



**Tandem Corp Pty Ltd (Administrators Appointed) ACN 612 789 983 and
associated entities listed in Schedule 1 (collectively, the Insolvent Companies)**

Employee Frequently Asked Questions

1 July 2021

Keith Crawford and Matthew Caddy were appointed joint and several Administrators (**Administrators**) of certain entities of the Tandem Group as set out in Schedule 1 (the Insolvent Companies) on 1 July 2021 following a resolution of their boards of directors.

The purpose of this document is to answer some frequently asked questions that employees may have about the Administration. The Administrators will update employees regularly on the status of the Administration and their employment, particularly in the early phases while the Administrators urgently undertake a financial and operational assessment of the Insolvent Companies on an entity-by-entity basis.

Employees should direct any additional questions to their supervisor/manager in the first instance, who will then feed questions to the Administrators' representatives. The Administrators will add to this document as required and updated versions may be accessed on the Tandem Group creditor page of McGrathNicol's website www.mcgrathnicol.com under "Creditors".

In this document, any reference to wages includes employees paid either on hourly-based or salary-based wages.

The Administrators act as agents of the Insolvent Companies. By issuing this information sheet, the Administrators are not adopting any contract of employment that exists, or may have existed, between any employee and any member company of the Insolvent Companies.



What happens to my employment?

Your employment will continue as normal and employees are asked to continue with their usual duties unless instructed otherwise.

Whilst the Administrators do not personally adopt your employment contract, the Administrators will pay wages in accordance with your current contract, award, Enterprise Bargaining Agreement or other industrial instrument.

The Administrators are personally responsible for paying employee wages for work completed after the time of their appointment (for most employees, this is for work completed on or after 1 July 2021).

The funds will be drawn from the Administrators' bank account and wages paid by the Administrators will refer to 'Administrators Appointed' on payslips.

How certain is my continued employment?

The Administrators' review of staffing requirements will be ongoing and subject to their obligation to endeavour to maximise the realisations from the Insolvent Companies' assets.

Further communications will be provided to staff as and when there is greater clarity around options available to the Administrators and as the strategy evolves.

What happens to my entitlements?

Claims against the Insolvent Companies for certain categories of employee entitlements, for the period prior to the Administrators' appointment, may receive priority under the *Corporations Act 2001 (Cth)*.

The Administrators are presently undertaking an urgent review of the asset position of the Insolvent Companies to determine if there are sufficient realisable assets to meet employees' pre-administration claims. As soon as the position of prior-ranking claims has been clarified and the Insolvent Companies' asset position determined, the Administrators will advise you further.

In the event there are insufficient assets to meet employees' pre-administration claims, employees may be able to make a claim through the Federal Government's Fair Entitlements Guarantee Scheme (**FEG**). Further details in relation to this scheme are provided below. Please note that this scheme is only available in a liquidation scenario, and is not available to employees who are not permanent residents of Australia.

Will my outstanding wages be paid up to date?

All outstanding wages were paid in the last wages payment run for each business unit.

Will I continue to be paid my wages?

Yes. While the Administrators do not personally adopt your employment contract whilst employed, the Administrators will pay wages in accordance with your current contract, award, Enterprise Bargaining Agreement or other industrial instrument for the period from their appointment. Payroll will move from a monthly basis to a fortnightly basis in arrears.



Will my superannuation be paid?

The Administrators will deduct superannuation as usual from your wages and make payment to your nominated superannuation fund for the period following the date of their appointment.

Any deductions from your wages for superannuation that were not remitted to your superannuation fund by your employing entity for the period prior to the Administrators' appointment will form part of the claim you have against your employing entity. The Administrators are presently assessing this and will communicate with you further as soon as possible.

Will other deductions continue to be made from my wages such as private health, child support, salary sacrifice, and novated lease payments?

Yes, the Administrators will deduct payments and remit to third parties for the period following the date of their appointment. Any deductions that were not remitted to third parties from your wages by your employing entity prior to the Administrators' appointment will form part of the claim you have against your employing entity.

What will happen if I have to make child support payments?

All scheduled child support payments will be processed in the normal payment structure that was in place prior to the Administrators' appointment.

Can I claim an employee reimbursement?

Employees should not be incurring any out of pocket expenses during the administration period without prior consent of the Administrators.

Outstanding pre-appointment out of pocket expenses will be assessed by the Administrators prior to a decision being made on employee reimbursements.

What do I do if I need to travel?

If you need to arrange travel or accommodation, please speak with your manager prior to booking.

Any requests to book travel will be assessed on a case-by-case basis.

Will I continue to accrue leave?

Yes, during the Administration you will continue to accrue annual, long service and sick leave and other entitlements.

Can I still take sick leave?

Leave should be applied for in the normal course for consideration by your supervisor or manager, who should then consult with the Administrators. Any new applications for leave will be considered on a case by case basis.

I have been approved to take leave after 1 July 2021. Can I still take leave and will it be paid?

Pre-appointment leave entitlements are not to be taken at this time and any approved leave will need to be taken as unpaid.



I would like to take leave in the future but have not put in a leave request form. What should I do?

Leave should be applied for in the normal course for consideration by your supervisor or manager, who should then consult with the Administrators. Any approved leave will need to be taken as unpaid.

Will I receive a payment summary for FY21?

Yes. The payroll team for your employing entity will prepare payment summaries for the period to 30 June 2021. These will be issued to you as normal after the end of the 2021 taxation year.

The Administrators are responsible for preparing and distributing payment summaries for the period from 1 July 2021 onwards.

What happens to my pre-appointment leave balances?

You will have a claim against your employing entity for entitlements that accrued before the Administrators' appointment. This includes your pre-administration leave accruals (including long service leave and annual leave).

How you claim or get access to your pre-administration entitlements will depend on the ultimate outcome of the Administration and value recovered from assets.

The Administrators are likely to attempt to sell certain Insolvent Companies as going concerns. In this case, there may be an opportunity for ongoing employment and transfer of your pre-administration entitlements to a purchaser. Alternatively, a Deed of Company Arrangement (**DOCA**) or DOCAs may be received by the Administrators that may propose transfer of employment and pre-administration entitlements.

In the event there are insufficient circulating assets to meet employee entitlements and your employing entity goes into liquidation, there is a government scheme called the Fair Entitlements Guarantee scheme which may provide access to some or all of your pre-administration entitlements.

What is the Fair Entitlements Guarantee scheme?

In the event that your employing entity goes into liquidation, there is a Government scheme called the Fair Entitlements Guarantee Act (**FEG**). FEG assists eligible employees who have lost their employment due to the liquidation of their employer and who are owed certain employee entitlements.

FEG covers up to 13 weeks unpaid wages, annual leave, long service leave, up to five weeks payment in lieu of notice and up to 4 weeks redundancy pay for each year completed plus a pro-rata for each part year, subject to certain income limits. Please note, FEG is only applicable in the event of liquidation and is only applicable to eligible employees. The Administrators will provide more information on FEG in due course.

Please note that the eligibility of each claim is determined by the Attorney-General's Department (**Department**).

Are there any claim thresholds under the FEG scheme?

In the event your employing entity is placed into liquidation, the Department can pay what is owed to you under your existing terms and conditions of employment under the five basic entitlements, summarised below:

- wages – capped at 13 weeks
- annual leave
- long service leave
- payment in lieu of notice – capped at five weeks
- redundancy – capped at four weeks per full year of service



When calculating the amount of FEG assistance payable, the FEG maximum weekly wage is applied. The current indexed maximum weekly wage cap is \$2,529. This means that if you earn more than \$2,529 per week, your FEG assistance can only be calculated based on a weekly wage rate of \$2,529 per week.

For further information on the FEG scheme, including the claim process, please visit their website via <https://www.jobs.gov.au/fair-entitlements-guarantee-feg>.

Will I be entitled to a redundancy payment if my employment is ultimately terminated?

Some employees may be entitled to redundancies in the event their employment is terminated if provided for in their contracts or relevant industrial awards. If terminated, any redundancy payment forms a pre-administration claim against your employing entity. Please see question "*What happens to my entitlements*" above for further information in this regard.

What happens if I find another job or resign?

You will not be entitled to any redundancy payment if you resign.

What is the first meeting of creditors?

The Administrators are required to hold a meeting of creditors within eight business days of their appointment. This meeting will be convened for 13 July 2021.

Employees will receive formal notification of the meeting by 6 July 2021.

At the meeting, creditors are given the opportunity to replace the Administrators with alternative administrators and to form a committee of inspection. A committee of inspection may be formed, following a vote of creditors, to consult with the Administrators and receive reports on the conduct of the administration. A committee of inspection can also approve the Administrators' fees.

What is the second meeting of creditors?

The Administrators are required to hold a second meeting of creditors within approximately one month of their appointment, unless than otherwise extended by Court order.

You will receive formal notification of the meeting details ahead of that time.

The purpose of this meeting is predominantly for creditors to determine the future of the Insolvent Companies. The options available to creditors can include returning control of any of the Insolvent Companies back to its directors; executing a Deed of Company Arrangement if one is proposed; or, placing any or all of the Insolvent Companies into liquidation.

Should I attend the creditor meetings?

As creditors, employees are entitled to attend the meetings of creditors. However, as the meetings will take place on a business day, the Administrators request that employees attend to their usual duties and ask a representative to act as their proxy, being another employee or a union representative.

A proxy form will be provided to you together with notice of the meeting and there will be further communications in this regard.



What is the role/authority of the Insolvent Companies directors? Do we take direction from them or from the Administrators?

The Administrators make all financial and strategic decisions relating to each of the Insolvent Companies and have ultimate executive control of each such entity. The duties of directors of each of the Insolvent Companies are suspended while the relevant entity of which he/she is a director is in Administration.

The Administrators continue to work with the Insolvent Companies' management and employees should continue to report to their supervisor/operations managers.

Where can I get information in relation to the administration?

Employees should direct any additional questions to their supervisor in the first instance. Additionally, employees can contact the Administrators via email to tandememployees@mcgrathnicol.com.

The Administrators will also add to this document as required and updated versions may be accessed on the Tandem Group creditor page of the McGrathNicol website (www.mcgrathnicol.com) under "Creditors".