

Friday, 17 April 2020

Government faces \$800M bill if they sit back and watch Virgin die

The ACTU understands that the Morrison government is facing a potential entitlements and redundancy bill of \$800million if it allows Virgin Airlines to collapse.

Under the Federal Governments Fair Entitlements Guarantee (FEG) scheme, employees who work for a company that goes under and is unable to pay them their legal entitlements are entitled to government support to pay the entitlements.

The ACTU is aware of at least \$600million in entitlements for the 10,000 direct employees of Virgin and has estimates of around \$200million in entitlements for the 6,000 indirect employees whose jobs would be destroyed.

This new information raises the prospect of the Morrison government needing to decide if it wants to spend tax payer money watching jobs be destroyed or use that money to acquire a stake in an airline and save 16,000 jobs

Quotes attributable to ACTU President Michele O'Neil:

“The reality is that if Virgin Airlines collapses then there is at least \$600 million and a likely \$800 million in entitlements that the Morrison government will be required to payout to 16,000 people.”

“The Morrison government is at a crossroad where they will need to decide if they use taxpayer money to payout entitlements to people who've had their jobs destroyed or use that money to save jobs and potentially acquire an asset for the nation.”

“This is a situation that no one wanted but the reality is stark. Spend hundreds of millions of dollars to watch jobs be destroyed and hand over total control of air travel to single company or invest hundreds of millions of dollars to save 16,000 jobs, give the Government a stake in Virgin and ensure we don't allow a single corporate airline to have a monopoly over our skies.”

ENDS

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