

Corporate insolvencies: December quarter 2017

Quarterly result

ASIC's quarterly insolvency statistics for the second quarter of the 2017/18 financial year, shows a decrease from the previous quarter of 13.3% in companies entering external administration (EXAD). Appointments totalled 1,809 compared to 2,087 in the previous quarter.

The quarterly total was 0.4% lower than the 2016 December quarter (1,817) (see [Table 1](#)).

The percentage of companies entering EXAD for the quarter, relative to new incorporations, continues to remain below 4%. (see [Chart 5 — Ratio of EXADs to new business registrations](#)).

Appointment type

A decrease in Court liquidation appointments (down 5% nationally) was mainly attributable to decreases in Victoria (down 43 appointments or 24.9%), Western Australia (down 18 appointments or 20.7%) and New South Wales (down 12 appointments or 6.6%). These were offset by material rises in Queensland (up 25 appointments or 25.3%) and South Australia (up 14 appointments or 56%).

Director-initiated winding up appointments were down by 21.9% with falls in all regions. The regions with the greatest decrease in appointments were New South Wales (down 114 appointments or 27%), Victoria (down 60 appointments or 21.3%) and Queensland (down 42 appointments or 18.6%).

Receivership appointments increased 35% nationally (41 appointments); mainly due to increases in New South Wales (up 71.4%) and Victoria (up 60%).

Appointments of voluntary administrators decreased nationally by 16.7%. Falls in Queensland (down 38.9%), New South Wales (down 21.1%) and Victoria (down 13.2%) were partially offset by a rise in Western Australia (up 25.6%).

Regional statistics

Compared to the September 2017 quarter, results for the December quarter (down 13.3%) were driven by New South Wales (down 18.3% or 132 appointments), Victoria (down 16.8% or 95 appointments) and Queensland (down 8.4% or 35 appointments).

Industry statistics

Table 4 summarises ASIC's statistics for the second quarter of the 2017/18 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 December quarter 2017

Month	2016	2017	% change
October	677	606	-10.5%
November	636	669	5.2%
December	504	534	6.0%
Total	1,817	1,809	-0.4%

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

State / territory	Dec Qtr 2016	Sep Qtr 2017	Dec Qtr 2017	%	% change Dec Qtr 2016	% change Sep Qtr 2017
NSW	551	721	589	32.6%	6.9%	-18.3%
VIC	537	564	469	25.9%	-12.7%	-16.8%
QLD	398	417	382	21.1%	-4.0%	-8.4%
SA	79	86	93	5.1%	17.7%	8.1%
WA	201	238	231	12.8%	14.9%	-2.9%
TAS	13	9	11	0.6%	-15.4%	22.2%
NT	7	12	9	0.5%	28.6%	-25.0%
ACT	31	40	25	1.4%	-19.4%	-37.5%
Total	1,817	2,087	1,809	100.0%	-0.4%	-13.3%

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 December 2017*

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

Appointment type	Dec Qtr 2016	Sep Qtr 2017	Dec Qtr 2017	% change Dec Qtr 2016	% change Sep Qtr 2017
Court liquidations (1)	519	578	549	5.8%	-5.0%
Creditors' voluntary liquidations	860	1,094	854	-0.7%	-21.9%
Receiverships (2)	124	117	158	27.4%	35.0%
Voluntary administrations	313	294	245	-21.7%	-16.7%
Total	1,816	2,083	1,806	-0.6%	-13.3%

(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 December 2017

Top 10 Industries	Dec Qtr 2016	Sep Qtr 2017	Dec Qtr 2017	% change Dec Qtr 2016	% change Sep Qtr 2017
Other (business & personal) services	589	773	686	16.5%	-11.3%
Construction	372	387	303	-18.5%	-21.7%
Accommodation & food services	178	252	217	21.9%	-13.9%
Retail trade	124	160	118	-4.8%	-26.3%
Transport, postal & warehousing	75	100	98	30.7%	-2.0%
Manufacturing	69	57	56	-18.8%	-1.8%
Rental, hiring & real estate services	48	38	41	-14.6%	7.9%
Professional, scientific & technical services	23	32	32	39.1%	0.0%
Wholesale trade	33	30	30	-9.1%	0.0%
Agriculture, forestry & fishing	21	25	28	33.3%	12.0%
Other industries	259	192	164	-36.7%	-14.6%
Unknown	26	41	36	38.5%	-12.2%
Total	1,817	2,087	1,809	-0.4%	-13.3%

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, we divided this industry classification 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

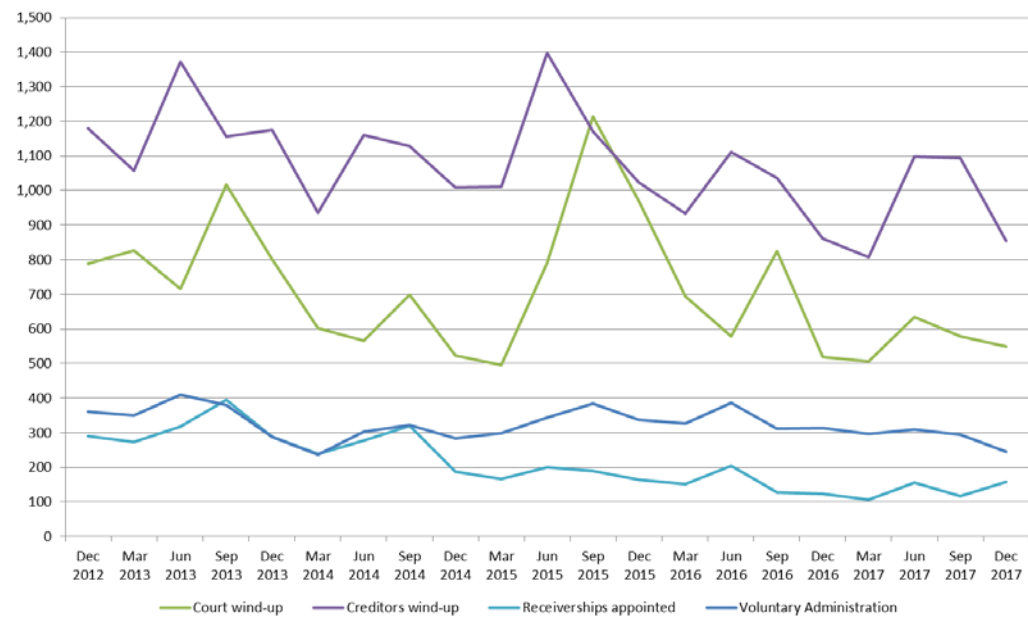


Chart 2 — Companies entering EXAD by quarter

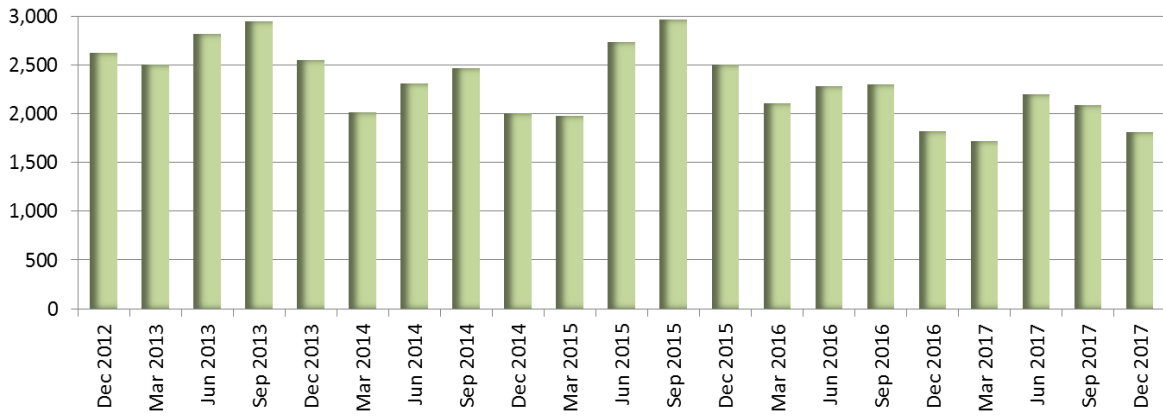


Chart 3 – Companies entering into EXAD by quarter and industry for year to date compared to prior year comparative period

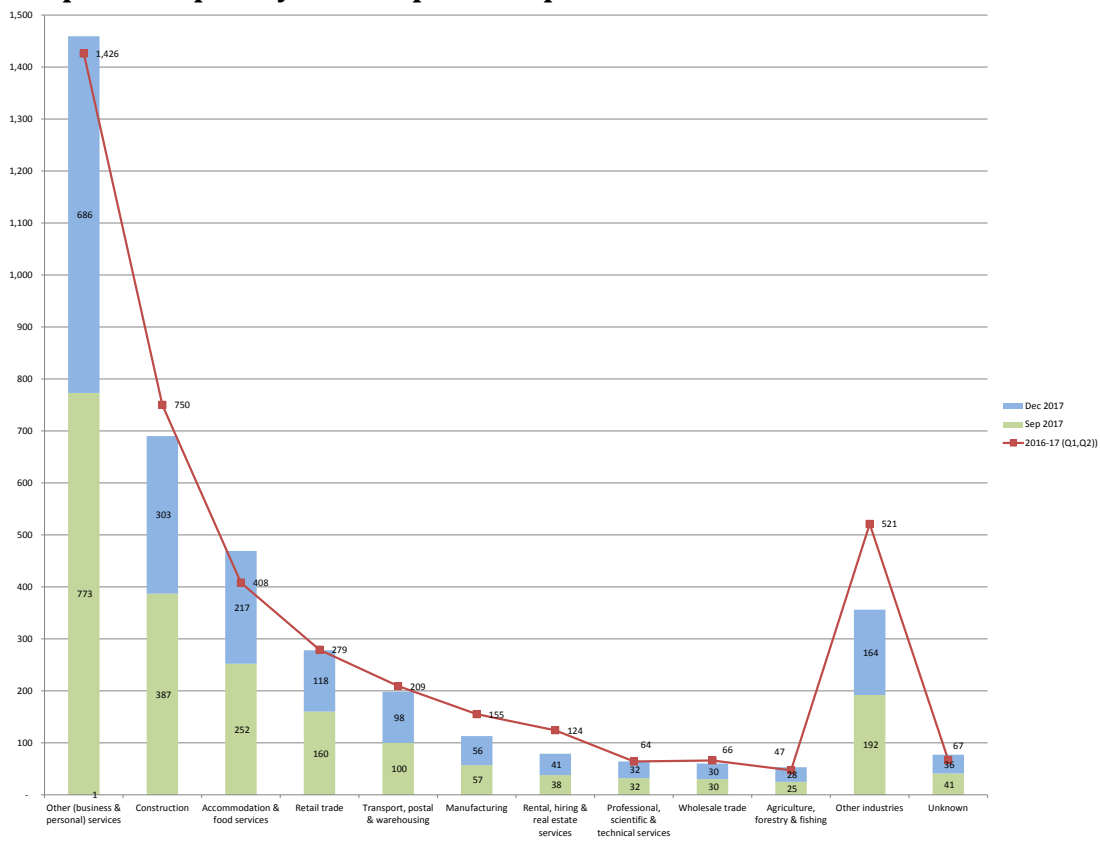


Chart 4 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

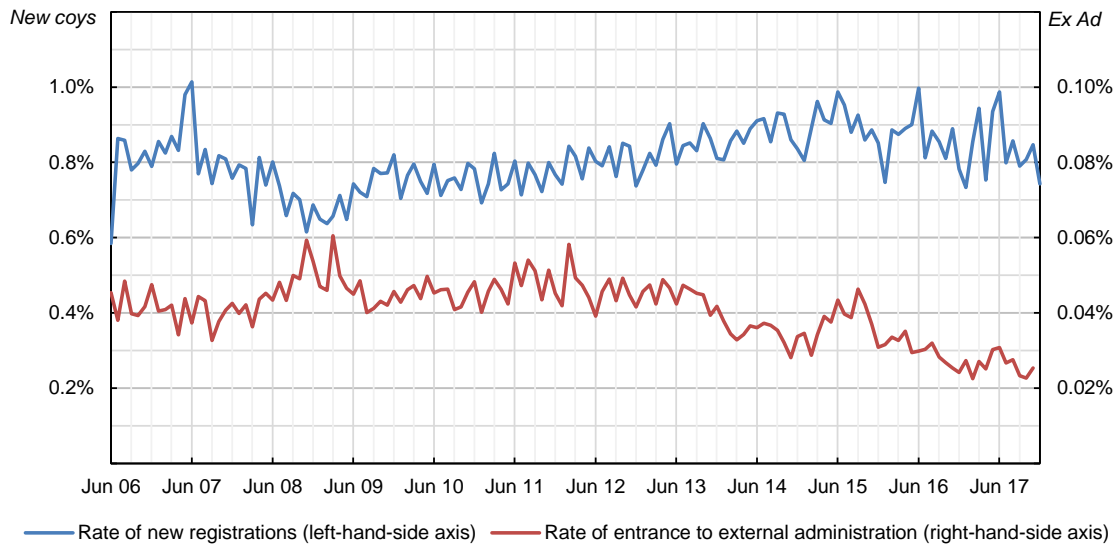
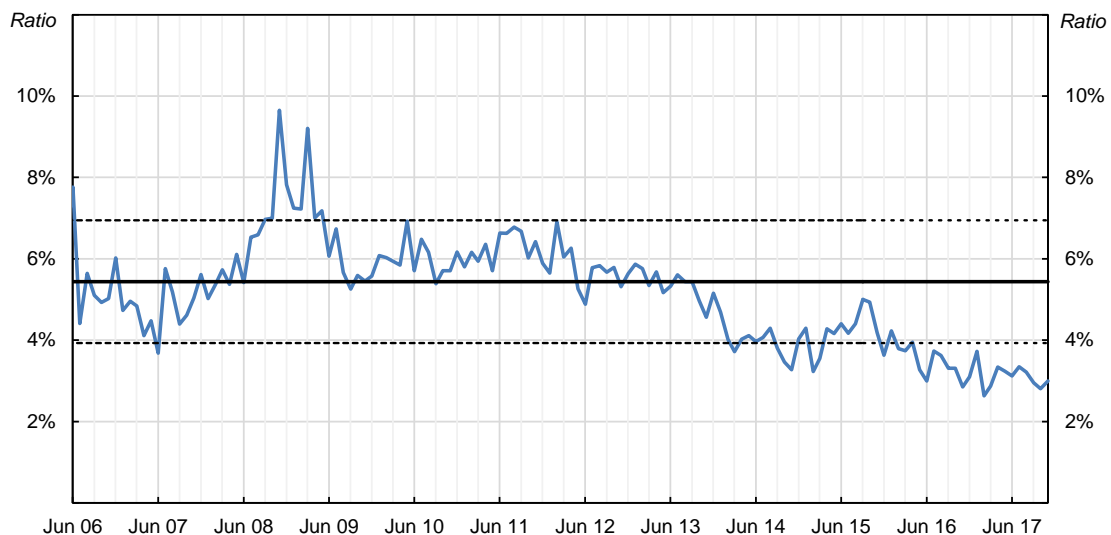


Chart 5 — Ratio of EXADs to new business registrations:



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).