



**Ziera Retail Australia Pty Limited**  
**ACN 069 685 383 (Ziera).**

## **Employee Frequently Asked Questions**

**24 September 2019**

Shaun Fraser and Katherine Sozou were appointed Joint and Several Voluntary Administrators (**Administrators**) of Ziera on 24 September 2019 following a resolution of its board of directors.

The purpose of this document is to answer some frequently asked questions that employees, customers and suppliers may have about the Administration.

This information sheet covers the following key areas:

- operations;
- administration process;
- employees;
- customers; and
- suppliers.

As Administrators, we act as agents of Ziera. The Administrators are not adopting any contract that exists, or may have existed, between any party and Ziera.

Please note that this document will be revised periodically by the Administrators and is subject to change. Any revised documents will be made available in store and on McGrathNicol's website [www.mcgrathnicol.com.au](http://www.mcgrathnicol.com.au) under the "Creditors" tab.

### **Queries**

Employees should direct any additional questions to their supervisor / store manager in the first instance, and then to the Administrators' representatives.

Queries can also be emailed to [ZieraEmployees@mcgrathnicol.com](mailto:ZieraEmployees@mcgrathnicol.com).

The Administrators or Ziera staff may respond directly or by update to this FAQ. The Administrators will also add to this document as required and updated versions will be provided to stores.

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## OPERATIONS

### **Is the business continuing to trade?**

Yes.

The Administrators are working with the company and its management team to restructure its physical store footprint, and recalibrate the network to the core, profitable locations across Australia.

The Administrators are conducting an urgent review, including a possible exit of unprofitable stores.

### **How soon will a decision be made about the future of Ziera?**

No timetable has been set at this time. The Administrators will provide updates throughout the administration.

## ADMINISTRATION PROCESS

### **What has happened to Ziera? Why did the administration come about?**

The Directors resolved to appoint the Voluntary Administrators following sustained challenges to Ziera business operations. They attribute the problems to increased costs of manufacturing and rent combined with falling sales.

### **What is a voluntary administration?**

Voluntary administration is an insolvency procedure where the directors of an insolvent company (i.e. one that is unable to pay its debts) appoint an external administrator called a 'Voluntary Administrator'.

The role of the Voluntary Administrator is to investigate Ziera's affairs to assess the potential for rehabilitation or recapitalisation, to report to creditors and to recommend to creditors whether Ziera should enter into a Deed of Company Arrangement, go into liquidation or be returned to the directors.

For more information regarding administrations, please visit [www.asic.gov.au](http://www.asic.gov.au).

### **What is the role/authority of the Ziera directors? Do we take direction from them or from the Administrators?**

The Administrators make all financial and strategic decisions relating to Ziera and have ultimate executive control of Ziera. Ziera's directors' duties are suspended while Ziera is in Administration.

The Administrators continue to work with Ziera management and employees should continue to report to their store / operations managers.

### **Who is McGrathNicol?**

McGrathNicol is an independent advisory and restructuring firm specialising in Advisory, Forensic, Transactions, Restructuring and Insolvency.

### **Where can I get information in relation to the administration?**

Information will periodically be posted to the Administrators' website – [www.mcgrathnicol.com](http://www.mcgrathnicol.com), under the 'Creditors' tab. We will also continue to update employees through the usual Ziera internal systems.

### **What is the first meeting of creditors?**

The Administrators are required to hold a meeting of creditors within 8 business days of their appointment. You will receive formal notification of the meeting details over the next few days.

At the meeting, creditors are given the opportunity to replace the Administrators with alternative administrators and to form a committee of creditors. A committee of creditors 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 creditors 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 1 month of their appointment. 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 Ziera. The options available to creditors can include returning control of Ziera back to its directors; executing a Deed of Company Arrangement if one is proposed; or, placing Ziera into liquidation.

### **Should I attend the creditor meetings?**

As creditors, employees are entitled to attend the meetings of creditors. However, as the meeting 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.

## **EMPLOYEES**

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

### **What happens to my employment?**

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

While 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.

### **How certain is my continued employment?**

The Administrators' review of staffing requirements will be ongoing and subject to our obligation to endeavour to maximise the realisations of Ziera's assets.

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

### **What happens to the wages owed to me for past weeks?**

Outstanding wages owing as at 24 September 2019 are a priority claim against the company. Those amounts will not be paid immediately, payment of these amounts will depend upon the outcome of the Administration. I hope to be in a position to confirm the likelihood of payment in the near future.

The chances of a successful outcome will be improved if the employees continue to support the company in the near term.

### **Will I be paid the same wage as before?**

Yes – the terms and conditions of your employment remain unchanged.

The Administrators ask employees to continue with their normal duties and are personally liable to pay staff entitlements during the administration (i.e. from 24 September 2019 onwards).

The Administrators will make a payment to employees on Wednesday representing a payment in advance for the work you undertake during the administration.

Employees claims against the company rank in priority to most other creditors. We hope to be in a position to make a statement on the likelihood of recovery in the near term.



Moving forward, you will continue to be paid in line with your pre-appointment arrangements and in the usual manner (i.e. payroll will occur in the same frequency as before the administration unless otherwise advised).

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

**What happens to my entitlements?**

The Administrators expect that employee entitlements will be met either through a sale of the business, recoveries from the sale of stock, or through the Commonwealth Governments Fair Entitlements Guarantee Scheme

**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 Ziera for the period prior to the Administrators' appointment will form part of the priority claim you have against Ziera. The Administrators are presently assessing this and will communicate with you further about this as soon as possible.

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

Yes, the Administrators will deduct payments as usual 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 Ziera prior to the Administrators' appointment will form part of the priority claim you have against Ziera.

**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 24 September 2019.

**Will I continue to accrue leave?**

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

**I have been approved to take leave after 24 September 2019. Can I still take leave and will it be paid?**

Any leave that has been approved prior to the administration will be reviewed by the Administrators.

**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 way for consideration by your supervisor or manager, who should then consult with the Administrators. Any new applications for leave will be approved only in exceptional circumstances at this time.

**What happens to my pre-appointment leave balances?**

You will have a priority claim against Ziera 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.

In the event there are insufficient assets to meet employee entitlements and Ziera goes in to 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.



In any case, to make a claim against Ziera you will need to complete a Proof of Debt form. This form will be mailed to you with our notice of the initial meeting of creditors. You will also receive a summary of your accrued leave balances, which will assist you in filling out the Proof of Debt form.

In making a claim, you will become a creditor of Ziera.

**What is the Fair Entitlements Guarantee scheme?**

In the event that Ziera 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. We will provide more information on FEG in due course.

Please note that the eligibility of each claim is determined by the Department of Employment.

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

Some employees are entitled to redundancies in the event their employment is terminated if provided for in their contracts or relevant industrial awards.

**What happens if I find another job or resign?**

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

**Will I receive a payment summary for FY20?**

Yes. The Administrators will arrange for the payroll providers to prepare payment summaries for the period 1 July 2019 to 24 September 2019.

The Administrators are responsible for preparing and distributing payment summaries for the period from 24 September 2019 onwards.

These will be issued to you at the end of the engagement or as usual after the end of the 2020 financial year.

**Will we be provided with a detailed breakdown of our entitlements, set out under various headings such as accrued annual leave and accrued long service leave? If so, when will this occur?**

You will be provided with a breakdown of your entitlements as soon as possible. The Administrators are currently checking the calculation of outstanding entitlements and will provide you with this information in due course.

**When completing forms (i.e. the Census, bank forms and applications), do I list Ziera as my employer?**

Ziera is still your employer and should be listed on any census, bank forms and applications you complete.

**Can I claim an employee reimbursement?**

If you need to incur an expense in the ordinary course of business, please seek approval from the Administrators prior to the expense being incurred.

**How should we deal with enquires?**

Customers and supplier enquires should be handled by Ziera employees as usual. If you are unable to deal with the queries, it should be directed to the store manager.

Employees are able to advise customers that Ziera is in administration and respond in line with the latest version of this information sheet or refer them to the "Administration Policies" document available in store.

Any queries for the Administrators should be emailed to [ZieraEmployees@mcgrathnicol.com](mailto:ZieraEmployees@mcgrathnicol.com).

**What will change day to day operations?**



As above, the store will continue to trade as usual (under the direction of the Administrators) for the time being however, a number of changes to policies will need to be made due to the financial circumstances of Ziera, detailed below.

## **CUSTOMERS**

Customer queries should be dealt with by employees to the extent possible in line with the below.

### **A customer has placed and paid for an order online, will they still receive their goods?**

Yes during the administration period, provided Ziera has the stock available, they will receive their goods.

### **What if a customer has paid a deposit or put goods on lay-by?**

During the administration period, the Administrators will complete sales if a deposit has already been paid if the outstanding balance is paid, subject to stock availability.

Deposits and lay-by payments cannot be refunded. If the stock is not available, the value of the deposit can be applied to purchase an alternate item.

### **Are gift cards and store credits being honoured?**

During the administration period, the Administrators have agreed to honour gift cards and store credits in store only, on the basis that the total transaction is at least double the value of the gift cards or store amount utilised in that transaction (i.e. to utilise a \$100 gift card, the value of the transaction must be at least \$200).

If customers do not utilise or are unable to utilise their gift cards or store credit in accordance with the abovementioned conditions, they can complete a Proof of Debt for the balance they are owed.

No new gift cards or store credits are to be issued.

### **Is the VIP loyalty programme still being honoured?**

The Administrators have determined to no longer allow redemption of existing VIP points or related awards.

No new VIP memberships are to be created.

### **Can customers exchange their goods?**

Exchanges must be processed in a single transaction. The Administrators will not issue or authorise any cash refunds or store credits for exchanged stock.

### **Can customers return their goods?**

Returns will only be accepted by way of exchange. The Administrators will not issue or authorise any cash refunds for returned stock.

If customers wish to return but not exchange stock, they can complete a Proof of Debt for the amount they are owed. A copy of the receipt signed by the sales assistant must be attached to the Proof of Debt.

### **How do we deal with faulty goods or warranty claims?**

Ordinarily, warranty claims for items purchased prior to 24 September 2019 represent an unsecured claim against Ziera and would not be able to be recovered.

However, during the administration period, the Administrators have agreed to honour warranty claims in accordance with Ziera's existing policies.

Faulty goods policy will continue in accordance with the existing store policy for goods purchased on or after 24 September 2019.



## SUPPLIERS

Supplier queries should be dealt with by employees to the extent possible in line with the below. Suppliers will receive a copy of the circular to suppliers shortly or can otherwise access it at [www.mcgrathnicol.com](http://www.mcgrathnicol.com) under the "Creditors" tab.

### **What is the process for receiving orders from Ziera?**

The process for orders under Administration is:

- open a new account as relevant styled "Ziera Retail Australia Pty Limited (Administrators Appointed)"
- purchase orders will be provided but must be authorised by one of my staff as an authorised signatory (please refer circular to supplies for authorised signatories)

When issuing invoices for supply after the appointment of Administrators, please ensure the above company name is used on invoices and that a copy of the invoice is sent to the company (along with a copy of the authorised purchase order and delivery docket to ensure no delays in processing for payment).

### **What should I do with deliveries received?**

If the stock has been prepaid, the delivery should be accepted. If the stock has not been paid for, please consult with the Administrators or their representatives.

### **Who is authorised to place orders?**

Please refer to the circular to suppliers for authorised signatories. These are currently: Shaun Fraser, Katherine Sozou, Damien Pasfield, Rajiv Goyal, Richard Woolf and Jason Mendoza.

### **What are the terms of trade?**

The Administrators accounts will be paid 30 days end of month unless otherwise agreed with the Administrators.

### **Will outstanding supplier accounts be paid?**

The amount outstanding at the date of the Administrators' appointment is an ordinary unsecured claim against Ziera and unfortunately cannot be paid. Please refer to the circular to creditors dated 24 September 2019 for further information.

### **I have received a payment; can I apply this to amounts owed to me?**

No, all payments made by the Administrators must be applied to post-appointment supply.

### **How do suppliers lodge a claim?**

To lodge a claim suppliers must complete a formal proof of debt or claim form. These are available on the Administrators website and attached to the circular to creditors dated 24 September 2019. These can be forwarded to [ZieraGeneral@mcgrathnicol.com](mailto:ZieraGeneral@mcgrathnicol.com) or left with the sales assistant who can arrange for these to be passed to the Administrators.

### **Ziera has an amount outstanding, why should suppliers continue to trade with the Administrators?**

Under the Corporations Act 2001, the Administrators' are personally liable for debts incurred post 24 September 2019 with their express authority (i.e. have been ordered via an authorised purchase order).

Accordingly, any orders authorised by the Administrators will be paid.