

**Disability Services Australia Limited**  
**ACN 002 507 655 ("DSA")**

**Macquarie Employment Training Service Limited**  
**ACN 643 269 112 ("METS")**

**DSA Mentoring Services Limited**  
**ACN 629 308 881 ("DSAM")**

**All Administrators Appointed**  
**Collectively ("The Companies")**

**Minutes of the First Meetings of Creditors of the Companies held concurrently and virtually, on 6 September 2021 at 2:00pm AEST**

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## **1 Present**

Gayle Dickerson - Administrator  
Ian Sutherland – KPMG  
Martie Livanos – KPMG  
Greg Pitt – KPMG  
Rajat Porwal – KPMG  
Hamish Foley – KPMG  
Tim Klineberg – King & Wood Mallesons  
Zoe Kaesehagen – King & Wood Mallesons

See attached attendance and observer registers.

## **2 Chairperson**

Gayle Dickerson, one of the Administrators of the Companies, opened the meeting at 2:03pm (AEST) and advised that she would act as Chairperson of the meeting in accordance with Insolvency Practice Rules (Corporations) 2016 (IPR) 75-50.

The Chairperson noted that the meetings of the Companies would be held concurrently, with separate resolutions heard for each company as appropriate. The Chairperson also noted that pursuant to the Orders of the Federal Court of Australia on 1 September 2021, the meetings of the Companies held pursuant to 436E of the Corporations Act are being held concurrently.

The Chairperson noted that the meeting is being held virtually. The Creditors' Portal will be used for voting on the Resolutions in this meeting. The Chairperson provided the contact information of a KPMG team member who is able to provide creditors with assistance with the Creditors' Portal.

## **3 Court Orders**

The Administrators applied to the Federal Court for Orders varying notification requirements under s447A of the Corporations Act on 1 September 2021. These Orders stipulated:

- That the meetings of the Companies held pursuant to 436E of the Corporations Act are to be held concurrently.
- Varied the notification requirements to participant employee creditors given risks of escalating behaviours.
- Notices to creditors can be sent by email where one is available, or by mail if an email address is not available and in accordance with the communications plan attached to the Orders.
- The Administrators are not required to maintain separate bank accounts for each of the entities, given that they operate as part of a consolidated group of Companies with all expenses paid by DSA.
- Liberty to re-list on 24 hours' notice, which will be used if necessary, to assist with other matters as they arise.
- That a prospective convening period extension of ~3 months will be sought post first creditors' meeting.

## **4 Agenda**

The Chairperson outlined the agenda for the meeting. The Chairperson advised that the second creditors meeting is the more substantive meeting, where creditors vote on the future of the Companies.

## **5 Proof of Debt and Proxies**

Greg Pitt, an employee of the Administrators read out to the meeting all Proofs of Debt and proxies received by the Administrators and the list of people attending as observers. The Chairperson advised a list of all claims and proxies is available during the meeting and will be attached to the minutes of the meeting for review.

The Chairperson then advised those present at the meeting who were not recorded as Attendees or Observers to make themselves known in order to be registered for the meeting.

## **6 Quorum**

The Chairperson tabled the attendance registers and advised that a quorum, in accordance with IPR 75-105, was present for:

- DSA; and
- METS.

The Chairperson advised that no quorum was available for DSAMS.

## **7 Notice of meeting**

The Chairperson advised that the meeting had been called in accordance with the notice of meeting dated 27 August 2021, the meeting having been advertised on the Australian Securities & Investments Commission (**ASIC**) Insolvency Notices on 27 August 2021 in accordance with IPR 75-40.

## **8 Convening the meeting**

The Chairperson advised that, in accordance with IPR 75-30, the meeting was being held at a date, time and place convenient to the majority of persons entitled to receive notice of the meeting.

## **9 Purpose of the meeting**

The Chairperson advised that the purpose of the meeting was to determine:

- Whether to appoint a Committee of Creditors and, if so, who are to be the committee members.
- Confirm the appointment of the Administrators.
- Any other business.

## **10 Tabling of documents**

The Chairperson noted that the following documents are tabled at the meeting and noted that electronic copies can be made available to creditors for inspection on request:

- Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) dated 25 August 2021 and lodged with ASIC on the 26 August 2021.
- The Instrument of Appointment of Joint and Several Voluntary Administrators dated 27 August 2021.
- The Circular to Creditors, including the Notice of Meeting dated 27 August 2021 which was emailed to all known creditors whose email addresses were available to the Administrators and otherwise notified in accordance with the Federal Court's orders dated 1 September 2021.
- The Notice of Appointment and First Creditors meeting as it appeared on the ASIC website on 27 August 2021.
- Schedule of meeting proxies received.
- Schedule of proof of debts received.
- The statement of writing and posting the notice of meeting.

## **11 Creditors' Portal**

The Chairperson noted that the Administrators were using an online platform to communicate with creditors, manage creditor claims and allow creditors to vote on resolutions put forward at this meeting (the Creditors' Portal).

The Chairperson requested that all creditors that are eligible to vote on the resolutions submit their votes through the Creditors' Portal. The Chairperson reiterated the contact details of a KPMG staff member to assist creditors with any technical issues or queries, which was also available on the meeting presentation.

The Chairperson advised that KPMG team members would be contacting the creditors present at the meeting who requested assistance with accessing the Creditors' Portal.

The Chairperson advised that, if an attendee is the nominated proxy holder for multiple parties, they should be able to see each party listed and will need to vote separately on each resolution with respect to each party.

The Chairperson confirmed that they held one general proxy in favour of the Chairperson for DSA. The Chairperson confirmed that they will abstain from voting on any resolutions in relation to the ratification of the Administrators' appointment.

Martie Livanos, an employee of the Administrators, noted that creditors do not require a code to log in to the Creditors' Portal if they have already registered using the link KPMG has provided and that creditors can log in to the Creditors' Portal using their username and password and will be able to access the meeting. Martie Livanos further advised that if creditors are requiring assistance with accessing the portal, to contact the KPMG representative as previously advised by the Chairperson and displayed on the meeting presentation.

## **12 Update on the Voluntary Administration**

The Chairperson provided the background on the Administration process, its purpose and timings. The Chairperson noted that directors can resolve to appoint administrators if they form the view that a company is insolvent or likely to become insolvent. The Administrators were appointed on 25 August 2021.

The Chairperson advised the meeting:

- The voluntary administration regime is specifically designed to maximise the chance of a business' operations continuing, or if not possible, to maximise returns to creditors.
- That this is the first meeting of creditors, which must be convened within 8-business days of appointment. The second creditors meeting is the substantive meeting where creditors decide on the Companies' futures.
- Before the second creditors meeting the Administrators must investigate the reasons for the Companies' financial distress and assess options for the future of the Companies, including any sale of business or potential recapitalisation from any deed of company arrangement (**DOCA**) that may be proposed.
- Prior to calling the second meeting the Administrators will issue a comprehensive report to all creditors which details the findings of investigations and a recommendation for the future of the Companies.
- The Administrators anticipate they will likely apply to Court for an extension of the convening period. This extension is usual in scenarios when the administration is complex, and more time is required to prepare a report to creditors and make recommendations on the available options.
- At the second creditors meeting, creditors will have the ability to vote on three options at the end of the voluntary administration period for each company, including:
  - o That the relevant company found not to be insolvent and control handed back to directors;
  - o That the relevant company executes a DOCA; or
  - o That the relevant company is placed into liquidation.
- The Chairperson stated that a DOCA is a binding compromise that if approved by creditors allows the Companies to continue and provides a better return for creditors than an immediate winding up of the company. A DOCA typically might involve injection of funds from a related or third party.

## **13 Extension of Convening Period**

The Chairperson indicated that the Administrators anticipate they will apply to the Court for an extension of the convening period, which is not unusual in administrations which are complex, on the basis the Administrators are continuing to operate the Companies' business and preserve value of the Companies' assets, whilst they explore a competitive expression of interest process for the recapitalisation or sale of the Companies' business, .

The Chairperson advised that the Administrators will consider applying to the Court for a 3-month extension to allow a sufficient time for the expression of interest process to be conducted. The Chairperson noted that a further extension of the convening period could be sought by the Administrators if additional time was required to finalise any bids following the expression of interest process.

The Chairperson requested any objections to an application for a 3 month extension to the convening period.

*Daniel Lo-Cao, on behalf of Australia's Sun International (Sydney) Pty Ltd asked what the impact of extending the convening period would be on landlords who rent properties to DSA.*

The Chairperson advised, consistent with the Administrators correspondence sent to all landlords following their appointment, that the Administrators would continue to pay for rent of any premises used throughout the administration process and that the landlords have been admitted for voting purposes for the rent owing as at the date of appointment of Administrators.

No objections were raised to the Administrators making an application to extend the convening period.

#### **14 Companies Structure**

The Chairperson outlined the structure of the three entities that the Administrators are appointed over and advised:

- DSA is the main trading entity and conducts the vast majority of the Companies' operations. It also operates the treasury function for the Companies, including payroll and suppliers. All of the Companies' head office functions are operated from DSA.
- METS operates the Registered Training Organisation (**RTO**) which holds employees, contractors and the RTO licence.
- DSAMS relates to the Supported Independent Living (**SIL**) facilities transferred from the NSW Government Department of Communities and Justice (FACS) and primarily only employs employees relating to that transfer.

#### **15 Administrators' Update to Creditors**

The Chairperson stated that the Administrators understood from the directors that the basis for placing the Companies into voluntary administration was:

- DSA had been faced with a number of financial constraints, including cash payments associated with remediating an enforceable undertaking for underpayment of wages and pressures across certain provision of services which has been further compounded by the impact of COVID-19.
- DSA's cash position had declined significantly in the 18 months prior to the administration. DSA sustained significant losses in its Community Home Living division, in particular in relation to its SIL services to participants with complex needs.
- DSA's employee entitlement liabilities had also continued to accrue. It remains unclear whether DSA has sufficient cash resources or assets to pay its employee entitlements as and when they fall due.

The Chairperson further advised that:

- The Administrators will further investigate the reasons for placing the Companies into voluntary administration. This information will be included in the creditors' report which will be provided before the second creditors meeting.
- The board of directors believed that entering into voluntary administration would provide participants with the continuity of care while the Companies' future is determined.
- The Administrators have recognised the importance of the work undertaken by the Companies and are continuing to engage with all stakeholders during the administration.
- DSA's management team remains in place and the Administrators and their staff have worked closely with them to ensure that services are delivered to participants as normal (in line with the current NSW public health orders) while the Administrators undertake an immediate assessment of the Companies.
- The ongoing care and support of participants has been a priority whilst they undertake an immediate assessment of the options and the Administrators and their staff have been working closely with employees, participants and

their guardians, families and government bodies to ensure that the quality of care of participants is maintained whilst throughout the administration process. This is also important in preserving the value of the organisation whilst an expression of interest campaign is undertaken.

- The Administrators have and continue to focus on ensuring continuity of participant care and business operations as usual for the Companies.

## 16 Business Overview

The Chairperson outlined the operations and services that the Companies provide and referred to the onscreen presentation.

- Community and Home Living:
  - o SIL services.
  - o Community solutions, including social and recreational programs focused on empowering people to live life the way they choose
- Employment Pathways:
  - o Packaging solutions, an Australian Disability Enterprise providing packaging and assembly for local, national and international businesses.
  - o Employee solutions, including:
    - School Leaver Employment Supports (SLES) program, providing individualised support to young people transitioning from high school into the workforce.
    - Disability Employment Services (DES), assisting people with disabilities find work.
  - o METS Training program, an RTO providing for fee and subsidised qualifications in early childcare and other industries.
- Enhance Health:
  - o Clinical health for persons with a disability, including a team of Allied Health professionals providing a range of NDIS and fee-for-support services.

The Chairperson noted that there are:

- Approximately 1,700 employees across the Companies.
- Approximately 1,500 participants, including 207 SIL Participants across 61 facilities with a large number of these facilities currently impacted by COVID-19 restrictions.

## 17 Tasks Undertaken by the Administrators

The Chairperson noted the actions undertaken by the Administrators following their appointment to ensure the continuity of services for participants and referred to the onscreen presentation:

### Participant communications

The Chairperson advised that the Administrators have been conscious of how they have communicated with participants, including participant-employees. This has involved:

- o direct one on one discussions, with the use of FAQs and easy to read documents;
- o in person presentations at each of the packaging factories;
- o a WebEx session with all participant employees and their parents and guardians;
- o a virtual town hall with the participant decision makers and guardians;
- o a virtual town hall with the Public Guardian and the NSW Trustee & Guardian; and
- o a virtual town hall with other stakeholders including the Department of Justice, families and support coordinators.

### **Employee communications**

The Chairperson advised that the Administrators have set up an operating rhythm with the management team to ensure continuity of services. The Administrators are also holding numerous virtual town halls with all staff, with a commitment to two town halls each week. The Administrators have established a hotline with participants and their families and bespoke email for responding to employee questions.

### **Stakeholder communications**

The Chairperson advised that a working group has been created with key stakeholders (**Working Group**). The Working Group has met twice since the appointment of the Administrators and will continue to meet weekly as the administration progresses. The Working Group includes representation from:

- the NDIA;
- the NDIS Quality and Safeguards Commission;
- the Department of Social Services;
- the Attorney Generals department in relation to Fair Entitlements Guarantee scheme;
- various unions (PSA, ASU and UWU); and
- employees.

The Chairperson advised the Administrators had also engaged with the Department of Health, the Australian Skills Quality Authority (ASQA) and the Department of Communities and Justice and through these ongoing discussions with key stakeholders the Administrators have had significant support to provide ongoing services, minimising disruption to participants, whilst the Administrators explore options through the expression of interest process.

### **Continued Trading**

The Chairperson advised that the Administrators have:

- taken steps to understand the complexities of each of the businesses of the Companies;
- implemented a dedicated trading team who have ensured all suppliers and customers of these businesses continue to support the Companies through the administration process. No services have been stopped;
- set up processes and controls to ensure the Administrators have adequate oversight over ongoing operations, including cash and payroll;
- paid employee wages as part of the ongoing commitment to employees;
- built an administration cash flow forecast to give clear visibility on the cash runway; and
- arranged access to agency staff to ensure that adequate coverage and appropriate services are provided to participants. The agency staff have been required as a result of staffing shortages associated with the Public Health Order, which requires workers who provide in-person disability support services and who live or work in an area of concern to have at least one dose of the COVID-19 vaccine.

### **Review of quality of supports**

The Chairperson advised the KPMG Health Services Team is undertaking a detailed review of the quality of supports, including reviewing the Companies':

- processes and procedures, both from a process and a practical perspective;
- COVID-19 Business Continuity Plan; and
- Reportable Incidents to outline any trends of concern.

The Chairperson further stated that the wellbeing, safety and quality of supports was of utmost importance to the Administrators and the Administrators and their staff were working with DSA's management and other stakeholders to ensure the quality of support.

## 18 Update on Sale Process by Administrators:

The Chairperson provided an update on steps taken by the Administrators in the sale of business process, and referred to their onscreen presentation, including:

- the distribution of a flyer to 145 interested parties, with more than 100 interested parties (which had increased from the 50 listed on the onscreen presentation) having made enquiries to the Administrators' office. A number of the interested parties have expressed an interest in acquiring the whole of the Companies' operations as a going concern;
- the advertising undertaken by the Administrators to ensure a competitive process;
- requesting confidentially agreements from interested parties with a view to distributing an information memorandum and opening a data room later this week;
- the timing of the sale process in which the Administrators intend to receive non-binding indicative offers and identify a shortlist parties by the end of September 2021;
- should the Administrators recommend that the best offer is in the form of a DOCA, the Administrators will convene a creditors meeting at the earliest time practicable for creditors to vote on.

The Chairperson then referred to the onscreen presentation and the critical success factors for consideration in any sale, including:

- an extension of the administration convening period;
- ensuring participant choice and communication;
- utilising NDIA & participant experience in transition planning; and
- Working Group consultations with key stakeholders.

## 19 Creditors Profile

The Chairperson provided an overview of the creditors profile and referred to the onscreen presentation. The Chairperson advised that the amounts are indicative and that creditors will receive a detailed report on the creditor profile and an estimated return to creditors through the administration process.

The Chairperson advised that the amounts owing included:

- amounts owing to trade creditors contained in the books and records of the Companies or that the Administrators have been made aware of since their appointment;
- contingent amounts; and
- annual leave and long-service leave in the employees' creditor profile.

The Chairperson advised that these numbers will change as further information becomes available in the administration process.

## 20 Questions

The Chairperson then opened the meeting to questions.

- a) *Jeffrey Conn raised queries regarding access to the virtual meeting and Creditors' Portal access.*

The Chairperson apologised for any difficulty accessing the electronic facilities. The Chairperson referred to the meeting notice included in the circular emailed to employees on 27 August 2021 and further outlined in the employee town halls on 2 and 3 September 2021. The notice required any creditors who wanted to participate in the first creditors meeting to have registered their interest by 4:00pm on 3 September 2021. The Chairperson noted the Administrators had received a number of late requests by creditors past to participate in the meeting and that the Administrators were facilitating their attendance where possible.

The Chairperson confirmed that Jeffrey Conn did have access to the portal and that he had the ability to vote on resolutions.

- b) *Brent Van Pelt raised queries regarding creditors receiving the link to access the meeting.*
- c) *Monique Manning raised queries about the start time of the meeting and accessing the meeting.*

The Chairperson confirmed that employees were required to contact the Administrators to register to attend the meeting and that the link to attend the virtual meeting was sent to employees who had contacted the Administrators. Those details were sent on 6 September 2021 to all employee who had notified the Administrators' office. The Chairperson requested that the KPMG staff members contact the employees who were experiencing difficulty with the electronic facilities.

- d) *Jeffrey Conn raised queries further queries regarding accessing the link to the virtual meeting.*

The Chairperson confirmed all employees who expressed issues with accessing the Creditors' Portal at the beginning of the meeting now have access to the portal.

Martie Livanos, an employee of the Administrators, advised that all employees who requested assistance with access the portal had been provided assistance and could now access the portal.

- e) *Brent Van Pelt queried why the meeting start time was scheduled at 12:30pm and whether there a meeting prior?*

The Chairperson clarified that the meeting commenced at 2:00pm but the registrations for the portal were opened at 12:30pm so creditors could familiarise themselves with the portal.

- f) *Adele Senior queried how long creditors would have to vote on the resolutions?*

The Chairperson advised that she would provide all creditors attending the meeting who are eligible to vote enough time to vote.

- g) *Erin Younie queried what contingency strategies will be used for the second creditors meeting to ensure that creditors receive access codes?*

The Chairperson stated that the Administrators would notify creditors (excluding any participant-creditors who will be notified separately) of the second creditors meeting via email communication or by post if the Administrators do not have an email address for a creditor. The Administrators will review the access code requirements and any other technical difficulties experienced by creditors in advance of the next creditors meeting.

## **21 Resolutions**

The Chairperson advised that pursuant to IPR 75-75 and IPR 75-110, votes taken at virtual meetings must be taken on a poll, and not on a show of hands, by using one or more technologies to give each person entitled to vote the opportunity to participate in the vote in real time and, where practicable, by recording their vote in advance of the meeting.

The Chairperson advised that a resolution by poll is carried if:

- a majority of creditors voting (whether in person, by attorney or by proxy) vote in favour; and
- the value of the debts owed by the corporation to those voting in favour is more than half the total debts owed to all creditors voting in accordance with IPR 75-115.

## **22 Voting and use of casting vote**

The Chairperson noted that:

- in accordance with IPR 75-115, the Chairperson may exercise a casting vote if no result is reached for or against. The Chairperson's decision to exercise this vote is subject to review by the Court upon application by a creditor (IPR 75-42 and 75-43).
- a secured creditor may vote with respect to the whole of its debt or claim, without being required to estimate the value of its security (IPR 75-87).

- A related party is permitted to vote as a creditor at the meeting, provided its claim has been admitted by the Administrators for the purposes of voting (IPR 75-100).
- Where a debt claimed by a related creditor (within the meaning of Section 75-41(4) of Schedule 2 to the Act) has been assigned to that related creditor, the value for the purposes of voting is to be determined by taking the value of the assigned debt to be equal to the value of the consideration given by the related creditor for the assignment of the debt (IPR 75-110(7)).

The Chairperson advised that all creditors present should now be logged in on the Creditors' Portal and should be able to view the resolutions that will be put forward for voting. The Chairperson reiterated the contact information of a KPMG staff member who can assist creditors who are having issues with the Creditors' Portal.

The Chairperson advised that the resolutions would be addressed for each company in the following order:

- DSA.
- METS.

The Chairperson advised there will be no resolutions for DSAML as there is no quorum.

The Chairperson outlined the process for voting on resolutions using the Creditors' Portal.

### **DSA**

The Chairperson advised that the first resolution proposed is in relation to DSA and the appointment of a committee of inspection.

### **23 Committee of Inspection (COI)**

The Chairperson advised that the functions of the COI are:

- to consult with the Administrators about matters relating to the administration; and
- to receive and consider reports by the Administrators.

The Chairperson noted that the Administrators have established a Working Group of all major stakeholders of the Companies, as set out earlier in the meeting. The Chairperson advised that should a COI be formed, those COI members will be invited to the Working Group meetings.

The Chairperson advised creditors that Section 80-55 of Schedule 2 of the Act provides that a member of a COI must not directly or indirectly derive any profit or advantage from the external administration of the company unless creditors resolve otherwise.

In the event that the Administrators enter(s) into any transaction with a member of the COI that may result in that member deriving a profit or advantage from the external administration of the company, it will be necessary for creditors to consider a separate resolution to consent to that arrangement.

The Administrator advised that they were supportive of having a COI for DSA.

The Chairperson then tabled nominations received for the COI, being:

- James Breen as proxy for the NSW Department of Communities and Justice;
- Ian Copp as proxy for the Commonwealth Bank of Australia; and
- Heath Dickens representing himself, as an employee of DSA.

The Chairperson then called for any additional nominations. No further nominations for the COI were received.

The Chairperson noted that the nomination forms received included details of potential transactions which those nominees contemplate entering into with the Companies during the course of the external administration.

The Chairperson read the nominations and proposed the following motion using the general proxy in their favour from Australian Wrapping Company Pty Ltd:

*"That a Committee of Inspection be appointed to Disability Services Australia Limited (Administrators Appointed) comprising as follows:"*

Committee member name	Representing
James Breen	NSW Department of Communities and Justice
Ian Copp	Commonwealth Bank of Australia
Heath Dickens	Himself, as an employee of DSA

The Chairperson advised the meeting of the resolution as follows:

Voting	Number	Value (\$)
For	41	\$3,085,838
Against	-	-
Abstain	5	\$70,794

The Chairperson declared that the resolution was carried.

#### **24 Creditor approval of transactions with members of the COI**

The Chairperson advised, Section 80-55 of Schedule 2 of the Act provides that a member of a COI must not directly or indirectly derive any profit or advantage from the external administration of the company unless creditors resolve otherwise.

The Chairperson advised that for the purposes of considering this next resolution, those members of the COI are not permitted to vote.

The Chairperson noted the transaction relationships between the COI members and the Companies.

Commonwealth Bank of Australia

- Continuance of the Companies facilities pursuant to the Letter of Variation dated 21 January 2021

NSW Department of Communities & Justice

- Leases and deed of licences over a number of SIL homes and Implementation and Sale Agreements in place in relation to the previous transfer of SIL participants and related services.

The Chairperson proposed the following motion using the general proxy in their favour from Australian Wrapping Company Pty Ltd:

*"That, pursuant to Section 80-55(3) of Schedule 2 to the Act, creditors authorise members of the COI appointed on 6 September 2021 to enter into the transactions set out in the nomination forms tabled at this meeting or otherwise disclosed to this meeting."*

The Chairperson advised the meeting of the resolution as follows:

Voting	Number	Value (\$)
For	33	\$755,423
Against	-	-
Abstain	13	\$2,401,209

The Chairperson declared that the resolution was carried.

Jeannette Stricker an employee of METS queried if she can join a COI for METS.

The Chairperson advised that normally there is not a COI when there is only one member. The Chairperson advised that they could be included in the Working Group as an employee representative if there are no other nominations for COI.

## **25 Appointment of Administrators**

The Chairperson advised that pursuant to an Instrument of Appointment dated 25 August 2021, Gayle Dickerson, Peter Gothard and James Dampney were appointed Administrators of the company.

The Chairperson advised that pursuant to Section 90-35 of Schedule 2 to the Corporations Act 2001, creditors may, by resolution, appoint someone else as Administrator of the company. The Chairperson advised that to date, they had had not received any other nominations for an alternate administrator.

The Chairperson noted that ordinarily such nomination would be received in advance of the meeting. The Chairperson asked creditors to confirm if there are there any nominations for an alternate administrator?

The Chairperson noted that there were no other nominations for Administrator and announced that the company's appointment stands and accordingly, Gayle Dickerson, Peter Gothard and James Dampney remain as Administrators.

## **METS**

### **26 Committee of Inspection (COI)**

The Chairperson asked creditors to confirm if there are there any nominations for a COI for METS.

The Chairperson referred to their previous comments that it would be more appropriate for Jeanette Stricker to join the administration Working Group as an employee representative for METS, if there were no other nominations for a COI.

There were no further nominations received and the Chairperson announced that a COI would therefore not be formed.

### **27 Creditor approval of transactions with members of the COI**

The Chairperson advised that as there is no COI there will be no resolution on creditor approval of transactions with members of the COI.

### **28 Appointment of Administrators**

The Chairperson advised that pursuant to an Instrument of Appointment dated 25 August 2021, Gayle Dickerson, Peter Gothard and James Dampney were appointed Administrators of the company.

The Chairperson advised that pursuant to Section 90-35 of Schedule 2 to the Corporations Act 2001, creditors may, by resolution, appoint someone else as Administrator of the company. The Chairperson advised that to date, they had had not received any other nominations for an alternate administrator.

The Chairperson noted that ordinarily such nomination would be received in advance of the meeting. The Chairperson asked creditors to confirm if there are there any nominations for an alternate administrator?

The Chairperson noted that there were no other nominations for Administrator and announced that the company's appointment stands and accordingly, Gayle Dickerson, Peter Gothard and James Dampney remain as Administrators.

### **29 Closure of meeting**

There being no further business, the Chairperson thanked those present for attending. The Chairperson advised that they will notify creditors if there is an extension of the convening period. The next communication that creditors receive will be receive the Administrators' report as to the Companies' business, property, affairs and financial circumstances, and resolve:

- whether the Companies' should execute a DOCA; or
- whether the administration of the Companies should come to an end; or
- whether the Companies should be wound up.

The Chairperson advised that a circular would be forwarded to creditors advising them of the next meeting.

The Chairperson declared the meeting closed at 4:01PM.

Signed as a correct record.

A handwritten signature in blue ink, appearing to read 'Gayle Dickerson', with a stylized flourish at the end.

Gayle Dickerson  
Chairperson



# Concurrent First Meeting of Creditors

Disability Services Australia Limited ACN 002 507 655

DSA Mentoring Services Limited ACN 629 308 881

Macquarie Employment Training Service Limited ACN 643 269 112

(All Administrators Appointed)

Collectively ("the Companies" or "DSA")

6 September 2021

# Court Orders

The Administrators applied to the Federal Court for orders varying notification requirements under s447A of the Corporations Act on Wednesday 1 September 2021.

## Summary of the Court orders received

1. First meeting of creditors to be held concurrently of all DSA entities in Voluntary Administration
2. Notice to participant employee creditors of first meeting of creditors varied:

“A notice will be validly provided to Participant Employee Creditors if the First Plaintiffs take reasonable steps to communicate... to the Participant Employee Creditors or their guardian, carer family member or decision maker who provides support to them in accordance with the Communications Plan”
3. Notices to creditors can be sent by email where one is available, or by mail if an email address is not available
4. The Administrators are not required to maintain separate bank accounts for each of the entities, given that they operate as part of a consolidated group with all expenses paid from DSA



# Agenda

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## **Introduction**

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- Chairperson
  - Quorum
  - Notice of meeting
  - Convening of meeting
  - Tabling of documents
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## **Creditors Portal**

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## **Update of Voluntary Administration Process**

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## **Company Overview**

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## **Questions**

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## **Resolutions**

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## **Next Steps**

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## **Closure**

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# Attendance at meeting

- Confirm attendance of creditors for each Company
- Please confirm you are present when asked
- If you are an observer please also confirm your attendance when asked
- There should be no media present and any media should identify themselves

# Creditors Portal

Creditors' Portal can be accessed via the following link

<https://creditors.accountants/>

If you are having any issues with the Creditors' Portal, please contact Raj Porwal at [rporwal1@kpmg.com.au](mailto:rporwal1@kpmg.com.au)

(02) 9335 8630

0478 851 020

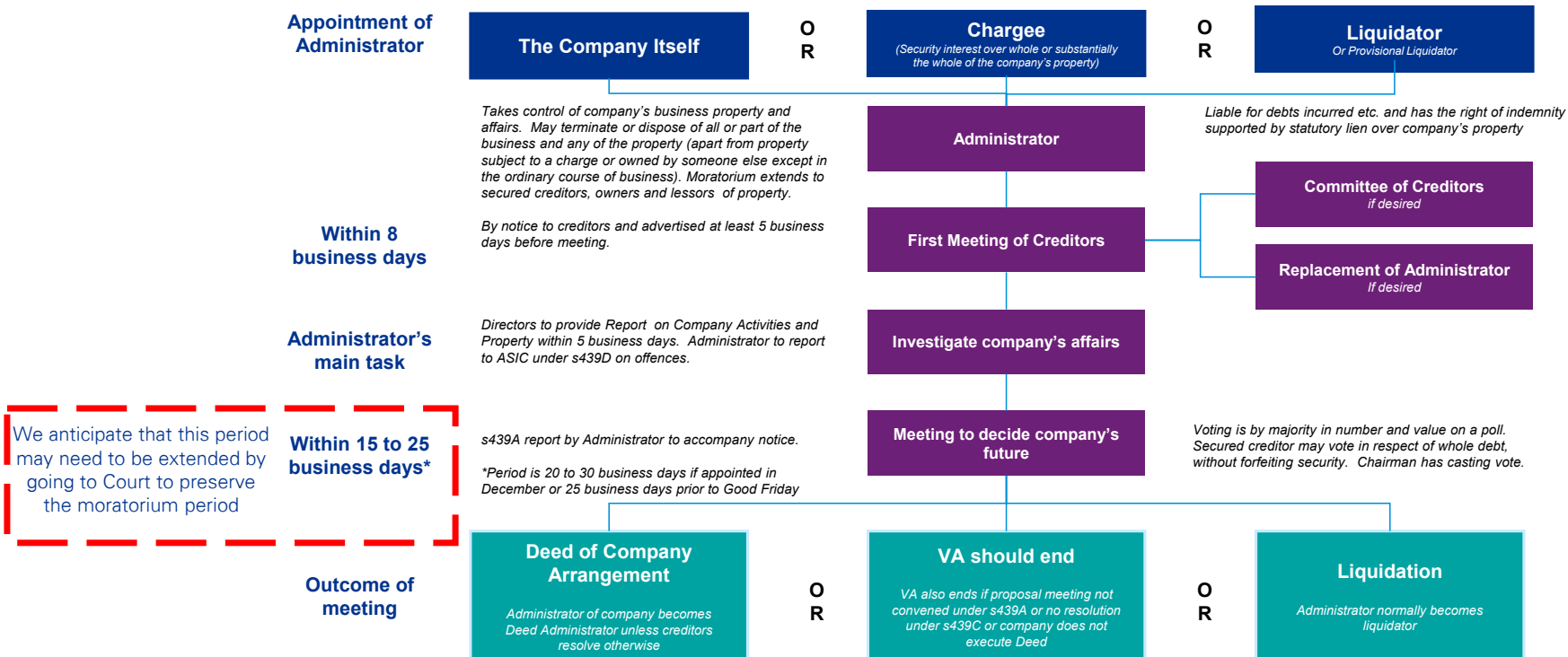
## Voting at the online meeting

- Log into the Portal and click on "*Open for voting*" on the landing page or the "*Debtors*" tab and "*My debtors*" and click on the relevant company.
- You will be able to view the online meeting under the "*Polls*" tab.
- You will be able to view the resolutions on the screen with the option to vote "*in favour, against or abstain*".
- If you are a nominated proxy holder, you will be able to view the resolutions and the creditor that you are acting on behalf of.
- The chairperson will read the resolutions, allow you to vote prior to locking the resolutions.
- Please ensure you click "*Submit*" after placing your votes.

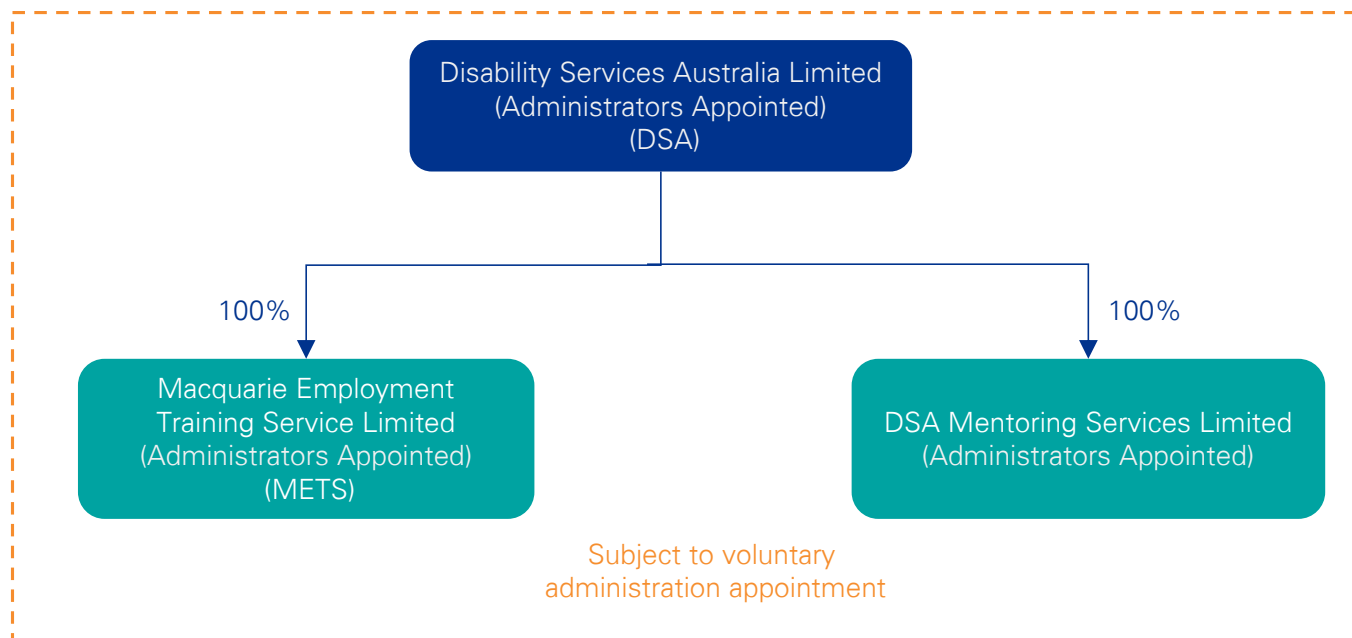


# Voluntary Administration Process

VA is designed to resolve a company's future direction quickly. The voluntary administrator takes control of the company to assess its financial position to try to work out a way to save either the company or its business, and determine the future of the business.



# Group Structure



# Voluntary Administration Overview

## Basis for Voluntary Administration

- DSA had been faced with a number of financial constraints, which has been further compounded by the impact of COVID.
- DSA's cash position had declined significantly in the 18 months prior to the administration. DSA sustained significant losses in its Community Home Living Division, in particular in providing Supported Independent Living services to certain participants with complex needs.
- DSA's employee entitlements liabilities had also continued to accrue. It remains unclear whether DSA has sufficient cash resources or assets to pay its employee entitlements when they fall due.

## Administration strategy to date

- The Administrators recognise the importance of the work undertaken by DSA and continuing to engage with all stakeholders, including Government bodies, employees, Participants and their families/guardians and carers during the Administration.
- The Administrators and DSA's first priority in the administration remains the welfare and safety of its participants, and employees, whilst we undertake an immediate assessment and commence an expression of interest campaign.
- DSA's management team remains in place and we have worked 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).



# DSA overview

DSA provides support to some of the most vulnerable people in New South Wales and focuses on supporting people with disability to explore the world around them, develop their skills and achieve the outcomes they want in their life.

DSA's strategic intent is to "deliver differentiated services in Employment Pathways and Supported Independent Living to enable positive outcomes for participants that focus on capacity building to transition (where possible) to independent living".

All participants	SIL participants	Employees	Facilities
1,500	207	1,759	61

## Key services

- **Community and home living**

- *Supported independent living (SIL)*
  - Provides NDIS funded help and/or supervision of daily tasks to help participants live as independently as possible, while building their skills.
- *Community solutions*
  - Social and recreational programs focused on empowering people to live life the way they choose
- *Enhance Clinical Services*
  - Team of Allied Health professionals providing a range of NDIS and fee-for-support services.

- **Employment pathways**

- *Packaging solutions*
  - Australian Disability Enterprise providing packaging and assembly for local, national and international businesses.
- *Employee solutions*
  - School Leaver Employment Supports (SLES) Program provides individualised support to young people transitioning from high school into the workforce.
  - Disability Employment Services (DES) helps people with disabilities find work.
- *METS*
  - Program for people with learning difficulties and disabilities to receive training in a workplace environment with blend of practical on-the-job and instructor-led training.



# Tasks undertaken during Voluntary Administration process

The Administrators have quickly undertaken a review of all key services provided, and engaged with key stakeholder to ensure the continuity of all services and supports to participants.

## Key tasks undertaken

### • Participant communications

- Direct one on one discussions, with the use of FAQs and easy to read documents.
- In person presentations at each of the packaging factories.
- Virtual town halls

### • Communication with employees

- We have embedded ourselves within the management team to ensure continuity of services. We are holding numerous virtual town halls with all staff.

### • Continued trading

- Understand the complexities of each of the businesses within the Group. No services have been stopped.
- Set up processes and controls to ensure the Administrators have adequate oversight over ongoing operations.
- Built an Administration cash flow forecast.
- Ensured continued access to staff resources.

### • Communication with key stakeholders

- The NDIA
- The NDIS Quality and Safeguards Commission
- Department of Social Services
- Attorney Generals department in relation to Fair Entitlements Guarantee
- Various Unions (PSA, ASU and UWU)
- Department of Health
- Australian Skills Quality Authority (ASQA)
- Department of Communities and Justice

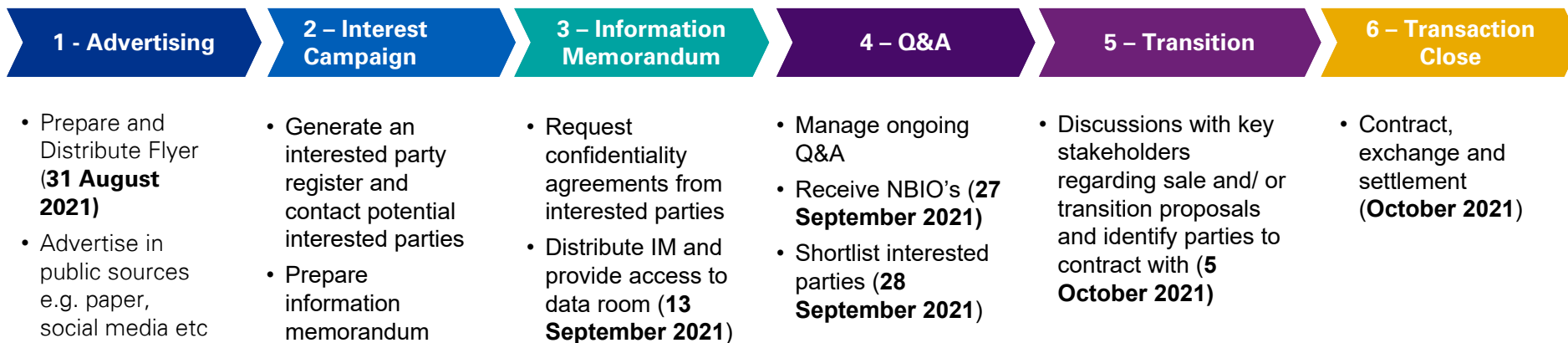
Through these ongoing discussions with key stakeholders we have had significant support to our goal of providing continuity of services, and minimising any disruption to Participants.

### • Review of quality of supports

- Review of processes and procedures, both from a process perspective and a practical perspective.
- Review of COVID-19 Business Continuity Plan
- Review of Reportable Incidents to outline any trends of concern.

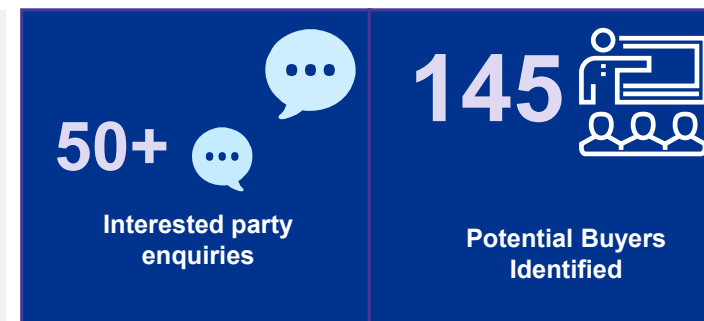


# Sale of Business Process



## Critical success factors:

- Convening period extension (with Federal Court order)
- Participant choice and communication (ideal to stay in same accommodation and same carers)
- Utilising NDIA experience in transition planning
- Employee (union) consultation and transfer of entitlements and / or ongoing employment
- Ongoing access to key management and information
- Limited disruption to operations to preserve value



# Creditors' Profile

<b>Disability Services Australia Limited (Administrators Appointed)</b>		
<b>Creditor</b>	<b>No.</b>	<b>Amount (\$)</b>
Employees (annual leave & long service leave)	1,674	6,692,768
PPSR creditors	20	1,736,908
Unsecured creditors	138	510,823
Contingent creditors (landlords & leases)	~	19,590,000
<b>Total</b>	<b>1,832</b>	<b>28,530,499</b>

<b>Macquarie Employment Training Services Limited (Administrators Appointed)</b>		
<b>Creditor</b>	<b>No.</b>	<b>Amount (\$)</b>
Employees (annual leave & long service leave)	20	58,923
Unsecured creditors	34	29,156
<b>Total</b>	<b>54</b>	<b>88,079</b>

<b>DSA Mentoring Services Limited (Administrators Appointed)</b>		
<b>Creditor</b>	<b>No.</b>	<b>Amount (\$)</b>
Employees (annual leave & long service leave)	65	1,177,598
Unsecured creditors	-	-
<b>Total</b>	<b>65</b>	<b>1,177,598</b>

These are indicative amounts only and do not include:

- Any additional contingent amounts owing to landlords or leaseholders for the full term of the agreements.
- Accruals from trade creditors.
- Any payment in lieu of notice or redundancy payments to employees.



Q&A



# Resolutions for Consideration



# Disability Services Australia Limited (Administrators Appointed) - Resolutions

## Committee of Inspection

Pursuant to Section 436E the Corporations Act 2001, creditors may resolve at this meeting to form a Committee of Inspection. The role of a Committee of Inspection is to:

- Consult with the Administrators about matters relating to the administration; and
- Receive and consider reports by the Administrators (but not instruct the Administrators).

## Creditor approval of transactions with COI

Pursuant to Section 80-55 of Schedule 2 of the Act, a member of a COI must not directly or indirectly derive any profit or advantage from the external administration of the Company unless creditors resolve otherwise.

A member of a COI is taken to derive a profit or advantage from the external administration of the Company if:

- the member directly or indirectly derives a profit or advantage from a transaction (including a sale or purchase) entered into for or on account of the Company; or
- the member directly or indirectly derives a profit or advantage from a creditor of the Company; or
- a related entity of the member directly or indirectly derives a profit or advantage from the administration of the Company.

## Replacement of the Administrators

Creditors may also, by resolution:

- Remove the appointed Administrators from office; and
- Appoint another Administrator or Administrators of their choice.



# Macquarie Employment Training Service Limited (Administrators Appointed) - Resolutions

## Committee of Inspection

Pursuant to Section 436E the Corporations Act 2001, creditors may resolve at this meeting to form a Committee of Inspection. The role of a Committee of Inspection is to:

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- Receive and consider reports by the Administrators (but not instruct the Administrators).

## Creditor approval of transactions with COI

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- a related entity of the member directly or indirectly derives a profit or advantage from the administration of the Company.

## Replacement of the Administrators

Creditors may also, by resolution:

- Remove the appointed Administrators from office; and
- Appoint another Administrator or Administrators of their choice.



# DSA Mentoring Services Limited (Administrators Appointed) - Resolutions

## Committee of Inspection

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## Replacement of the Administrators

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# Next Steps



Meeting closed  
Thank you

