

From: [REDACTED]
To: [Staff Admin; Supervisors](#)
Cc: [HR](#)
Subject: IMPORTANT - Proposed restructure
Date: Thursday, 16 November 2023 11:49:38 AM
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[Attach A - Proposed Timeline.pdf](#)
Importance: High

Dear Hartley employees,

I am writing to you today with important information about proposed changes that will be taking place within our organisation in the coming weeks and months. It is with a heavy heart that I share this news, knowing the impact it will have on our Hartley employees.

Background

Whilst we have successfully maintained high quality services and a stable workforce during unprecedented times over the past 3 years, unfortunately in the background Hartley has experienced unplanned vacancies, including the sad loss of 4 clients over the past 12 months. Of greater concern has been the ongoing challenges we have endured and continue to experience in relation to NDIS funding not sufficiently covering the costs of providing services. These challenges have especially impacted funding relating to supported independent living (SIL) services and are based on a range of incorrect assumptions made by the NDIS. According to our Peak Body, the National Disability Services (NDS), and other sector experts, these incorrect assumptions are realised in that there is a considerable difference between the NDIS funding we receive and the real cost of delivering SIL services.

To demonstrate this situation, I provide the following information and examples:

- **Insufficient funding for salaries and wages:** The NDIS Disability Support Worker Cost Model (which is the guide provided by the NDIS for funding purposes), assumes the average pay rate of a Disability Support Worker (DSW) is SCHADS Level 2.3. Whilst this makes total sense in relation to the DSW role, the cost model does not allow for or consider Supervisor positions, which are obviously paid at a higher level due to their increased administration responsibilities.
- **Insufficient funding for administration costs:** The NDIS Cost Model only allows for a 12% administration cost as part of NDIS funding when the actual cost for organisations such as Hartley is between 19 and 20%. This has been confirmed by industry experts who state the percentage should be more around 20%.
- **Insufficient funding for workers compensation insurance:** The NDIS Cost Model assumes workers compensation insurance should cost 1.7% of the cost of an organisation's estimated salaries and wages. In Hartley's case this would be approximately \$434,000 per annum. Instead, Hartley's current workers compensation insurance premium cost is 2.8% (\$714,000), which is considered very low when benchmarked with other organisations. Consequently, there is a deficit of \$280,000 per annum in the workers compensation budget alone.
- **No funding for mandatory compliance obligations:** Since the arrival of the NDIS Quality and Safeguards Commission (The Disability sector regulator) close to 5 years ago, there has been significant changes to Hartley's operations in terms of meeting registration requirements. This has included setting up extensive processes and systems so that we can demonstrate to the Commission we are operating in alignment with the NDIS Quality and Safeguards Practice Standards, which includes complying with over 250 quality indicators. This includes preparing for and undertaking 2 to 3 day audits every 18 months and ongoing reportable incident and restrictive practice reporting. As part of a review of the cost of compliance in this context, Hartley has calculated a conservative estimate of \$850,000 spent to date on costs associated with compliance, with an ongoing estimate of over \$350,000 per year moving forward. None of these costs are funded under the current NDIS funding model.

In summary, the NDIS Cost Model is flawed, resulting in clients not receiving enough funding to cover the real costs associated with engaging a provider such as Hartley to provide exemplary and safe SIL and other services. Consequently, this has resulted in a third-year deficit for Hartley and is a significant and urgent threat to Hartley's viability into the future.

In an attempt to change this situation, Hartley has lobbied politicians and maintained close liaison with the NDS and other service providers who have found themselves in the same situation. However, this has resulted in minimal movement in terms of improved funding. Furthermore, in the recently released Disability Royal Commission report there is little that addresses issues of inadequate funding and based on the preliminary information stemming from the Independent NDIS Review, it appears there will not be any material or immediate solutions to the funding issues service providers are facing.

Sadly, if Hartley's current financial position is not rectified by January 2024, Hartley will need to cease operations by December 2024.

Ensuring Hartley's future

As an urgent response to our current financial crisis, the Board, CEO and Senior Management Team have been diligently working on appropriate and feasible cost cutting measures. This resulted in an overhaul of our budget which identified 26 areas where effective cost cutting could be applied. Unfortunately, 7 of these measures will unavoidably impact our staff and potentially involve a full organisational restructure.

It is important to note that none of the cost cutting measures identified have reduced the number of direct support hours allocated to our clients.

There are 7 cost cutting measures proposed which impact staff as follows:

Cost cutting measure	Positions impacted	Comments
1. Reduce wages by 5.7% and reclassify positions in alignment with the appropriate and actual SCHADS Award classifications.	<ul style="list-style-type: none"> • Administration staff, including Disability Program Managers (DPMs) and Pool Operations Officers • Supervisors • Note: This measure does not apply to Market Assistants. 	Following an extensive review, it has been identified that Administration staff and Supervisors are being paid a salary/rate which is higher than that which applies to their actual classification level under the Award. Prior to NDIS funding shortfalls, Hartley was able to sustain this approach to attract and retain staff. However, within the current financial climate, this approach is not viable.

2. Reclassify DSW positions to SCHADS Level 2.2 or 2.3	<ul style="list-style-type: none"> DSWS who are currently classified as Level 2.3 and 2.4 Notes: <ul style="list-style-type: none"> This measure does not apply to Co-Residents and DSW's Level 2.1 and 2.2 DSW's who have a relevant Diploma will be classified at Level 2.3 following 12 months of service. Previous service will be honoured in this regard. 	Approximately 135 DSWs are being paid a salary/rate which is higher than that which applies to their actual classification level under the Award. Prior to NDIS funding shortfalls, Hartley was able to sustain this approach in an effort to attract and retain staff. However, within the current financial climate, this approach is not viable.
3. Reduce the number of DPM positions by 1 FTE	<ul style="list-style-type: none"> DPMs 	With the NDIS funding shortfalls and decrease in the number of clients we provide services to over the past few years, it has been deemed necessary to reduce the number of DPMs by 1 FTE.
4. Increase the number of houses Supervisors are responsible for, ultimately reducing the number of supervisor positions by 7.	<ul style="list-style-type: none"> Supervisors 	The ratio of Supervisors per houses assumed in the NDIS Cost Model is lower than Hartley's current ratio. Consequently, we will be moving to a model whereby some houses will share a Supervisor. Under this model, Supervisors who oversee more than 1 house, may have their administration hours increased plus they will still fill some direct support shifts. The floor shifts left over from merging Supervisor positions will be allocated to DSW positions. Currently we have 31 Supervisor positions. With the proposed merger of some Supervisor positions, we are proposing to reduce this number to 24.
5. Reduce the sleepover allowance from \$75 to the current SCHADS Award rate (Approx. \$55.89 depending on classification level)	<ul style="list-style-type: none"> DSW's and Supervisors 	As an undertaking when transferring to the SCHADS Award from the old Collective Agreement, Hartley has paid over the Award in relation to this allowance. Prior to NDIS funding shortfalls, Hartley was able to sustain this approach to attract and retain staff. However, within the current financial climate, this approach is not viable.
6. Remove the entitlement of staff meals being provided	<ul style="list-style-type: none"> DSW's and Supervisors 	Hartley currently funds the provision of food for staff who sit and eat the same meal with the client(s). We have done this to enhance the mealtime experience for clients. However, given the current financial situation, this entitlement is not sustainable. Whilst staff will continue to be paid for their meal break and be expected to eat their meal with clients as they have done so in the past, the provision of food for staff will be removed. Instead, staff will be asked to bring their own meals, except for some basic supplies such as tea, coffee, milk which Hartley will supply.
7. Only WHS Officers within the Administration Office to receive the first aid allowance.	<ul style="list-style-type: none"> Administration staff, including DPMs 	Currently all Administration staff and DPMs, receive the first aid allowance. Given the current financial situation, it has been deemed unnecessary for all Administration positions to hold a first aid qualification. Instead, only Administration staff who are WHS Officers will be required to have this qualification and receive the first aid allowance.

Implementation of cost saving measures

To manage the implementation of the 7 cost saving measures outlined above, we are proposing an internal restructure. The proposal is for the restructure process to occur between 16 November 2023 and 18 January 2024.

The restructure will:

- reduce the number of Supervisors and DPMs and reclassify these positions;
- reclassify all DSW's and Administration positions.

The proposed restructure will be implemented by way of a 'Spill and Fill' process. This includes spilling and filling administration positions, DPM positions, Supervisor positions, all DSW positions and Pool Operations Officers.

This process does not apply to Co-Residents or Hartley Hall Markets Assistants.

Refer to Attachment A - Proposed timeline and implementation of the 'Spill and Fill' process.

Important

DSW's: We are not reducing the number of DSW positions. Instead, we are reclassifying DSWs who are currently at level 2.3 and 2.4 down to level 2.2. However, if a DSW does have a relevant Diploma, they may commence at level 2.2 and after 12 months of service, will transition to level 2.3. It is important to note that all DSW's will be spilled from their position as part of this process, including DSWs 2.1, 2.2, 2.3 and 2.4. Whilst DSWs who are at level 2.1 and 2.2 will not have their level reclassified, their position will be changing in terms of the reduced sleepover allowance and entitlements to meals. Accordingly we intend on re-employing all current DSWs if they reapply for their newly classified positions.

Supervisors and DPMs: We are reducing the number of Supervisor and DPM positions, in addition to reclassifying the positions. If you choose to reapply for your reclassified position, your Expression of Interest (EOI) will be assessed by a selection panel based on your past performance and fit in relation to the 24 new Supervisor positions and the 7 DPM positions available. As indicated above, unfortunately this will mean 7 of the current Supervisor positions and 1 DPM position will be made redundant. If you are one of the people who are unsuccessful in obtaining one of the newly classified Supervisor or DPM positions, we will be negotiating re-deployment or redundancy options with you as part of this process.

Administration staff: Except for the DPM positions, we are not reducing the number of Administration positions. Instead, we are reclassifying administration positions in alignment with measures 1 to 7 above. Accordingly we intend on re-employing all current Administration staff if they reapply for their newly classified positions.

Consultation process

I would like to reassure you that every effort has been made to ensure minimal impact will occur to our staff throughout this proposed process, hence the organisational wide approach we are proposing. However due to the financial challenges we are facing, unfortunately, all staff will be impacted in some way or another. In saying this, a full consultation process will commence as outlined in Attachment A to ensure we capture and genuinely consider the concerns of all our employees. Alongside of this process we recommend you discuss your personal situation with an external party, including your Accountant, Legal Representative or your union representative. Contact details of Hartley's EAP Service provider and relevant union representatives will be provided as part of the consultation meetings and are detailed below.

In summary

As expressed to you over the years, employees are genuinely our most valued resource and the need to undertake these measures has caused significant distress for our Board, myself and the Senior Management team, especially at this time of the year. We are acutely aware of the seriousness of these changes and do not underestimate the effects these will have on you and your families. Consequently, these decisions have not been made hastily or without careful consideration and analysis.

Our confidence in Hartley's future remains steadfast and our immediate aim is to save Hartley, save as many jobs as possible so that we can continue to provide excellent services to our clients long into the future. Through the implementation of these measures, we hope to achieve this together and, in this context, I encourage you to share your thoughts and feelings about these changes as part of the consultation process, including meeting with Susan and Nat as part of the HR Team.

Please read through the above information carefully, and as required, forward any questions to HR@Hartley.org.au. Alternatively, please do not hesitate to contact one or more of the following people for further information about this process.

Susan Granger	susangranger@hartley.org.au	61851608
Natalie Smith	Nataliesmith@hartley.org.au	61851615
Eric Thauvette	Ericthauvette@hartley.org.au	62824411
EAP	Tracey Greer	0439546841

Other people you may seek information from:

- Stacey Sharkey Australian Services Union (ASU) 0475 668 893
- Health Services Union 1300 478 679
- Your own legal representative
- Your accountant or financial adviser

To set up an individual meeting in person or via Teams please email HR@Hartley.org.au

Yours sincerely,

Eric

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