

VIRGIN AUSTRALIA REWARDS FLIGHT ATTENDANTS WITH BIG PAY INCREASES

News / Airlines



Virgin Australia's short-haul cabin crew will receive generous annual pay rises ranging from 4 percent to nearly 10 percent over a four-year period, after voting in favour of an enterprise bargaining agreement the Transport Workers' Union says will make the airline better and more sustainable.

The airline, which reported a AU\$49 million pre-tax underlying loss in the last financial year and has plans to cut AU\$1.2 billion of cumulative costs by 2017, is bucking broader trends in the industry and the Australian economy.

Overall, 90 percent of Virgin staff voted for the deal, having rejected two earlier proposals. The agreement covers more than 2100 short-haul cabin crew, or about one-fifth of its total workforce, excluding low-cost arm Tigerair Australia. Virgin is expected to return to profitability in the current financial year.

Rival Qantas Airways has been signing three-year deals with employees that include an 18-month pay freeze and 3 percent rises afterwards, as well as a 5 percent bonus when the deal is signed.

This week, 241 New Zealand-based cabin crew agreed to such a deal, with 97.8 percent voting in favour.

Across Australia, annual wage growth slowed to just 2.3 percent in the past financial year, the latest Australian Bureau of Statistics wage price index showed.

However, Virgin had not given a raise to its entry-level cabin crew since 2010 and others since 2012 before agreeing to the latest increases. By 2018, the lowest-paid flight attendants will have a base salary of AU\$55,165, up from the current AU\$38,075.

Those at higher grades will also be given sizeable increases, although new hires will have to progress through more ranks before they can attain higher grades. Virgin has an annual attrition rate of about 15 percent among its flight attendants, which means departing staff on higher wages will be replaced by new workers on lower wages to help keep costs under control.

Longer Rest Period

In addition to the wage gains, the agreement includes a longer rest period when away from home, AU\$100 extra payments for working on public holidays and special leave in cases of family and domestic violence.

"This agreement will make Virgin Australia a better, more sustainable airline," TWU national secretary Tony Sheldon said. "It will ensure current and future employees have a strong voice in the airline."

The Virgin salary increases come as Qantas looks to close its cost gap with Virgin in the domestic market, from the current level of about 15 percent to just 5 percent by 2017. Qantas still on average receives a strong premium for its fares over Virgin. However, Virgin is looking to close that gap with improved products, such as the luxurious new business class on its A330s flying from the east coast to Perth, which will be outfitted across its fleet faster than a similar product from Qantas.

In the meantime, Qantas has made a submission to the International Air Services Commission questioning Virgin's application to be able to allocate its capacity to Bali to wholly owned subsidiary Tigerair. Qantas wants the IASC to ensure Tigerair would qualify as an "Australian carrier", given Virgin split the ownership of its international arm to comply with rules around traffic rights but Tigerair does not appear to be owned by that arm.

Tigerair will launch flights to Bali in March, but through an arrangement initially where they will be operated by Virgin's international arm, with Virgin pilots.

21 SEPTEMBER 2015

SOURCE: THE SYDNEY MORNING HERALD

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