



January 2018

Virgin Australia 2017 Review on Indian Ocean Territories Operations

Virgin Australia recognises the importance of a safe and reliable air service to the Indian Ocean Territories (IOT) communities. We understand that there is concern amongst the community as to the safety and reliability of Virgin Australia Regional Airlines' operations as a result of the disruptions experienced over the last six months. Virgin Australia would like to address those concerns and so we have provided some background below, as well as some responses to frequently asked questions.

Background

Safety of Virgin Australia Regional Airlines' operations

The safety of our guests and team members is our highest priority. As such, all activities including flight operations, engineering, ground handling and in-flight service are governed by a set of rigorous standards that are regularly monitored. Virgin Australia Regional Airlines' CASA approved Safety Management System (SMS) ensures proactive and systematic identification of risk. It provides an integrated system for the management, control and reduction of operational and occupational safety and security risks across the airline's operations.

Complexity of Operations to IOT

Operations to the IOT are some of the most complex operations across the Virgin Australia network, due to the remoteness of the islands from the Australian mainland and the limitations of the airport infrastructure.

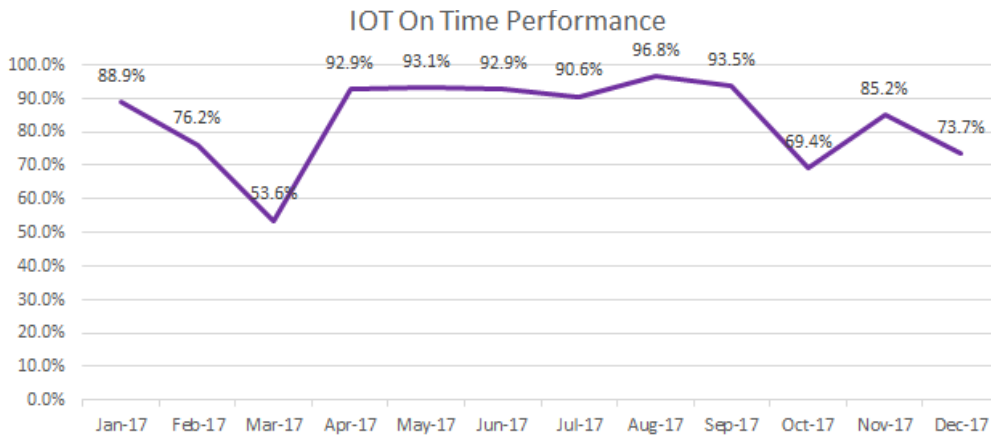
As a result of the remoteness, CASA requires that operators to the IOT carry enough fuel to enable a diversion to a mainland airport in case weather on the islands makes it unsafe to land. This requires extensive planning to ensure maximum passenger, baggage and freight is uplifted as well as the necessary fuel for a potential diversion. A recent change of approved alternate airports by the Indonesian Government has meant that there are times when a fuel stop is required in Learmonth to enable compliant operations to the Islands. The CASA requirement to plan for a potential diversion to an alternate airport also means that the operations can be impacted by changing weather conditions not only on the islands but also at the designated diversion airport. There are times when weather is fine on the islands but the flight must be cancelled due to weather conditions at the diversion airport. We understand how frustrating this can be for the IOT community.

The remoteness of the operations also requires VARA to operate with a pilot complement of three to enable minimum pilot rest time to be complied with. Usually the A320 operates with only 2 pilots. VARA also chooses to fly an engineer on every flight to enable trouble shooting and repairs to be carried out if the aircraft becomes unserviceable on the island.

The airport infrastructure on the islands limits the type of aircraft that can operate to the IOT. VARA operate A320 aircraft with low pressure tyres which enables us to operate to both islands. This means there are limited aircraft substitution options if the VARA A320 aircraft becomes unserviceable.

Virgin Australia IOT On-Time Performance (OTP) Results 2017

- Virgin Australia’s On Time Performance in 2017 is set out in the graph below. In the 6 months from June to November there was a total of 9 cancellations, of which 7 were due to weather.
- In the month of December there was a spike in disruptions, in part due to the fact that both the VARA A320 aircraft were unserviceable for a period of 2 weeks.
- Prior to December the VARA A320 had an excellent reliability record. It was unfortunate that we had both aircraft impacted by completely different technical issues at the same time and in the lead up to the busy Christmas period.



Virgin Australia Airline Services to the Indian Ocean Territories Frequently Asked Questions

How many Captains, First Officers and Flight Attendants are required on each IOT flight?

- Virgin Australia operate with the following crew:
 - Three Pilots
 - Five Cabin Crew
 - One Engineer

What are the On Time Performance (OTP) results for Virgin Australia's IOT operation ?

- For 2017, Virgin Australia's OTP result was 82.7%.
- In the 6 months from July to December there were a total of 11 cancellations, of which 6 were due to weather events.

When is Virgin Australia obliged to pay for guest accommodation, transfers and meals?

- Virgin Australia's Compensation and Assistance Policy outlines guest entitlements in instances of cancellations, delays and in cases where guests are denied boarding.
- Our Conditions of Carriage also provide information on this front to advise guests of our policies in this regard.
- Further information can be found at:
<https://www.virginaustralia.com/au/en/information/domestic-and-short-haul-international/guest-compensation-policy/>

How quickly can a recovery flight occur in the event of a major delay?

- Virgin Australia understands the impact that a major delay on an IOT service has on guests and we work to ensure that the recovery flight operates as soon as possible so as not to cause further disruptions. The time taken to organise a recovery service to the IOT is often longer than it would be when there is a disruption on a mainland service due to the remoteness on the islands and the limited aircraft substitution options available. It is also often impacted by operational weather conditions.

Is Virgin Australia aware of the impact cancellations and delays have had on the IOT communities, tourism, accommodation and the local economy?

- The reliability of our scheduled services can be affected by a range of factors including those outside of our control. Our priority is always to provide safe operations, however we understand the impact that a disruption to these services has on everyone.
- The Virgin Australia Regional Airlines' Operations team work with Engineering, Flight Operations and the Meteorological teams to ensure all of the requisite planning has been done to mitigate any potential delays.
- A Virgin Australia Regional Airlines Engineer, with a spare parts kit, travels on all of the IOT sectors to ensure that any minor technical issues can be rectified and the aircraft can continue the service.
- We are continually looking at ways to reduce disruptions that are within our control and to improve the OTP to ensure that we are able to maintain operational performance.
- When we do have to cancel or delay a flight, we work to provide an alternative option as soon as possible.
- Please be assured that we do everything within our power to provide these alternative options as soon as we can and that we are making every effort to communicate with guests and support them.

Do I need travel insurance when travelling to the IOT?

- Virgin Australia guests are encouraged to obtain travel insurance before travelling to the IOT. This is because the remoteness of the islands means that you are more likely to experience a flight disruption than you would on a mainland flight.
- In the event of flight delays within Virgin Australia's control, assistance will be provided per the "Virgin Australia's Compensation and Assistance Policy as detailed as follows:
<https://www.virginaustralia.com/au/en/information/domestic-and-short-haul-international/guest-compensation-policy/>
- However, in the event of a delay attributed to operational weather conditions (i.e. beyond Virgin Australia's control) the guest is responsible for any additional costs that are incurred.

Why did I not receive an SMS message alerting me to a flight delay when on Cocos (Keeling) Islands?

- Virgin Australia proactively issues guest communications to notify guests of delays as soon as an issue has been identified.
- When there has been a delay to an IOT service, an SMS and an email containing the updated flight details will be sent to all guests travelling on that service as soon as the delay and recovery flight has been committed.
- When the delay has been confirmed, the Virgin Australia website is updated with the new flight details.
- It is important to note that on Cocos Island, the mobile roaming network is not available and a mobile phone will need to be hired from the Cocos Keeling Islands Community Resource Centre for guests to check for any updated information.

Why are seats available on an IOT service when I travel but the booking system depicts that the service is sold out?

- As a result of the remoteness of the IOT, CASA requires that operators carry enough fuel to enable a diversion to a mainland airport in case weather on the islands makes it unsafe to land.
- This requires extensive planning to ensure maximum passenger, baggage and freight is uplifted as well as the necessary fuel for a potential diversion.
- To ensure sufficient fuel is carried to meet the requirements of remote island operations, we are required to limit the number of available seats sold on a flight.

Has the flight schedule been changed so that there are now no direct flights from Perth to Cocos Island?

- In June 2017, the Indonesian Government changed the approved diversion airport for the IOT. As a result a fuel stop via Learmonth is often required for Cocos Island services to maximise the ability to uplift the required freight and passenger loads.

Why are flights diverted to Learmonth when the aircraft is close to landing at Cocos (Keeling) Islands?

- As part of remote island operations, Virgin Australia is required to carry sufficient fuel to reach the intended destination as well as an alternate mainland destination in case the weather on the islands makes it unsafe to land. Should there be an unforeseen change in weather conditions at either the IOT destination or the alternate there may be a requirement to return to a suitable mainland airport.

What enhancements to the guest experience has Virgin Australia introduced on the IOT services?

- The Virgin Australia “Wireless In Flight Entertainment” system has recently been introduced on A320 aircraft that operate the IOT services.