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25 August 2021

Circular to Employees

Dear Sir/Madam

Disability Services Australia Limited
ACN 002 507 655

Macquarie Employment Training Service Limited
ACN 643 269 112

DSA Mentoring Services Limited
ACN 629 308 881

(All Administrators Appointed) (Collectively referred to as “the Group”)

Peter Gothard, James Dampney and I were appointed Administrators of the Group on 25 August 2021 pursuant to Section 436A of the Corporations Act 2001(**the Act**).

As you are aware, DSA is a long-standing social enterprise supporting over 1,500 people with a disability across New South Wales in the Hunter, Illawarra, Greater Sydney, Central West, Southern Highlands and Southern Tablelands regions. The organisation is focused on helping people develop the skills and capabilities they need to gain independence and participate in society.

We recognise the importance of this work. Today is day one of the administration process, and we will be engaging with all stakeholders in the coming days. However, **I want to reassure you that DSA’s first priority in administration remains the welfare of its participants. DSA’s management team remains in place and we will work closely with them to ensure that DSA continues to deliver services to its participants as normal (in line with the current NSW public health orders) while we undertake an immediate assessment.**

The ongoing care and support of participants is our first and foremost priority and we are working closely with employees, participants and their guardians, families and government bodies to ensure that the quality of care of participants is maintained whilst the administration process continues.

The Australian Securities & Investments Commission has produced Information Sheet 75 which provides general information to employees whose employer is in voluntary administration. A copy of that information sheet can be obtained from <https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-employees/voluntary-administration-a-guide-for-employees/>

This circular is to advise you about the status of your employment by the Group. We provide (attached) a question and answer sheet which should address many of your questions and we will continue to update this sheet through the Administration. For any employee related queries please email AU-FMDSAEmployees@kpmg.com.au or contact your line manager.

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1 Employment during the administration

The Administrators will continue to trade the Group's operations while their urgent assessment is undertaken. Your employment by the Group continues on the same terms and conditions that existed at the time of our appointment.

Across all roles in the organisation, we seek your support in continuing to provide participant services and are working within the various business units to minimise disruption. We are working closely with the leadership teams and management communication channels, to provide you with as much information as possible.

However, as a consequence of the appointment, the Administrators assume responsibility for the Group's management and take control of the operations and business of the Group. Therefore from today, there will be some new requirements across the Group. We will seek to minimise disruption to what is in the ordinary course, however it is important that all employees are made aware that without the written authority of the Administrators, you must not, nor must you permit anyone else to:

- Place any orders for goods or services, unless they have been duly authorised by the Administrators or others as notified in our circular to creditors.
- Accept delivery of any goods or services, unless they are the subject of a duly authorised order.
- Supply any services to customers or dispatch any goods to customers.
- Enter into any commitments with suppliers or customers.
- Make any compromise or arrangement with any debtor or creditor of the Group, including the allowance of any set-offs.
- Incur any debts or liabilities in the name of the Group or pledge its assets.
- Return any goods to suppliers.
- Make any payments.
- Remove any of the Group's assets from the Group's custody or control and secure against theft.

Every invoice, order for goods, business letter, or similar document must have the words "(Administrators Appointed)" immediately following the name of the Group.

We must be notified in writing immediately of all known breaches of the law or regulations (for example, health, safety, hygiene, fire, etc).

2 Your employee entitlements at the date of the administration

Outstanding employee entitlements, such as wages, superannuation contributions payable by the Group, holiday pay, long service leave and retrenchment payments, are afforded a statutory priority.

Entitlements of directors and other related persons also have a statutory priority, however the priority for such persons is limited to \$2,000 for wages and superannuation contributions and \$1,500 for holiday pay and long service leave entitlements.

An employee's priority ranks after the Administrators' costs and remuneration but ahead of ordinary unsecured creditor claims.

There will be a first meeting of creditors on Monday, 6 September 2021. The meeting is procedural in nature and its purpose is to confirm the Administrators' appointment and decide whether to appoint a Committee of Inspection. A formal notice of meeting will be provided shortly together with a Proof of Debt form.

It is important to note that your claim is not prejudiced against the Group by your attendance or absence from the meeting of creditors.

At this stage, we are not in a position to determine whether the Group will have sufficient funds to pay employee entitlements. In the event that the Group is ultimately placed into liquidation, a Federal Government Scheme exists, known as the Fair Entitlement Guarantee (FEG), which provides a safety net arrangement for eligible employees.

FEG provides eligible applicants with compensation for employee entitlements including unpaid wages, outstanding annual leave, long service leave, pay in lieu of notice and redundancy to a maximum limit in accordance with the scheme. FEG does not provide funds in respect of superannuation.

Please note that the eligibility of each claim is determined by the Department of Jobs and Small Business. We have already held discussions with the Department in relation to the Group.

In the event that funds are available for distribution to creditors, employees of a relevant Group entity have a statutory priority of payment with respect to outstanding entitlements such as wages, superannuation contributions payable by the relevant Group entity, holiday pay and long service leave.

Please go to the FEG website at <https://www.ag.gov.au/industrial-relations/fair-entitlements-guarantee-feg> for more information.

Please send all employee related queries through to the following email address AU-FMDSAEmployees@kpmg.com.au, including any change of address or contact details.

3 Confidentiality

While employed by the Group or after leaving the Group, you must not disclose (except in the proper course of your duties or as is required by law) any confidential information acquired by you about the Group and associated businesses, its products and customers to any person or organisation, including the Group's directors, except where written permission is granted by the Administrators or our authorised representatives. You must not use any confidential information in a manner which may cause injury or loss to the Group and associated businesses.

If you leave the Group's employment, you must return all Group property and confidential documents.

4 Employee Assistance Program

Employees can seek support through the employee assistance program. The employee assistance program is a confidential service available free of charge to all employees.

T: 1800 818 728. This number is available 24/7.

E: info@accesseap.com.au

W: www.accesseap.com.au

5 Further information

For further information concerning the voluntary administration process and KPMG, you may wish to visit our website at www.kpmg.com.au.

Queries regarding your employment should be directed to the DSA Leadership Team or by email to ask@dsa.org.au in the first instance.

Queries regarding your employment can also be directed to KPMG at AU-FMDSAEmployees@kpmg.com.au.

For all general queries on the administration process and how it affects the business, please contact AU-FMDSA@kpmg.com.au or your manager in the first instance.

Yours faithfully



Gayle Dickerson
Administrator

Encl.