



THE SENATE  
**SENATE SELECT COMMITTEE ON COMMONWEALTH BILATERAL AIR  
SERVICE AGREEMENTS**

**Public Hearing – 27 September 2023**

**Question on notice**

**Virgin Australia**

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**Senator WHITE:** They weren't your partner in January 2022, were they?

**Ms Hrdlicka:** Qatar Airways?

**Senator WHITE:** Yes.

**Ms Hrdlicka:** We'll have to check and take that on notice.

**Response from VIRGIN AUSTRALIA:** Virgin Australia's partnership with Qatar Airways was announced in May 2022 and commenced in September 2022

Questions on Notice for Virgin Australia from Senator David Pocock	Answer
<p>1. How many staff are there in your government relations team, including admin and support roles?</p>	<ul style="list-style-type: none"> <li>• As of 29 September 2023, two (a General Manager, Government Relations and a Policy and Research Advisor, Government Relations).</li> <li>• The Government Relations &amp; Industry Affairs function reports into the Chief Corporate Affairs and Sustainability Officer.</li> </ul>
<p>3. How many other Virgin employees, including the executive, have sponsored passes to Parliament House? Who are the sponsoring MPs or Senators for those passes?</p>	<ul style="list-style-type: none"> <li>• Christian Bennett, Chief Corporate Affairs &amp; Sustainability and Todd Reynolds, General Manager Government Relations &amp; Industry Affairs have sponsored passes to access Parliament House. The sponsors were Graham Perrett MP and the Hon Alan Tudge MP.</li> </ul>
<p>5. What is Virgin's policy about senior public servants having access to the Beyond Lounge? Is there a policy? Who at Virgin decides which public servants to issue passes to?</p>	<ul style="list-style-type: none"> <li>• Our general policy for important Corporate and Government accounts is to provide Beyond access to Board chairs, CEOs (or equivalent) and key executive team members.</li> </ul>
<p>7. Do any personal Ministerial staff have their own access to the Beyond Lounge?</p>	<ul style="list-style-type: none"> <li>• No</li> </ul>
<p>8. How many free upgrades have Virgin given over the last 12 months? How many of these upgrades were to politicians or public servants?</p>	<ul style="list-style-type: none"> <li>• No direct free upgrades from Virgin Australia have been given to Politicians or Public Servants under the Whole of Australian Government arrangement.</li> <li>• Virgin Australia Velocity program membership tiers have terms which include additional benefits, with space available cabin upgrades.</li> <li>• Operational disruptions and flight changes at times have the need to move passengers from cabins as required.</li> <li>• At no time are Politicians or Public Servant passengers selected or targeted for free upgrades.</li> </ul>

Questions on Notice for Virgin Australia from Senator David Pocock	Answer
9. What percentage of JobKeeper went through to Virgin employees? How much didn't?	<ul style="list-style-type: none"> <li>• 100% of eligible employees received at least the minimum fortnightly JobKeeper amount before tax or minimum monthly JobKeeper amount before tax, depending on pay frequency.</li> </ul>
10. What other support did Virgin receive from the Federal Government apart from fee-for-service flights?	<ul style="list-style-type: none"> <li>• Virgin Australia received the following support from the Federal Government during the pandemic (excluding JobKeeper): <ul style="list-style-type: none"> <li>▪ Retaining Domestic Airline Capability (RDAC) program</li> <li>▪ Australian Airline Financial Relief Package (AAFRP)</li> <li>▪ International Aviation Support (IAS) grant</li> <li>▪ Waiver of Air Navigation Chargers</li> <li>▪ Revenue support (Domestic Aviation Network Support, Regional Aviation Network Support, Tourism Aviation Network Support, Government Repatriation Flights and International Freight Assistance Mechanism)</li> </ul> </li> </ul>
11. Has Virgin engaged any other registered lobbyists in the last 5 years? If so, who and when?	<ul style="list-style-type: none"> <li>• Yes. <ul style="list-style-type: none"> <li>▪ Scott Mitchell from March 2020 to May 2023</li> </ul> </li> </ul>
12. Has Virgin lobbied (directly or through lobbyists) the Federal Government or Federal Government Departments on the building of an east coast high speed rail at any time over the last two decades?	Not that we are aware of.
13. If so, what representations were made and by who at Virgin to which Department or Minister?	<ul style="list-style-type: none"> <li>• n/a</li> </ul>

Questions on Notice for Virgin Australia from Senator David Pocock	Answer
<p>14. How much has Virgin invested in Sustainable Aviation Fuels in the last 5 years?</p>	<ul style="list-style-type: none"> <li>• In 2018-19, Virgin participated in a sustainable aviation fuels trial, in partnership with the State of Queensland, Gevo Inc. and Caltex to test the supply chain readiness for sustainable aviation fuels in Queensland. Virgin invested around \$413,000 in this project.</li> <li>• Virgin Australia also earlier this year secured a 30% SAF fuel blend for the initial leg of the inaugural flight of its first 737-MAX aircraft, Monkey Mia, flown from Seattle to Honolulu.</li> <li>• Virgin Australia is a member of the Federal Government's Jet Zero Council and is actively supporting efforts to accelerate the ability of Australian airlines to access the environmental benefits of SAF.</li> </ul>

Questions on Notice for Virgin Australia from Senator Tony Sheldon	Answer
<p>1. Please provide the annual revenue of Virgin Australia for its Australian based operations in each of the last ten financial years, beginning in the 2013/14 financial year.</p>	<p>Annual Revenue of the Virgin Australia Holdings Pty Ltd income tax consolidated group:</p> <p>2013/14: \$4,306,600,000  2014/15: \$4,749,200,000  2015/16: \$5,021,000,000  2016/17: \$5,047,300,000  2017/18: \$5,420,700,000  2018/19: \$5,827,100,000  2019/20: \$4,529,100,000  2020/21: \$1,542,700,000  2021/22: \$2,223,900,000</p> <p>FY23 financial accounts have yet to be published.</p>
<p>2. Please provide Virgin Australia's annual taxable income in each of the last ten financial years, beginning in the 2013/14 financial year.</p>	<p>Taxable income/(loss) of the Virgin Australia Holdings Pty Ltd income tax consolidated group:</p> <p>2013/14: (\$385,334,542)  2014/15: (\$443,037,650)  2015/16: (\$561,773,442)  2016/17: (\$275,803,539)  2017/18: (\$89,713,595)  2018/19: \$879,328  2019/20: (\$919,843,168)  2020/21: (\$644,387,485)  2021/22: (\$457,552,437)</p> <p>FY23 financial accounts have yet to be published</p>

Questions on Notice for Virgin Australia from Senator Tony Sheldon	Answer
<p>3. Please provide a summary of the annual corporate tax that Virgin Australia has paid in Australia in each of the last ten financial years, beginning in the 2013/14 financial year.</p>	<p>Australian corporate tax paid by the Virgin Australia Holdings Pty Ltd income tax consolidated group:</p> <p>2013/14: \$0  2014/15: \$0  2015/16: \$0  2016/17: \$0  2017/18: \$0  2018/19: \$0  2019/20: \$0  2020/21: \$0  2021/22: \$0</p> <p>FY23 financial accounts have yet to be published.</p>
<p>4. What was the value of Ms Hrdlicka's total remuneration package, including all monetary and non-monetary benefits, in each of the financial years since she became Virgin CEO?</p>	<p>Ms Hrdlicka's remuneration information is confidential and commercially sensitive information, disclosure of which may place Virgin at a competitive disadvantage. It is also personal information of Ms Hrdlicka and the restrictions in the Privacy Act 1988 would apply to the release of that information.</p>
<p>5. Please provide a full list of members of the Virgin Australia board.</p>	<ul style="list-style-type: none"> <li>• Ryan Cotton (Chair)</li> <li>• Jayne Hrdlicka (CEO / Managing Director)</li> <li>• Michael Murphy</li> <li>• Raymond Hass</li> <li>• Warwick Negus</li> <li>• Barnaby Lyons</li> </ul>

Questions on Notice for Virgin Australia from Senator Tony Sheldon	Answer
<p>6. What was the value of the total remuneration package for each Virgin Australia Board Member, including all monetary and non-monetary benefits, in each of the financial years since it was taken out of administration? Please advise for each board member separately.</p>	<p>FY21: No director fees payable by the Virgin Australia Group. Directors receive non-monetary travel benefits through being granted a limited number of flights on the Virgin Australia network.</p> <p>FY22: No director fees payable by the Virgin Australia Group. Directors receive non-monetary travel benefits through being granted a limited number of flights on the Virgin Australia network.</p> <p>FY23: No director fees payable by the Virgin Australia Group. Directors receive non-monetary travel benefits through being granted a limited number of flights on the Virgin Australia network.</p>
<p>7. Does Ms Hrdlicka, any other executive, or any other board member, have monetary or non-monetary benefits which will or may be conferred upon the IPO of the company? If yes please advise what these benefits are and the conditions attached to them, separately for each individual, including how the IPO value impacts the quantum of these benefits.</p>	<p>Virgin Australia Group has a management equity plan which is subject to various vesting conditions including time and the performance of the investment (as measured by returns delivered to the Virgin Australia Group shareholders). As you would expect, even in the event of an IPO, the significant majority of management's equity vesting (and the ultimate economic benefit to management) is determined by the eventual realised performance of the investment for shareholders.</p>
<p>8. Does Ms Hrdlicka, any other executive, or any other board member, have monetary or non-monetary benefits which are or may be conditional upon Virgin Australia's market share, or flight volumes? If yes, please advise the nature of these conditions separately for each individual.</p>	<p>No</p>

Questions on Notice for Virgin Australia from Senator Tony Sheldon	Answer
<p>9. Does Ms Hrdlicka, any other executive, or any other board member, have monetary or non-monetary benefits which are or may be conditional upon Virgin Australia codeshare partners, including but not limited to Qatar Airways, increasing their market share in, or flight volumes into, Australia, or on the passage of relevant airservice agreements? If yes, please advise the nature of these conditions separately for each individual.</p>	<p>No</p>
<p>10. What is the current ownership structure of Virgin Australia? Please advise the names of every organisation with an ownership stake, and what their percentage stake is.</p>	<p>The shareholding of Virgin Australia Holdings Pty Limited ACN 100 686 226 is as follows:</p> <ul style="list-style-type: none"> <li>• Funds managed by Bain Capital – approximately 93%</li> <li>• Virgin Group – approximately 5%</li> <li>• Funds managed by Queensland Investment Corporation – approximately 2%</li> </ul>
<p>11. Has Virgin Australia had any conversations with Qatar Airways, or any other Qatari entity or individual, about taking an ownership stake in Virgin prior to, as part of, or subsequent to the IPO?</p>	<p>Not that we are aware of.</p>
<p>12. Please confirm for Virgin Australia customers based in Australia and overseas:</p>	<p>Virgin Australia does not track location information from bookings and cannot confirm the location of customers. The following answers apply to both Australian and international customers.</p>



Questions on Notice for Virgin Australia from Senator Tony Sheldon	Answer
<p>a) The total sum value of credits and/or refunds that were owed;</p>	<ul style="list-style-type: none"> <li>• Virgin Australia's 'COVID' Credits are Standard Credits issued to customers on or before 31 July 2022, for bookings made from 21 April 2020 through 31 July 2022.</li> <li>• The majority of COVID credits were issued because: <ul style="list-style-type: none"> <li>○ A customer chose to cancel their booking, and received a credit, in line with their fare rules; or</li> <li>○ VA delayed or cancelled a customer's flight, and the customer chose to cancel their booking and received a credit for the value of their booking, in line with Virgin Australia's Guest Compensation Policy.</li> </ul> </li> <li>• A customer could also have requested a refund of the value of their booking if VA delayed or cancelled the customer's flight, in line with Virgin Australia's Guest Compensation Policy.</li> <li>• A total of approximately \$1.2B COVID credits were issued, of which \$114M remain, as of 1 September 2023.</li> </ul>
<p>b) The total number of individual credits and/or refunds that were owed (or put differently – how many fares were cancelled);</p>	<ul style="list-style-type: none"> <li>• For COVID credits, Virgin Australia has created approximately 554,000 Travel Banks (which are used to provide customers with COVID credits for direct bookings with Virgin Australia). We have 201,000 Travel Banks remaining with COVID credits.</li> <li>• Virgin Australia cannot confirm the number of COVID credits provided for indirect bookings that were created (as these tickets have been issued by third party travel agents).</li> </ul>

Questions on Notice for Virgin Australia from Senator Tony Sheldon	Answer
<p>c) The total number of individuals who were owed credits and/or refunds.</p>	<ul style="list-style-type: none"> <li>• For bookings made directly with Virgin Australia, on many occasions, guests book as a group. When the credit is issued, it is issued to the first named person on the booking, not to other customers who are also included in the booking. Our policy allows usage of credits for any traveller, regardless of whether they were named on the original booking. The number of Travel Bank accounts issued for COVID credits was 554,000.</li> <li>• For bookings made indirectly with a third-party travel agent, Virgin Australia cannot confirm the number of COVID credits provided for indirect bookings that were created (as these tickets have been issued by third party travel agents).</li> </ul>
<p>13. What is the current dollar value of all remaining customer credit held by Virgin Australia, including credits redeemable as flight credits and credit redeemable as a refund, including customers based in Australia and overseas?</p>	<ul style="list-style-type: none"> <li>• Approximately \$114M COVID credits remain, as of 1 September 2023.</li> </ul>
<p>a. Separately, please breakdown that total figure by:</p>	
<p>i. The percentage of that total eligible to be claimed for a cash refund, the percentage of that total only eligible to be claimed for a flight credit, and the percentage of that total owed to customers not within either of those categories (if applicable – please specify).</p>	<ul style="list-style-type: none"> <li>• To the best of our knowledge, all Virgin Australia customers who are entitled to and have requested a refund, have received it (or are in the process of receiving it).</li> <li>• 91% of COVID credits have been used as at 30 September [and we are confident that the COVID credits will be exhausted by the expiry date].</li> </ul>

Questions on Notice for Virgin Australia from Senator Tony Sheldon	Answer
	<ul style="list-style-type: none"> <li>• COVID credits have recently been extended for the third time, giving our customers nearly two more years to use these credits. Customers are now able to use their COVID credits to book and fly by 30 June 2025.</li> <li>• Virgin Australia takes its obligations to customers under the Australian Consumer Law very seriously. We have a dedicated Guest Compensation Policy and Consumer Guarantees page, and our people are trained in relation to this and our consumer law obligations.</li> </ul>
<p>ii. The percentage of that total owed to Virgin Australia customers and the percentage of that total owed to other customers not within either of those categories (if applicable – please specify).</p>	<ul style="list-style-type: none"> <li>• Of the remaining value of COVID credits, approximately 47% is held by customers who originally booked directly with Virgin Australia and 53% is held by customers who originally booked through indirect channels (e.g. travel agents).</li> </ul>
<p>iii. The percentage of that total owed to Australia-based customers, the percentage of that total owed to customers based outside Australia, and the percentage of that total owed to any customers not within either of those categories (if applicable – please specify).</p>	<ul style="list-style-type: none"> <li>• Virgin Australia does not track location information from bookings. However, Virgin Australia can differentiate between COVID credits related to original bookings made in Australian dollars and international currencies.</li> <li>• Of the remaining value of COVID credits, about 2% relates to original bookings made in an international currency.</li> </ul>

Questions on Notice for Virgin Australia from Senator Tony Sheldon	Answer
<p>14. How many, and what percentage, of individual credits (or put differently – how many cancelled fares) have still not been refunded or redeemed for a booking?</p>	<ul style="list-style-type: none"> <li>• See answer at 12(a).</li> </ul>
<p>a. Separately, please breakdown that total figure by:</p>	
<p>i. How many, and what percentage, of individual credits are eligible to be redeemed for a refund, how many and what percentage of individual credits can only be redeemed for a flight credit, and how many and what percentage do not fit within either of those categories (if applicable – please specify).</p>	<ul style="list-style-type: none"> <li>• To the best of our knowledge, all Virgin Australia customers who are entitled to and have requested a refund, have received it (or are in the process of receiving it).</li> <li>• 91% of COVID credits have been used as at 30 September.</li> <li>• COVID credits have recently been extended for the third time, giving our customers nearly two more years to use these credits. Customers are now able to use their COVID credits to book and fly by 30 June 2025.</li> <li>• Virgin Australia takes its obligations to customers under the Australian Consumer Law very seriously. We have a dedicated Guest Compensation Policy and Consumer Guarantees page, and our people are trained in relation to this and our consumer law obligations.</li> </ul>
<p>ii. How many, and what percentage of individual credits are owed to Virgin Australia customers, and how many and what percentage do not fit within either of those categories (if applicable – please specify).</p>	<ul style="list-style-type: none"> <li>• Of the remaining value of COVID credits, approximately 47% is held by customers who originally booked directly with Virgin Australia and 53% is held by customers who originally booked through indirect channels (e.g. travel agents).</li> </ul>

Questions on Notice for Virgin Australia from Senator Tony Sheldon	Answer
<p>iii. How many, and what percentage of individual credits are owed to Australia based customers, how many and what percentage of individual credits are owed to customers based outside Australia, and how many and what percentage do not fit within either of those categories (if applicable – please specify).</p>	<ul style="list-style-type: none"> <li>• Virgin Australia does not track location information from bookings. However, Virgin Australia can differentiate between COVID credits related to original bookings made in Australian dollars and international currencies.</li> <li>• Of the remaining value of COVID credits, about 2% relates to original bookings made in an international currency.</li> </ul>
<p>15. How many, and what percentage, of people are still owed a flight credit or refund?</p>	<ul style="list-style-type: none"> <li>• Please see answers above.</li> </ul>
<p>a. Separately, please breakdown that total figure by:</p>	<ul style="list-style-type: none"> <li>• Please see answers above.</li> </ul>
<p>i. How many, and what percentage, of those individuals are entitled to a refund, how many and what percentage are only entitled to a flight credit, and how many and what percentage do not fit within either of those categories (if applicable – please specify).</p>	<ul style="list-style-type: none"> <li>• Please see answers above.</li> </ul>
<p>ii. How many, and what percentage of those individuals are owed credits/refunds for Virgin Australia flights, and how many and what percentage do not fit within either of those categories (if applicable – please specify).</p>	<ul style="list-style-type: none"> <li>• Please see answers above.</li> </ul>
<p>iii. How many, and what percentage of those individuals are based in</p>	<ul style="list-style-type: none"> <li>• Please see answers above.</li> </ul>

Questions on Notice for Virgin Australia from Senator Tony Sheldon	Answer
<p>Australia, how many and what percentage are based outside Australia, and how many and what percentage do not fit within either of those categories (if applicable – please specify).</p>	
<p>16. How much has Virgin Australia earned in interest or any other form of income, on revenue collected for flights cancelled during COVID-19 lockdowns and border closures?</p>	<p>Virgin Australia has not earned any material interest amounts on these funds. As we came out of Administration, we were required to hold 100% of sales through our merchant acquirers as collateral until the customer completed their flight, therefore we did not hold the cash to earn interest on and we were not paid any interest by the merchant acquirers. As our financial position has improved, this collateral requirement has slowly reduced, however it is not possible to isolate the interest that would have been earned on these funds versus our other cash deposits. It is worth noting that interest rates were at historically low levels during this period, hence any interest earned would have been immaterial.</p>

Questions on Notice for Virgin Australia from Senator Tony Sheldon	Answer
<p>17. Qantas has previously advised that its workforce is split across 38 entities – 21 external firms and 17 Qantas-owned entities. Please advise how many entities the Virgin workforce are split across, including any labour hire companies, and services providers such as Swissport and Menzies, including across any domestic cargo businesses and any related services.</p>	<p>Virgin Australia workforce (three Virgin owned entities):</p> <ul style="list-style-type: none"> <li>• Virgin Australia Airlines – Pilots, cabin crew, guest services, pit crew, head office staff</li> <li>• Virgin Tech – engineering and stores</li> <li>• Virgin Australia Regional Airlines – pilots, cabin crew, engineering, stores, head office staff</li> </ul> <p>Contingent workforce:</p> <ul style="list-style-type: none"> <li>• 17 Ground Handlers contracted across Virgin Australia’s RPT and charter ports.</li> </ul>
<p>18. Qantas has previously advised that its flight attendants are employed across 14 different entities – please advise how many entities employ flight attendants across Virgin domestic flights?</p>	<p>There is one employing entity for Virgin Australia Airlines cabin crew and one employing entity for Virgin Australia Regional Airlines cabin crew (2 entities in total).</p>