

# Corporate insolvencies: June quarter 2015

## Quarterly result

The fourth quarterly insolvency statistics published by ASIC for the 2014–15 financial year, show an increase of 38.7% in companies entering external administration (EXAD). Appointments totalled 2,734 compared to 1,971 in the previous quarter.

The quarterly total was 18.5% higher than the 2014 June quarter (2,308) (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](#)).

## Annual statistics

Data for the 2014/15 financial year show EXAD appointments fell (down 6.6%) compared to the 2013/14 financial year. A five-year trend analysis provided (see [Table 5](#)).

## Appointment type

Appointments rose across all types of appointment compared to the previous quarter, court liquidations (up 59.8%), creditor voluntary liquidations (up 38.4%), receiverships (up 21.1%) and voluntary administrations appointments (up 15.4%).

Court appointments rose in all states and territories. Material increases in New South Wales (up 67.3%), Victoria (up 55.5%), and Queensland (up 48.1%) drove an overall rise in Court liquidation appointments of 59.8%.

Strong increases in director-initiated winding up appointments, by the five largest states of New South Wales (up 24.3%), Victoria (up 55.2%), Queensland (up 68.4%), Western Australia (up 29.3%) and South Australia (up 27.5%), underpinned the national rise of 38.4%.

Increases in the two largest states, New South Wales (up 108.3%) and Victoria (up 21.6%), were the main reason for the increase of 21.1%, nationally, in receivership appointments.

A rise of 15.4% in voluntary administrator appointments is attributable to New South Wales (up 31.5%) as other states and territories were relatively stable.

## Regional results

Appointments rose in all regions, compared to the March 2015 quarter, except for Australian Capital Territory (down 7.3%). Increases occurred in New South Wales (up 37.4%), Victoria (up 44.8%), Queensland (up 44.7%), South Australia (up 29.3%), Western Australia (up 27.7%), Tasmania (up 1 appointment or 7.7%) and the Northern Territory (up 6 appointments or 60%) (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 June quarter 2015**

Month	2014	2015	%
April	686	834	21.6%
May	811	878	8.3%
June	811	1,022	26.0%
<b>Total</b>	<b>2,308</b>	<b>2,734</b>	<b>18.5%</b>

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

State / territory	Jun Qtr 2014	Mar Qtr 2015	Jun Qtr 2015	%	% change Jun Qtr 2014	% change Mar Qtr 2015
NSW	859	728	1,000	36.6%	16.4%	37.4%
VIC	642	522	756	27.7%	17.8%	44.8%
QLD	471	409	592	21.7%	25.7%	44.7%
SA	97	75	97	3.5%	0.0%	29.3%
WA	161	173	221	8.1%	37.3%	27.7%
TAS	24	13	14	0.5%	-41.7%	7.7%
NT	13	10	16	0.6%	23.1%	60.0%
ACT	41	41	38	1.4%	-7.3%	-7.3%
<b>Total</b>	<b>2,308</b>	<b>1,971</b>	<b>2,734</b>	<b>100.0%</b>	<b>18.5%</b>	<b>38.7%</b>

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 June 2015\***

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

Appointment type	Jun Qtr 2014	Mar Qtr 2015	Jun Qtr 2015	% change Jun Qtr 2014	% change Mar Qtr 2015
Court liquidations (1)	566	495	791	39.8%	59.8%
Creditors' voluntary liquidations	1,161	1,010	1,398	20.4%	38.4%
Receiverships (2)	277	166	201	-27.4%	21.1%
Voluntary administrations	303	298	344	13.5%	15.4%
<b>Total</b>	<b>2,307</b>	<b>1,969</b>	<b>2,734</b>	<b>18.5%</b>	<b>38.9%</b>

(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 June 2015**

Top 10 Industries	Jun Qtr 2014	Mar Qtr 2015	Jun Qtr 2015	% change Jun Qtr 2014	% change Mar Qtr 2015
Other (business & personal) services	761	690	981	28.9%	42.2%
Construction	423	356	470	11.1%	32.0%
Accommodation & food services	172	159	256	48.8%	61.0%
Retail trade	181	149	214	18.2%	43.6%
Transport, postal & warehousing	117	106	154	31.6%	45.3%
Manufacturing	129	90	117	-9.3%	30.0%
Information media & telecommunications	56	37	69	23.2%	86.5%
Mining	51	64	58	13.7%	-9.4%
Rental, hiring & real estate services	81	37	52	-35.8%	40.5%
FIS—Other financial services	20	13	50	150.0%	284.6%
Other industries	258	209	253	-1.9%	21.1%
Unknown	59	61	60	1.7%	-1.6%
<b>Total</b>	<b>2,308</b>	<b>1,971</b>	<b>2,734</b>	<b>18.5%</b>	<b>38.7%</b>

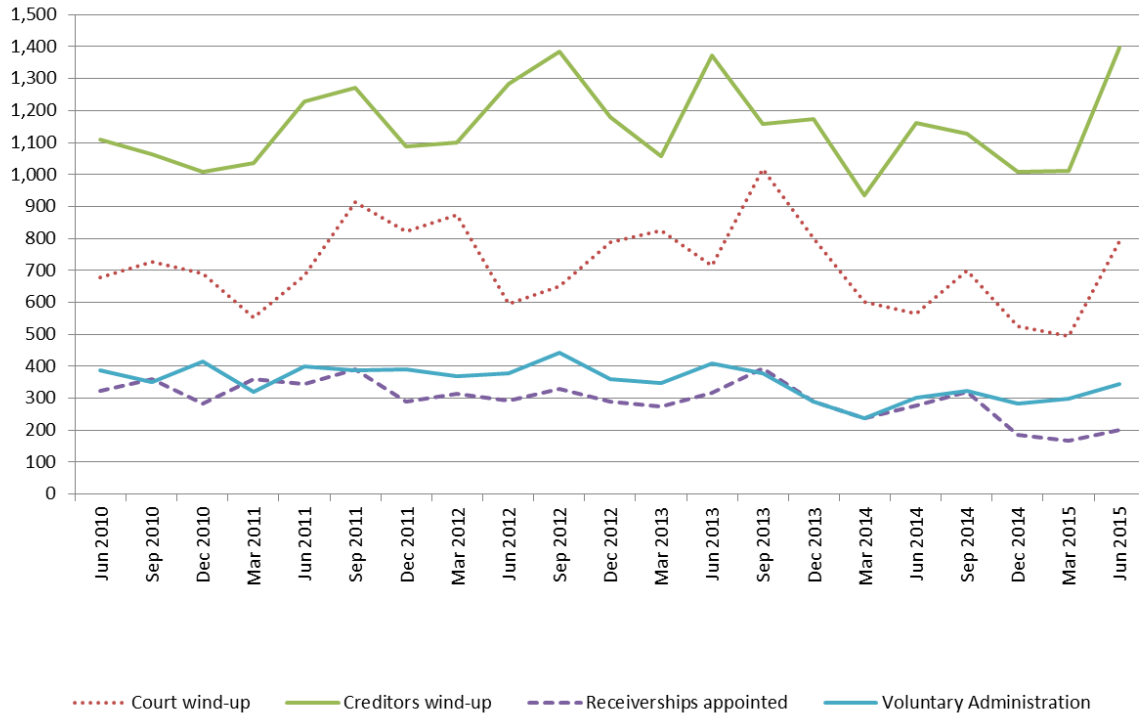
NB: Industry classification information aligns with the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) divisions. Due to ASIC's regulatory role in the financial and insurance services industry, this industry classification is divided into six sub-categories.

"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).

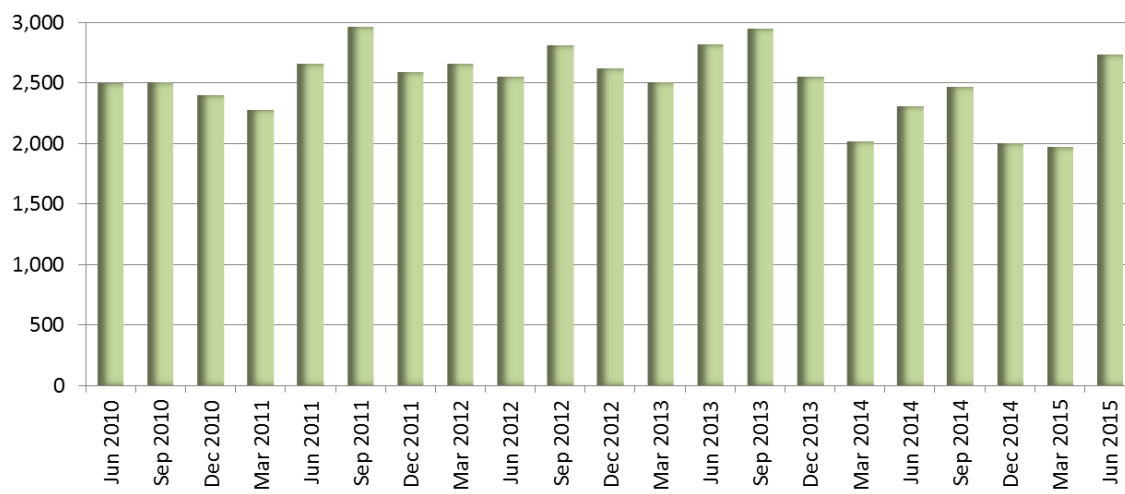
**Table 5— Companies entering into EXAD – five year trend (by financial year)**

Year	Number	% change
2010/11	9,829	5.9%
2011/12	10,757	9.4%
2012/13	10,746	-0.1%
2013/14	9,822	-8.6%
2014/15	9,177	-6.6%

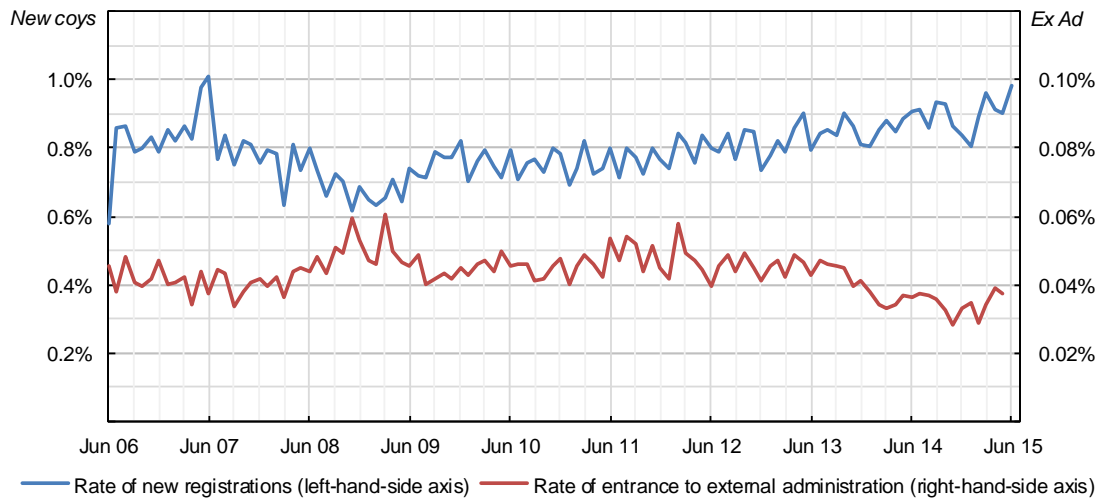
**Chart 1— Companies entering into EXAD by quarter and type of appointment**



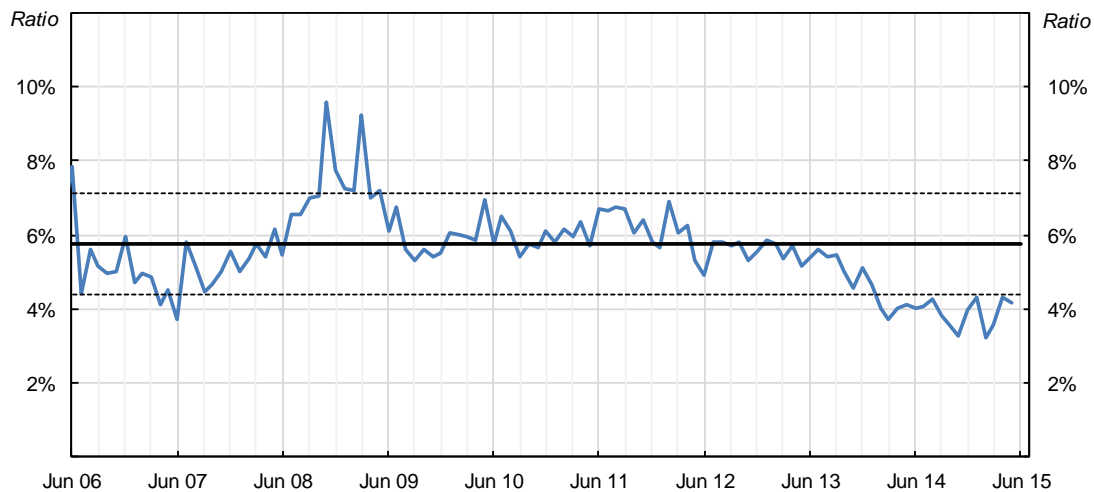
**Chart 2 — Companies entering EXAD by quarter**



**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).