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National Secretary
Michael Kaine

Mike Murphy
Partner
Bain Capital

CC Barnaby Lyons, Partner, Bain Capital
CC Jayne Hrdlicka, Virgin Australia CEO

12 June 2024

Dear Mike,

We write regarding the recruitment of Virgin Australia's next CEO. Yesterday's reporting in the Newscorp papers that Paul Jones remains the sole internal candidate being considered for the position has given us great cause for concern.

As you are aware, the morale of Virgin Australia staff has slumped. While working conditions for cabin crew and ground crew have improved following recent enterprise agreement negotiations, pilots remain significantly disgruntled and disappointed with the proposed NB EA released on Monday. As our recent member survey showed, 95% of pilot respondents don't feel valued and 42% would consider leaving their job if the current enterprise agreement proposal goes through, which includes the removal of six days off per year.

The TWU pilot survey reflected Virgin's own staff sentiment survey released last year, which found that less than 20% of pilots agreed with the statement: *"I rarely think about looking for a new job at another company"* and only 3% said they'd *"recommend Virgin Australia to friends and relatives as a great place to work"*. Only around 32% agreed that *"my feedback on safety is taken on board"*.

Virgin Australia has a strong history of valuing workers. Staff felt that the crucial role they played for the airline was recognised and were loyal in return. This has deteriorated recently and needs to be repaired. In our view, this would not be possible with Paul Jones as CEO.

Paul Jones was a key witness in the Federal Court finding that Qantas' outsourcing of 1700 workers was illegally motivated to prevent workers accessing their rights to collective bargaining and protected industrial action. A decision upheld by the Full Court of Appeal and High Court of Australia.

In his decision, Justice Lee stated: *"I am affirmatively satisfied that Mr Jones was motivated by the Relevant Prohibited Reason."* Lee also stated that he was unable to be satisfied of the evidence of the decisionmaker, Andrew David, because *"Qantas' submissions did not suggest that there was a cigarette paper of difference between the motivations of each these men [Mr Jones and Mr David]."*

The court also found Mr Jones to be an unreliable witness. Justice Lee noted: *"[Mr Jones] professed lack of recollection was disingenuous," and "I do not consider it is safe to place any significant reliance upon [Mr Jones] evidence."*

We find it alarming that such a person – found by the Federal Court to have been motivated by a prohibited reason under the Fair Work Act to outsource workers, and provided advice to his

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employer based on this motivation - would be considered to run Virgin Australia. That this consideration is given at a time of turbulence between Virgin Australia management and staff is even more concerning.

Last year, Virgin Australia pilots, cabin crew and ground crew put to you a five-point claim to secure the long-term future of the airline. This included:

1. **Respect for workers** – to address cultural issues that have led to high turnover, absenteeism and disputation.
2. **Good, secure jobs** – all ground, cabin crew and pilots to be insourced in good, secure jobs
3. **Ongoing investment** – to invest in technology, fleet and workers to maintain and grow safe, fair standards.
4. **Employee share scheme** – annual \$1,000 employee share scheme in conjunction with IPO.
5. **Industry reform** – to support the campaign for a Safe and Secure Skies Commission to rebalance aviation.

Although some progress was made towards some of these items through bargaining and the commitment to insource more ground handling jobs, there is still a long way to go. In particular, pilot negotiations have shown a deviation from the claim items for respect, good, secure jobs, and ongoing investment – such as with an improved rostering system as promised years ago.

Recent media reports have stated that Virgin Australia is “IPO-ready”, yet workers have been left in the dark on these plans.

Please respond to this letter outlining:

1. The criteria for the next Virgin Australia CEO, and how Paul Jones meets this criteria, if he is indeed in the running;
2. Your position on the finding that Mr Jones was “motivated by the Relevant Prohibited Reason” in the Qantas outsourcing case;
3. How the relationship with staff is proposed to be repaired, particularly with regard to the next CEO;
4. What plans are in place for an IPO, including any proposed timeline; and
5. How you intend to meet each point of the five-point claim put to you by TWU members.

I look forward to your prompt response.

Yours sincerely,

Michael Kaine
TWU National Secretary

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