

Corporate insolvencies: September quarter 2015

Quarterly result

The quarterly insolvency statistics for the first quarter of the 2015/16 financial year published by ASIC, show an increase of 8.3% in companies entering external administration (EXAD). Appointments totalled 2,960 compared to 2,734 in the previous quarter.

The quarterly total was 19.9% higher than the 2014 September quarter (2,469) (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

Court liquidations (up 53.5%) and voluntary administrations appointments (up 11.6%) rose nationally compared to the June quarter whilst creditor voluntary liquidations and receiverships fell overall (down 16.2% and 5.5% respectively).

Court liquidation appointments rose in all states and territories except the Northern Territory. Material increases in New South Wales (up 47.8%), Victoria (up 63%), Queensland (up 40.8%) and Western Australia (up 72%) drove an overall rise in Court liquidation appointments of 53.5%.

Falls in director-initiated winding up appointments, in the three largest states of New South Wales (down 11.5%), Victoria (down 21.5%) and Queensland (down 26.3%), underpinned the national decrease of 16.2%.

Receivership appointments fell 5.5% nationally with falls in Queensland (down 23.3%), Victoria (down 13.3%), and New South Wales (down 2%) - offset by increases in Western Australia (up 50%) and South Australia (up 40%).

A rise of 11.6% in voluntary administrator appointments was attributable to rises in Queensland (up 20.3%), Western Australia (up 23.8%) and South Australia (up 54.5%).

Regional statistics

Appointments rose in all regions, compared to the June 2015 quarter, except for Queensland (down 2.7%). Increases occurred in New South Wales (up 7%), Victoria (up 6.1%), South Australia (up 19.6%), Western Australia (up 35.7%), Tasmania (up 64.3%), the Northern Territory (up 56.3%), and the Australian Capital Territory (up 26.3%) (see [Table 2](#)).

Industry statistics

[Table 4](#) summarises ASIC's statistics for the first 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 September quarter 2015

Month	2014	2015	%
July	841	944	12.2%
August	831	925	11.3%
September	797	1,091	36.9%
Total	2,469	2,960	19.9%

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

State / territory	Sep Qtr 2014	Jun Qtr 2015	Sep Qtr 2015	%	% change Sep Qtr 2014	% change Jun Qtr 2015
NSW	872	1,000	1,070	36.1%	22.7%	7.0%
VIC	685	756	802	27.1%	17.1%	6.1%
QLD	507	592	576	19.5%	13.6%	-2.7%
SA	101	97	116	3.9%	14.9%	19.6%
WA	238	221	300	10.1%	26.1%	35.7%
TAS	18	14	23	0.8%	27.8%	64.3%
NT	17	16	25	0.8%	47.1%	56.3%
ACT	31	38	48	1.6%	54.8%	26.3%
Total	2,469	2,734	2,960	100.0%	19.9%	8.3%

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 September 2015*

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

Appointment type	Sep Qtr 2014	Jun Qtr 2015	Sep Qtr 2015	% change Sep Qtr 2014	% change Jun Qtr 2015
Court liquidations (1)	698	791	1,214	73.9%	53.5%
Creditors' voluntary liquidations	1,128	1,398	1,172	3.9%	-16.2%
Receiverships (2)	320	201	190	-40.6%	-5.5%
Voluntary administrations	323	344	384	18.9%	11.6%
Total	2,469	2,734	2,960	19.9%	8.3%

(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 September 2015

Top 10 Industries	Sep Qtr 2014	Jun Qtr 2015	Sep Qtr 2015	% change Sep Qtr 2014	% change Jun Qtr 2015
Other (business & personal) services	864	983	1,216	40.7%	23.7%
Construction	416	470	495	19.0%	5.3%
Accommodation & food services	189	256	260	37.6%	1.6%
Retail trade	158	214	193	22.2%	-9.8%
Transport, postal & warehousing	129	154	147	14.0%	-4.5%
Manufacturing	131	117	101	-22.9%	-13.7%
Mining	67	58	67	0.0%	15.5%
Information media & tele-communications	44	69	59	34.1%	-14.5%
Rental, hiring & real estate services	79	52	56	-29.1%	7.7%
Professional, scientific & technical services	44	47	54	22.7%	14.9%
Other industries	270	256	244	-9.6%	-4.7%
Unknown	78	58	68	-12.8%	17.2%
Total	2,469	2,734	2,960	19.9%	8.3%

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, 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

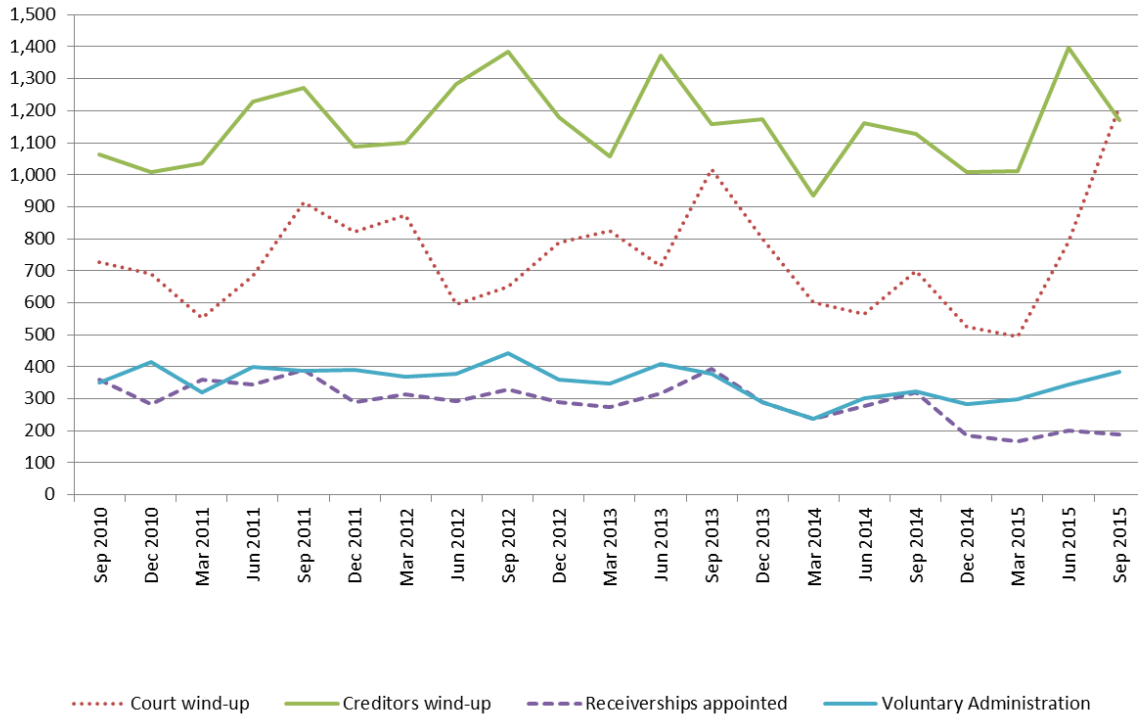


Chart 2 — Companies entering EXAD by quarter

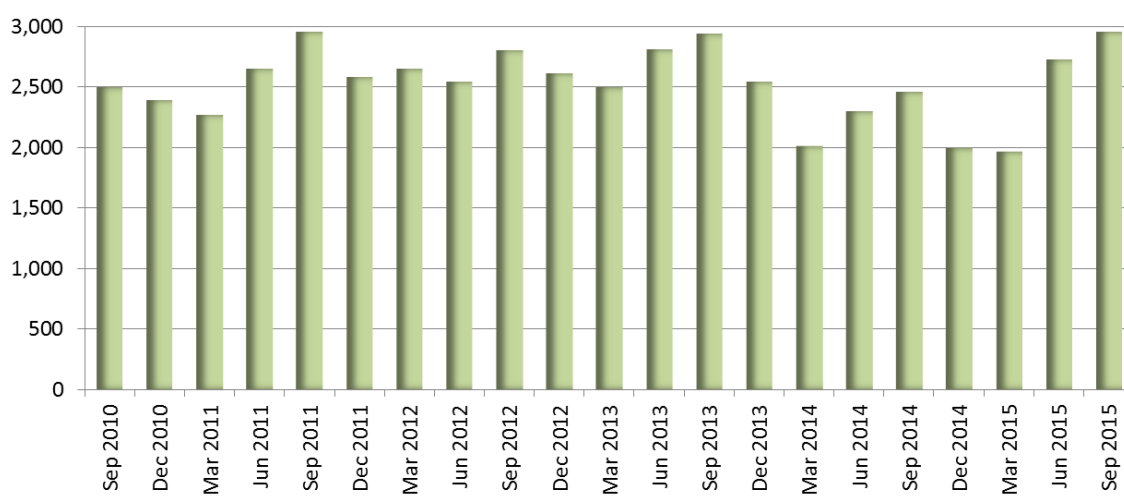


Chart 3 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

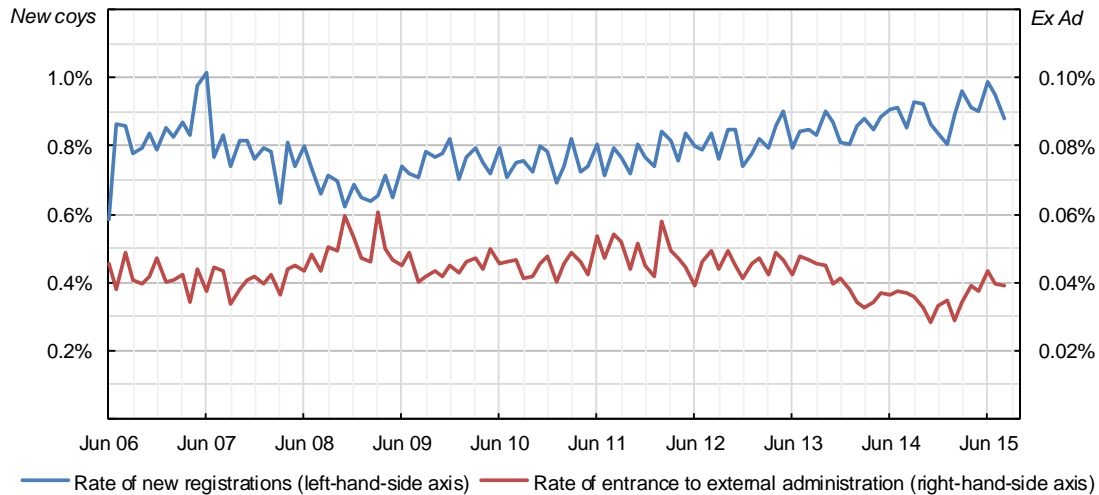
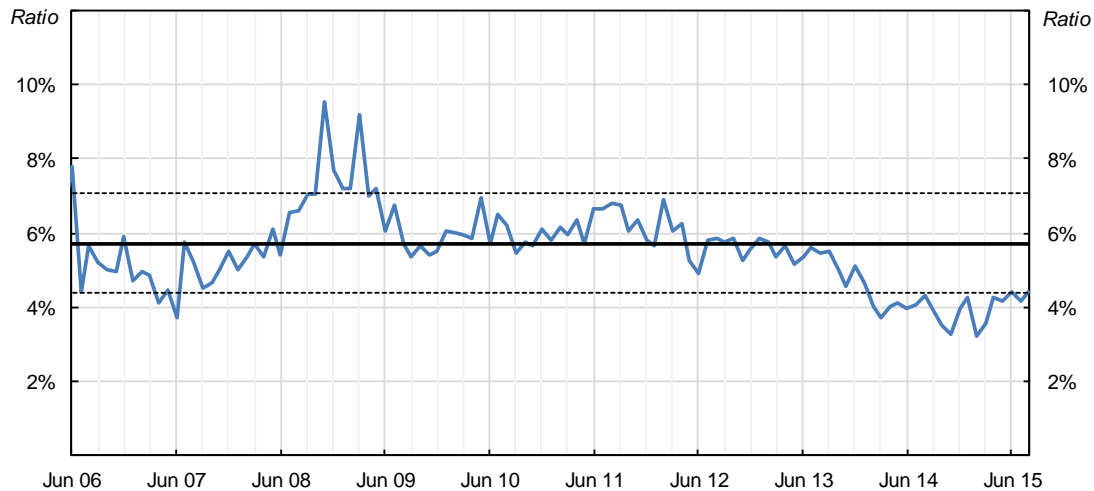


Chart 4 — Ratio of EXADs to new business registrations:



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).