

SBRP Overview: What It Is

The Small Business Restructure Program (SBRP) was introduced in 2021 to assist small businesses with liabilities under \$1 million in managing financial distress.

It allows directors to retain control of day-to-day operations while working with an advisor & a licensed Restructuring Practitioner (RP) to create a Restructuring Plan for all unsecured creditors.

The company then makes the agreed payments, and any remaining unsecured debt included in the plan is legally written off, giving the business a fresh start.

Typical outcomes:

- Circa up to 75% of unsecured debts may be written off after costs.

Payments can be made:

- In instalments up to 36 months interest free.

SBRP Eligibility Criteria

To access the Small Business Restructure Program (SBRP) process, a company must meet the following key eligibility requirements under the Corporations Act:

- **Entity Type: Must be a company (e.g. Pty Ltd or corporate trustee).** Sole traders, partnerships, and unincorporated entities are not eligible.
- **Be current on Tax Lodgements:** All BAS and SGC statements must be paid up to date.
- **No Prior SBRP or Simplified Liquidation:** Neither the company nor its directors can have used the SBRP or simplified liquidation process in the past 7 years.
- **Employee Superannuation: All overdue employee super must be paid before entering SBRP** (except for directors' or related-party super, which may be included in the plan).
- **Unsecured Liabilities Under \$1 Million:** Total unsecured debts must be less than \$1 million, including ATO, trade creditors, and unsecured loans. Secured debts only count if there's a shortfall beyond the collateral.

Businesses can take corrective actions—such as lodging overdue forms or paying down debt—to become eligible before commencing an SBRP.

Eventum Optimum Role

How We Support You Through the SBRP Process

Pre-Appointment Advice and Eligibility Assessment

We assess whether the SBRP process is suitable for your business and whether all eligibility criteria are met (e.g. liabilities under \$1M, lodgements up to date, employee super paid). If there are gaps, we help you take practical steps to become eligible—such as bringing lodgements up to date, managing creditor disputes, or sourcing funds.

Strategic Preparation and Business Positioning

We work closely with you to:

- Review financials and stabilise operations
- Identify cost savings and cash flow improvements
- Assess funding sources for the restructuring plan
- Anticipate the impacts of SBRP on existing suppliers, lenders, and stakeholders
- Position the business for long-term viability post-restructure

Our goal is to prepare your business so that it not only survives the SBRP process but emerges stronger.

Advisor Liaison Between You and the Restructuring Practitioner (RP)

Once a qualified RP is engaged, we act as your trusted adviser and point of contact, ensuring your interests are protected throughout the restructuring period. We assist with:

- Communication and document preparation
- Negotiating plan terms that are achievable for you and acceptable to creditors
- Working with your accountant and internal teams to ensure all reporting and compliance obligations are met

Offer Structuring and Creditor Planning

We help you determine a realistic and compelling “cents in the dollar” offer for creditors, assess funding strategies (lump sum, instalments, or combination), and review how different plan structures impact your future business plans.

Risk and Asset Protection Advice

As part of the process, we also review your personal and business assets are appropriately structured and protected, particularly where there may be risks related to director guarantees, PPSR registrations, or litigation.

Post-Approval Support

After the plan is approved, we help you remain compliant with the agreed payment terms, manage reporting obligations, and transition back to normal operations.

If required, we also support you in:

- Restoring supplier relationships
- Improving financial controls and forecasting
- Planning for growth and accessing capital

Why SBRP Works

The Small Business Restructure Program (SBRP) process is effective because it:

- Delivers Better Creditor Returns: Creditors, especially the ATO, often recover more than they would in liquidation.
- Allows Business Continuity: Viable businesses continue trading, preserving jobs and supplier relationships.
- Keeps Directors in Control: Directors retain day-to-day control, enabling smoother operations during restructuring.
- Is Faster and More Affordable: The process is streamlined, low-cost, and typically completed within 9 weeks.

SBRP Process:

How It Works (Pre-Appointment Phase)

Before a company formally enters a Small Business Restructure Program (SBRP), the directors and advisors must prepare to ensure a smooth and successful process. Key pre-appointment steps include:

- Assess Eligibility & Suitability: Confirm the company meets SBRP criteria and that restructuring is the right option.
- Organise Financial Information: Compile accurate and up-to-date financial records for the Restructuring Practitioner (RP).
- Prepare the Business: Finalise bookkeeping, identify cost savings, and stabilise operations to support ongoing viability.
- Plan for Funding: Determine how the restructuring payments will be funded—via cash, profits, director/shareholder contributions, or finance.
- Anticipate Impacts: Consider potential impacts on stakeholders (e.g. suppliers, lenders, trade credit insurers) and take action to minimise disruptions.

This groundwork is essential to set the company up for a successful restructuring outcome.

Commencing the SBRP (Formal Appointment)

Once preparations are complete, the company formally enters the Small Business Restructure Program (SBRP) process by:

- **Appointing a Restructuring Practitioner (RP):** The board resolves that the company is insolvent or likely to become insolvent and officially appoints a qualified RP.
- **Triggering a Moratorium:** From the appointment date, unsecured creditors are legally barred from recovering debts during the SBRP period.
- **Halting Unsecured Debt Payments:** The company stops paying pre-SBRP unsecured debts, which will be addressed through the restructuring plan.
- **Providing Public Notice:** The appointment is lodged with ASIC, and the company's status is updated to reflect that it is under “*external administration*” notifying creditors and stakeholders of the restructure.

Restructuring Period (Approx. 4–6 Weeks)

During the restructuring period, the company continues normal trading, with directors maintaining control of day-to-day operations. The Restructuring Practitioner (RP) collaborates with directors and advisors to develop a viable plan.

Key steps include:

- **Finalise Financials:** Ensure all financial reports (e.g. BAS) are lodged and employee superannuation obligations (except director-related super) are up to date.
- **Confirm Creditor Claims:** Compile and verify a list of all creditors and the amounts owed.
- **Draft the Restructuring Plan:** Propose how unsecured creditors will be repaid, using one of the following structures:
 - **Lump Sum:** One-off payment, often funded by directors or external sources, usually made around 3 months after SBRP starts.
 - **Instalments:** Interest-free payments up to 36 months, funded by future profits or cash flow.
 - **Combination:** A mix of a lump sum upfront followed by instalments.

This phase is focused on preparing a fair and workable plan to offer creditors while keeping the business running.

Determining the Offer & RP's Report **In the final stage of the restructuring** **period, key steps include:**

- Set the Offer (Cents in the Dollar): The plan specifies what percentage of each creditor's debt will be repaid—typically 25% to 75%, based on what the business can afford and what is likely to gain creditor approval. The Restructuring Practitioner (RP) helps determine an offer that balances feasibility and attractiveness.
- RP's Report to Creditors: The RP prepares a detailed report outlining:
 - The company's financial position
 - Terms of the proposed plan
 - Expected returns to creditors
 - The RP's recommendation (generally in favour if the plan yields better results than liquidation)

This phase usually runs for about 20 business days (with possible minor extensions), keeping the process swift and efficient to reach a creditor vote promptly.

Voting Period (Approx. 3 Weeks) **After the restructuring plan is issued,** **creditors have 15 business days (around 3** **weeks) to vote:**

- Voting Process: Creditors submit their vote (usually via form or email) to the Restructuring Practitioner (RP).
- Weighted Voting: Votes are based on the value of each creditor's debt, giving larger creditors more influence.
- Approval Threshold: The plan is approved if more than 50% by value of voting creditors vote "yes" (excluding related-party creditors).
- If Rejected: If the plan fails to secure majority support, or no plan is submitted, the SBRP ends. Creditors can then resume recovery actions, and the company must explore other options like voluntary administration or liquidation.
- Eventum Optimum can assist here and actively support companies and directors through the process.

Plan Implementation Period (1 Week to 2 Years)

Once creditors approve the Small Business Restructure Program (SBRP) plan, the company begins implementing it, with a duration ranging from 1 week to 2 years, depending on the payment structure:

- **Making Payments:** The company pays the Restructuring Practitioner (RP), who then distributes funds to creditors. This may be a lump sum (paid shortly after approval) or instalments (e.g. monthly or quarterly for up to 36 months).
- **Ongoing Monitoring:** The RP may oversee compliance during the plan period. The company must follow the agreed payment schedule while continuing normal operations.
- **Completion & Debt Forgiveness:** Upon full payment, any remaining debt is legally forgiven, and the company's ASIC and credit records are updated to reflect successful completion. The business emerges with a cleaner balance sheet and restored credit status.

Note: Failure to meet the plan terms can result in termination of the plan, reinstating the unpaid debts. The plan must therefore be realistic and achievable.

Why Work with Eventum Optimum

At Eventum Optimum, our name means **"The Best Result"**—and that's precisely what we strive to deliver for every client navigating financial distress.

While we are not Restructuring Practitioners (RPs) and do not take formal appointments under the Corporations Act, we work as your independent adviser, acting solely in your best interests to guide you through the SBRP process and help you achieve a successful outcome.

But we're not just advisers—we're your strategic partner in turning your business around.

Our team includes experts in business turnaround, pre-insolvency, corporate structuring, asset protection, and finance.

We bring empathy, clarity, and decades of experience to every engagement.

By working with Eventum Optimum you're putting the right strategy in place to make the most of the SBRP opportunity—and to protect the business, your people, and your future.

Contact us today and one of our sales solution's consultants can arrange a quick 5-10min confidential chat to see how we can help.