

Corporate insolvencies: December quarter 2015

Quarterly result

The quarterly insolvency statistics for the second quarter of the 2015/16 financial year published by ASIC, show a decrease of 15.6% in companies entering external administration (EXAD). Appointments totalled 2,499 compared to 2,960 in the previous quarter.

The quarterly total was 24.8% higher than the 2014 December quarter (2,003) (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

All appointment types fell nationally compared to the September 2015 quarter - Court liquidations down 20%, receiverships down 13.7%, creditors' voluntary liquidations down 12.6% and voluntary administrator appointments down 12%.

Court liquidation appointments fell in most states and territories except Queensland (up 11.8%) and Northern Territory (up 57.1%). Material decreases in New South Wales (down 35.8%), Victoria (down 21.1%) and Western Australia (down 22%) drove the overall decline in Court liquidation appointments of 20%.

Receivership appointments fell 13.7% nationally with falls in New South Wales (down 38.8%), Western Australia (down 18.2%) and Queensland (down 16.1%) – offset marginally by an increase in South Australia (up 9 or 128.6%).

Falls in director-initiated winding up appointments of 12.6% nationally was mainly due to falls in New South Wales (down 20.3%), Western Australia (down 16.2%) and South Australia (down 38.8%).

A decrease of 12% in voluntary administrator appointments was attributable to decreases in Queensland (down 18.1%), New South Wales (down 10%), South Australia (down 29.4%) and Western Australia (down 15.4%).

Regional statistics

Appointments fell in all regions, compared to the September 2015 quarter. By number, the biggest falls were in New South Wales (down 25.9% or 277 appointments), Victoria (down 9.9% or 79 appointments) and Western Australia (18.7% or 56 appointments) (see [Table 2](#)).

Industry statistics

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

Month	2014	2015	%
October	724	1,000	38.1%
November	631	872	38.2%
December	648	627	-3.2%
Total	2,003	2,499	24.8%

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

State / territory	Dec Qtr 2014	Sep Qtr 2015	Dec Qtr 2015	%	% change Dec Qtr 2014	% change Sep Qtr 2015
NSW	749	1,070	793	31.7%	5.9%	-25.9%
VIC	540	802	723	28.9%	33.9%	-9.9%
QLD	385	576	572	22.9%	48.6%	-0.7%
SA	89	116	87	3.5%	-2.2%	-25.0%
WA	170	300	244	9.8%	43.5%	-18.7%
TAS	17	23	18	0.7%	5.9%	-21.7%
NT	11	25	19	0.8%	72.7%	-24.0%
ACT	42	48	43	1.7%	2.4%	-10.4%
Total	2,003	2,960	2,499	100.0%	24.8%	-15.6%

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 December 2015*

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

Appointment type	Dec Qtr 2014	Sep Qtr 2015	Dec Qtr 2015	% change Dec Qtr 2014	% change Sep Qtr 2015
Court liquidations (1)	524	1,214	971	85.3%	-20.0%
Creditors' voluntary liquidations	1,009	1,172	1,024	1.5%	-12.6%
Receiverships (2)	187	190	164	-12.3%	-13.7%
Voluntary administrations	283	384	338	19.4%	-12.0%
Total	2,003	2,960	2,497	24.7%	-15.6%

(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 2015

Top 10 Industries	Dec Qtr 2014	Sep Qtr 2015	Dec Qtr 2015	% change Dec Qtr 2014	% change Sep Qtr 2015
Other (business & personal) services	693	1,219	927	33.8%	-24.0%
Construction	348	495	407	17.0%	-17.8%
Accommodation & food services	150	261	240	60.0%	-8.0%
Retail trade	177	193	188	6.2%	-2.6%
Transport, postal & warehousing	109	147	106	-2.8%	-27.9%
Manufacturing	68	101	69	1.5%	-31.7%
Rental, hiring & real estate services	62	56	69	11.3%	23.2%
Electricity, gas, water & waste services	44	32	63	43.2%	96.9%
Mining	51	67	54	5.9%	-19.4%
Wholesale trade	47	38	51	8.5%	34.2%
Other Industries	213	287	287	34.7%	0.0%
Unknown	41	64	38	-7.3%	-40.6%
Total	2,003	2,960	2,499	24.8%	-15.6%

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

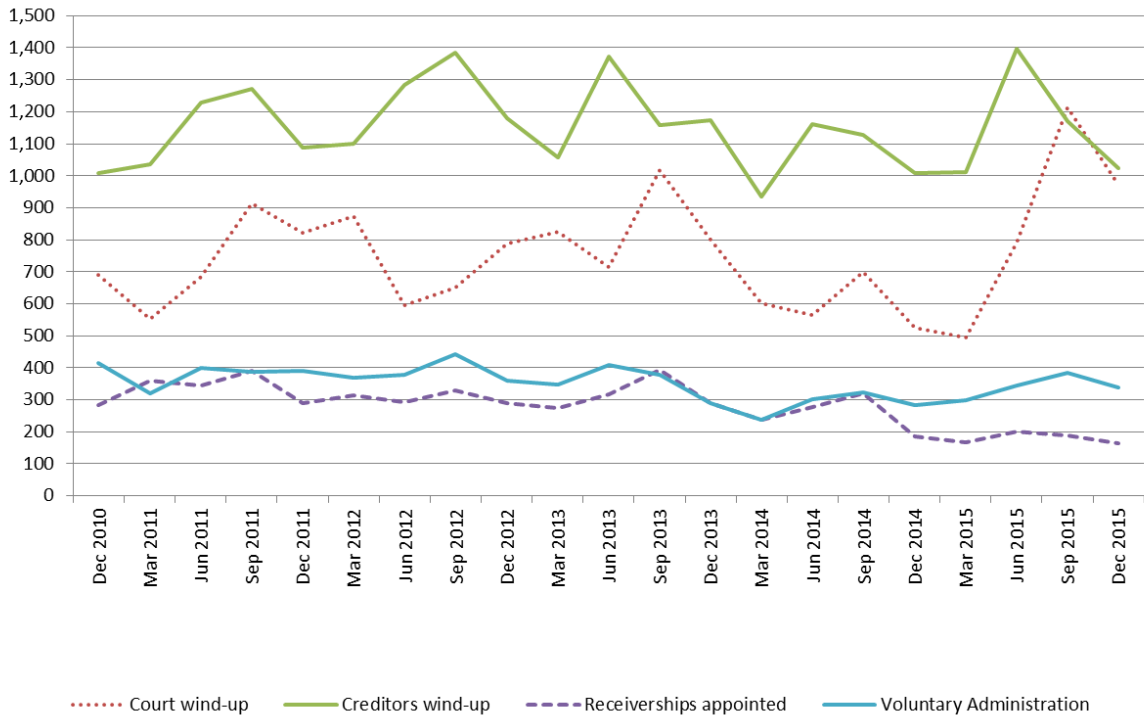


Chart 2 — Companies entering EXAD by quarter

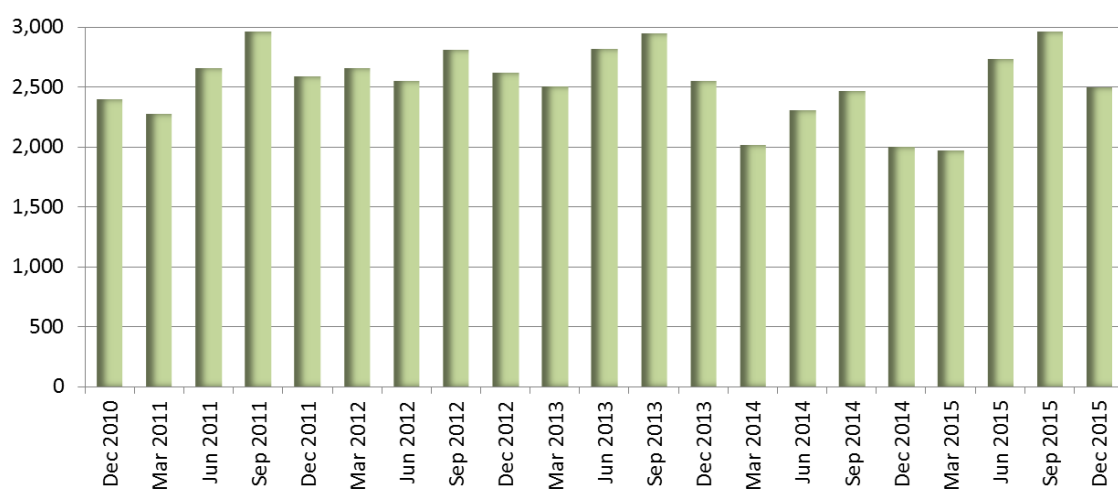


Chart 3 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

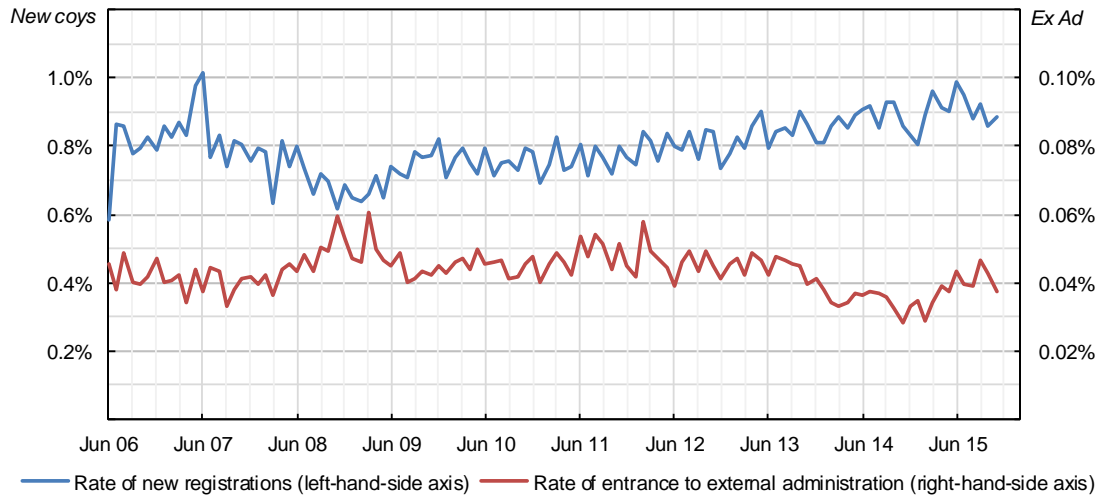
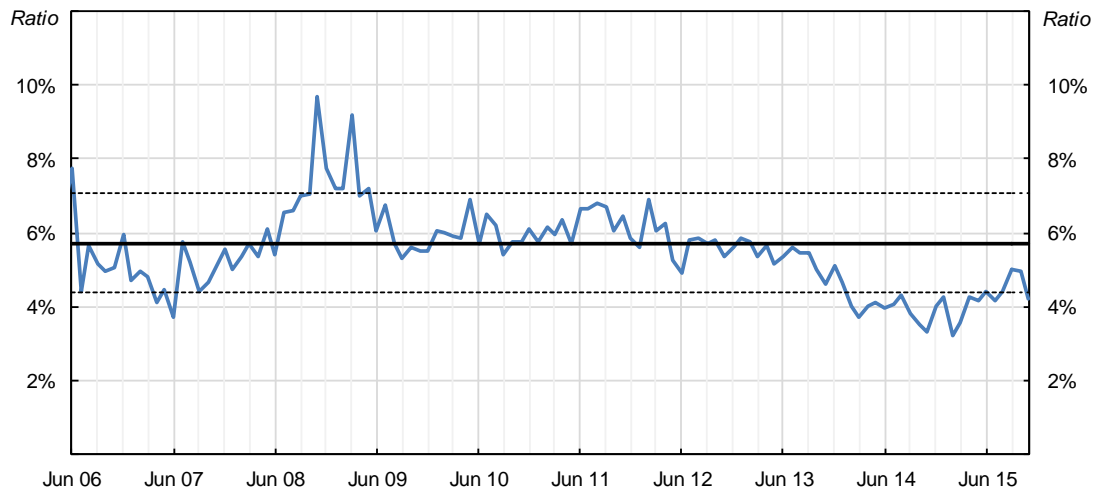


Chart 4 — Ratio of EXADs to new business registrations:



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).