

Corporate insolvencies: December quarter 2014

Quarterly result

The second quarterly insolvency statistics published by ASIC for the 2014–15 financial year, show a decrease of 18.9% in companies entering external administration (EXAD). Appointments totalled 2,003 compared to 2,469 in the previous quarter.

The quarterly total was 21.5% lower than the 2013 December quarter (2,552); (see [Table 1](#)).

The percentage of companies entering EXAD for the quarter, relative to new incorporations, is currently about 4% compared to the long-term trend of around 6% (see [Chart 4](#)).

Appointment type

EXAD appointments fell across all types of appointments compared to the previous quarter; court liquidations (down 24.9%), creditor voluntary liquidations (down 10.5%), receiverships (down 41.6%) and voluntary administrations (down 12.4%).

Court liquidation appointments fell in all regions except South Australia, with New South Wales (down 28.8%), Victoria (down 19.0%), Queensland (down 33.6%), Western Australia (down 25.0%), ACT (down 9.1%), Tasmania (down 3 appointments or 60.0%) and NT (down 3 appointments or 60.0%¹). Court liquidation appointments in South Australia were up 18.5%.

Material falls in Victoria (down 50.0%), Queensland (down 40.7%), New South Wales (down 19.6%) and Western Australia (down 16 appointments or 42.1%) drove the material fall in receivership appointments.

The fall in director initiated winding up appointments was driven by the three largest regions of Victoria (down 15.7%) and Queensland (down 13.1%) and more moderate fall New South Wales (down 6.0%).

The fall in voluntary administrator appointments reflected decreases in New South Wales (down 14.3%), Victoria (down 17.3%), Western Australia (down 8 appointments or 17.4%) and South Australia (down 7 appointments or 33.3%). The overall fall in voluntary administration appointments were moderated by a small increase in Queensland (up 2 appointments or 4.3%), Northern Territory (1 appointment or up 33.3%) and ACT (3 appointments or up 150.0%) and Tasmania which remained stable.

Regional results

Appointments fell in all regions compared to the September 2014 quarter except for the ACT (up 11 appointments or 35.5%). Falls occurred in, New South Wales (down 14.1%), Victoria (down 21.2%), Queensland (down 24.1%), South Australia (down 11.9%), Western Australia (down 28.6%), Tasmania (down 5.6%) and the Northern Territory (down 6 appointments or 35.3%) (see [Table 2](#)).

¹ ASIC notes that percentage changes in smaller regions can be unduly influenced by a relatively small number of appointments.

Industry statistics

[Table 4](#) summarises the statistics released by ASIC for the second quarter of the 2014-15 financial year categorised by the top 10 industries for the quarter, (that is, the industry in which companies entering external administration operate or formerly operated).

Tables and charts

Table 1— Companies entering into EXAD in December quarter 2014

Month	2013	2014	%
October	947	724	-23.5%
November	830	631	-24.0%
December	775	648	-16.4%
Total	2,552	2,003	-21.5%

Table 2— Companies entering into EXAD by region (quarterly change)

State / territory	Dec Qtr 2013	Sep Qtr 2014	Dec Qtr 2014	%	% change Dec Qtr 2013	% change Sept Qtr 2014
NSW	956	872	749	37.4%	-21.7%	-14.1%
VIC	712	685	540	27.0%	-24.2%	-21.2%
QLD	530	507	385	19.2%	-27.4%	-24.1%
SA	99	101	89	4.4%	-10.1%	-11.9%
WA	178	238	170	8.5%	-4.5%	-28.6%
TAS	27	18	17	0.8%	-37.0%	-5.6%
NT	5	17	11	0.5%	120.0%	-35.3%
ACT	45	31	42	2.1%	-6.7%	35.5%
Total	2,552	2,469	2,003	100.0%	-21.5%	-18.9%

NB: ASIC notes that percentage changes in smaller regions can be unduly influenced by a relatively small number of appointments.

Table 3 —Analysis by appointment type – quarter ended December 2014*

* *excludes: scheme administrator and foreign/RAB wind-ups; and members voluntary liquidation appointments as these relate to solvent entities*

Appointment type	Dec Qtr 2013	Sep Qtr 2014	Dec Qtr 2014	% change Dec Qtr 2013	% change Sep Qtr 2014
Court liquidations (1)	801	698	524	-34.6%	-24.9%
Creditors' voluntary liquidations	1,175	1,128	1,009	-14.1%	-10.5%
Receiverships (2)	288	320	187	-35.1%	-41.6%
Voluntary administrations	288	323	283	-1.7%	-12.4%
Total	2,552	2,469	2,003	-21.5%	-18.9%

(1) includes provisional liquidations

(2) includes receivers, receivers and managers, controllers and managing controllers

Table 4 —Analysis by industry type – quarter ended December 2014

Top 10 Industries	Dec Qtr 2013	Sep Qtr 2014	Dec Qtr 2014	% change Dec Qtr 2013	% change Sep Qtr 2014
Other (business & personal) services	856	864	685	-20.0%	-20.7%
Construction	464	416	348	-25.0%	-16.3%
Retail trade	203	158	177	-12.8%	12.0%
Accommodation & food services	223	189	150	-32.7%	-20.6%
Transport, postal & warehousing	119	129	108	-9.2%	-16.3%
Manufacturing	101	131	68	-32.7%	-48.1%
Rental, hiring & real estate services	78	79	62	-20.5%	-21.5%
Mining	24	67	51	112.5%	-23.9%
Agriculture, forestry & fishing	44	51	49	11.4%	-3.9%
Wholesale trade	47	51	47	0.0%	-7.8%
Other industries	320	255	208	-35.0%	-18.4%
Unknown	73	79	50	-31.5%	-36.7%
Total	2,552	2,469	2,003	-21.5%	-18.9%

NB: Industry classification information aligns with the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) divisions. Due to ASIC's regulatory role in the financial and insurance services industry, this industry classification is divided into six sub-categories.

'Unknown' primarily relates to controller appointments by secured lenders where the appointee lodged a Form 504 and failed to lodge a Form 505, (being the document that captures the industry details).

Chart 1— Companies entering into EXAD by quarter and type of appointment

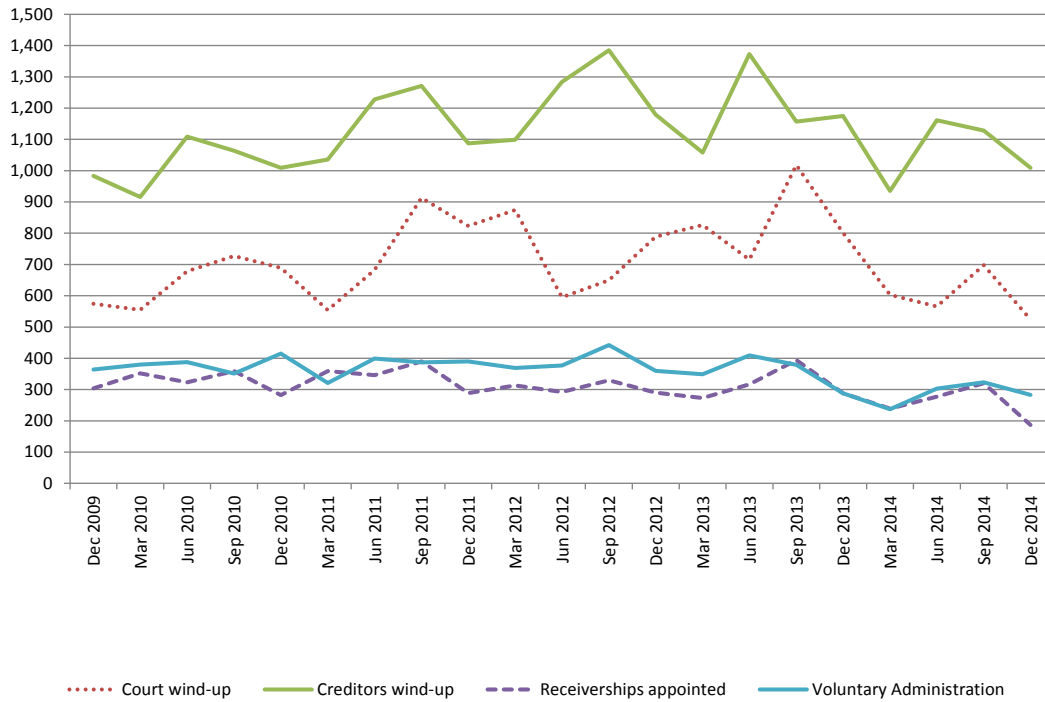


Chart 2 — Companies entering EXAD by quarter

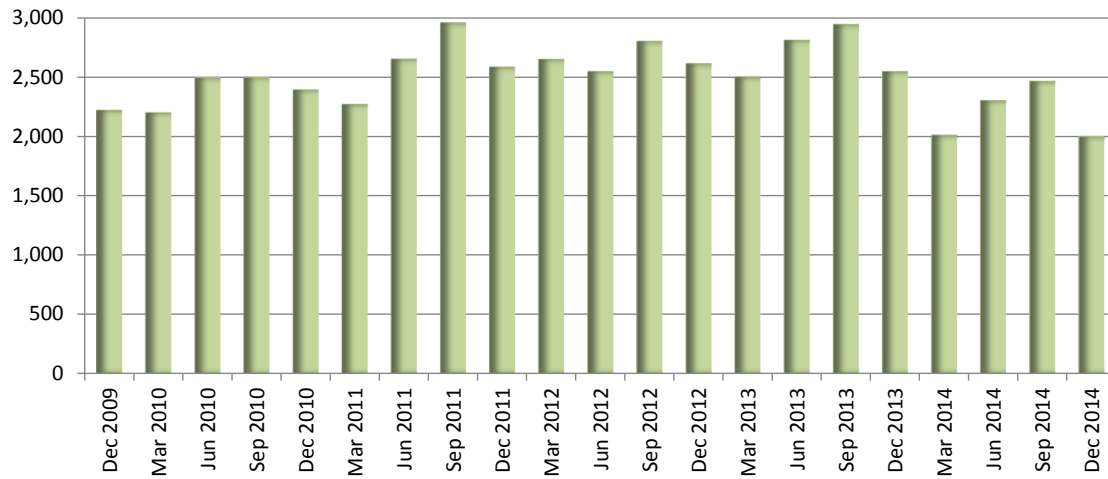


Chart 3 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

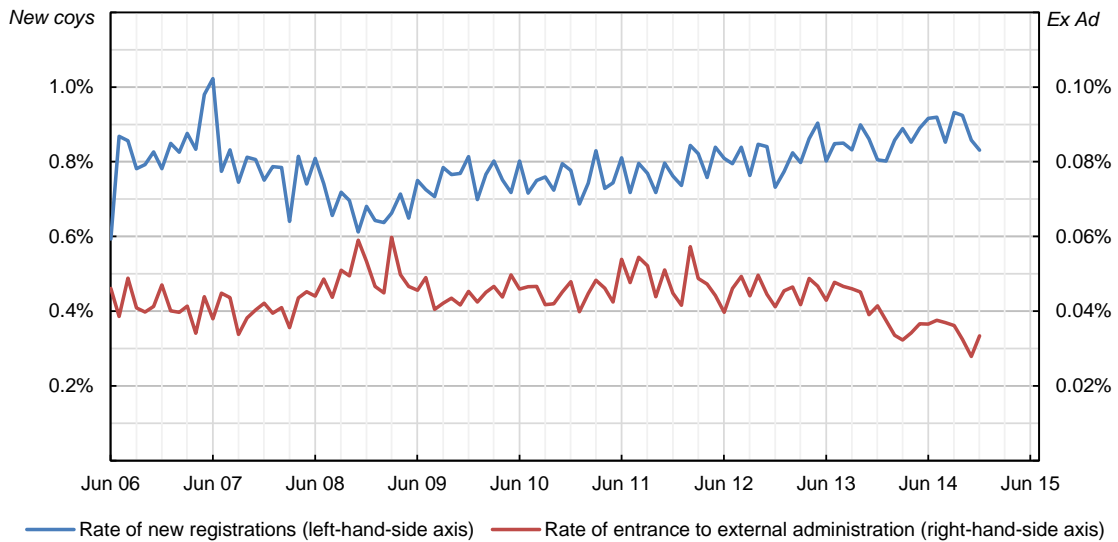
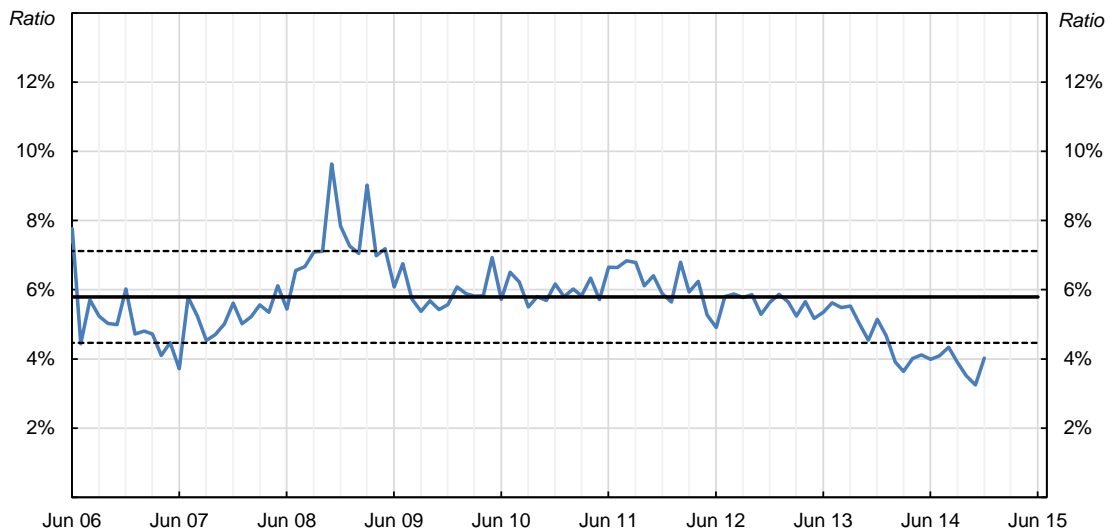


Chart 4 — Ratio of EXAD’s to new business registrations:



Background

ASIC publishes monthly insolvency statistics (Series 1 and 2) detailing the number and type of corporate insolvency appointments. The law requires external administrators to notify ASIC of their appointments. ASIC records this information on the public register. From 1 July 2013, following an ASIC change to the Form 505 – Notice of Appointment, ASIC commenced recording and reporting industry type from the notice of appointment lodged with ASIC following an external administrator’s appointment (Series 1A).