



**ASIC**

Australian Securities & Investments Commission

**REPORT 507**

# **Insolvency statistics: External administrators' reports (July 2015 to June 2016)**

December 2016

## **About this report**

This report is for insolvency practitioners and other interested stakeholders.

It presents an overview of total lodgements of statutory reports lodged by liquidators, receivers and voluntary administrators (external administrators) from 1 July 2015 to 30 June 2016, as well as our statistical findings from external administrators' reports lodged electronically when a company enters external administration (EXAD) status (initial external administrators' reports).

## About ASIC regulatory documents

In administering legislation, ASIC issues the following types of regulatory documents.

**Consultation papers:** seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

**Regulatory guides:** give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

**Information sheets:** provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

**Reports:** describe ASIC compliance or relief activity or the results of a research project.

## Previous reports

Report number	Report date	Financial year covered
<a href="#">REP 456</a>	November 2015	2014–15
<a href="#">REP 412</a>	September 2014	2013–14
<a href="#">REP 372</a>	October 2013	2012–13
<a href="#">REP 297</a>	September 2012	2011–12
<a href="#">REP 263</a>	November 2011	2010–11
<a href="#">REP 225</a>	December 2010	2007–08, 2008–09 and 2009–10
<a href="#">REP 132</a>	June 2008	2004–05, 2005–06 and 2006–07

## Disclaimer

This report has not been prepared for and should not be relied on for commercial use. In compiling the statistics in this report, ASIC has relied on the information in the external administrators' reports lodged electronically with ASIC.

Other than as discussed in Section B of this report, ASIC has not verified or sought to confirm the accuracy of any information in the external administrators' reports lodged electronically. Accordingly, the statistics in this report cannot be construed or relied on as representing a complete and accurate depiction or statement about the matters or events to which the statistics relate.

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## A Executive summary

### ASIC and company insolvency

- 1 One of ASIC's regulatory responsibilities is the administration of the insolvency-related provisions of the *Corporations Act 2001* (Corporations Act). Table 1 reflects the breadth of this responsibility.

**Table 1: ASIC's activities in insolvency**

Stakeholder	ASIC activities
<b>Companies and company officers</b>	<ul style="list-style-type: none"> <li>• Reviewing certain companies suspected of trading while insolvent, to ensure directors focus on the solvency of their companies and take early action where solvency problems exist</li> <li>• Investigating possible misconduct associated with the collapse of a company reported to ASIC by external administrators and, if appropriate, taking enforcement action</li> <li>• Deregistering companies</li> <li>• Disqualifying directors of failed companies</li> </ul>
<b>Insolvency practitioners</b>	<ul style="list-style-type: none"> <li>• Registering liquidators</li> <li>• Assisting external administrators in the conduct of external administrations, through our Liquidator Assistance Program, and prosecuting directors who do not provide books and records or reports to external administrators</li> <li>• Administering the Assetless Administration Fund (AA Fund), which finances liquidators' preliminary investigations and reports into the failure of companies with few or no assets when it appears to ASIC that enforcement action may be warranted as a result of the investigations and reports</li> <li>• Assessing external administrators' reports lodged with ASIC as part of their statutory responsibilities to investigate company failure and report findings to ASIC</li> <li>• Investigating possible misconduct by registered liquidators in their conduct of external administrations and, where appropriate, entering into enforceable or voluntary undertakings, or referring the conduct to the court or to the Companies Auditors and Liquidators Disciplinary Board (CALDB)</li> </ul>
<b>All stakeholders</b>	<ul style="list-style-type: none"> <li>• Developing ASIC policy and guidance on the insolvency-related provisions of the Corporations Act</li> <li>• Publishing statistics on corporate insolvency about: <ul style="list-style-type: none"> <li>– companies entering external administration</li> <li>– insolvency appointments</li> <li>– findings from reports lodged by liquidators, receivers and voluntary administrators</li> </ul> </li> </ul>

### About this report

- 2 This statistical report provides a broad picture of corporate insolvencies in Australia for the information of the insolvency profession, creditors, academics, the Australian Government and other interested stakeholders. This report covers the financial year 2015–16.

Note: In this report, spans of two years (e.g. 2015–16) always refer to financial years.

- 3 We compiled this report from the estimates and opinions contained in statutory reports lodged with ASIC by liquidators, receivers and voluntary administrators (external administrators' reports) in the format of Schedule B to [Regulatory Guide 16](#) *External administrators: Reporting and lodging* (RG 16) (Schedule B report).
- 4 Liquidators, receivers and voluntary administrators (external administrators) must lodge reports under the following sections of the Corporations Act:
- (a) s533 (by a liquidator);
  - (b) s422 (by a receiver); and
  - (c) s438D (by a voluntary administrator).
- 5 External administrators must lodge a report with ASIC as soon as practicable:
- (a) when they suspect an offence under an Australian law, or instances of negligence or misconduct relating to the company to which they are appointed; or
  - (b) in the case of a liquidation only, when unsecured creditors are unlikely to receive more than 50 cents in the dollar dividend.
- 6 Changes to the Corporations Act introduced a statutory time limit on the lodgement of a s533(1) report by a liquidator appointed after 31 December 2007. A liquidator must lodge a report as soon as practicable and, in any event, within six months after it so appears to the liquidator that any of the conditions in s533(1)(a), (b) or (c) apply. No statutory time limit was introduced under s422 or 438D.
- 7 We also ask external administrators to submit financial and other data when they complete an external administrator report.
- 8 When interpreting the statistics in this report, certain conditions and limitations should be kept in mind: see Section B.
- 9 Section C of this report provides data on the total number of external administrators' reports lodged in 2015–16, as well as the proportion of these that comprised *initial* external administrators' reports (i.e. the first electronically lodged Schedule B report after a company has entered external administration). Section D of this report presents our statistical findings from these initial external administrators' reports for the period 2015–16.

### Percentages in this report

- 10 Percentages may not add up to 100% due to rounding. In this section, we have rounded the percentages to whole numbers. In Sections C and D, we have rounded to one decimal place.

## Summary of main statistical findings

- 11 The total number of external administrators' reports lodged in 2015–16 was 10,078. Initial external administrators' reports comprised almost 94% of this total (or 9,465 reports).
- 12 The number of external administrators' reports lodged electronically, as a percentage of total reports, was stable over the past two years at 99.8%.
- 13 Table 2 summarises the main findings relating to the initial external administrators' reports for 2015–16 (presented in Section D), and includes comparative data for the previous two reporting periods.

Note: For the data for previous reporting periods, see the reports listed on page 2.

**Table 2: Summary of findings—Initial external administrators' reports (2013–14 to 2015–16)**

Profile of companies	2015–16	2014–15	2013–14
<b>Number of employees affected</b>	79% of reports concerned companies with less than 20 employees	79% of reports concerned companies with less than 20 employees	81% of reports concerned companies with less than 20 employees
<b>Industries with most lodgements</b>	<ul style="list-style-type: none"> <li>Other (business and personal) services (2,889 reports or 31%)</li> <li>Construction (1,964 reports or 21%)</li> <li>Accommodation and food services (928 reports or 10%)</li> </ul>	<ul style="list-style-type: none"> <li>Other (business and personal) services (2,351 reports or 28%)</li> <li>Construction (1,771 reports or 21%)</li> <li>Accommodation and food services (870 reports or 10%)</li> </ul>	<ul style="list-style-type: none"> <li>Other (business and personal) services (2,482 reports or 26%)</li> <li>Construction (2,153 reports or 23%)</li> <li>Accommodation and food services (916 reports or 10%)</li> </ul>
<b>Assets and liabilities</b>	<ul style="list-style-type: none"> <li>86% of failed companies had estimated assets of \$100,000 or less</li> <li>46% of failed companies had estimated liabilities of \$250,000 or less</li> </ul>	<ul style="list-style-type: none"> <li>85% of failed companies had estimated assets of \$100,000 or less</li> <li>41% of failed companies had estimated liabilities of \$250,000 or less</li> </ul>	<ul style="list-style-type: none"> <li>86% of failed companies had estimated assets of \$100,000 or less</li> <li>43% of failed companies had estimated liabilities of \$250,000 or less</li> </ul>
<b>Deficiency</b>	68% of failed companies had an estimated deficiency of \$500,000 or less	64% of failed companies had an estimated deficiency of \$500,000 or less	65% of failed companies had an estimated deficiency of \$500,000 or less
<b>Top 3 nominated causes of failure</b>	<ul style="list-style-type: none"> <li>Inadequate cash flow or high cash use (4,318 or 46% of reports)</li> <li>Poor strategic management of business (4,315 or 46% of reports)</li> <li>Poor financial control including lack of records (3,183 or 34% of reports)</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate cash flow or high cash use (3,647 or 44% of reports)</li> <li>Poor strategic management of business (3,518 or 42% of reports)</li> <li>Trading losses (2,836 or 34% of reports)</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate cash flow or high cash use (4,031 or 43% of reports)</li> <li>Poor strategic management of business (3,975 or 42% of reports)</li> <li>Trading losses (3,078 or 33% of reports)</li> </ul>

Profile of companies	2015–16	2014–15	2013–14
<b>Top 3 alleged possible misconduct</b>	<ul style="list-style-type: none"> <li>• s588G(1)–(2) Insolvent trading (5,736 or 61% of reports)</li> <li>• s286 and 344(1) Obligation to keep financial records (3,357 or 42% of reports)</li> <li>• s180 Care and diligence—Directors' and officers' duties (3,636 or 38% of reports)</li> </ul>	<ul style="list-style-type: none"> <li>• s588G(1)–(2) Insolvent trading (4,856 or 58% of reports)</li> <li>• s286 and 344(1) Obligation to keep financial records (3,209 or 38% of reports)</li> <li>• s180 Care and diligence—Directors' and officers' duties (2,739 or 33% of reports)</li> </ul>	<ul style="list-style-type: none"> <li>• s588G(1)–(2) Insolvent trading (5,425 or 57% of reports)</li> <li>• s286 and 344(1) Obligation to keep financial records (3,486 or 37% of reports)</li> <li>• s180 Care and diligence—Directors' and officers' duties (2,542 or 27% of reports)</li> </ul>
<b>Dividends to unsecured creditors</b>	In 97% of cases, the dividend estimate was less than 11 cents in the dollar	In 97% of cases, the dividend estimate was less than 11 cents in the dollar	In 97% of cases, the dividend estimate was less than 11 cents in the dollar

Note: The term 'reports' in this table means 'initial external administrators' reports'.

## B Conditions and limitations on the statistics

### Key points

This section explains the conditions and limitations relating to the statistics in this report, including:

- the general conditions and limitations to the statistics in this report; and
- specific conditions and limitations relating to the statistical findings in Section D, which are based on initial external administrators' reports.

### General conditions and limitations

- 14 When interpreting the statistics in this report, the following conditions and limitations should be kept in mind:
- (a) Although we encourage external administrators to report in the Schedule B format in RG 16, using this format is voluntary. It is not a statutory requirement. External administrators' reports not lodged in this format are only included in the total external administrators' report statistics (see Section C) and not in the statistics in Section D.
  - (b) The statistics in this report do not directly correlate with the monthly statistics for 'Companies entering external administration' and 'Insolvency appointments' on ASIC's website due to the time difference in lodgement of external administrators' reports: see Table 7. External administrators are not required to lodge reports where the pre-conditions of s422, 438D or 533 of the Corporations Act are not met.
  - (c) Some external administrators' reports are lodged for statistical purposes only, rather than under the Corporations Act. For example, a liquidator may choose to lodge a report for a company with no suspected misconduct and with an estimated dividend of more than 50 cents in the dollar. Therefore, this report includes financial and other data from these lodgements in the aggregated statistics.

### Conditions and limitations on statistics in Section D

- 15 To avoid double counting, all statistics in Section D are compiled only from the initial external administrator report lodged electronically when the company enters external administration (EXAD) status. This allows for the following situations:
- (a) While a company is in EXAD status, it may be subject to more than one appointment type. Even though a report may be lodged for each appointment type, the statistics only include the first electronically lodged report for the company.



- (b) More than one report may also be lodged for each appointment type. Again, the statistics only include the first electronically lodged report.
  - (c) A company may go in and out of EXAD status more than once. For each period in EXAD status, only the first electronically lodged report is included.
- 16 While the statistics only include the electronically lodged initial external administrators' reports, an external administrator may have lodged an additional report on paper in a narrative form (not in the Schedule B format).
- 17 Financial information provided in an initial external administrator report reflects estimates and opinions of the external administrator at a point in time. The statistics do not reflect revised information from subsequent or updated reports.
- 18 When completing the initial external administrator report, the external administrator selects from a predetermined set of options for qualitative questions, and ranges for quantitative questions. Limited testing carried out by ASIC while compiling these statistics identified a small number of reports with estimated employee entitlements inconsistent with other responses in those reports (e.g. very high unpaid employee entitlements but less than five employees; high unpaid employee entitlements that are significantly greater than estimated total liabilities). These reports have been eliminated from the employee entitlements statistics where the impact was material.
- 19 The top 12 industries by number of initial external administrators' reports lodged are shown for some statistics by industry, with remaining industries grouped under 'Other industries'.
- 20 Statistics presented by region use the latest registered address on ASIC's corporate database (ASCOT). When an external administrator from another region becomes the external administrator and changes the registered office address on ASCOT, the new address is used. The regional statistics do not include companies with an international registered address.

### **Amendments to Schedule B report format**

- 21 In July 2008, we reissued RG 16 to enhance the quality of information disclosed. The key parts of the Schedule B report format amended were:
- (a) 'Contraventions' was renamed 'Possible misconduct' and divided into civil and criminal breaches of the Corporations Act or other Commonwealth or state or territory laws. Availability of evidence is now disclosed for each type of possible misconduct identified.
  - (b) Contraventions were not included in [Report 132](#) *External administrators: Schedule B statistics 1 July 2004–30 June 2007* (REP 132). Possible misconduct has only been disclosed since [Report 225](#) *Insolvency statistics: External administrators' reports 1 July 2007–30 June 2010* (REP 225)—for 2008–09 and 2009–10.

## Industry categories

- 22 Industry categories were updated to align with 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) divisions: see Table 3. ANZSIC divisions are classified into subdivisions, groups and classes. Due to the large number of changes made at subdivision and group level, comparison of industry data before and after 1 July 2008 is more difficult. Changes to the Schedule B report format for industry categories include the following:
- (a) The 'Financial and insurance' industry category was previously broken down as separate industry categories due to ASIC's particular focus in this area. The sub-categories in the Schedule B report format of 'Credit provider', 'Deposit taking institutions', 'Insurance', 'Managed investments', 'Superannuation' and 'Other financial services' are now combined under 'Financial and insurance services' (FIS) and do not align with ANZSIC subdivision, group or class titles.
  - (b) The number of divisions was increased by rearranging the 'Property and business services' category into 'Administrative and support services', 'Professional, scientific and technical services', and 'Rental, hiring and real estate services'.
  - (c) Some industries were renamed to better reflect their composition: 'Accommodation, cafes and restaurants' is now 'Accommodation and food services'; 'Cultural and recreational services' is now 'Arts and recreation services'; 'Education' is now 'Education and training'; 'Electricity, gas and water supply' is now 'Electricity, gas, water and waste services'; 'Health and community services' is now 'Health care and social assistance'; 'Personal and other services' is now 'Other services'; 'Government administration and defence' is now 'Public administration and safety'; and 'Transport and storage' is now 'Transport, postal and warehousing'.
  - (d) Schedule B's former industry category 'Agriculture' has been renamed 'Agriculture, forestry and fishing' in line with ANZSIC divisions.
  - (e) 'Information media and telecommunications' effectively replaced 'Communication services', bringing together a number of classes from previous divisions.
  - (f) A new Schedule B category 'Other (business and personal) services' (ANZSIC division name 'Other services') groups 'Personal and other services' and Schedule B's former industry category, 'Services to business'.
- 23 For details of industry descriptions, visit [www.abs.gov.au/anzsic](http://www.abs.gov.au/anzsic).

**Table 3: ANZSIC division changes**

1993 divisions		2006 divisions
Agriculture, forestry and fishing	→	Agriculture, forestry and fishing
Mining	→	Mining
Manufacturing	→	Manufacturing
Electricity, gas and water supply	→	Electricity, gas, water and waste services
Construction	→	Construction
Wholesale trade	→	Wholesale trade
Retail trade	→	Retail trade
Accommodation, cafes and restaurants	→	Accommodation and food services
Transport and storage	→	Transport, postal and warehousing
Communication services	→	Information media and telecommunications
Financial and insurance	→	Financial and insurance services
Property and business services		Rental, hiring and real estate services
		Professional, scientific and technical services
		Administrative and support services
Government administration and defence	→	Public administration and safety
Education	→	Education and training
Health and community services	→	Health care and social assistance
Cultural and recreational services	→	Arts and recreation services
Personal and other services	→	Other services

**Additional questions—Insolvent trading**

24

On 8 December 2014, ASIC amended the Schedule B format to include changes aimed at improving our ability to identify reports of misconduct that allege insolvent trading where these may warrant ASIC action. The additional information sought includes:

- (a) the period over which the company might have traded while insolvent;
- (b) the extent of the alleged insolvent trading;
- (c) the indicators of insolvency on which external administrators base their belief that the director had reasonable grounds to suspect that the company was insolvent at the time that debts were incurred; and
- (d) the evidence available to support the allegation of insolvent trading.

## C Lodgement of external administrators' reports

### Key points

This section provides statistics on the total lodgements of external administrators' reports, including statistics on:

- the method of lodgement (electronic and manual) compared with previous years; and
- the proportion of external administrators' reports that comprise initial external administrators' reports, as well as statistics on the timing of lodgement of these reports compared with the two previous reporting periods.

### Total lodgements of external administrators' reports

- 25 The total number of external administrators' reports lodged increased from 8,904 in 2014–15 to 10,078 in 2015–16: see Table 4.
- 26 The percentage of electronically lodged reports remains stable over the last two financial years—99.8% of reports were electronically lodged, compared with 36.8% in 2002–03 (when electronic lodgement first became available). The number of reports lodged directly by external administrators through the registered liquidators' portal increased marginally from 98.1% in 2013–14 to 99.5% in 2015–16: see also Figure 1.

**Table 4: Total external administrators' reports by lodgement type (1 July 2013 to 30 June 2016)**

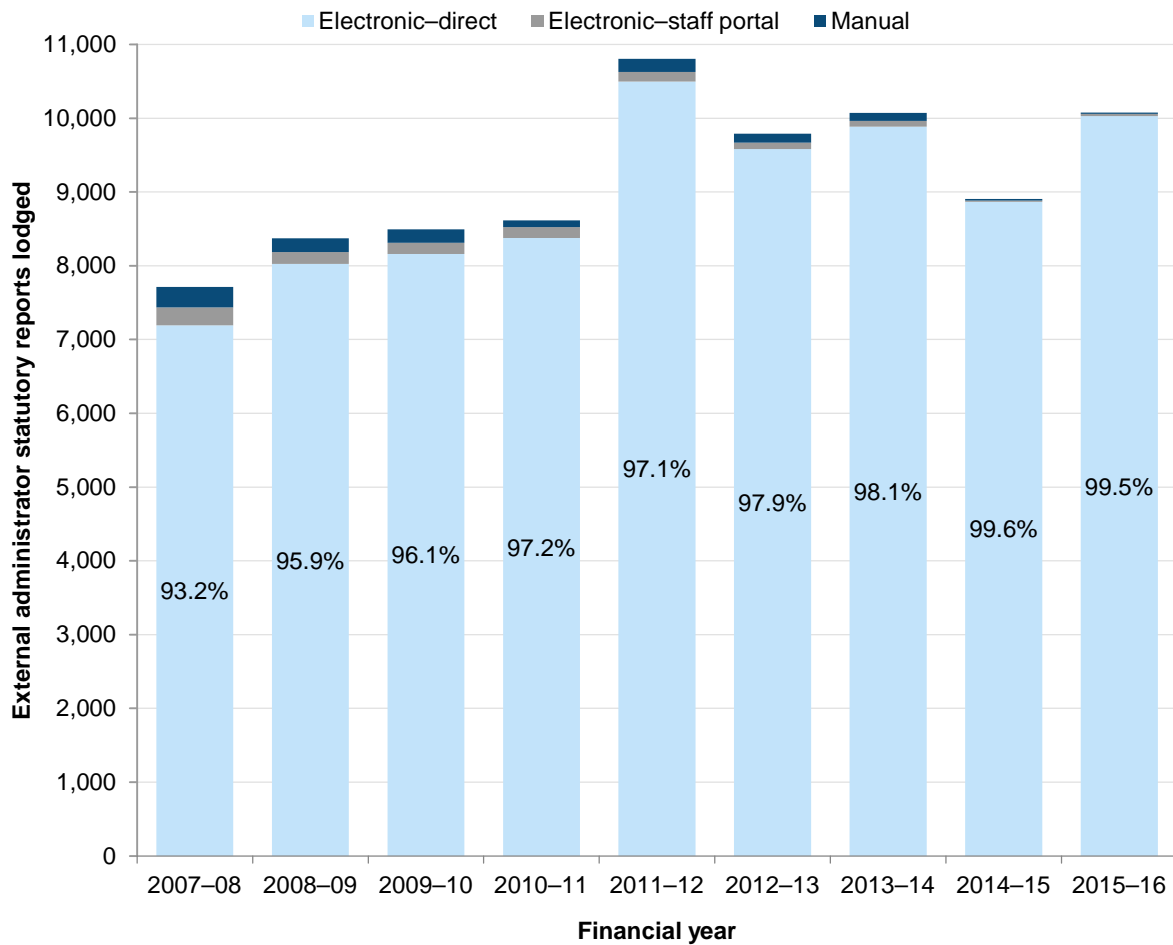
Lodgement type	2015–16 number	2015–16 percentage	2014–15 number	2014–15 percentage	2013–14 number	2013–14 percentage
Electronic—direct	10,028	99.5%	8,866	99.6%	9,885	98.1%
Electronic—staff portal	33	0.3%	16	0.2%	77	0.8%
Manual	17	0.2%	22	0.2%	111	1.1%
<b>Total</b>	<b>10,078</b>	<b>100.0%</b>	<b>8,904</b>	<b>100.0%</b>	<b>10,073</b>	<b>100.0%</b>

Note 1: 'Electronic—direct' means Schedule B reports lodged directly by external administrators through the registered liquidators' portal.

Note 2: 'Electronic—staff portal' means Schedule B reports lodged on paper by external administrators in the Schedule B report format and subsequently entered by ASIC staff through the staff portal.

Note 3: 'Manual' means reports (not in the Schedule B report format) lodged on paper by external administrators. However, it excludes supplementary reports (Schedule C reports).

Figure 1: Total external administrators' reports by lodgement type (1 July 2007 to 30 June 2016)



Note 1: See Table 44 in the appendix for the complete data used in this figure (accessible version).

Note 2: 'Electronic—direct' means Schedule B reports lodged directly by external administrators through the registered liquidators' portal.

Note 3: 'Electronic—staff portal' means Schedule B reports lodged on paper by external administrators in the Schedule B report format and subsequently entered by ASIC staff through the staff portal.

Note 4: 'Manual' means reports (not in the Schedule B report format) lodged on paper by external administrators. However, it excludes supplementary reports (Schedule C reports).

## Lodgements of initial external administrators' reports

27 Table 5 shows the number of initial external administrators' reports lodged in 2015–16 and the previous two financial years.

**Table 5: Total initial external administrators' reports (1 July 2013 to 30 June 2016)**

2015–16	2014–15	2013–14
9,465	8,354	9,459

28 In 2015–16, initial external administrators' reports made up 93.9% (or 9,465 reports) of the total number of external administrators' reports lodged. This compares with 93.8% (or 8,354 reports) in 2014–15.

## Timing of lodgement

29 Table 6 shows the percentage of initial external administrators' reports lodged within six months of, and more than 12 months after, the appointment of the external administrator—compared with the previous two financial years.

**Table 6: Initial external administrators' reports by timing of lodgement after appointment (1 July 2013 to 30 June 2016)**

Financial year	Reports lodged within six months	Reports lodged 12 months or more after
2015–16	59.2%	14.6%
2014–15	55.9%	19.2%
2013–14	55.1%	18.1%

30 Section D sets out the statistics relating to the initial external administrators' reports lodged in 2015–16.

## D Statistical findings from initial external administrators' reports

### Key points

This section presents our detailed findings from initial external administrators' reports lodged electronically in 2015–16.

In paragraphs 59–74, details of alleged criminal and civil breaches of the insolvent trading provisions of the Corporations Act. Highlights include:

- External administrators had evidence for 4,496 reports of alleged *civil insolvent trading*. Of these, 3,619 (or 80.5%) estimated debts incurred while insolvent were below \$1 million and 3,978 (or 88.5%) had 50 or fewer unsecured creditors.
- When assessing a recovery action's merits, one other factor external administrators consider is the availability of assets to fund that action (absent creditor or third party funding). Most reports alleging a *civil breach* (3740 or 83.2%) disclosed assets of less than \$100,000.
- External administrators had evidence for 94 reports of alleged *criminal insolvent trading*. Of these, 71 (or 75.5%) estimated debts incurred while insolvent were below \$1 million and 72 (or 76.6%) had 50 or fewer unsecured creditors.

Only six reports (6.4%) alleging a *criminal breach* involved more than 200 creditors. Three of these reports estimated debts incurred while insolvent of \$1 million to \$5 million, and two reports estimated debts incurred while insolvent of over \$5 million. As in our previous reports, highlighted here are figures that changed by three percentage points or more from the previous financial year (i.e. 2014–15):

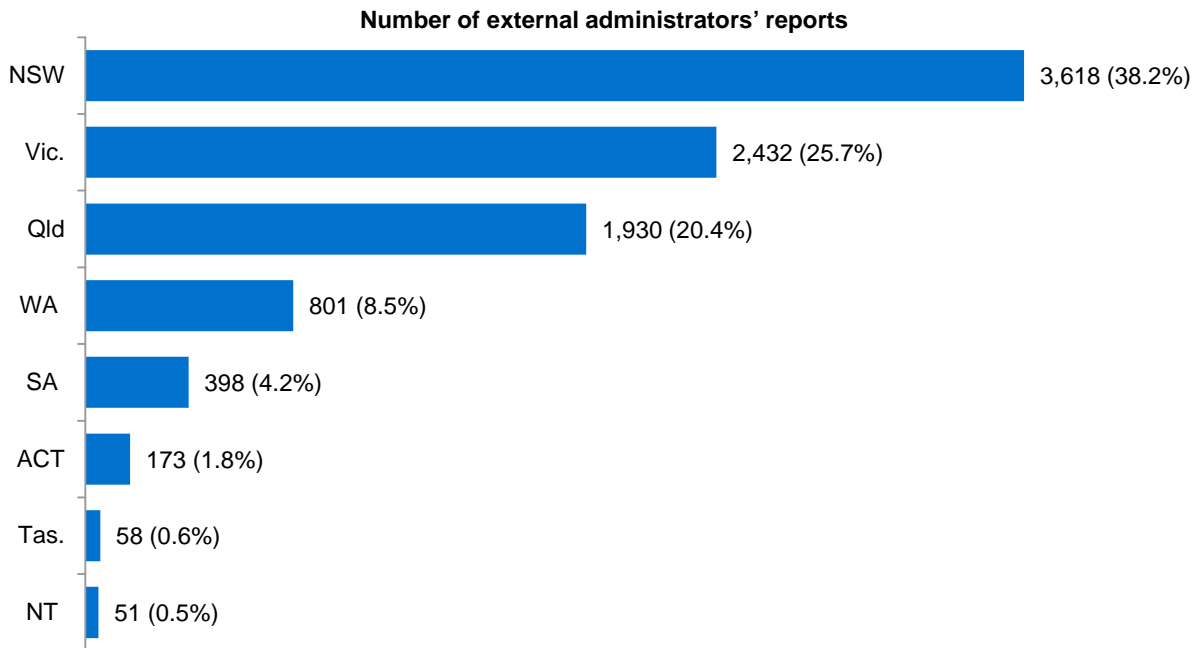
- Reports lodged between 2 months to less than 6 months increased from 41.8% to 44.9% and reports lodged in a period greater than 12 months after appointment decreased from 19.2% to 14.6%.
- The number of reports citing 'Poor economic conditions' as a cause of failure of the company decreased from 20.6% to 16.3% whereas reports citing 'Poor strategic management of business' increased from 42.1% to 45.6% and 'Poor financial control including lack of records' increased from 30.4% to 33.6%.
- Liquidators estimated the amount of liability of less than \$250,000, increased from 41.2% to 46.2%.
- 'Not applicable' increased from 57.4% to 60.8% for unpaid superannuation whilst unpaid superannuation in the 'under \$100,000' category decreased from 36.0% to 32.2% for.
- Most reports indicated the amount of unpaid taxes and charges was in the \$250,000 or less category and had increased from 65.2% to 68.2%.
- Reports lodged showed companies that owed less than \$250,000 to unsecured creditors increased from 62.7% to 66.8%.
- Reports alleging misconduct increased from 78.5% to 82.4%.

Note: The term 'reports' in this section means 'initial external administrators' reports'.

## Lodgement by region

31 Most reports in 2015–16 related to companies registered in New South Wales (3,618 reports or 38.2%), followed by Victoria (2,432 reports or 25.7%) and Queensland (1,930 reports or 20.4%). The five remaining states and territories made up 15.6% of reports: see Figure 2.

**Figure 2: Initial external administrators' reports by region (1 July 2015 to 30 June 2016)**



Note 1: See Table 45 in the appendix for the complete data used in this figure (accessible version).

Note 2: Four companies with international registered addresses are not included in regional statistics.

## Lodgement period

32 In 2015–16, 59.2% of reports were lodged within six months of the external administrator's appointment (this compares with 55.9% in 2014–15). Another 14.6% of reports were lodged more than 12 months after the appointment: see Table 7.

**Table 7: Initial external administrators' reports by lodgement period after appointment (1 July 2015 to 30 June 2016)**

Lodgement period after appointment	Number	Percentage
Less than 2 months	1,355	14.3%
2 months to less than 6 months	4,247	44.9%
6 months to less than 12 months	2,482	26.2%



Lodgement period after appointment	Number	Percentage
12 months or more	1,381	14.6%
<b>Total</b>	<b>9,465</b>	<b>100.0%</b>

Note 1: A liquidator appointed after 31 December 2007 must lodge reports as soon as practicable, and in any event within six months after it appears to the liquidator that any of the conditions in s533(1)(a), (b) or (c) apply.

Note 2: The result does not reflect instances where the first electronically lodged report was not the first report lodged.

## Section lodged under

- 33 Most reports in 2015–16 (93.3%) were lodged by liquidators for the purpose of complying with s533 of the Corporations Act: see Table 8.

**Table 8: Initial external administrators' reports by section of the Corporations Act (1 July 2015 to 30 June 2016)**

Section of Corporations Act	Number	Percentage
Section 422 (reports by receiver)	55	0.6%
Section 438D (reports by administrator)	566	6.0%
Section 533 (reports by liquidator)	8,830	93.3%
Statistical purposes	14	0.1%
<b>Total</b>	<b>9,465</b>	<b>100.0%</b>

## Size of company

- 34 The number of employees or the number of full-time equivalent (FTE) employees is used as a measure of the size of the company. In 2015–16, 78.8% of reports related to companies with less than 20 employees: see Table 9.

**Table 9: Initial external administrators' reports—Size of company as measured by number of FTEs (1 July 2015 to 30 June 2016)**

Number of FTE employees	Number	Percentage
Less than 5	6,202	65.5%
5–19	1,253	13.2%
20–199	430	4.5%
200 or more	44	0.5%
Not known	1,536	16.2%
<b>Total</b>	<b>9,465</b>	<b>100.0%</b>

## Industry

- 35 In 2015–16, the three industries with the highest number of reports lodged were Other (business and personal) services (2,889 reports or 30.5%), Construction (1,964 reports or 20.8%), and Accommodation and food services (928 reports or 9.8%): see Table 10.
- 36 Four of the top 12 industries have changed from the previous year: Wholesale trade has moved down to a ranking of 8 and Rental, hiring and real estate services moved down to a ranking of 10, while Information media and telecommunications (which was ranked 10 the previous year) is now ranked 7 and Electricity, gas, water and waste services (which was ranked 13 the previous year) is now ranked at 12: see Section B. The order of some of the other top 12 rankings has changed.

**Table 10: Initial external administrators' reports by industry type (1 July 2015 to 30 June 2016)**

Ranking	Industry type	Number	Percentage
1	Other (business and personal) services	2,889	30.5%
2	Construction	1,964	20.8%
3	Accommodation and food services	928	9.8%
4	Retail trade	768	8.1%
5	Transport, postal and warehousing	546	5.8%
6	Manufacturing	387	4.1%
7	Information media and telecommunications	225	2.4%
8	Wholesale trade	201	2.1%
9	Professional, scientific and technical services	196	2.1%
10	Rental, hiring and real estate services	194	2.0%
11	Mining	193	2.0%
12	Electricity, gas, water and waste services	184	1.9%
13	Agriculture, forestry and fishing	165	1.7%
14	FIS—Other financial services	133	1.4%
15	Arts and recreation services	100	1.1%
16	Education and training	94	1.0%
17	Health care and social assistance	89	0.9%
18	Administrative and support services	83	0.9%
19	Public administration and safety	41	0.4%

Ranking	Industry type	Number	Percentage
20	FIS—Managed investments	32	0.3%
21	FIS—Credit provider	15	0.2%
22	FIS—Insurance	15	0.2%
23	FIS—Superannuation	13	0.1%
24	FIS—Deposit taking institutions	10	0.1%
<b>Total</b>		<b>9,465</b>	<b>100.0%</b>

## Nominated causes of failure

- 37 There is commonly more than one reason for a company's failure. External administrators nominated an average of between two and three causes of failure per report in 2015–16.
- 38 The top three nominated causes of failure for companies (see Table 11) were:
- inadequate cash flow or high cash use (4,318 or 45.6% of reports);
  - poor strategic management of business (4,315 or 45.6% of reports); and
  - poor financial control including lack of records (3,183 or 33.6% of reports).
- 39 Of the top 12 industries, the three industries that most exceeded the average percentage across all industries of reports for these three causes of failure were as follows:
- Inadequate cash flow or high cash use:* Mining (54.9% of reports), Accommodation and food services (51.6% of reports) and Retail trade (50.1% of reports).
  - Poor strategic management of business:* Mining (56.0% of reports), Rental, hiring and real estate services (52.6% of reports), and Transport, postal and warehousing (52.2% of reports); and
- Note: In the 'Other industries' category in Table 11, seven industries exceeded the average percentage across all industries for poor strategic management of business (42.1%). The three industries that most exceeded this average were (equal first) Health care and social assistance and FIS—Managed investments (52.9% each), and Administrative and support services (49.3%).
- Poor financial control including lack of records:* Other (business and personal) services (38.5% of reports), Transport, postal and warehousing (35.0% of reports) and Construction (34.1% of reports).
- 40 All regions, except the Australian Capital Territory, the Northern Territory, South Australia and Tasmania, shared the same top two causes: see Table 12.

**Table 11: Initial external administrators' reports—Nominated causes of failure by industry (1 July 2015 to 30 June 2016)**

Causes of failure	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Information media and telecommunications	Wholesale trade	Professional, scientific and technical services	Rental, hiring and real estate services	Mining	Electricity, gas, water and waste services	Other industries	Total
Under-capitalisation	462	389	209	163	93	90	49	37	42	33	54	47	200	1,868
Poor financial control, including lack of records	1,112	670	293	248	191	83	59	62	40	59	50	60	256	3,183
Poor management of accounts receivable	233	308	30	48	52	46	36	30	16	18	15	34	87	953
Poor strategic management of business	1,190	894	435	362	285	174	106	95	90	102	108	87	387	4,315
Inadequate cash flow or high cash use	1,188	868	479	385	267	189	112	94	92	96	106	89	353	4,318
Poor economic conditions	307	337	171	155	88	103	30	33	39	37	100	22	123	1,545
Natural disaster	6	5	5	3	3	3	0	3	0	3	3	1	14	49
Fraud	32	22	17	12	11	1	4	4	3	14	4	4	27	155
Deed of company arrangement failed	5	8	1	0	0	0	2	0	0	2	1	0	4	23
Dispute among directors	52	52	25	26	11	17	15	7	9	7	10	0	29	260
Trading losses	739	620	404	329	187	163	82	79	58	57	70	56	281	3,125
Industry restructuring	43	34	13	20	10	11	11	6	5	4	10	10	25	202
Other	979	660	234	194	169	108	68	67	63	65	56	43	254	2,960
<b>Total</b>	<b>6,348</b>	<b>4,867</b>	<b>2,316</b>	<b>1,945</b>	<b>1,367</b>	<b>988</b>	<b>574</b>	<b>517</b>	<b>457</b>	<b>497</b>	<b>587</b>	<b>453</b>	<b>2,040</b>	<b>22,956</b>

Note: 'Other industries' include Agriculture, forestry and fishing, Health care and social assistance, Arts and recreation services, Education and training, Administrative and support services, Public administration and safety, and all FIS sub-categories.

**Table 12: Initial external administrators' reports—Nominated causes of failure by region (1 July 2015 to 30 June 2016)**

Causes of failure	ACT	NSW	NT	Qld	SA	Tas.	Vic.	WA	Total
Under-capitalisation	40	584	9	367	72	18	546	232	1,868
Poor financial control, including lack of records	78	1,413	14	589	71	27	737	253	3,182
Poor management of accounts receivable	23	304	11	255	37	8	208	107	953
Poor strategic management of business	89	1,552	16	987	184	27	1,044	415	4,314
Inadequate cash flow or high cash use	94	1,514	22	847	186	34	1,220	401	4,318
Poor economic conditions	34	410	14	485	96	11	275	220	1,545
Natural disaster	0	14	0	20	3	0	11	1	49
Fraud	0	50	0	34	13	0	41	17	155
Deed of company arrangement failed	0	10	0	5	1	0	4	3	23
Dispute among directors	1	76	2	49	23	1	73	35	260
Trading losses	55	1,074	24	690	170	33	746	332	3,124
Industry restructuring	1	48	2	51	15	1	60	24	202
Other	51	1,311	25	459	118	22	720	253	2,959
<b>Total</b>	<b>466</b>	<b>8,360</b>	<b>139</b>	<b>4,838</b>	<b>989</b>	<b>182</b>	<b>5,685</b>	<b>2,293</b>	<b>22,952</b>

Note: Causes of failure for companies with international registered addresses are not included in regional statistics.

## Possible misconduct

41 In 2015–16, external administrators alleged misconduct in 7,797 or 82.4% of reports. External administrators reported 20,625 possible breaches, at an average of between two and three breaches per report, where possible misconduct was reported: see Table 13. See Table 15 for reports where external administrators had evidence and recommended further investigation.

**Table 13: Initial external administrators' reports—Possible misconduct (1 July 2015 to 30 June 2016)**

Reported misconduct	Number of reports	Percentage of reports	Number of breaches
No misconduct reported	1,668	17.6%	–
'Possible misconduct' reported	7,797	82.4%	20,625
<b>Total</b>	<b>9,465</b>	<b>100.0%</b>	<b>20,625</b>

42 As a result of the reports lodged, we asked the external administrator to prepare a supplementary report under s422, 438D or 533 for 831 (10.7%) of the 7,797 reports for 2015–16 where they identified possible misconduct. The request for an additional report is a function of our assessment of risk and allows us to determine which matters to investigate further. Our risk assessment is based on a number of factors, including, but not limited to:

- (a) the nature of the possible misconduct reported;
- (b) the amount of liabilities;
- (c) the deficiency suffered;
- (d) the availability of evidence;
- (e) prior misconduct; and
- (f) the advice of the external administrator that the reported possible misconduct warrants further investigation.

43 Alleged criminal misconduct has been split between alleged misconduct occurring before the appointment of the external administrator (pre-appointment misconduct) and post-appointment misconduct related to directors' and officers' failure to assist the liquidator. In 2015–16, 13.0% of all reported misconduct related to post-appointment misconduct: see Table 14.

44 Alleged breaches of civil obligations are the most common breaches (16,737 or 81.1% of all reported misconduct). For a detailed analysis of civil breaches by section of the Corporations Act, industry and region, see Table 31 and Table 33.

**Table 14: Initial external administrators' reports—Categories of possible misconduct (1 July 2015 to 30 June 2016)**

Categories of possible misconduct	Number of breaches	Percentage of breaches
Alleged criminal misconduct under Corporations Act by officers or employees <i>before</i> appointment of external administrator	1,009	4.9%
Alleged criminal misconduct under Corporations Act by officers or employees <i>after</i> appointment of external administrator	2,684	13.0%
Alleged breaches of civil obligations	16,737	81.1%
Other criminal offences	66	0.3%
Other possible misconduct	129	0.6%
<b>Total</b>	<b>20,625</b>	<b>100.0%</b>

Note 1: 'Other criminal offences' include breaches by a member or contributory under the Corporations Act, or breaches under other Commonwealth statutes or state or territory laws.

Note 2: 'Other possible misconduct' relates to people who have taken part in the formation, promotion, administration, management or winding-up of the company and may have misapplied or retained, or become liable or accountable for, any money or property of the company; or been guilty of any negligence, default, breach of duty or trust in relation to the company.

## Documentary evidence and further inquiry

45 External administrators confirmed they had documentary evidence to support alleged pre-appointment misconduct for 5,925 reports (62.6%) for 2015–16: see Table 15. Of these, they considered that only 2,556 reports (27.0%) warranted ASIC's inquiry into the alleged misconduct, based on their assessment of the information and documentary evidence available.

**Table 15: Initial external administrators' reports—Possible pre-appointment misconduct reported (1 July 2015 to 30 June 2016)**

Documentary evidence	Yes/No	Number of reports	Percentage of reports	Number of breaches
Did the external administrator have documentary evidence to support the allegation?	Yes	5,925	62.6%	13,110
	No	1,645	17.4%	4,636
	<b>Total</b>	<b>7,570</b>	<b>80.0%</b>	<b>17,746</b>
Of those with documentary evidence, did the external administrator recommend further inquiry by ASIC?	Yes	2,556	27.0%	–
	No	3,369	35.6%	–
	<b>Total</b>	<b>5,925</b>	<b>62.6%</b>	–

Documentary evidence	Yes/No	Number of reports	Percentage of reports	Number of breaches
Was the external administrator aware of another person with documentary evidence?	Yes	574	6.1%	1,261
	No	6,996	73.9%	16,485
	<b>Total</b>	<b>7,570</b>	<b>80.0%</b>	<b>17,746</b>
Where the evidence was with another person, did the external administrator recommend further inquiry by ASIC?	Yes	301	3.2%	–
	No	273	2.9%	–
	<b>Total</b>	<b>574</b>	<b>6.1%</b>	<b>–</b>

Note: 'Pre-appointment misconduct' refers to pre-appointment criminal misconduct, alleged breaches of civil obligations, other criminal offences and other possible misconduct.

46 Documentary evidence in the possession of a third party was identified in 574 reports. Based on this and their assessment, the external administrator recommended we make further inquiry in 301 reports.

Note: For 272 of the 301 reports where evidence was identified as being with a third party, the external administrator also held evidence. Therefore, these 272 reports were also included in the 2,556 reports where the external administrator recommended further inquiry.

47 We requested supplementary reports (or Schedule C reports) for 543 (21.2%) of the 2,556 reports where external administrators alleged misconduct and advised that they held evidence and recommended further inquiry by ASIC. We requested a further 288 supplementary reports (831 in total for 2015–16) where external administrators had not recommended further inquiry but the matter met our risk assessment criteria: see paragraph 42.

48 One of the criteria we consider as part of our risk assessment is the size of the reported deficiency. Table 16 sets out an analysis of the size of the deficiency reported in external administrator reports (where misconduct is alleged, evidence is held by the liquidator and further inquiry by ASIC is recommended). We requested the preparation of 59 supplementary reports by external administrators where the reports related to deficiencies of \$5 million or more.

**Table 16: Initial external administrators' reports—Reports alleging misconduct (with evidence held and further inquiry recommended) by deficiency size (1 July 2015 to 30 June 2016)**

Deficiency	Schedule C report requested	Assessed and recorded	Total
\$0–\$50,000	32	164	196
\$50,001–\$250,000	141	733	874
\$250,001 to less than \$500,000	102	410	512
\$500,000 to less than \$1 million	80	303	383



Deficiency	Schedule C report requested	Assessed and recorded	Total
\$1 million to less than \$5 million	129	313	442
\$5 million to \$10 million	34	51	85
Over \$10 million	25	38	63
<b>Total</b>	<b>543</b>	<b>2,012</b>	<b>2,555</b>

49 It is important to note that an external administrator's report of misconduct is an allegation and may not be substantiated by sufficient evidence to warrant action. We will not take action in every instance an external administrator reports alleged misconduct and we obtain a supplementary report. [Information Sheet 151](#) ASIC's approach to enforcement (INFO 151) sets out the matters we consider before taking further action after completing our assessment of a supplementary report.

## Alleged criminal misconduct

### Pre-appointment criminal misconduct

- 50 Statistics for alleged pre-appointment criminal misconduct are shown by industry and region: see Table 30 and Table 32. These tables also show the number of reports where the external administrator is able to advise that evidence is available. Pre-appointment criminal misconduct predominantly relates to the conduct of an officer or director of the company before the appointment of the external administrator.
- 51 External administrators reported that they held evidence for 692 (68.6%) out of 1,009 possible criminal breaches reported in 2015–16.
- 52 The top three nominated criminal breaches for companies for 2015–16 were the same as in the previous four financial years—however, the order has changed this year, with insolvent trading dropping from first to third highest:
- (a) *Sections 286 and 344(2) Obligation to keep financial records:* 332 breaches reported (3.5% of reports);
  - (b) *Section 184 Good faith, use of position and use of information:* 274 breaches reported (2.9% of reports); and
  - (c) *Section 588G(3) Insolvent trading:* 150 breaches reported (1.6% of reports).
- 53 Of the top 12 industries, the three industries that most exceeded the average percentage across all industries of reports for these three nominated criminal breaches were:
- (a) *Sections 286 and 344(2) Obligation to keep financial records:* Rental, hiring and real estate services (7.2% of reports), Information media and

telecommunications (4.4% of reports) and Accommodation and food services (3.8% of reports).

Note: Five industries grouped in the 'Other industries' category exceeded the average 3.5% of reports for s286 and 344(2) Obligation to keep financial records. The three that most exceeded were FIS—Deposit taking institutions (10.0% of reports), FIS—Other financial services (6.8% of reports) and FIS—Credit providers (6.7% of reports).

- (b) *Section 184 Good faith, use of position and use of information:* Rental, hiring and real estate services (6.2% of reports), Wholesale trade (4.5% of reports) and Mining (4.1% of reports).

Note: Five industries grouped in the 'Other industries' category exceeded the average 3% of reports for s184 Good faith, use of position and use of information. The three industries that most exceeded this average were FIS—Managed investments (18.8% of reports), Agriculture, forestry and fishing (6.7% of reports) and FIS—Other financial services (6% of reports).

- (c) *Section 588G(3) Insolvent trading:* Professional, scientific and technical services and Rental, hiring and real estate services (equal first, 3.6% of reports), and Information media and telecommunications (3.1% of reports).

Note: Four industries grouped in the 'Other industries' category exceeded the average 1.6% of reports for s588G(3) Insolvent trading. The three industries that most exceeded this average were FIS—Other financial services (3.8% of reports), Arts and recreation services (3% of reports) and Health care and social assistance (2.2% of reports).

### Post-appointment criminal misconduct

- 54 Alleged post-appointment criminal misconduct reported by external administrators relates to officers of the company failing to assist external administrators following the appointment of the external administrator. The 2,684 post-appointment breaches related to 1,377 reports (14.5%): see Table 17.

**Table 17: Initial external administrators' reports—Possible post-appointment criminal misconduct reported by section of Corporations Act (1 July 2015 to 30 June 2016)**

Section of the Corporations Act	Number of breaches
Sections 429, 438B, 446C and 475 Report as to company's affairs	890
Section 530A Officers to help liquidator	888
Section 530B Requirement to provide liquidator with company's books	906
<b>Total</b>	<b>2,684</b>

Note: The Schedule B report format does not require external administrators to advise whether or not evidence is available given the nature of the misconduct being reported.

- 55 We assist external administrators, through our Liquidator Assistance Program, in obtaining compliance by officers with their obligations to prepare a report as to the company's affairs, provide relevant books and records, and assist liquidators.

## Alleged breaches of civil obligations

- 56 Statistics for alleged breaches of civil obligations are available by industry and region: see Table 31 and Table 33. The tables also show the number of reports where the external administrator is able to advise that evidence is available. External administrators reported that they held evidence for 12,418 (74.2%) out of 16,737 possible breaches of civil obligations reported in 2015–16.
- 57 The top three nominated civil breaches for companies in 2015–16 were the same as in the previous four years:
- (a) *Section 588G(1)–(2) Insolvent trading*: 5,736 breaches reported (60.6% of reports);
  - (b) *Sections 286 and 344(1) Obligation to keep financial records*: 3,957 breaches reported (41.8% of reports); and
  - (c) *Section 180 Care and diligence—Directors' and officers' duties*: 3,636 breaches reported (38.4% of reports).
- 58 Of the top 12 industries, the three industries that most exceeded the average percentage across all industries of reports for these three nominated breaches of civil obligations were:
- (a) *Section 588G(1)–(2) Insolvent trading*: Transport, postal and warehousing (64.7% of reports), Accommodation and food services (64.4% of reports), and Mining (62.7% of reports);
  - (b) *Sections 286 and 344(1) Obligation to keep financial records*: (Other (business and personal) services (49.2% of reports), Transport, postal and warehousing (44.3% of reports), and Construction (41.3% of reports); and
  - (c) *Section 180 Care and diligence—Directors' and officers' duties*: Information media and telecommunications (45.3% of reports), Professional, scientific and technical services (43.9% of reports), and Mining (43.0% of reports).

Note: Three industries grouped in the 'Other industries' category exceeded the average 38.5% of reports for s180 Care and diligence—Directors' and officers' duties. The three industries that most exceeded this average were FIS—Superannuation (53.8% of reports), FIS—Other financial services (44.4% of reports), and FIS—Insurance (40.0% of reports).

## Alleged insolvent trading

- 59 Of the 9,465 reports lodged, a total of 150 reports (1.6%) alleged a breach of s588G(3) (criminal breach), and 5,736 reports (60.6%) alleged a breach of s588G(1)–(2) (civil breach).
- 60 Not all reports containing allegations of insolvent trading advised that there was evidence to support the allegation. Of the reports lodged, the external administrator advised there was evidence in support of:
- (a) 94 reports of an alleged criminal breach (or 62.7% of the 150 reports lodged alleging a criminal breach); and

- (b) 4,496 reports of an alleged civil breach (or 78.4% of the 5,736 reports lodged alleging a civil breach): see Table 18.

**Table 18: Initial external administrators' reports—Reports alleging insolvent trading (1 July 2015 to 30 June 2016)**

Insolvent trading	Number of reports	Percentage of reports
Evidence of a criminal breach (under s588(3) with liquidator and/or others	94	1.0%
No evidence of a criminal breach	56	0.6%
<b>Total reports alleging criminal breaches</b>	<b>150</b>	<b>1.6%</b>
Evidence of a civil breach (under s588G(1)–(2)) with liquidator and/or others	4,496	47.5%
No evidence of a civil breach	1,240	13.1%
<b>Total reports alleging civil breaches</b>	<b>5,736</b>	<b>60.6%</b>

#### Debts incurred while insolvent

- 61 Where external administrators advised that evidence existed for an alleged civil breach, most of these reports (3,619 or 80.5%) estimated that the debt incurred when the company was insolvent was less than \$1 million. Only 1.4%, or 64 reports, estimated that the amount of debt incurred while the company was insolvent was over \$5 million: see Table 19.
- 62 Where external administrators advised that evidence existed for an alleged criminal breach, most of these reports (71 or 75.5%) estimated that the debt incurred when the company was insolvent was less than \$1 million. Only 5.3%, or five reports, estimated that the amount of debt incurred while the company was insolvent was over \$5 million: see Table 19. For three of these reports, we requested that the external administrator prepare a supplementary report—we agreed to fund two from the AA Fund and we are considering the funding application of the third. Each of the five reports indicated that the liquidator would conduct a public examination, and four stated that the liquidator was considering or had commenced recovery proceedings for insolvent trading.
- 63 Where the external administrator reported that evidence existed, 9.3% of reports that alleged a civil breach and 6.4% of reports that alleged a criminal breach indicated that the debt incurred while the company was insolvent could not be determined: see Table 19.

**Table 19: Initial external administrators' reports—Estimated debts incurred after date of insolvency (1 July 2015 to 30 June 2016)**

Estimate of debts incurred	Number of reports alleging criminal breach	Percentage of reports	Number of reports alleging civil breach	Percentage of reports
\$0–\$250,000	54	57.4%	2,448	54.4%
\$250,001 to less than \$1 million	17	18.1%	1,171	26.0%
\$1 million to \$5 million	12	12.8%	396	8.8%
Over \$5 million	5	5.3%	64	1.4%
Unable to determine	6	6.4%	417	9.3%
<b>Total</b>	<b>94</b>	<b>100.0%</b>	<b>4,496</b>	<b>100.0%</b>

Note: All reports in this table have evidence.

*Debts incurred while insolvent compared to available assets*

64 Table 20 sets out an analysis of the estimated assets available compared to the estimated size of the debts incurred by the company while insolvent, where a civil breach has been alleged and the external administrator has reported that evidence exists.

**Table 20: Initial external administrators' reports—Estimated debts incurred after date of insolvency compared to estimated assets in reports alleging a civil breach (1 July 2015 to 30 June 2016)**

Estimate of debts incurred	Less than \$1 in assets available	\$1–\$10,000 in assets available	\$10,001–\$50,000 in assets available	\$50,001–\$100,000 in assets available	\$100,001–\$250,000 in assets available	\$250,001–\$5 million in assets available	Over \$5 million in assets available	Total	Percentage of total
\$0–\$250,000	882	630	584	154	117	79	2	2,448	54.4%
\$250,001 to less than \$1 million	320	204	266	124	121	135	1	1,171	26.0%
\$1 million to \$5 million	88	53	52	33	44	116	10	396	8.8%
Over \$5 million	11	4	4	3	3	12	27	64	1.4%
Unable to determine	122	62	111	33	29	53	7	417	9.3%
<b>Total</b>	<b>1,423</b>	<b>953</b>	<b>1,017</b>	<b>347</b>	<b>314</b>	<b>395</b>	<b>47</b>	<b>4,496</b>	<b>100.0%</b>

65 Table 21 sets out an analysis of the estimated assets available compared to the estimated size of the debts incurred by the company while insolvent, where a

criminal breach has been alleged and the external administrator has reported that evidence exists.

**Table 21: Initial external administrators' reports—Estimated debts incurred after date of insolvency compared to estimated assets in reports alleging a criminal breach (1 July 2015 to 30 June 2016)**

Estimate of debts incurred	Less than \$1 in assets available	\$1–\$10,000 in assets available	\$10,001–\$50,000 in assets available	\$50,001–\$100,000 in assets available	\$100,001–\$250,000 in assets available	\$250,001–\$5 million in assets available	Over \$5 million in assets available	Total	Percentage of total
\$0–\$250,000	21	12	11	6	3	1	0	54	57.4%
\$250,001 to less than \$1 million	6	2	3	3	2	1	0	17	18.1%
\$1 million to \$5 million	3	1	0	0	0	8	0	12	12.8%
Over \$5 million	2	0	1	0	0	1	1	5	5.3%
Unable to determine	2	1	1	0	0	2	0	6	6.4%
<b>Total</b>	<b>34</b>	<b>16</b>	<b>16</b>	<b>9</b>	<b>5</b>	<b>13</b>	<b>1</b>	<b>94</b>	<b>100.0%</b>

*Debts incurred while insolvent compared to number of unsecured creditors*

66

The majority of reports (3,978 or 88.5%) alleging a civil breach had 50 or fewer unsecured creditors and, of these, 3,341 reports (or 74.3% of the total 4,496 reports) incurred debts of less than \$1 million. Only 1.9% (or 84 reports) were for a company with more than 200 unsecured creditors. Of these, only 67 incurred debts of \$1 million or more, and only 38 incurred debts of over \$5 million: see Table 22.

**Table 22: Initial external administrators' reports—Estimated debts incurred after date of insolvency compared to number of unsecured creditors in reports alleging a civil breach (1 July 2015 to 30 June 2016)**

Estimate of debts incurred	Less than 25 unsecured creditors	25–50 unsecured creditors	51–200 unsecured creditors	More than 200 unsecured creditors	Unknown unsecured creditors	Total	Percentage of total
\$0–\$250,000	2,135	208	77	4	24	2,448	54.4%
\$250,001 to less than \$1 million	774	224	161	5	7	1,171	26.0%
\$1 million to \$5 million	193	71	100	29	3	396	8.8%

Estimate of debts incurred	Less than 25 unsecured creditors	25–50 unsecured creditors	51–200 unsecured creditors	More than 200 unsecured creditors	Unknown unsecured creditors	Total	Percentage of total
Over \$5 million	14	1	11	38	0	64	1.4%
Unable to determine	297	61	39	8	12	417	9.3%
<b>Total</b>	<b>3,413</b>	<b>565</b>	<b>388</b>	<b>84</b>	<b>46</b>	<b>4,496</b>	<b>100.0%</b>

67 The majority of reports (72 or 76.6%) alleging a criminal breach had 50 or less unsecured creditors and, of these, 59 reports (or 62.8% of the total 94 reports) incurred debts of less than \$1 million. Only 6.4% (or six reports) were for a company with more than 200 unsecured creditors. Of these six reports, three incurred debts of \$1 million to \$5 million, and two incurred debts of over \$5 million: see Table 23.

**Table 23: Initial external administrators' reports—Estimated debts incurred after date of insolvency compared to number of unsecured creditors in reports alleging a criminal breach (1 July 2015 to 30 June 2016)**

Estimate of debts incurred	Less than 25 unsecured creditors	25–50 unsecured creditors	51–200 unsecured creditors	More than 200 unsecured creditors	Unknown unsecured creditors	Total	Percentage of total
\$0–\$250,000	38	8	6	0	2	54	57.4%
\$250,001 to less than \$1 million	12	1	3	1	0	17	18.1%
\$1 million to \$5 million	5	1	2	3	1	12	12.8%
Over \$5 million	2	0	1	2	0	5	5.3%
Unable to determine	4	1	1	0	0	6	6.4%
<b>Total</b>	<b>61</b>	<b>11</b>	<b>13</b>	<b>6</b>	<b>3</b>	<b>94</b>	<b>100.0%</b>

#### Period of alleged insolvency

68 External administrators who advised that evidence existed for an alleged civil breach reported that, in 2,417 reports (or 53.8%), the company became insolvent more than 15 months before the appointment: see Table 24.

**Table 24: Initial external administrators' reports—Period in which company became insolvent (1 July 2015 to 30 June 2016)**

Period in which company became insolvent	Number of reports alleging criminal breach	Percentage of reports	Number of reports alleging civil breach	Percentage of reports
At appointment	2	2.1%	33	0.7%
1–3 months prior to appointment	8	8.5%	214	4.8%
4–9 months prior to appointment	16	17.0%	823	18.3%
10–15 months prior to appointment	19	20.2%	1,009	22.4%
16–24 months prior to appointment	15	16.0%	865	19.2%
Over 2 years prior to appointment	34	36.2%	1,552	34.5%
<b>Total</b>	<b>94</b>	<b>100.0%</b>	<b>4,496</b>	<b>100.0%</b>

Note: All reports in this table have evidence.

- 69 The external administrators' reports identified more than one basis to determine the date on which the company became insolvent. External administrators nominated an average of between one and two bases for determining the date of insolvency.
- 70 The following were nominated by external administrators as the top three bases used to determine the date of insolvency (see Table 25):
- balance sheet analysis (2,815 or 62.6% of reports for alleged civil breaches, and 59 or 62.8% for alleged criminal breaches);
  - trading history analysis (1,721 or 38.3% of reports for alleged civil breaches, and 34 or 36.2% for alleged criminal breaches); and
  - cash flow analysis (925 or 20.6% of reports for alleged civil breaches, and 27 or 28.7% for alleged criminal breaches).

**Table 25: Initial external administrators' reports—Basis for determining when the company became insolvent (1 July 2015 to 30 June 2016)**

Basis for determining insolvency	Number of reports alleging criminal breach	Percentage of reports	Number of reports alleging civil breach	Percentage of reports
Cash flow analysis	27	28.7%	925	20.6%
Trading history analysis	34	36.2%	1,721	38.3%
Balance sheet analysis	59	62.8%	2,815	62.6%
Informed by director(s)	17	18.1%	422	9.4%
Other	48	51.1%	2,238	49.8%

Note: All reports in this table have evidence.



- 71 The answer 'Other' was selected as the basis for determining insolvency in 2,238 reports for a civil breach. This category allowed external administrators to provide free text answers. The three most common themes identified were:
- (a) the non-lodgement and/or non-payment of statutory liabilities (1,261 reports);
  - (b) the presumption of insolvency under s588E (342 reports); and
  - (c) an aged creditor analysis (144 reports).

#### Reasonable grounds to suspect insolvency

- 72 External administrators identified more than one indicator of insolvency on which they based their belief that the director had reasonable grounds to suspect that the company was insolvent or would become insolvent by incurring the debt. External administrators nominated an average of between two and three indicators for civil breaches and criminal breaches.
- 73 The top three indicators (see Table 26) were:
- (a) non-payment of statutory debts (e.g. PAYGW, SGC, GST) (3,439 or 76.5% of reports for alleged civil breaches, and 62 or 66.0% for alleged criminal breaches);
  - (b) financial statements that disclose a history of serious shortage of working capital, unprofitable trading (2,106 or 46.8% of reports for alleged civil breaches, and 43 or 45.7% for alleged criminal breaches); and
  - (c) difficulties paying debts when they fell due (e.g. evidenced by letters of demand, recovery proceedings, increasing age of accounts payable) (1,999 or 44.5% of reports for alleged civil breaches, and 44 or 46.8% for alleged criminal breaches).

**Table 26: Initial external administrators' reports—Indicators that director had reasonable grounds to suspect company insolvency (1 July 2015 to 30 June 2016)**

Indicators of insolvency	Number of reports alleging criminal breach	Percentage of reports	Number of reports alleging civil breach	Percentage of reports
Financial statements that disclose a history of serious shortage of working capital, unprofitable trading	43	45.7%	2,106	46.8%
Poor or deteriorating cash flow or evidence of dishonoured payments	18	19.1%	937	20.8%

Indicators of insolvency	Number of reports alleging criminal breach	Percentage of reports	Number of reports alleging civil breach	Percentage of reports
Difficulties paying debts when they fell due (e.g. evidenced by letters of demand, recovery proceedings, increasing age of accounts payable)	44	46.8%	1,999	44.5%
Non-payment of statutory debts (e.g. PAYGW, SGC, GST)	62	66.0%	3,439	76.5%
Poor or deteriorating working capital	20	21.3%	1,394	31.0%
Increasing difficulties collecting debts	8	8.5%	388	8.6%
Overdraft and/or other finance facilities at their limit	12	12.8%	497	11.1%
Evidence of creditors attempting to obtain payment of outstanding debts	25	26.6%	1,080	24.0%
Other	20	21.3%	610	13.6%

Note: All reports in this table have evidence.

### Evidence of alleged dishonesty

- 74 In 73 reports alleging a criminal breach, external administrators indicated they had evidence showing that the director had an opportunity to prevent the company from incurring the debt and did not do so. Also, in 34 reports alleging a criminal breach, external administrators reported there was evidence showing that the failure was dishonest (i.e. the director incurred the debt with the knowledge that it would produce adverse consequences; the failure was intentional, wilful or deliberate; and it included an element of deceit or fraud).

### Other possible criminal offences

- 75 There were only 66 other possible criminal offences (0.3% of overall offences) by a member or contributory under the Corporations Act, other Commonwealth statute, or state or territory law. Of these, 52 were possible criminal offences other than under the Corporations Act: see Table 27.

**Table 27: Initial external administrators' reports—Other possible criminal offences (1 July 2015 to 30 June 2016)**

Offence	Number of breaches
Criminal offence under the Corporations Act (if a member or contributory)	14
Criminal offence under another Commonwealth statute	23
Criminal offence under a state or territory law	29
<b>Total</b>	<b>66</b>

### Other possible misconduct

76 'Other possible misconduct' relates to persons who took part in the formation, promotion, administration, management or winding-up of the company: see Table 28. A further 129 instances of other possible misconduct were reported in 2015–16 (0.6% of overall breaches).

**Table 28: Initial external administrators' reports—Other possible misconduct (1 July 2015 to 30 June 2016)**

Possible misconduct	Number of breaches
May have misapplied or retained, or may have become liable or accountable for, money or property of the company	75
May have been guilty of negligence, default, breach of duty or breach of trust in relation to the company	54
<b>Total</b>	<b>129</b>

### Referred to other authorities

77 For reports in 2015–16 where external administrators reported possible misconduct, 168 indicated the external administrator had referred, or was intending to refer, the matter to another authority. The three highest number of referrals to other authorities were to the Australian Taxation Office (81 reports), state or territory police (38 reports) and federal police (5 reports).

**Table 29: Initial external administrators' reports—Referred to other authorities (1 July 2015 to 30 June 2016)**

Authorities	Number
State or territory police	38
Australian Federal Police	5

<b>Authorities</b>	<b>Number</b>
Australian Crime Commission	0
Fair Trading / Consumer Affairs	3
Australian Taxation Office	81
Australian Consumer and Competition Commission	0
Other	41
<b>Total</b>	<b>168</b>

Note: In the 'Other' category, 41 reports indicated the external administrator had referred, or was intending to refer, the matter to creditors.

**Table 30: Initial external administrators' reports—Possible pre-appointment criminal misconduct by section of the Corporations Act and industry (1 July 2015 to 30 June 2016)**

Section of the Corporations Act	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Information media and telecommunications	Wholesale trade	Professional, scientific and technical services	Rental, hiring and real estate services	Mining	Electricity, gas, water and waste services	Other industries	Total
Section 184 Good faith, use of position and use of information—Directors', officers' and employees' duties	78	45	21	22	19	9	9	9	5	12	8	2	35	<b>274</b>
Section 206A Disqualified persons not to manage corporations	7	2	3	4	0	0	1	1	0	0	0	0	4	<b>22</b>
Sections 286 and 344(2) Obligation to keep financial records	105	68	35	22	20	11	10	6	4	14	3	6	28	<b>332</b>
Section 471A Powers of other officers suspended during winding up	7	7	1	1	2	1	1	1	0	0	1	0	5	<b>27</b>
Section 588G(3) Insolvent trading	37	30	8	17	13	5	7	1	7	7	2	2	14	<b>150</b>
Section 590 Offences by officers or employees	32	28	6	13	10	7	2	6	0	10	4	2	17	<b>137</b>
Section 596AB Agreements to avoid employee entitlements	2	3	0	2	0	0	1	1	0	0	0	0	0	<b>9</b>
Other criminal offences under the Corporations Act	13	11	6	2	4	1	3	3	1	1	3	0	10	<b>58</b>
<b>Total for industry</b>	<b>281</b>	<b>194</b>	<b>80</b>	<b>83</b>	<b>68</b>	<b>34</b>	<b>34</b>	<b>28</b>	<b>17</b>	<b>44</b>	<b>21</b>	<b>12</b>	<b>113</b>	<b>1,009</b>

Note: 'Other industries' includes Agriculture, forestry and fishing, Health care and social assistance, Arts and recreation services, Education and training, Administrative and support services, Public administration and safety, and all FIS sub-categories.

**Table 31: Initial external administrators' reports—Possible breaches of civil obligations by section of the Corporations Act and industry  
(1 July 2015 to 30 June 2016)**

Section of the Corporations Act	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Information media and telecommunications	Wholesale trade	Professional, scientific and technical services	Rental, hiring and real estate services	Mining	Electricity, gas, water and waste services	Other industries	Total
Section 180 Care and diligence—Directors' and officers' duties	1,141	792	323	268	206	137	102	61	86	79	83	69	289	<b>3,636</b>
Section 181 Good faith—Directors' and officers' duties	618	413	134	154	110	74	49	35	57	52	54	28	176	<b>1,954</b>
Section 182 Use of position—Directors', officers' and employees' duties	338	233	78	95	64	50	26	23	35	24	30	18	111	<b>1,125</b>
Section 183 Use of information—Directors', officers' and employees' duties	87	67	26	24	15	14	9	7	11	6	14	6	43	<b>329</b>
Sections 286 and 344(1) Obligation to keep financial records	1,421	811	382	298	242	113	79	72	63	68	50	61	297	<b>3,957</b>
Section 588G(1)–(2) Insolvent trading	1,785	1,216	598	482	353	232	133	107	106	83	121	103	417	<b>5,736</b>
<b>Total for industry</b>	<b>5,390</b>	<b>3,532</b>	<b>1,541</b>	<b>1,321</b>	<b>990</b>	<b>620</b>	<b>398</b>	<b>305</b>	<b>358</b>	<b>312</b>	<b>352</b>	<b>285</b>	<b>1,333</b>	<b>16,737</b>

Note: 'Other industries' includes Agriculture, forestry and fishing, Health care and social assistance, Arts and recreation services, Education and training, Administrative and support services, Public administration and safety, and all FIS sub-categories.

**Table 32: Initial external administrators' reports—Possible pre-appointment criminal misconduct by section of the Corporations Act and region (1 July 2015 to 30 June 2016)**

Section of the Corporations Act	ACT		NSW		NT		Qld			SA		Tas.		Vic.		WA		Total	
	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches
Section 184 Good faith, use of position and use of information—Directors', officers' and employees' duties	11	7	97	77	3	2	62	51	14	13	2	2	56	49	28	22	<b>273</b>	<b>223</b>	
Section 206A Disqualified persons not to manage corporations	0	0	8	6	0	0	5	5	0	0	0	0	8	7	1	1	<b>22</b>	<b>19</b>	
Sections 286 and 344(2) Obligation to keep financial records	1	1	177	72	1	1	68	27	10	8	0	0	53	28	22	16	<b>332</b>	<b>153</b>	
Section 471A Powers of other officers suspended during winding up	0	0	9	8	1	1	7	6	0	0	1	1	7	7	2	2	<b>27</b>	<b>25</b>	
Section 588G(3) Insolvent trading	0	0	64	27	1	1	26	16	13	13	2	1	33	28	11	7	<b>150</b>	<b>93</b>	
Section 590 Offences by officers or employees	0	0	53	45	2	2	37	35	7	7	1	1	31	28	6	6	<b>137</b>	<b>124</b>	
Section 596AB Agreements to avoid employee entitlements	0	0	6	5	0	0	2	1	0	0	0	0	1	0	0	0	<b>9</b>	<b>6</b>	
Other criminal offences under the Corporations Act	0	0	22	17	0	0	14	13	6	5	0	0	11	8	5	5	<b>58</b>	<b>48</b>	
<b>Total</b>	<b>12</b>	<b>8</b>	<b>436</b>	<b>257</b>	<b>8</b>	<b>7</b>	<b>221</b>	<b>154</b>	<b>50</b>	<b>46</b>	<b>6</b>	<b>5</b>	<b>200</b>	<b>155</b>	<b>75</b>	<b>59</b>	<b>1,008</b>	<b>691</b>	

Note: Possible criminal misconduct for companies with international registered addresses are not included in regional statistics.

**Table 33: Initial external administrators' reports—Possible breaches of civil obligations by section of the Corporations Act and region (1 July 2015 to 30 June 2016)**

Section of the Corporations Act	ACT		NSW		NT		Qld		SA		Tas.		Vic.		WA		Total	
	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator	Number of breaches	Evidence with liquidator
Section 180 Care and diligence—Directors' and officers' duties	90	72	1,465	1,102	17	15	725	537	123	118	13	11	755	574	447	314	3,635	2,743
Section 181 Good faith—Directors' and officers' duties	70	57	735	582	11	8	438	356	61	57	10	9	397	313	231	126	1,953	1,508
Section 182 Use of position—Directors', officers' and employees' duties	31	26	403	341	7	6	221	169	48	47	5	4	291	236	118	65	1,124	894
Section 183 Use of information—Directors', officers' and employees' duties	6	5	133	110	2	2	69	54	11	10	2	2	81	69	24	12	328	264
Sections 286 and 344(1) Obligation to keep financial records	77	68	1,843	1,082	21	16	605	388	96	80	25	18	1,021	695	269	183	3,957	2,530
Section 588G(1)–(2) Insolvent trading	130	107	2,288	1,603	43	39	994	813	273	257	47	42	1,425	1,183	536	431	5,736	4,475
<b>Total</b>	<b>404</b>	<b>335</b>	<b>6,867</b>	<b>4,820</b>	<b>101</b>	<b>86</b>	<b>3,052</b>	<b>2,317</b>	<b>612</b>	<b>569</b>	<b>102</b>	<b>86</b>	<b>3,970</b>	<b>3,070</b>	<b>1,625</b>	<b>1,131</b>	<b>16,733</b>	<b>12,414</b>

Note: Civil breaches for companies with international registered addresses are not included in regional statistics.



## Books and records

78 External administrators indicated they obtained or inspected the company's books and records in 7,371 reports (77.9%) in 2015–16. Of these, 4,137 reports (43.7%) indicated that the company's books and records were considered adequate.

## Assetless Administration Fund

79 In 2015–16, 624 of the 8,830 reports by a liquidator (see Table 8) indicated the liquidator had applied, or intended applying, for funding from the AA Fund.

80 The Australian Government established the AA Fund on 22 February 2006 and ASIC administers the fund. It finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets, where it appears to ASIC that enforcement action may result from the investigation and report. A particular focus of the AA Fund is the curbing of illegal phoenix activity.

## Liabilities and assets

81 External administrators provide estimates of the assets, liabilities and overall financial deficiency of companies on which they report. Table 34 shows the assets and liabilities categories and Table 35 shows the deficiency for the top 12 industries by reports lodged (as noted in Table 10).

### Assets

82 In 61.2% of reports, companies had estimated assets of \$10,000 or less; 86.3% of reports indicated companies had estimated assets of \$100,000 or less.

83 Of the top 12 industries, those with the greatest percentage of reports estimating assets of \$10,000 or less were Other (business and personal) services (69.5%), Accommodation and food services (61.9%) and Rental, hiring and real estate (61.3%).

84 In 40.7% of reports, the external administrator reported the administration as assetless. Of the top 12 industries, those that most exceeded this percentage for assetless administrations (40.7%) were Rental, hiring and real estate (48.5%) and Other (business and personal) services (47.5%).

85 In 8.2% of reports, estimated assets were over \$250,000. Of the top 12 industries, those well above this percentage were Mining (30.6%), Rental, hiring and real estate services (18.6%), Wholesale trade (14.9%), Manufacturing (13.4%) and Professional, scientific and technical services (11.2%).

Note: Six industries in the 'Other industries' category exceeded this percentage (8.2%) but made up only 5.7% of all reports. The three industries that most exceeded this average were Public administration and safety services (58.5), FIS—Credit provider (26.7%), and Education and training (13.8%).

## Liabilities

- 86 In 46.2% of reports, the estimated liabilities of failed companies were \$250,000 or less, and 79.2% indicated estimated liabilities of less than \$1 million.
- 87 Of the top 12 industries, those with the greatest percentage of companies with estimated liabilities of \$250,000 or less were Other (business and personal) services (55.4%), Transport, postal and warehousing (51.1%), and Electricity, gas, water and waste services (49.5%).
- 88 Of the top 12 industries with estimated liabilities over \$10 million, Mining (17.1%) and Wholesale trade (8.0%), most exceeded the proportion of reports in that category across all industries of 2.8%.

Note: In the 'Other industries' category Public administration and safety services (56.1%), Agriculture, forestry and fishing (7.9%), FIS—Insurance (6.7%), FIS—Managed investments (6.3%), and FIS—Other services (4.5%) each exceeded this percentage across all industries (2.8%) but comprised only 4.1% of all reports.

## Deficiency

- 89 Across all industries, 49.3% of reports estimated the shortfall between estimated assets and estimated liabilities of \$250,000 or less, while 67.9% of reports estimated a shortfall of \$500,000 or less. When comparing the deficiency estimates between the top 12 industries, the three industries with the highest percentage of estimates of \$250,000 or less were Other (business and personal) services (58.3%), Transport, postal and warehousing (54.4%), and Electricity, gas, water and waste services (51.6%).
- 90 Only 2.5% of all reports estimated a deficiency of over \$10 million. Of the top 12 industries, the three industries that most exceeded this percentage were Mining (14.5%), Wholesale trade (8.0%), and Electricity, gas, water and waste services (2.7%).

Note: Five industries grouped in the 'Other industries' category exceeded this percentage across all industries (2.5%). The three industries that most exceeded this average were Public administration and safety services (56.1%), Agriculture, forestry and fishing (7.3%), and FIS—Insurance (6.7%). However, when combined, all six industries comprised only 2.3% of reports.

Table 34: Initial external administrators' reports—Amount of assets and liabilities by industry (1 July 2015 to 30 June 2016)

Assets and liabilities categories	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Information media and telecommunications	Wholesale trade	Professional, scientific and technical services	Rental, hiring and real estate	Mining	Electricity, gas, water and waste services	Other industries	Total	Percentage of total
Less than \$1 in assets	1,371	785	359	236	219	114	88	68	74	94	50	67	327	3,852	40.7%
\$1–\$10,000 in assets	637	402	215	181	94	63	38	32	37	25	20	44	148	1,936	20.5%
\$10,001–\$20,000 in assets	245	160	90	91	54	36	26	19	25	12	15	19	59	851	9.0%
\$20,001–\$30,000 in assets	108	87	66	44	29	19	9	11	5	6	8	14	39	445	4.7%
\$30,001–\$50,000 in assets	128	109	62	58	32	23	14	11	12	6	8	4	31	498	5.3%
\$50,001–\$100,000 in assets	123	139	61	55	38	40	17	14	13	10	20	10	46	586	6.2%
\$100,001–\$250,000 in assets	134	116	38	51	32	40	16	16	8	5	13	14	36	519	5.5%
\$250,001–\$5 million in assets	137	156	37	46	45	48	17	28	22	33	47	11	77	704	7.4%
Over \$5 million in assets	6	10	0	6	3	4	0	2	0	3	12	1	27	74	0.8%
<b>Total assets for industry</b>	<b>2,889</b>	<b>1,964</b>	<b>928</b>	<b>768</b>	<b>546</b>	<b>387</b>	<b>225</b>	<b>201</b>	<b>196</b>	<b>194</b>	<b>193</b>	<b>184</b>	<b>790</b>	<b>9,465</b>	<b>100.0%</b>
\$1–\$250,000 in liabilities	1,600	860	398	319	279	124	89	71	89	82	55	91	318	4,375	46.2%
\$250,001–less than \$1 million in liabilities	849	646	405	302	183	153	74	53	60	53	47	64	233	3,122	33.0%
\$1 million–less than \$5 million in liabilities	332	359	111	117	65	89	53	49	35	49	44	22	159	1,484	15.7%
\$5 million–\$10 million in liabilities	46	56	9	9	8	11	7	12	7	6	14	2	33	220	2.3%
Over \$10 million in liabilities	62	43	5	21	11	10	2	16	5	4	33	5	47	264	2.8%
<b>Total liabilities for industry</b>	<b>2,889</b>	<b>1,964</b>	<b>928</b>	<b>768</b>	<b>546</b>	<b>387</b>	<b>225</b>	<b>201</b>	<b>196</b>	<b>194</b>	<b>193</b>	<b>184</b>	<b>790</b>	<b>9,465</b>	<b>100.0%</b>

Note: 'Other industries' includes Agriculture, forestry and fishing, Health care and social assistance, Arts and recreation services, Education and training, Administrative and support services, Public administration and safety, and all FIS sub-categories.

**Table 35: Initial external administrators' reports—Amount of deficiency by industry (1 July 2015 to 30 June 2016)**

Deficiency categories	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Information Media and Telecommunications	Wholesale Trade	Professional, scientific and technical services	Rental, Hiring and Real Estate Services	Mining	Electricity, Gas, Water and Waste Services	Other industries <sup>1</sup>	Total	Percentage of total
\$0–\$50,000	422	193	48	63	55	28	26	17	24	26	20	14	66	1,002	10.6%
\$50,001–\$250,000	1,261	724	380	280	242	113	70	57	70	67	41	81	276	3,662	38.7%
\$250,001–less than \$500,000	482	342	243	159	127	68	51	22	40	31	25	41	129	1,760	18.6%
\$500,000–less than \$1 million	309	286	148	130	55	83	19	30	16	20	21	23	98	1,238	13.1%
\$1 million–less than \$5 million	311	332	95	107	50	78	51	51	35	41	44	19	144	1,358	14.3%
\$5 million–\$10 million	45	48	10	11	11	11	6	8	7	7	14	1	32	211	2.2%
Over \$10 million	59	39	4	18	6	6	2	16	4	2	28	5	45	234	2.5%
<b>Total for industry</b>	<b>2,889</b>	<b>1,964</b>	<b>928</b>	<b>768</b>	<b>546</b>	<b>387</b>	<b>225</b>	<b>201</b>	<b>196</b>	<b>194</b>	<b>193</b>	<b>184</b>	<b>790</b>	<b>9,465</b>	<b>100%</b>

Note: 'Other industries' includes Agriculture, forestry and fishing, Health care and social assistance, Arts and recreation services, Education and training, Administrative and support services, Public administration and safety, and all FIS sub-categories.

## Employee entitlements

- 91 In all categories of employee entitlements (i.e. wages, annual leave, pay in lieu of notice, redundancy, long service leave and superannuation), 'not applicable' was selected in the majority of reports: see Table 36 and Table 37. 'Not applicable' means that no amount of entitlement of that type remained unpaid to employee creditors as at the date of the appointment of the external administrator.

**Table 36: Initial external administrators' reports—Amounts owed in unpaid employee entitlements (1 July 2015 to 30 June 2016)**

Amount owed	Unpaid wages		Unpaid annual leave		Unpaid pay in lieu of notice		Unpaid redundancy		Unpaid long service leave	
	No.	%	No.	%	No.	%	No.	%	No.	%
\$1–\$1,000	289	3.1%	203	2.2%	166	1.8%	138	1.5%	150	1.6%
\$1,001–\$10,000	780	8.3%	762	8.1%	483	5.1%	129	1.4%	217	2.3%
\$10,001–\$50,000	441	4.7%	685	7.3%	426	4.5%	241	2.6%	322	3.4%
\$50,001–\$150,000	148	1.6%	280	3.0%	148	1.6%	145	1.5%	115	1.2%
\$150,001–\$250,000	36	0.4%	47	0.5%	30	0.3%	68	0.7%	26	0.3%
\$250,001–\$500,000	30	0.3%	49	0.5%	33	0.3%	68	0.7%	22	0.2%
\$500,001–less than \$1.5 million	34	0.4%	17	0.2%	7	0.1%	23	0.2%	10	0.1%
\$1.5 million–\$5 million	4	0.0%	1	0.0%	2	0.0%	6	0.1%	1	0.0%
Over \$5 million	0	0.0%	4	0.0%	4	0.0%	9	0.1%	4	0.0%
Not applicable	7,669	81.3%	7,383	78.3%	8,132	86.2%	8,604	91.2%	8,564	90.8%
<b>Total</b>	<b>9,431</b>	<b>100.0%</b>	<b>9,431</b>	<b>100.0%</b>	<b>9,431</b>	<b>100.0%</b>	<b>9,431</b>	<b>100.0%</b>	<b>9,431</b>	<b>100.0%</b>

Note: Thirty-six reports identified as being internally inconsistent were excluded from this table.

### Unpaid wages

- 92 Unpaid wages were 'not applicable' in 81.3% of reports. In 11.3% of reports, external administrators estimated unpaid wages at between \$1 and \$10,000. Categories from \$10,001 to over \$5 million comprised 7.3% of reports.

### Unpaid annual leave

- 93 In all, 78.3% of reports showed unpaid annual leave as 'not applicable'. In 10.2% of cases, employees were owed \$1 to \$10,000, and 17.5% of companies owed \$50,000 or less. In 4.2% of reports, entitlements for unpaid annual leave were in the 'over \$50,000' category.

### Unpaid pay in lieu of notice

- 94 Unpaid pay in lieu of notice was 'not applicable' in most cases (86.2%). Only 2.4% of reports showed entitlements for unpaid pay in lieu of notice in the 'over \$50,000' category.

### Unpaid redundancy

- 95 Unpaid redundancy was 'not applicable' in 91.2% of reports. In all, 2.8% of reports showed employees were owed \$1 to \$10,000 in redundancy payments. Only 0.1% of reports showed unpaid redundancy of over \$5 million.

### Unpaid long service leave

- 96 Employees were owed \$1 to \$10,000 in unpaid long service leave in 3.9% of reports, and unpaid long service leave of \$1.5 million or more was estimated in less than 0.1% of reports. The majority of reports (90.8%) indicated a long service leave debt was 'not applicable'.

### Unpaid superannuation

- 97 Due to the different value categories of superannuation entitlements, these figures are shown separately in Table 37. The results show a similar pattern to other employee entitlements with a majority (60.8%) of reports showing unpaid superannuation as 'not applicable'.

**Table 37: Initial external administrators' reports—Amounts owed in unpaid superannuation entitlements (1 July 2015 to 30 June 2016)**

Amount owed	Number	Percentage
\$1–\$100,000	3,051	32.2%
\$100,001–\$250,000	468	4.9%
\$250,001–\$1 million	171	1.8%
Over \$1 million	19	0.2%
Not applicable	5,756	60.8%
<b>Total</b>	<b>9,465</b>	<b>100.0%</b>

Note: No reports were identified as being internally inconsistent.

## Secured creditors

- 98 Table 38 and Figure 3 show the amounts owed to secured creditors by industry. Most reports for 2015–16 (69.2%) indicated secured creditors were owed nothing.
- 99 A significant proportion (24.6%) of 2015–16 reports showed secured creditors were owed between \$1 and less than \$1 million.
- 100 A comparison of those industries where secured creditors were owed less than \$1 million reveals that the proportion of reports in that category across all industries (93.8%) was most exceeded by Other (business and personal) services (96.5%), Professional, scientific and technical services (95.9%), and Retail trade (95.4%).
- 101 In 1.4% of reports, the company owed secured creditors more than \$10 million.
- 102 Of the top 12 industries, the three industries that most exceeded this percentage of reports across all industries with amounts owed to secured creditors over \$10 million (1.4%) were Mining (8.3%), Wholesale Trade (3.5%), and Electricity, gas, water and waste services (3.3%).

Note: Three industries grouped in the 'Other industries' category exceeded this percentage (1.4%) across all industries. The three industries that most exceeded this percentage were Public Administration and Safety (53.7% of reports), Agriculture, forestry and fishing (4.8%) FIS—Managed investments (3.1%).

## Unpaid taxes and charges

- 103 Most reports (81.1%) indicated that the amount of unpaid taxes and charges was \$250,000 or less: see Table 39.
- 104 Of the top 12 industries, the three that most exceeded this percentage of reports owing \$250,000 or less in unpaid taxes and charges (81.1%) were Retail trade (89.7%), Accommodation and food services (84.9%), and Transport, postal and warehousing (82.2%).
- 105 Of the top 12 industries, the three industries that exceeded the percentage of unpaid taxes and charges over \$1 million compared with the percentage across all industries (4.0%) were Mining (9.3%), Wholesale trade (7.5%), and Other (business and personal) services (4.7%).

Note: In the 'Other industries' category, Public administration and safety services (58.5%), Administrative and support services (8.4%) and FIS—Superannuation (7.7%) exceeded this percentage across all industries (4.0%), but comprised only 1.4% of all reports.

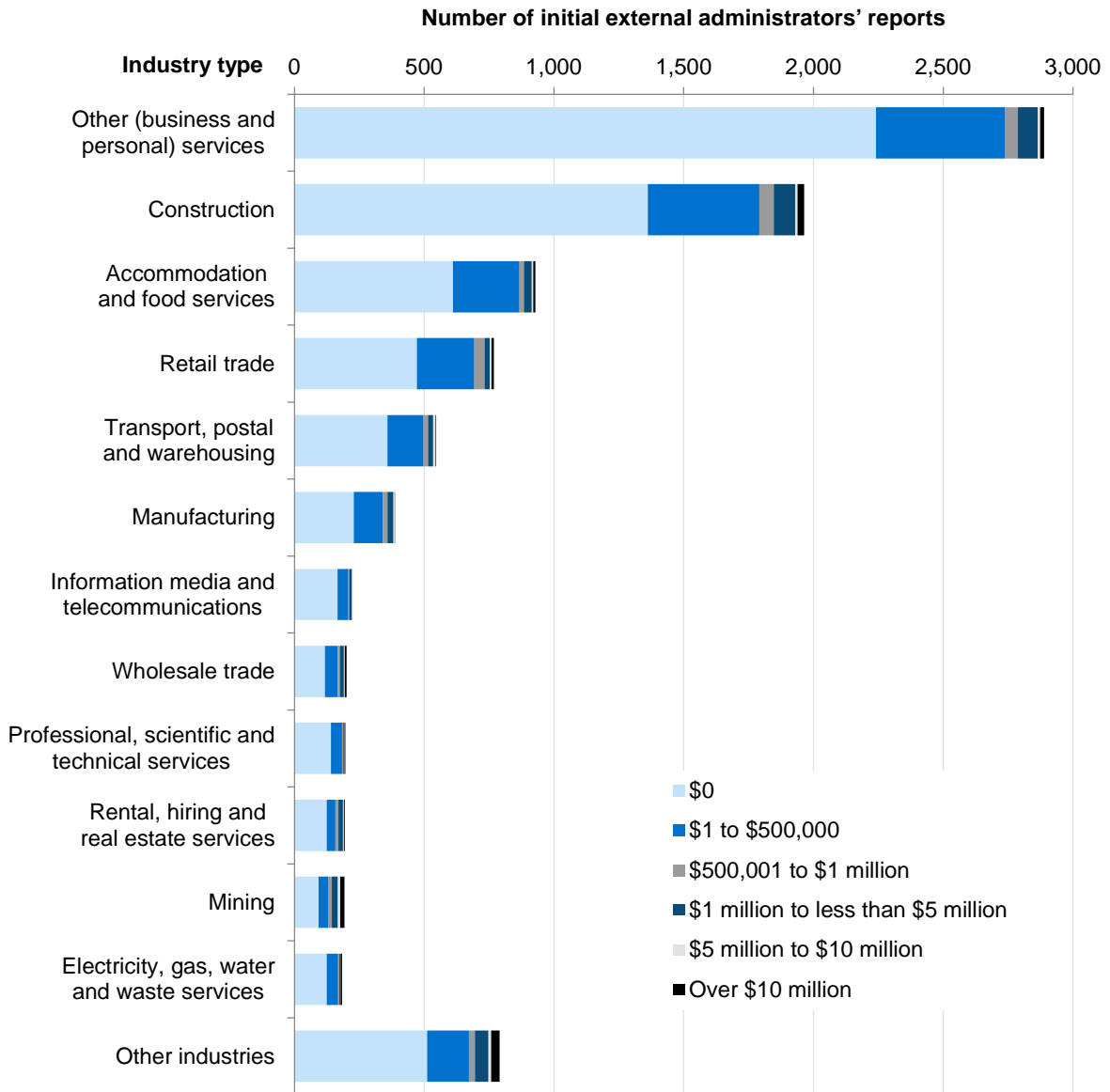
**Table 38: Initial external administrators' reports—Amount owed to secured creditors by industry (1 July 2015 to 30 June 2016)**

Amount owed	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Information media and telecommunication	Wholesale trade	Professional, scientific and technical services	Rental, hiring and real estate services	Mining	Electricity, gas, water and waste services	Other industries	Total	Percentage of total
\$0	2,241	1,362	611	472	358	229	166	117	141	125	93	124	511	6,550	69.2%
\$1–less than \$500,000	498	429	256	221	139	111	42	49	43	33	38	45	161	2,065	21.8%
\$500,000–less than \$1 million	49	56	17	40	18	18	3	9	4	12	13	4	24	267	2.8%
\$1 million–less than \$5 million	76	82	30	19	20	24	11	16	4	17	23	4	52	378	4.0%
\$5 million–\$10 million	10	10	6	7	9	4	3	3	1	3	10	1	10	77	0.8%
Over \$10 million	15	25	8	9	2	1	0	7	3	4	16	6	32	128	1.4%
<b>Total for industry</b>	<b>2,889</b>	<b>1,964</b>	<b>928</b>	<b>768</b>	<b>546</b>	<b>387</b>	<b>225</b>	<b>201</b>	<b>196</b>	<b>194</b>	<b>193</b>	<b>184</b>	<b>790</b>	<b>9,465</b>	<b>100.0%</b>

Note: 'Other industries' includes Agriculture, forestry and fishing, Health care and social assistance, Arts and recreation services, Education and training, Administrative and support services, Public administration and safety, and all FIS sub-categories.



**Figure 3: Initial external administrators' reports—Amount owed to secured creditors by industry (1 July 2015 to 30 June 2016)**



Note 1: See Table 38 for the complete data used in this figure (accessible version).

Note 2: 'Other industries' include Agriculture, Forestry and Fishing, Health care and social assistance, Arts and recreation services, Education and training, Administrative and support services, Public administration and safety, and all FIS sub-categories.

**Table 39: Initial external administrators' reports—Amount owed in unpaid taxes and charges by industry (1 July 2015 to 30 June 2016)**

Amount owed	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Information media and telecommunications	Wholesale trade	Professional, scientific and technical services	Rental, hiring and real estate services	Mining	Electricity, gas, water and waste services	Other industries	Total	Percentage of total
\$0	374	240	62	88	65	48	31	33	37	41	46	19	138	1,222	12.9%
\$1–\$250,000	1,952	1,315	726	601	384	261	143	131	116	116	86	130	496	6,457	68.2%
\$250,001–\$1 million	426	326	130	64	83	70	41	22	32	31	43	29	108	1,405	14.8%
Over \$1 million	137	83	10	15	14	8	10	15	11	6	18	6	48	381	4.0%
<b>Total for industry</b>	<b>2,889</b>	<b>1,964</b>	<b>928</b>	<b>768</b>	<b>546</b>	<b>387</b>	<b>225</b>	<b>201</b>	<b>196</b>	<b>194</b>	<b>193</b>	<b>184</b>	<b>790</b>	<b>9,465</b>	<b>100.0%</b>

Note: 'Other industries' includes Agriculture, forestry and fishing, Health care and social assistance, Arts and recreation services, Education and training, Administrative and support services, Public administration and safety, and all FIS sub-categories.

## Unsecured creditors

### Number of unsecured creditors

106 Most reports for 2015–16 (90.3%) indicated the company had 50 or fewer unsecured creditors. Of the top 12 industries, those that had the greatest percentages of 50 or fewer unsecured creditors were Information media and telecommunications (95.1%), Other (business and personal) services (93.9%), Accommodation and food services (93.0%), and Electricity, gas, water and waste services (92.9%): see Table 40.

Note: Three industries grouped in the 'Other industries' category exceeded the average 90.3% across all industries. These industries were:

- FIS—Superannuation (100%)
- Administrative and support services (97.6%); and
- FIS—Managed investments (96.9% of reports).

### Amount owed to unsecured creditors

107 The majority (66.8%) of companies owed less than \$250,000 to unsecured creditors. Of the top 12 industries, the three that had the greatest percentage of companies in this category were Other (business and personal) services (76.7%), Transport, postal and warehousing (74.0%) and Electricity, gas, water and waste services (73.4%).

108 Of the top 12 industries, the three industries with the highest number of reports where companies owed more than \$10 million to unsecured creditors were Other (business and personal) services (36 reports), Construction (21 reports), and Mining (20 reports).

### Amounts owed to related parties

109 Of the total amount owed to unsecured creditors, 18.7% of reports showed that the failed company owed more than 50% of the debt to related parties. Of the top 12 industries, those with the greatest percentage of reports showing more than 50% owed to related parties were Wholesale trade (26.4%), Mining (25.9%) and Retail trade (24.1%).

Note: A number of industries grouped in the 'Other industries' category exceeded the average 18.7%. The top three of these were Education and training (39.4%), Health care and social assistance (25.8%), and Arts and recreation services (25.0%).

## Cents in the dollar dividend

110 The dividend estimated as payable to unsecured creditors was less than 11 cents in the dollar for most reports (96.6%). Of the top 12 industries, the top three with an estimated return of less than 11 cents in the dollar were

Retail trade and Accommodation and food services (both at 97.5%), and Transport, postal and warehousing (97.3%). 'Other industries' includes two industries where 100.0% estimated less than 11 cents in the dollar: FIS—Insurance (15 reports), and FIS—Deposit taking institutions (10 reports).

111 Of the top 12 industries, the three industries with the greatest percentage of estimated returns of more than 50 cents in the dollar to unsecured creditors were Rental, hiring and real estate services (2.6%), Mining (2.1%) and Professional, scientific and technical services (1.5%), compared with the proportion across all industries of 1.1%: see Table 41.

Note: In the 'Other industries' category, the following industries exceeded this percentage (1.1%): FIS—Superannuation (7.7%), FIS—Credit providers (6.7%), Health care and social assistance (4.5%), Arts and recreation services (3%) and FIS—Other financial services (1.5%). However, when combined, these industries made up only 3.7% of all reports.

**Table 40: Initial external administrators' reports—Number of unsecured creditors, amount owed and reports where more than 50% is owed to related parties by industry (1 July 2015 to 30 June 2016)**

	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Information media and telecommunications	Wholesale Trade	Professional, scientific and technical services	Rental, hiring and real estate services	Mining	Electricity, gas, water and waste services	Other industries	Total	Percentage of total
<b>Number of unsecured creditors</b>															
Less than 25	2,575	1,538	733	557	460	251	191	151	167	171	133	148	624	7,699	81.3%
25–50	138	173	130	113	46	63	23	23	11	8	22	23	72	845	8.9%
51–200	62	183	51	73	19	62	7	21	12	5	28	9	37	569	6.0%
More than 200	38	23	2	14	5	5	0	3	1	1	8	1	34	135	1.4%
Unknown	76	47	12	11	16	6	4	3	5	9	2	3	23	217	2.3%
<b>Total for industry</b>	<b>2,889</b>	<b>1,964</b>	<b>928</b>	<b>768</b>	<b>546</b>	<b>387</b>	<b>225</b>	<b>201</b>	<b>196</b>	<b>194</b>	<b>193</b>	<b>184</b>	<b>790</b>	<b>9,465</b>	<b>100.0%</b>
<b>Amount owed to unsecured creditors</b>															
Less than \$250,000	2,216	1,236	648	450	404	198	147	94	130	127	76	135	463	6,324	66.8%
\$250,000–\$500,000	275	233	141	123	66	71	25	22	23	17	24	21	90	1,131	11.9%
\$500,001–less than \$1 million	190	208	85	95	36	49	20	28	13	18	22	11	77	852	9.0%
\$1 million–less than \$5 million	152	231	52	80	29	55	27	42	26	28	41	17	107	887	9.4%
\$5 million–\$10 million	20	35	2	8	4	11	5	6	3	3	10	0	18	125	1.3%
Over \$10 million	36	21	0	12	7	3	1	9	1	1	20	0	35	146	1.5%
<b>Total for industry</b>	<b>2,889</b>	<b>11,964</b>	<b>928</b>	<b>768</b>	<b>546</b>	<b>387</b>	<b>225</b>	<b>201</b>	<b>196</b>	<b>194</b>	<b>193</b>	<b>184</b>	<b>790</b>	<b>9,465</b>	<b>100.0%</b>
<b>Amount owed to related parties</b>															
Less than 50% owed to related parties	512	316	170	185	57	88	47	53	46	43	50	20	183	<b>1,770</b>	<b>18.7%</b>
Percentage of reports lodged for industry	17.7%	16.1%	18.3%	24.1%	10.4%	22.7%	20.9%	26.4%	23.5%	22.2%	25.9%	10.9%	23.0%	<b>18.7%</b>	<b>N/A</b>

Note: 'Other industries' includes Agriculture, forestry and fishing, Health care and social assistance, Arts and recreation services, Education and training, Administrative and support services, Public administration and safety, and all FIS sub-categories.

**Table 41: Initial external administrators' reports—Amount payable to unsecured creditors—Cents in the dollar dividend by industry  
(1 July 2015 to 30 June 2016)**

Cents in the dollar dividend	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Information media and telecommunications	Wholesale trade	Professional, scientific and technical services	Rental, hiring and real estate services	Mining	Electricity, gas, water and waste services	Other industries	Total	Percentage of total
0 cents	2,680	1,798	884	716	506	355	205	178	175	176	156	168	699	8,696	91.9%
Greater than 0 but less than 11 cents	119	102	21	33	25	17	13	17	13	4	23	9	55	451	4.8%
11–20 cents	25	23	10	5	6	4	2	3	2	4	5	0	9	98	1.0%
21–50 cents	26	27	7	6	6	7	3	1	3	5	5	6	15	117	1.2%
51–100 cents	39	14	6	8	3	4	2	2	3	5	4	1	12	103	1.1%
<b>Total for industry</b>	<b>2,889</b>	<b>1,964</b>	<b>928</b>	<b>768</b>	<b>546</b>	<b>387</b>	<b>225</b>	<b>201</b>	<b>196</b>	<b>194</b>	<b>193</b>	<b>184</b>	<b>790</b>	<b>9,465</b>	<b>100.0%</b>

Note: 'Other industries' includes Agriculture, forestry and fishing, Health care and social assistance, Arts and recreation services, Education and training, Administrative and support services, Public administration and safety, and all FIS sub-categories.

## Expected completion of external administration

- 112 External administrators expected to complete their administration within six months of the date of lodging their report in 67.6% of cases. This was in addition to the time taken to lodge the report.

**Table 42: Initial external administrators' reports—Expected time to complete the external administration (1 July 2015 to 30 June 2016)**

Expected time	Number	Percentage
0 months to less than 3 months	3,217	34.0%
3 months to less than 6 months	3,180	33.6%
6 months to 1 year	2,227	23.5%
Over 1 year	841	8.9%
<b>Total</b>	<b>9,465</b>	<b>100.0%</b>

## Proposed action

### Public examinations

- 113 In 168 reports (1.8%), the external administrator noted that they intended holding public examinations to question a company's officer or another person about the affairs of the company.

### Recovery proceedings

- 114 In 3,119 reports (33.0%), the external administrators had initiated, or they contemplated initiating, recovery proceedings for property or compensation for the benefit of creditors under Pt 5.7B of the Corporations Act.

## Company officers

- 115 External administrators advised in 725 reports (7.7%) that, in their opinion, there were shadow directors.

## External administrators' remuneration

- 116 Excluding the \$0 and 'not applicable' results, the most common category of an external administrator's estimated collectible fees was 'liquidator fees',

with 6,638 reports. Of these, 5,816 reports (61.4%) estimated collectible liquidator fees between \$1 and \$50,000.

117 Of the reports answering the voluntary administration fees question, 674 estimated the collectible fees to be between \$1 and \$50,000: see Table 43.

**Table 43: Initial external administrators' reports—External administrators' remuneration (1 July 2015 to 30 June 2016)**

Remuneration	Voluntary administration fees		Deed of company arrangement fees		Liquidator fees		Receiver/controller fees	
	No.	%	No.	%	No.	%	No.	%
\$0	808	8.5%	837	8.8%	2,442	25.8%	876	9.3%
\$1–\$50,000	674	7.1%	116	1.2%	5,816	61.4%	39	0.4%
\$50,001–\$100,000	219	2.3%	12	0.1%	529	5.6%	8	0.1%
\$100,001–\$250,000	124	1.3%	17	0.2%	232	2.5%	11	0.1%
Over \$250,000	85	0.9%	9	0.1%	61	0.6%	13	0.1%
Not applicable	7,555	79.8%	8,474	89.5%	385	4.1%	8,518	90.0%
<b>Total</b>	<b>9,465</b>	<b>100.0%</b>	<b>9,465</b>	<b>100.0%</b>	<b>9,465</b>	<b>100.0%</b>	<b>9,465</b>	<b>100.0%</b>

Note: More than one fee type may be entered if the appointee has been, is or expects to be appointed to more than one type of role in relation to the company.



## Appendix: Accessible versions of figures

- 118 This appendix is for people with visual or other impairments. It provides accessible versions of the figures included in this report.
- 119 We show the underlying data for each figure, where appropriate, or we may include a text description of the figure's key messages.

**Table 44: Total external administrators' reports by lodgement type (1 July 2007 to 30 June 2016)**

Financial year	Electronic—direct	Electronic—Staff portal	Manual
2007–08	7,193 (93.2%)	242 (3.1%)	280 (3.6%)
2008–09	8,024 (95.9%)	163 (1.9%)	183 (2.2%)
2009–10	8,161 (96.1%)	151 (1.8%)	182 (2.1%)
2010–11	8,375 (97.2%)	149 (1.7%)	92 (1.1%)
2011–12	10,496 (97.1%)	130 (1.2%)	178 (1.6%)
2012–13	9,582 (97.9%)	85 (0.9%)	121 (1.1%)
2013–14	9,885 (98.1%)	77 (0.8%)	111 (0.2%)
2014–15	8,866 (99.6%)	16 (0.2%)	22 (0.2%)
2015–16	10,028 (99.5%)	33 (0.3%)	17 (0.2%)

Note: This is the data contained in Figure 1.

**Table 45: Initial external administrators' reports by region (1 July 2015 to 30 June 2016)**

Region	Number	Percentage
New South Wales	3,618	38.2%
Victoria	2,432	25.7%
Queensland	1,930	20.4%
Western Australia	801	8.5%
South Australia	398	4.2%
Australian Capital Territory	173	1.8%
Tasmania	58	0.6%
Northern Territory	51	0.5%

Note: This is the data contained in Figure 2.

## Key terms

Term	Meaning in this document
AA Fund	Assetless Administration Fund
ANZSIC	Australian and New Zealand Standard Industrial Classification
ASCOT	ASIC's corporate database
ASIC	Australian Securities and Investments Commission
CALDB	Companies Auditors and Liquidators Disciplinary Board
Ch 5 (for example)	A chapter of the Corporations Act (in this example numbered 5)
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
deed administrator	An administrator of a deed of company arrangement
electronically lodged report	A Schedule B report lodged: <ul style="list-style-type: none"> <li>• directly by external administrators through the registered liquidators' portal on ASIC's website; or</li> <li>• on paper by external administrators in the Schedule B format, and subsequently entered by ASIC staff through the staff portal</li> </ul>
EXAD	External administration
external administration	The corporate insolvency that the external administrator has been appointed to administer
external administrator	A liquidator, receiver or voluntary administrator
external administrator report	Means: <ul style="list-style-type: none"> <li>• a Schedule B report lodged by an external administrator: <ul style="list-style-type: none"> <li>– directly through the registered liquidators' portal on ASIC's website; or</li> <li>– on paper and subsequently entered by ASIC staff through the staff portal; and</li> </ul> </li> <li>• a manually lodged report, on paper, which is not in the Schedule B format</li> </ul>
FIS	Financial and insurance services
GST	Goods and services tax
initial external administrator report	The first electronically lodged Schedule B report after a company enters external administration

Term	Meaning in this document
insolvency practitioner	A generic term to describe registered liquidators regardless of whether they have been appointed to one or more specific types of external administration
insolvency	When a company becomes unable to pay all its debts as and when they become due and payable Note: See s95A of the Corporations Act.
insolvent trading	When a director allows their company to incur a debt and at the time of incurring the debt: <ul style="list-style-type: none"> <li>• the company is insolvent or would become insolvent by incurring the debt; and</li> <li>• there are reasonable grounds for suspecting the company is insolvent or would become insolvent by incurring the debt</li> </ul> Note: See s588G of the Corporations Act.
liquidator	An insolvency practitioner appointed under Ch 5 of the Corporations Act to wind up the affairs and distribute the property of a body corporate
PAYGW	Pay as You Go Withholding
Pt 5.7B (for example)	A part of the Corporations Act (in this example numbered 5.7B)
receiver	An insolvency practitioner appointed under an instrument or by the court to receive property of a body corporate
registered liquidator	A person registered by ASIC under s1282(2)
remuneration	Estimated remuneration to be paid to the external administrator for services rendered in conducting an external administration
report	In Table 2 and Section D—means an initial external administrator report
RG 16	Regulatory Guide 16 <i>External administrators: Reporting and lodging</i> issued by ASIC on 1 July 2008 for external administrators on their reporting obligations to ASIC
s9 (for example)	A section of the Corporations Act (in this example numbered 9)
Schedule B report	A report whose format is in accordance with Schedule B of RG 16 and lodged with ASIC under s533 (by a liquidator), s438D (by a voluntary administrator) or s422 (by a receiver)
secured creditor	A chargee as defined by s9
SGC	Superannuation guarantee charge
voluntary administrator	An administrator of a company but not a deed of company arrangement

## Related information

### Regulatory guides

[RG 16](#) *External administrators: Reporting and lodging*

### Legislation

Corporations Act, Pts 5.2, 5.3A, 5.6, 5.7B

### Information sheets

[INFO 151](#) *ASIC's approach to enforcement*

### Other

Statistics on companies entering external administration and insolvency appointments are available from [www.asic.gov.au/insolvency](http://www.asic.gov.au/insolvency).

Information on 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) divisions is available from [www.abs.gov.au/anzsic](http://www.abs.gov.au/anzsic).