

# Corporate insolvencies: September quarter 2014

## Quarterly result

The first quarterly insolvency statistics published by ASIC for the 2014–15 financial year, show a rise of 7.0% in companies entering external administration (EXAD). Appointments totalled 2,469 compared to 2,308 in the previous quarter.

The quarterly total was 16.2% lower than the 2013 September quarter (2,948); (see [Table 1](#) and Charts [3](#) and [4](#)).

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

Creditor voluntary liquidations aside, EXAD appointments rose across all types of appointment compared to the previous quarter; court liquidations (up 23.3%), receiverships (up 15.5%) and voluntary administrations up (6.6%). Creditor voluntary liquidations fell 2.8%.

The rise in court liquidation appointments was driven by increases in all states except South Australia, with New South Wales (up 21.2%), Victoria (up 31.6%), Queensland (up 20.7%), Western Australia (up 45.5%), ACT (up 37.5%), Tasmania (up 3 appointments or 150%) and NT (up 1 appointment or 25.0%<sup>1</sup>). Court liquidation appointments in South Australia were down 27.0%.

Increased receivership appointments were driven by material increases in Victoria (up 38.7%), Queensland (up 25.5%), Western Australia (up 23 appointments or 153.3%) and South Australia (up 27.3%). A fall in New South Wales (down 42.5%) moderated the overall increase in receivership appointments.

The fall in director initiated winding up appointments largely reflects moderate falls in the three largest states of New South Wales (down 1.9%), Victoria (down 4.5%) and Queensland (down 5.0%).

The rise in voluntary administrator appointments reflected increases in New South Wales (up 13.3%), Western Australia (up 19 appointments or 70.4%) and South Australia (up 12 appointments or 133.3%). Victoria (down 14.7%) and Queensland (down 6.0%) moderated the overall increase in voluntary administration appointments.

## Regional results

Appointments rose in all regions compared to the June 2014 quarter except for the ACT (down 24.4%) and Tasmania (down 25.0%). Rises were, New South Wales (up 1.5%), Victoria (up 6.7%), Queensland (up 7.6%), South Australia (up 4.1%), Western Australia (up 47.8%), and the Northern Territory (up 30.8%) (see [Table 2](#)).

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<sup>1</sup> 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 first quarter of 2014/15 financial year by the industries in which companies entering external administration operate or formerly operated.

## Tables and charts

**Table 1— Companies entering into EXAD in September quarter 2014**

Month	2013	2014	%
July	1,005	841	-16.3%
Aug	986	831	-15.7%
Sept	957	797	-16.7%
<b>Total</b>	<b>2,948</b>	<b>2,469</b>	<b>-16.2%</b>

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

State / territory	Sept Qtr 2013	Jun Qtr 2014	Sept Qtr 2014	% of Qtr total	% change Sept Qtr 2013	% change Jun Qtr 2014
NSW	1,138	859	872	35.3%	-23.4%	1.5%
VIC	879	642	685	27.7%	-22.1%	6.7%
QLD	562	471	507	20.5%	-9.8%	7.6%
SA	112	97	101	4.1%	-9.8%	4.1%
WA	177	161	238	9.6%	34.5%	47.8%
TAS	19	24	18	0.7%	-5.3%	-25.0%
NT	13	13	17	0.7%	30.8%	30.8%
ACT	48	41	31	1.3%	-35.4%	-24.4%
<b>Total</b>	<b>2,948</b>	<b>2,308</b>	<b>2,469</b>	<b>100.0%</b>	<b>-16.2%</b>	<b>7.0%</b>

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 30 September 2014\***

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

Appointment type	Sept Qtr 2013	Jun Qtr 2014	Sep Qtr 2014	% change Sept Qtr 2013	% change Jun Qtr 2014
Court liquidations (1)	1,018	566	698	-31.4%	23.3%
Creditors' voluntary liquidations	1,157	1,161	1,128	-2.5%	-2.8%
Receiverships (2)	394	277	320	-18.8%	15.5%
Voluntary administrations	379	303	323	-14.8%	6.6%
<b>Total</b>	<b>2,948</b>	<b>2,307</b>	<b>2,469</b>	<b>-16.2%</b>	<b>7.0%</b>

(1) includes provisional liquidations

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

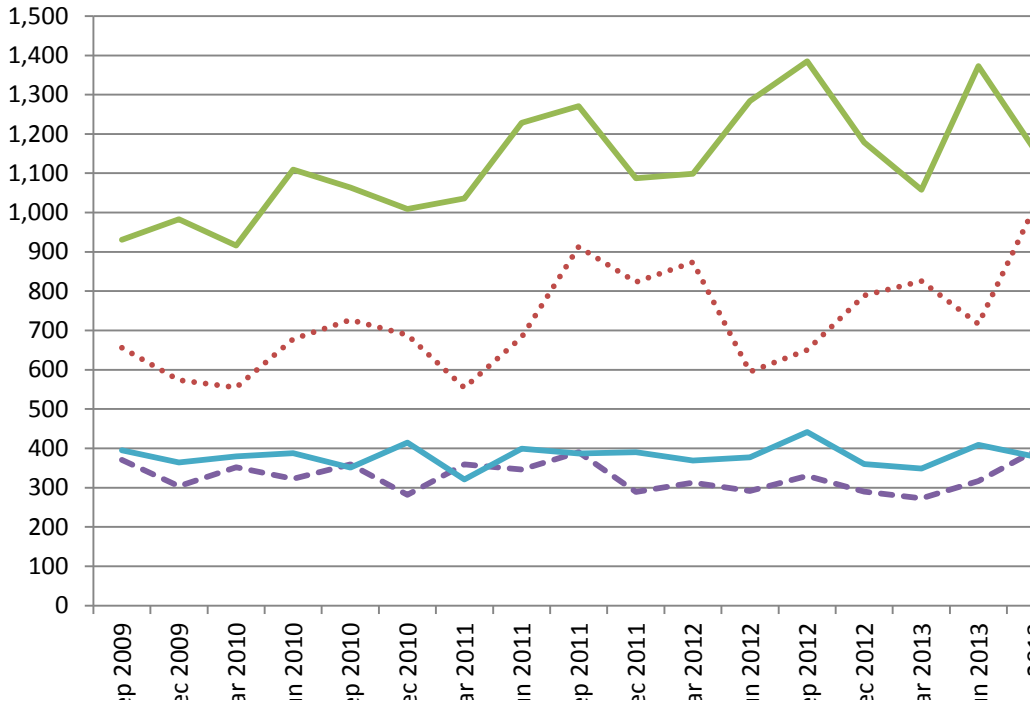
**Table 4 —Analysis by industry type – quarter ended 30 September 2014**

Top 10 Industries	Sept Qtr 2013	Jun Qtr 2014	Sep Qtr 2014	% change Sept Qtr 2013	% change Jun Qtr 2014
Other (business & personal) services	860	760	856	-0.5%	12.6%
Construction	530	422	413	-22.1%	-2.1%
Accommodation & food services	236	172	189	-19.9%	9.9%
Retail trade	225	181	158	-29.8%	-12.7%
Transport, postal & warehousing	142	117	129	-9.2%	10.3%
Manufacturing	159	129	130	-18.2%	0.8%
Rental, hiring & real estate services	101	81	78	-22.8%	-3.7%
Information media & telecommunications	75	56	44	-41.3%	-21.4%
Wholesale trade	71	49	51	-28.2%	4.1%
Agriculture, forestry & fishing	81	49	51	-37.0%	4.1%
Other industries	339	231	278	-18.0%	20.3%
Unknown	129	61	92	-28.7%	50.8%
<b>Total</b>	<b>2,948</b>	<b>2,308</b>	<b>2,469</b>	<b>-16.2%</b>	<b>7.0%</b>

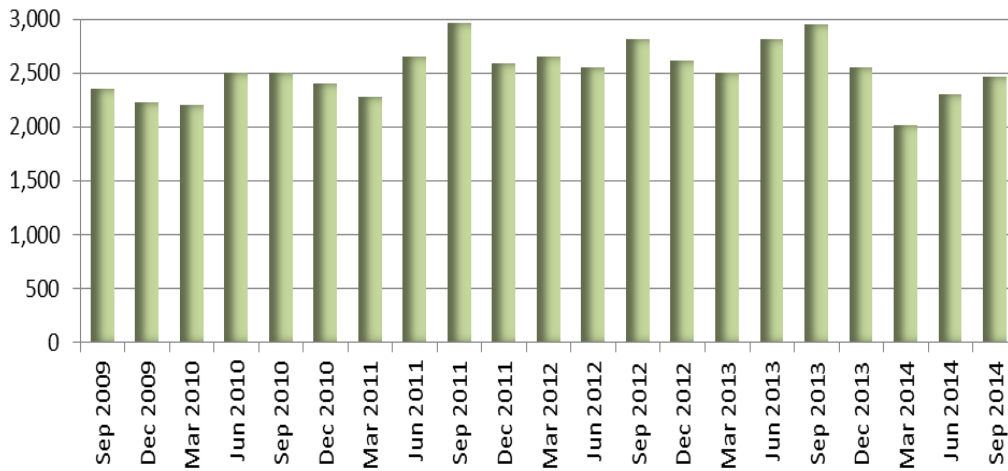
NB: Industry classification information aligns with the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) divisions. Due to ASIC's regulatory role in the financial and insurance services industry, this industry classification is divided into six sub-categories.

"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).

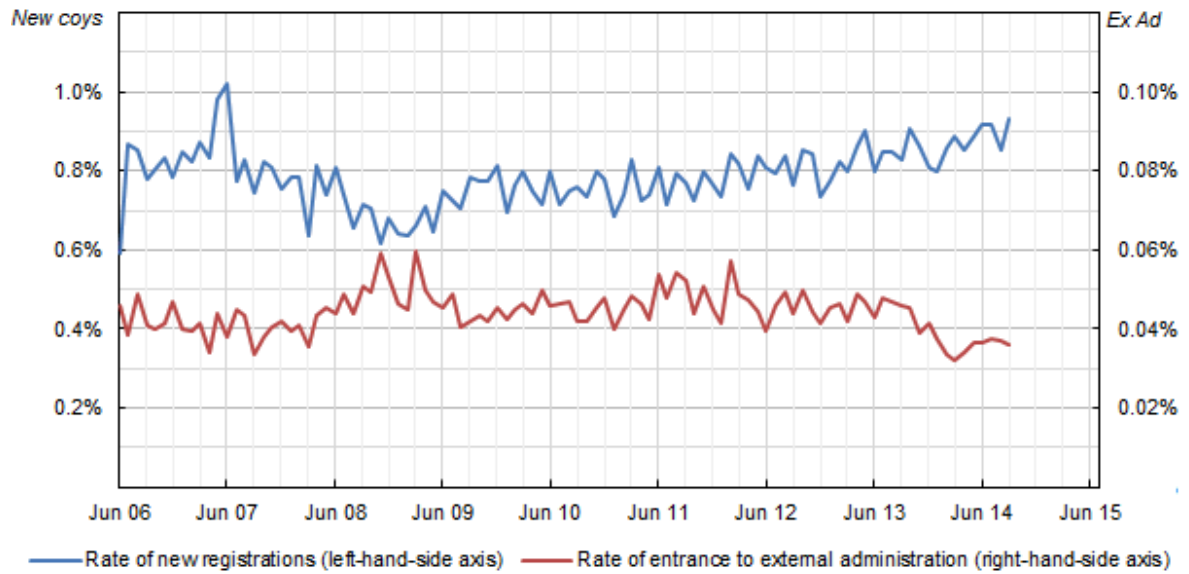
**Chart 1— Companies entering into EXAD by quarter and type of appointment**



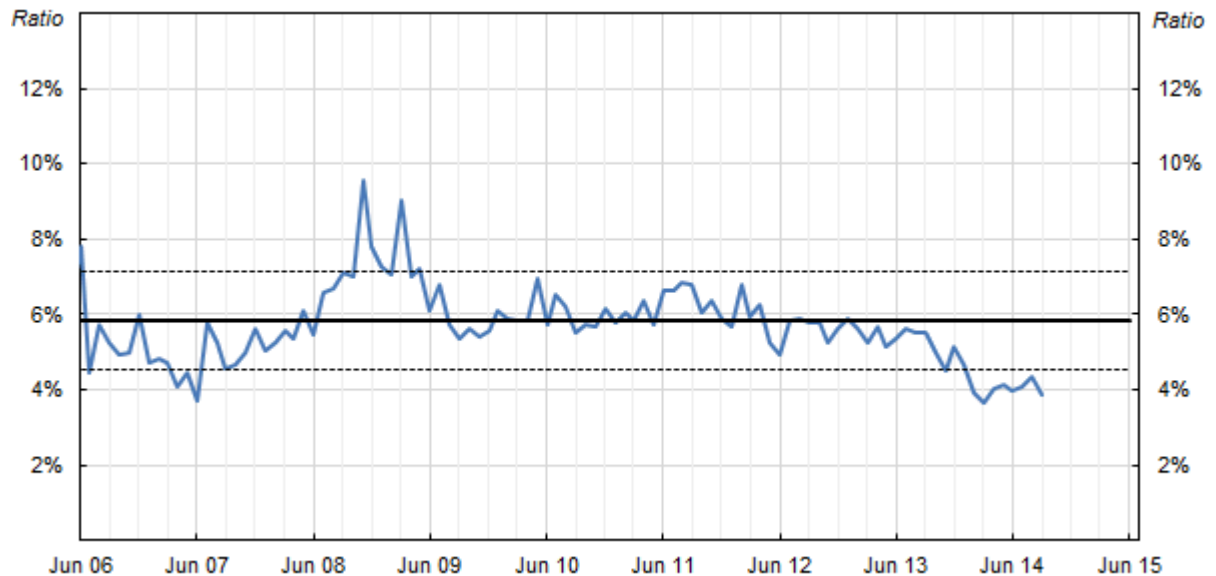
**Chart 2 — Companies entering EXAD by quarter**



**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).