sites/default/files/documents/agp2023-submission-c223-virgin-australia.pdf>



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complaint handling process through enhanced accessibility, and accountability of the complaints handling body, including a new ability to make final and binding decisions on airlines to resolve consumer complaints.

We also draw the Committee's attention to the submission by Airlines for Australia and New Zealand, which Virgin Australia supports.

Should further clarification be needed, please contact Anntonette Dailey, Manager, Government Relations, via email

Thank you for the opportunity to contribute to this Inquiry.

Yours sincerely,

Stephen Beckett
General Manager
Government and Industry Affairs

