

Corporate insolvencies: March quarter 2015

Quarterly result

The third quarterly insolvency statistics published by ASIC for the 2014–15 financial year, show a decrease of 1.6% in companies entering external administration (EXAD). Appointments totalled 1,971 compared to 2,003 in the previous quarter.

The quarterly total was 2.1% lower than the 2014 March quarter (2,014) (see [Table 1](#)).

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

Appointment type

Appointments initiated by creditors fell overall compared to the previous quarter, (Court liquidations (down 5.5%), receiverships (down 11.2%), creditor voluntary liquidations stable (up 0.1%) and voluntary administrations appointments rose (up 5.3%)).

Falls in Court appointments in New South Wales (down 3.5%), Victoria (down 9.9%), and South Australia (down 43.8%) contributed to an overall fall in Court liquidation appointments of 5.5%. Court liquidation appointments in Queensland were up 9.3%.

Material falls in the three largest states (New South Wales (down 35.1%), Victoria (down 14.0%) and Queensland (down 8.2%)), drove the fall, nationally, in receivership appointments of 11.2%.

A fall in director-initiated winding up appointments, (that is, creditor voluntary windings up), in Victoria (down 6.0%) offset a rise in that type of appointment in New South Wales (up 2.1%) and Queensland (up 4.8%).

Strong rises in voluntary administrator appointments in Victoria (up 29.9%), Queensland (up 26.5%) and Western Australia (up 13.2%) were offset by falls in New South Wales (down 12.7%) and South Australia (down 35.7%).

Regional results

Appointments fell in all regions, compared to the December 2014 quarter, except for Queensland (up 6.2%) and Western Australia (up 1.8%). Falls occurred in New South Wales (down 2.8%), Victoria (down 3.3%), South Australia (down 15.7%), Tasmania (down 4 appointments or 23.5%), ACT (down 1 appointment or 2.4%) and the Northern Territory (down 1 appointment or 9.1%) (see [Table 2](#)).

Industry statistics

[Table 4](#) summarises ASIC's statistics for the third quarter of the 2014/15 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 2015

Month	2014	2015	%
January	511	484	-5.3%
February	739	655	-11.4%
March	764	832	8.9%
Total	2,014	1,971	-2.1%

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

State / territory	Mar Qtr 2014	Dec Qtr 2014	Mar Qtr 2015	%	% change Mar Qtr 2014	% change Dec Qtr 2014
NSW	729	749	728	36.9%	-0.1%	-2.8%
VIC	554	540	522	26.5%	-5.8%	-3.3%
QLD	424	385	409	20.8%	-3.5%	6.2%
SA	85	89	75	3.8%	-11.8%	-15.7%
WA	160	170	173	8.8%	8.1%	1.8%
TAS	12	17	13	0.7%	8.3%	-23.5%
NT	7	11	10	0.5%	42.9%	-9.1%
ACT	43	42	41	2.1%	-4.7%	-2.4%
Total	2,014	2,003	1,971	100.0%	-2.1%	-1.6%

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 2015*

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

Appointment type	Mar Qtr 2014	Dec Qtr 2014	Mar Qtr 2015	% change Mar Qtr 2014	% change Dec Qtr 2014
Court liquidations (1)	603	524	495	-17.9%	-5.5%
Creditors' voluntary liquidations	935	1,009	1,010	8.0%	0.1%
Receiverships (2)	239	187	166	-30.5%	-11.2%
Voluntary administrations	237	283	298	25.7%	5.3%
Total	2,014	2,003	1,969	-2.2%	-1.7%

(1) includes provisional liquidations

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

(3) excludes Foreign/RAB wind-up (2 appointments for March Qtr 2015)

Table 4 —Analysis by industry type – quarter ended March 2015

Top 10 Industries	Mar Qtr 2014	Dec Qtr 2014	Mar Qtr 2015	% change Mar Qtr 2014	% change Dec Qtr 2014
Other (business & personal) services	647	687	683	5.6%	-0.6%
Construction	384	348	353	-8.1%	1.4%
Accommodation & food services	188	150	158	-16.0%	5.3%
Retail trade	156	177	148	-5.1%	-16.4%
Transport, postal & warehousing	100	109	104	4.0%	-4.6%
Manufacturing	83	68	89	7.2%	30.9%
Mining	33	51	64	93.9%	25.5%
Electricity, gas, water & waste services	34	44	45	32.4%	2.3%
Agriculture, forestry & fishing	44	49	38	-13.6%	-22.4%
Information media & tele-communications	32	45	37	15.6%	-17.8%
Other industries	252	228	177	-29.8%	-22.4%
Unknown	61	47	75	23.0%	59.6%
Total	2,014	2,003	1,971	-2.1%	-1.6%

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

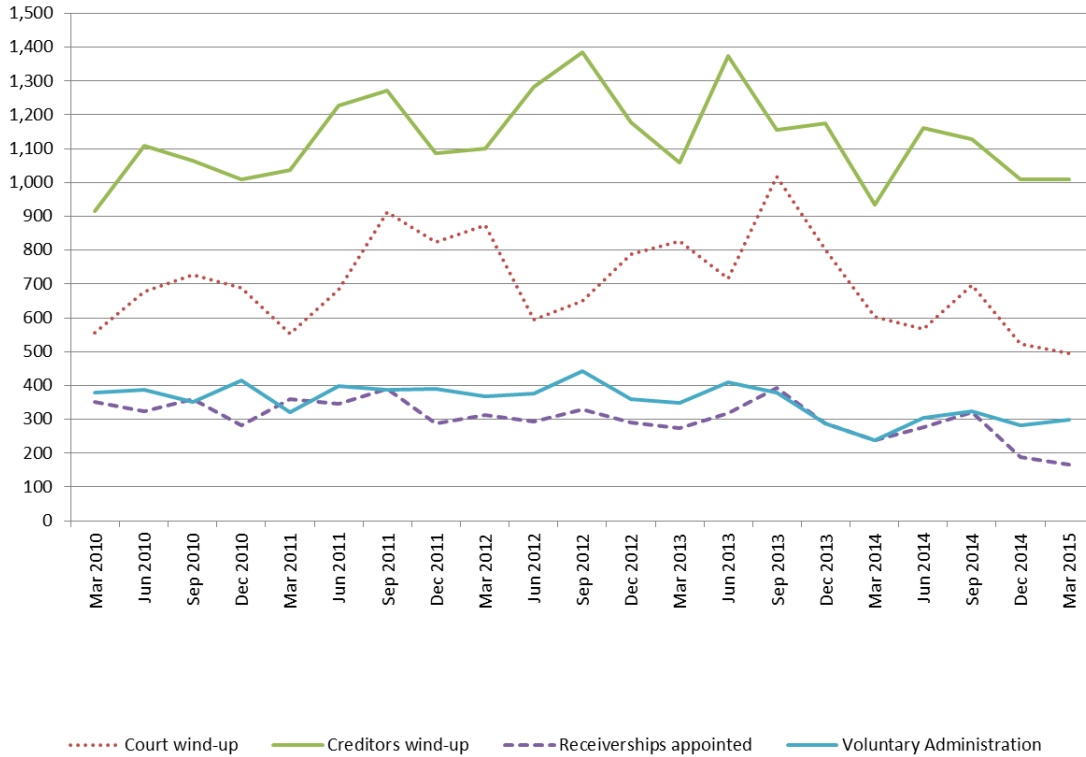


Chart 2 — Companies entering EXAD by quarter

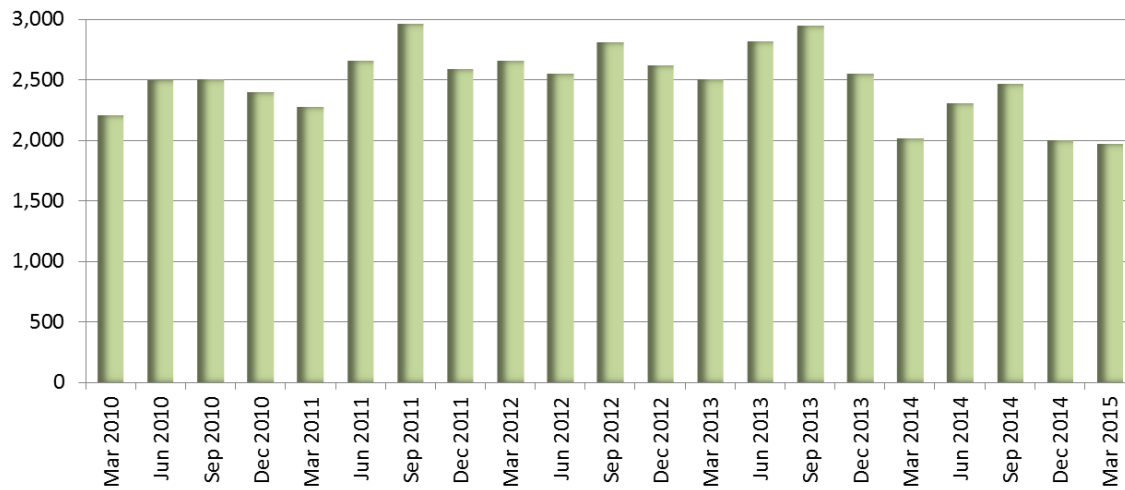


Chart 3 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

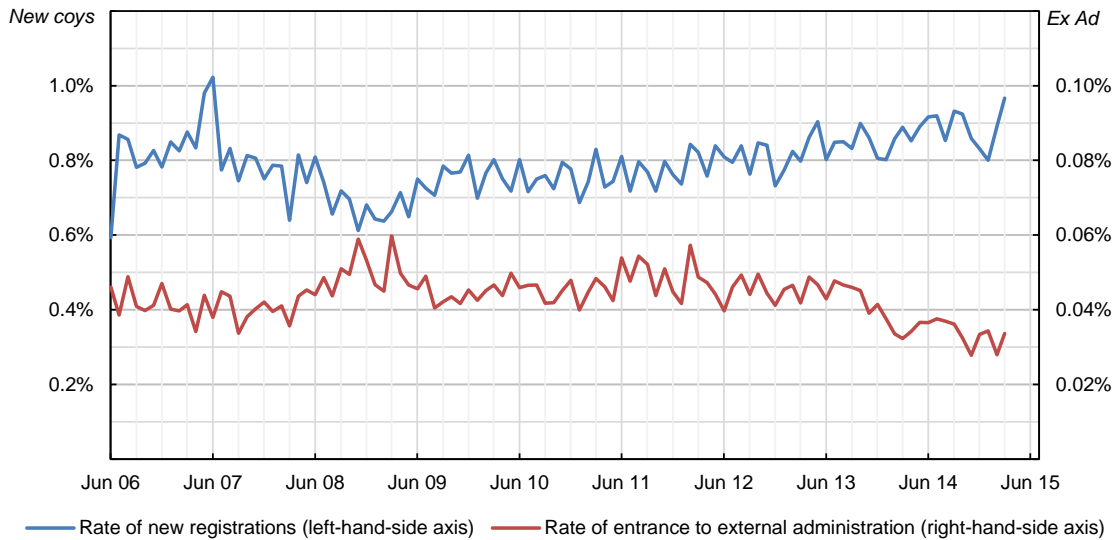
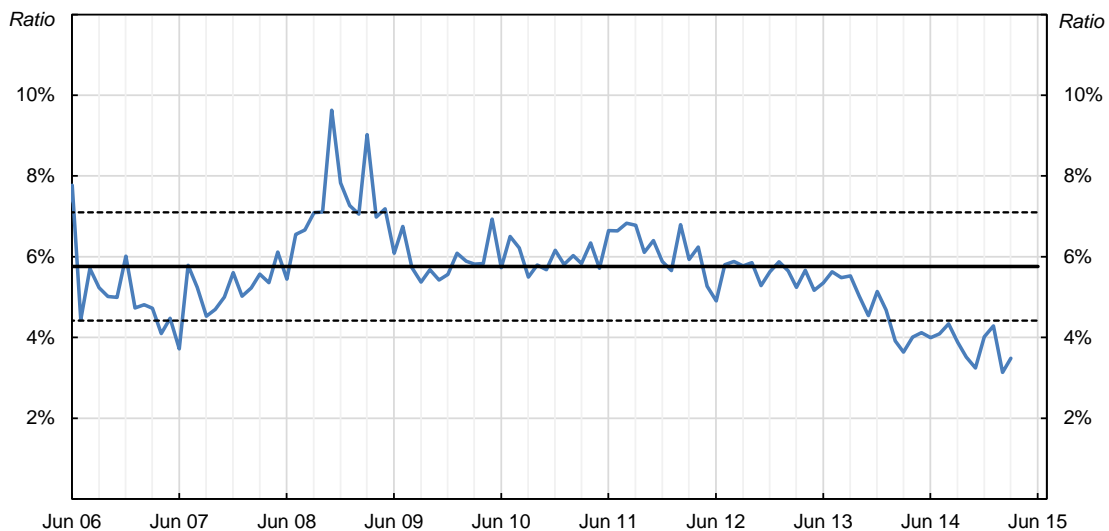


Chart 4 — Ratio of EXADs to new business registrations:



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).