SBR Case Study

# Disability Support Services

SMALL BUSINESS RESTRUCTURE
Powered by Rodgers Reidy

Our client is a disability support service provider, providing its participants with activities, experiences, and social and behavioural support, to improve their independence and daily lives that transitioned from a sole trader to a company in 2020.

The business is dedicated to positively influencing participants' lives by providing life skills, access to community activities, social engagement and service coordination through personalised, intensive and holistic support.

## Debt

Total debt within this SBR was approximately $513,000, with around $479,000 owing to the ATO.

## Background

Due to COVID-19 government restrictions, the business faced major setbacks. Support work decreased as workers couldn't take participants out during lockdowns. COVID-19 also increased sick leave payouts for infected or exposed employees, while support staff had time off as participants didn't need them.

Initially, 80% of supported participants were portal-claimed, ensuring swift payment. Now, 80% are plan or self-managed, causing invoices with payments delayed for 2-6 weeks. This shift resulted in the business covering substantial wage costs until payments arrive.

## Proposal

The proposal provided for monthly payments over a period of 2 years, making a total commitment of $124,027.50. Creditors voted to accept the restructuring proposal, which resulted in a 23c/$ return.

## Outcome

The business has continued to trade profitably and has taken various steps to improve its position moving forward, including conducting a detailed analysis of operating expenditure to achieve further costs savings by:

- Reducing fixed overheads by no longer having a physical trading premises.
- Reducing the level of current subscriptions.
- Reducing administrative staffing.
- Shifting casual employees to part-time/full-time to reduce wages and benefits.
- The Director has reduced her annual salary to assist.
- The implementation of new internal systems.
- A further reduction in staffing is set to occur in or around December 2023.

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