

Corporate insolvencies: June quarter 2016

Quarterly result

ASIC's quarterly insolvency statistics for the last quarter of the 2015/16 financial year, show an increase of 8.4% in companies entering external administration (EXAD). Appointments totalled 2,283 compared to 2,106 in the previous quarter.

The quarterly total was 16.5% lower than the 2015 June quarter (2,734) (see [Table 1](#)).

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

Annual statistics

Data for the 2015/16 financial year show EXAD appointments rose (up 7.3%) compared to the 2014/15 financial year. [Table 5](#) shows EXAD appointments over the five-year period from 2011 to 2015.

Appointment type

Only Court liquidations fell nationally compared to the March 2016 quarter (down 16.7%). Other appointment types rose - Creditors' voluntary liquidations up 19.1%, receiverships up 34.9% and voluntary administrations appointments up 18.7%.

Court liquidation appointments fell materially in New South Wales (down 18.5%), Victoria (down 17.7%), South Australia (down 42.1%) and Western Australia (down 42.6%).

Receivership appointments rose 34.9% nationally; mainly due to rises in New South Wales (up 62.5%), Victoria (up 94.6%) and Western Australia (up 41.7%) – offset marginally by a decrease in South Australia (down seven appointments or 53.8%).

Rises in director-initiated winding up appointments of 19.1% nationally was mainly due to rises in Western Australia (42.5%), New South Wales (up 28.7%), Victoria (up 13.5%) and Queensland (up 8.9 %).

An increase of 18.7% in voluntary administration appointments was mainly attributable to an increase in New South Wales (up 41.3%) and Victoria (up 50%), offset by a decrease in Queensland (down 19.2%) and Western Australia (down 27.9%).

Regional statistics

Compared to the March 2016 quarter, appointments rose in all regions except for South Australia (down 20.6% or 21 appointments), Western Australia (down 5.4% or 13 appointments) and Australian Capital Territory (down 2.4% or one appointment). By number, the biggest rises occurred in New South Wales (up 16.6% or 109 appointments) and Victoria (up 14.3% or 85 appointments) (see [Table 2](#)).

Industry statistics

[Table 4](#) summarises ASIC's statistics for the last 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 June quarter 2016

Month	2015	2016	% change
April	834	793	-4.9%
May	878	735	-16.3%
June	1,022	755	-26.1%
Total	2,734	2,283	-16.5%

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

State / territory	Jun Qtr 2015	Mar Qtr 2016	Jun Qtr 2016	%	% change Jun Qtr 2015	% change Mar Qtr 2016
NSW	1,000	658	767	33.6%	-23.3%	16.6%
VIC	756	594	679	29.7%	-10.2%	14.3%
QLD	592	444	453	19.8%	-23.5%	2.0%
SA	97	102	81	3.5%	-16.5%	-20.6%
WA	221	241	228	10.0%	3.2%	-5.4%
TAS	14	13	16	0.7%	14.3%	23.1%
NT	16	13	19	0.8%	18.8%	46.2%
ACT	38	41	40	1.8%	5.3%	-2.4%
Total	2,734	2,106	2,283	100.0%	-16.5%	8.4%

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 2016*

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

Appointment type	Jun Qtr 2015	Mar Qtr 2016	Jun Qtr 2016	% change Jun Qtr 2015	% change Mar Qtr 2016
Court liquidations (1)	791	695	579	-26.8%	-16.7%
Creditors' voluntary liquidations	1,398	933	1,111	-20.5%	19.1%
Receiverships (2)	201	152	205	2.0%	34.9%
Voluntary administrations	344	326	387	12.5%	18.7%
Total	2,734	2,106	2,282	-16.5%	8.4%

(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 2016

Top 10 Industries	Jun Qtr 2015	Mar Qtr 2016	Jun Qtr 2016	% change Jun Qtr 2015	% change Mar Qtr 2016
Other (business & personal) services	984	755	761	-22.7%	0.8%
Construction	470	369	376	-20.0%	1.9%
Accommodation & food services	256	196	228	-10.9%	16.3%
Retail trade	214	159	162	-24.3%	1.9%
Mining	58	51	129	122.4%	152.9%
Transport, postal & warehousing	155	93	114	-26.5%	22.6%
Manufacturing	117	98	106	-9.4%	8.2%
Agriculture, forestry & fishing	38	27	52	36.8%	92.6%
Rental, hiring & real estate services	52	44	45	-13.5%	66.7%
Information media & tele-communications	69	30	42	-39.1%	40.0%
Other Industries	265	250	233	-12.1%	-6.8%
Unknown	56	34	35	-37.5%	2.9%
Total	2,734	2,106	2,283	-16.5%	8.4%

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
2011/12	10,757	9.4%
2012/13	10,746	-0.1%
2013/14	9,822	-8.6%
2014/15	9,177	-6.6%
2015/16	9,848	7.3%

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

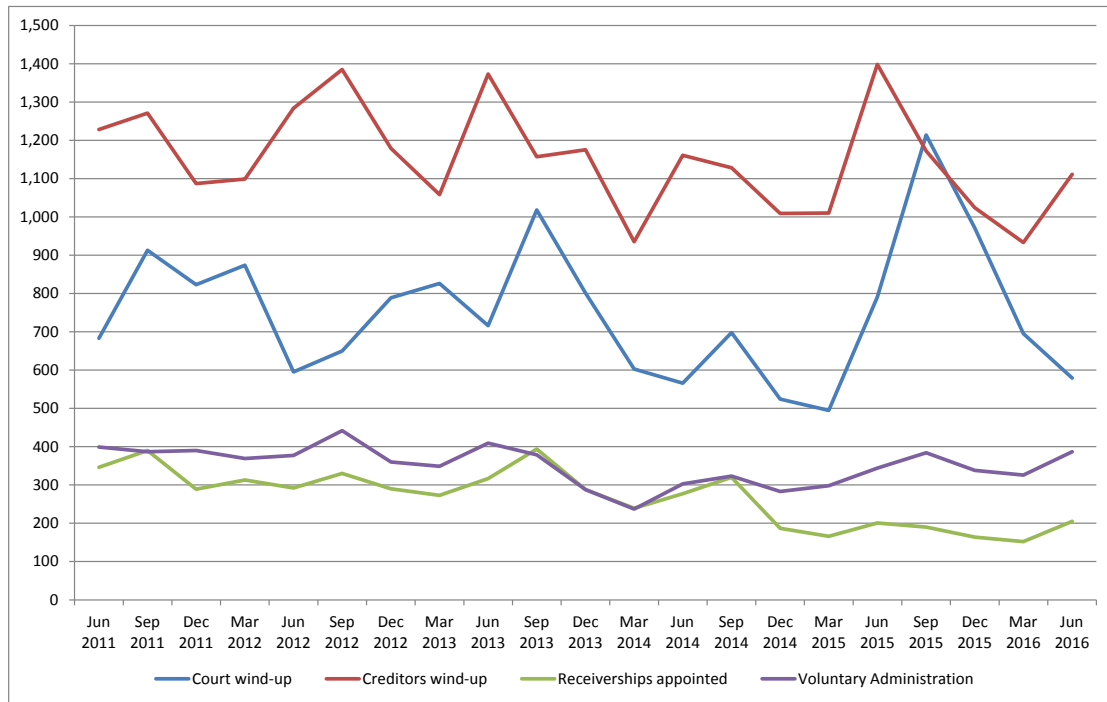


Chart 2 — Companies entering EXAD by quarter

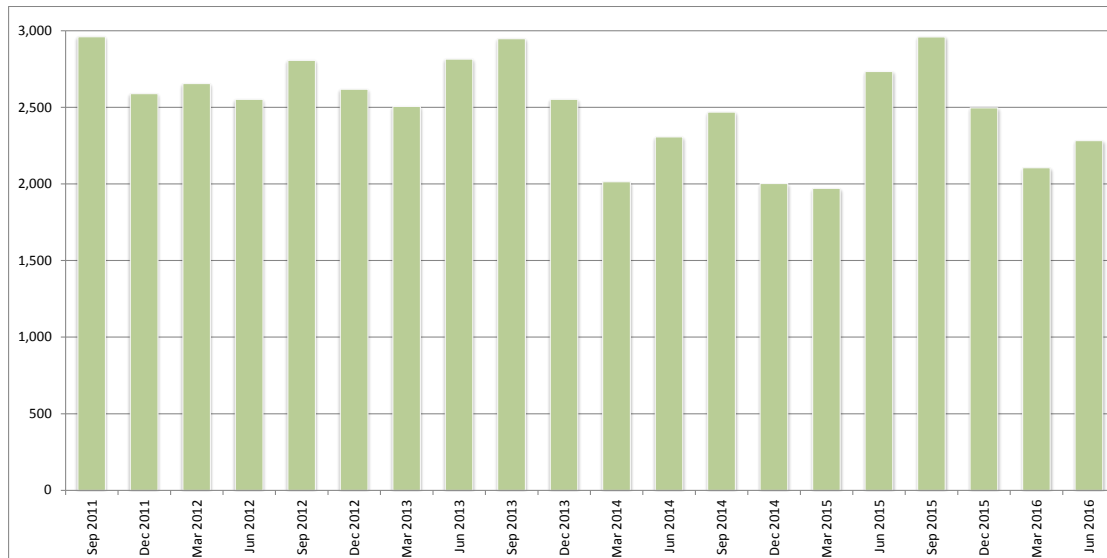


Chart 3 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

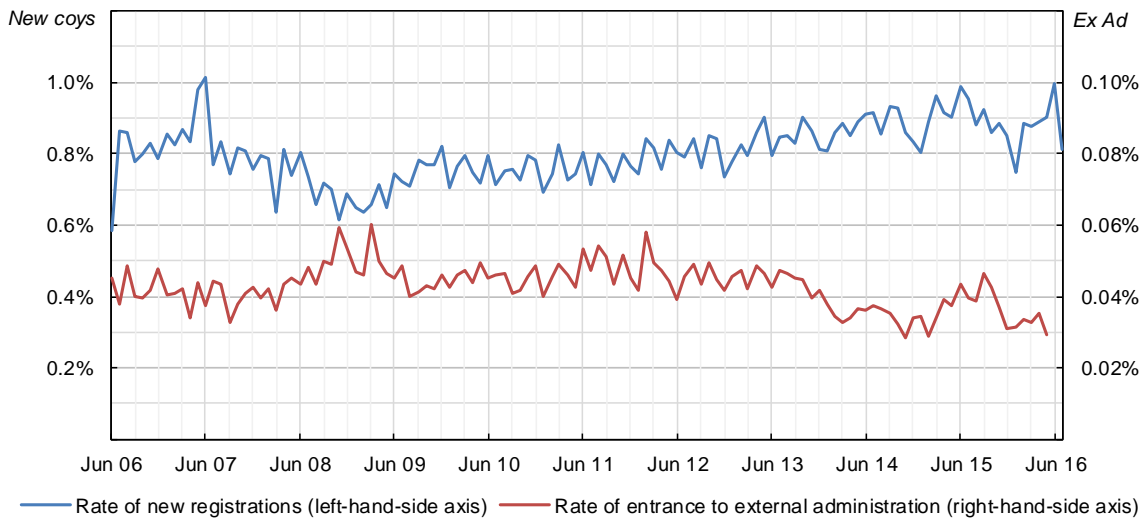
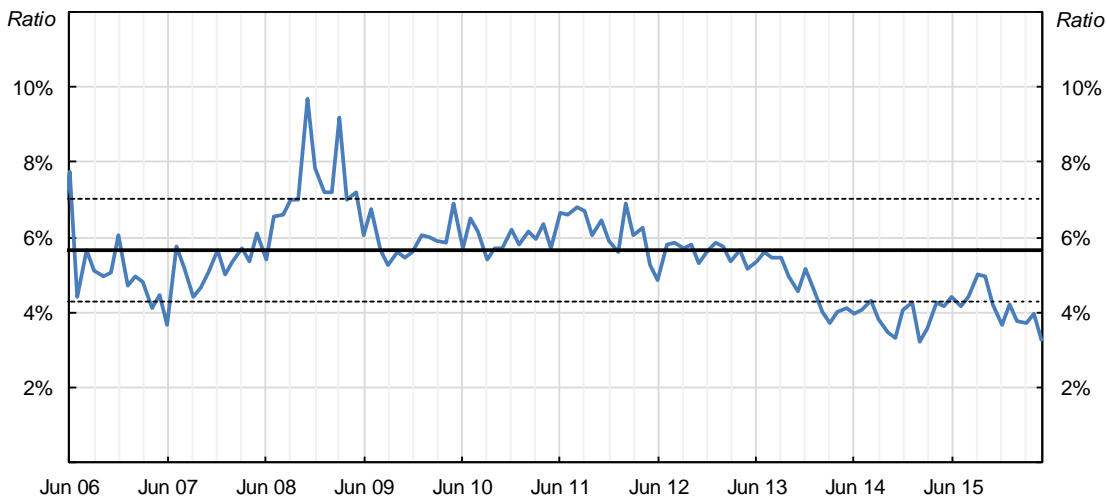


Chart 4 — Ratio of EXADs to new business registrations:



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).