

Corporate insolvencies: March quarter 2016

Quarterly result

ASIC's quarterly insolvency statistics for the third quarter of the 2015/16 financial year, show a decrease of 15.7% in companies entering external administration (EXAD). Appointments totalled 2,106 compared to 2,499 in the previous quarter.

The quarterly total was 6.8% higher than the 2015 March quarter (1,971) (see [Table 1](#)).

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

Appointment type

All appointment types fell nationally compared to the December 2015 quarter - Court liquidations down 28.4%, creditors' voluntary liquidations down 8.9%, receiverships down 7.3% and voluntary administrations appointments down 3.6%.

Court liquidation appointments fell in all states and territories except South Australia (up 31%). Material decreases in New South Wales (down 19.5%), Victoria (down 36.3%) and Queensland (down 42.5%) drove the overall decline in Court liquidation appointments of 28.4%.

Receivership appointments fell 7.3% nationally with falls in New South Wales (down 20%), Victoria (down 7.5%), South Australia (down 18.8%) and Western Australia (down 11.1%) – offset marginally by an increase in Queensland (up three appointments or 6.4%).

Falls in director-initiated winding up appointments of 8.9% nationally was mainly due to falls in New South Wales (down 15.8%), Queensland (down 14.8%) and Victoria (down 6%).

A decrease of 3.6% in voluntary administrator appointments was mainly attributable to a decrease in New South Wales (down 14.8%).

Regional statistics

Appointments fell in all regions except for South Australia (up 17.2% or 15 appointments, compared to the December 2015 quarter. By number, the biggest falls were in New South Wales (down 17% or 135 appointments), Victoria (down 17.8% or 129 appointments) and Queensland (down 22.4% or 128 appointments) (see [Table 2](#)).

Industry statistics

[Table 4](#) summarises ASIC's statistics for the third quarter of the 2015/16 financial year for the top 10 industries in which companies entering external administration operate or formerly operated.

Tables and charts

Table 1— Companies entering into EXAD in March quarter 2016

Month	2015	2016	% change
January	484	461	-4.8%
February	655	804	22.7%
March	832	841	1.1%
Total	1,971	2,106	6.8%

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

State / territory	Mar Qtr 2015	Dec Qtr 2015	Mar Qtr 2016	%	% change Mar Qtr 2015	% change Dec Qtr 2015
NSW	728	793	658	31.2%	-9.6%	-17.0%
VIC	522	723	594	28.2%	13.8%	-17.8%
QLD	409	572	444	21.1%	8.6%	-22.4%
SA	75	87	102	4.8%	36.0%	17.2%
WA	173	244	241	11.4%	39.3%	-1.2%
TAS	13	18	13	0.6%	0.0%	-27.8%
NT	10	19	13	0.6%	30.0%	-31.6%
ACT	41	43	41	1.9%	0.0%	-4.7%
Total	1,971	2,499	2,106	100.0%	6.8%	-15.7%

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

Table 3 — Analysis by appointment type – quarter ended March 2016*

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

Appointment type	Mar Qtr 2015	Dec Qtr 2015	Mar Qtr 2016	% change Mar Qtr 2015	% change Dec Qtr 2015
Court liquidations (1)	495	971	695	40.4%	-28.4%
Creditors' voluntary liquidations	1,010	1,024	933	-7.6%	-8.9%
Receiverships (2)	166	164	152	-8.4%	-7.3%
Voluntary administrations	298	338	326	9.4%	-3.6%
Total	1,969	2,497	2,106	7.0%	-15.7%

(1) includes provisional liquidations

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

(3) excludes Foreign/RAB wind-up

Table 4 — Analysis by industry type – quarter ended March 2016

Top 10 Industries	Mar Qtr 2015	Dec Qtr 2015	Mar Qtr 2016	% change Mar Qtr 2015	% change Dec Qtr 2015
Other (business & personal) services	690	927	754	9.3%	-18.7%
Construction	357	407	369	3.4%	-9.3%
Accommodation & food services	159	240	196	23.3%	-18.3%
Retail trade	149	188	159	6.7%	-15.4%
Manufacturing	90	69	98	8.9%	42.0%
Transport, postal & warehousing	106	106	93	-12.3%	-12.3%
Education & training	6	48	64	966.7%	33.3%
Mining	64	54	51	-20.3%	-5.6%
Professional, scientific & technical services	28	39	50	78.6%	-7.4%
Rental, hiring & real estate services	37	69	44	18.9%	-36.2%
Other Industries	225	314	193	-14.2%	-38.5%
Unknown	60	38	35	-41.7%	-7.9%
Total	1,971	2,499	2,106	6.8%	-15.7%

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

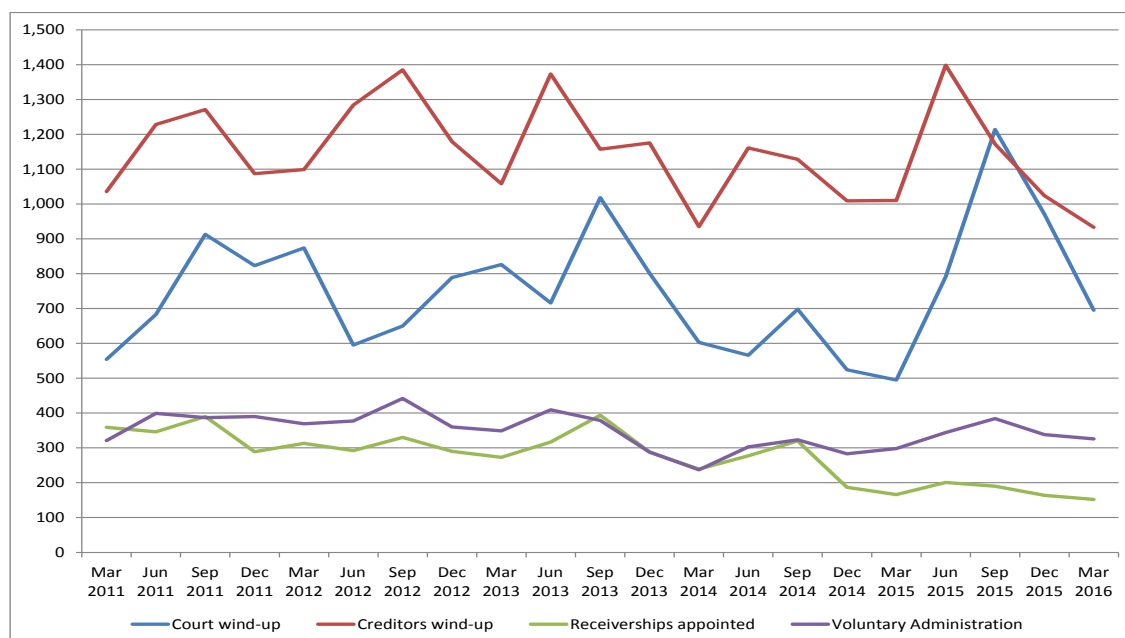


Chart 2 — Companies entering EXAD by quarter

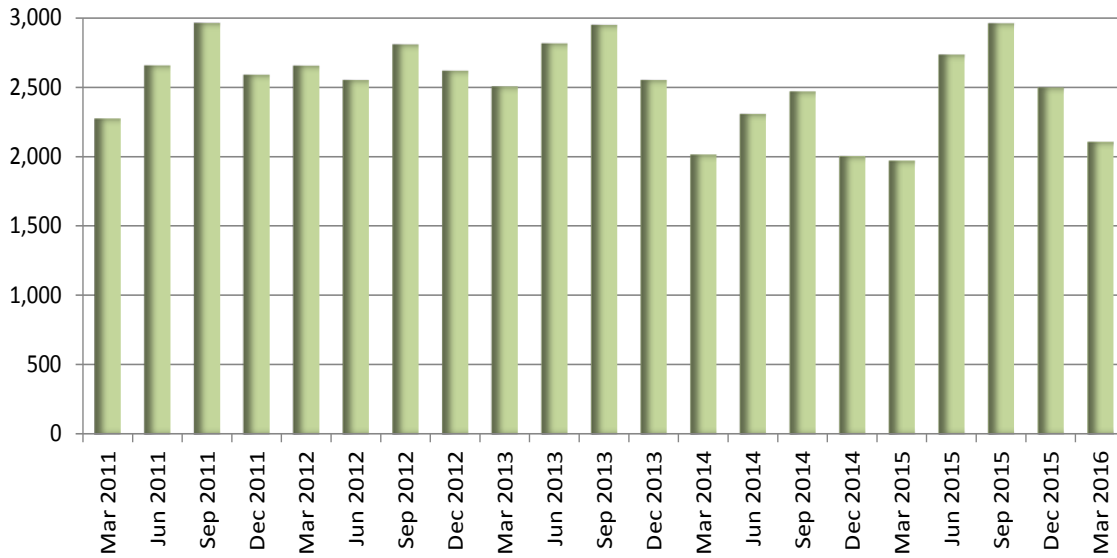


Chart 3 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

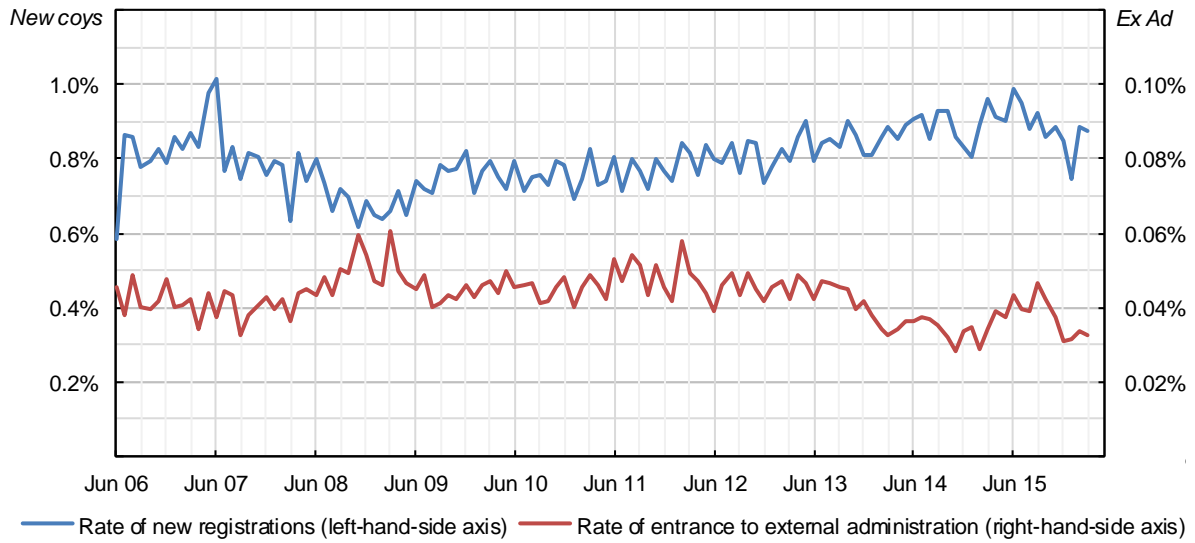
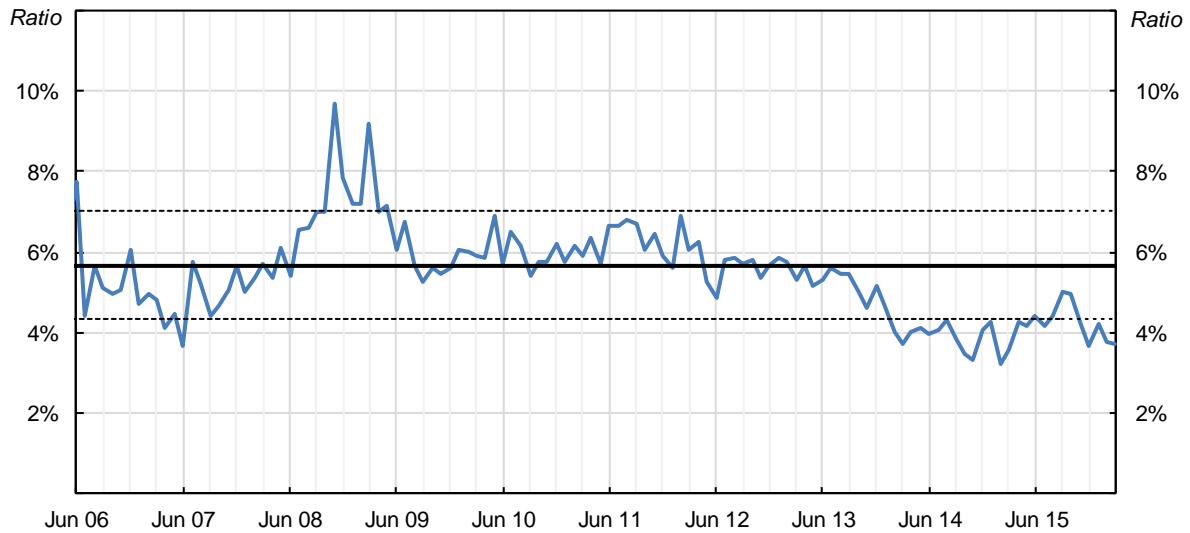


Chart 4 — Ratio of EXADs to new business registrations:



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).