

25 May 2020

Update from the Creditors Committee of Inspection meeting

Please note, confidential information provided during the meeting of the Committee is not present in this update.

What is the Creditors Committee of Inspection?

The Creditors Committee of Inspection is an advisory group made up of all the representatives of those who Virgin owes money. Each union representing Virgin workers and the ACTU is represented on the Committee, as are various other entities like airports, landlords and bondholders.

What happened?

The Administrators gave the Committee an update on the work they have done and the next steps in the sale process. So far the administrators have applied for court orders to extend the time available to prepare Virgin for sale, and established a timeline for the bidding process. The administrators also took us through the operations currently taking place, including the plan to ramp up operations as the restrictions imposed by Coronavirus ease.

Non-binding bids for Virgin have been received by administrators, and a shortlist of bidders have been taken to the next stage of the process. This week and next week, these shortlisted bidders will meet with management and creditors to discuss the future strategies for the airline.

Binding offers from bidders wanting to buy the airline are due by 12 June 2020, with the winning bid determined by 30 June 2020.

During the meeting, the administrators acknowledged the union's concerns that accrual of workers' entitlements were not being correctly calculated by the management team while workers were on JobKeeper. The administrators believe that the systemic issues causing the errors are being rectified and workers should soon have accurate figures of leave, which will continue to accrue through this process.

They also told us that workers should have access to the amount and breakdown of each persons accrued entitlements next week. It will be important for every worker to check these figures and your union will be able to assist if you have any concerns.

The Committee passed a resolution to approve Virgin entering into a new contract for Deloitte to provide tax advice in relation to the sale of Virgin.

Other creditors asked questions about how they could make sure they get as much of what they are owed as possible. This highlights how important it is that union members, as the largest group of creditors, stick together.

The focus of your unions through the Committee of Inspection and through our discussions with administrators, management, and potential bidders, is on ensuring we protect as many jobs as possible, protect existing conditions and employee entitlements and on the long term viability of Virgin Australia.

What else do I need to know about?

Your union has been working on a range of other issues affecting members directly with Virgin Australia that we can update you on.

Payslips

We continue to pursue management over the mistakes in your payslips over annual leave and long service leave and hope that this will be resolved shortly. Management have advised that your leave entitlements should be up to date and reflected on pay slips by 31 May 2020.

Re-crediting leave from the start of the standdown

We have also sought that leave taken by employees from 30 March 2020 (before JobKeeper was available) be recredited to employees ASAP. Management's advice to us has been that this will happen, but due to some system limitations, the re-crediting of leave will occur in batches up to 8 weeks in arrears. This means that all April and May credits will be re-credited by the end of June.

Extension of Stand Down arrangements

Management is considering extending the current Stand Down and work arrangements for Guest Services team members at BNE, SYD, MEL and ADL ports from 14 June (the end of RP6) to 9 August 2020 (the end of RP8). Guest services members should have received an email informing you of the Company's intention to extend the current work arrangements until 9 August 2020. Pending any further feedback from you, Virgin Australia will then issue updated Stand Down letters by the end of May.

The ASU have also notified management of their obligation to consult with us should the current schedule change between now and 9 August 2020. We are currently working on a plan to fairly and equitably distribute work if flying starts to increase – we will want to speak with union members about how that should work for you. Keep a look out for updates on this in the coming weeks.

Deductions from your pay

We are concerned that some employees may be having salary sacrifice payments deducted from their pay but not passed on to the company they should be. Please let us know straight away if you think this may be happening to you. We have raised this with management and will let you know once we have more to report.

The ASU is by your side

For anyone who is not yet an ASU member – it is not too late to join. Sign up now to make sure you are supported and represented throughout this process: www.asu.asn.au/asujoin

We know this is a difficult time, but your union is by your side. We will continue our fight to keep Virgin flying.