

Corporate insolvencies: September quarter 2016

Quarterly result

ASIC's quarterly insolvency statistics for the first quarter of the 2016/17 financial year, show a small increase of 0.7% in companies entering external administration (EXAD). Appointments totalled 2,299 compared to 2,283 in the previous quarter.

The quarterly total was 22.3% lower than the 2015 September quarter (2,960) (see [Table 1](#)).

The percentage of companies entering EXAD for the quarter, relative to new incorporations, remains below 4%. (see [Chart 4](#)).

Appointment type

Only Court liquidations increased nationally compared to the June 2016 quarter (up 42.3%). Other appointment types fell - Creditors' voluntary liquidations down 6.7%, receiverships down 38% and voluntary administration appointments down 19.6%.

Court liquidation appointments rose in all regions except Northern Territory (down 40% or four appointments) with New South Wales (up 57%), Victoria (up 38.6%), Queensland (up 29.1%) and Western Australia (69%) driving the national trend.

Receivership appointments fell 38% nationally; mainly due to falls in New South Wales (down 56.4%), Victoria (down 54.2%) and Western Australia (down 38.2%).

Falls in director-initiated winding up appointments of 6.7% nationally was mainly due to falls in New South Wales (down 6.8%) and Victoria (down 13.5%).

A fall of 19.6% in voluntary administration appointments was mainly attributable to a fall in New South Wales (down 29.2%) and Victoria (down 35.6%), offset by a rise Western Australia (up 54.8%).

Regional statistics

Compared to the June 2016 quarter, results for the September quarter by region were mixed, with appointments decreasing in Victoria (down 10.5% or 71 appointments), Tasmania (down 25% of 4 appointments), and Northern Territory (down 31.3% or 4 appointments). Some regions rose moderately, with Queensland (up 11.3% or 51 appointments) and Western Australia (up 14.5% up 33 appointments). Other regions experienced minor changes (see [Table 2](#)).

Industry statistics

[Table 4](#) summarises ASIC's statistics for the first quarter of the 2016/17 financial year for the top 10 industries in which companies entering external administration operate or formerly operated.

Tables and charts

Table 1— Companies entering into EXAD in September quarter 2016

Month	2015	2016	% change
July	944	771	-18.3%
August	925	812	-12.2%
September	1,091	716	-34.4%
Total	2,960	2,299	-22.3%

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

State / territory	Sept Qtr 2015	June Qtr 2016	Sept Qtr 2016	%	% change Sept Qtr 2015	% change June Qtr 2016
NSW	1,070	767	776	33.8%	-27.5%	1.2%
VIC	802	679	608	26.4%	-24.2%	-10.5%
QLD	576	453	504	21.9%	-12.5%	11.3%
SA	116	81	83	3.6%	-28.4%	2.5%
WA	300	228	261	11.4%	-13.0%	14.5%
TAS	23	16	12	0.5%	-47.8%	-25.0%
NT	25	19	15	0.7%	-40.0%	-21.1%
ACT	48	40	40	1.7%	-16.7%	0.0%
Total	2,960	2,283	2,299	100.0%	-22.3%	0.7%

NB: ASIC notes that a relatively small number of appointments in smaller regions can unduly influence percentage changes.

Table 3 — Analysis by appointment type - quarter ended September 2016*

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

Appointment type	Sept Qtr 2015	June Qtr 2016	Sept Qtr 2016	% change Sept Qtr 2015	% change June Qtr 2016
Court liquidations (1)	1,214	579	824	-32.1%	42.3%
Creditors' voluntary liquidations	1,172	1,111	1,037	-11.5%	-6.7%
Receiverships (2)	190	205	127	-33.2%	-38.0%
Voluntary administrations	384	387	311	-19.0%	-19.6%
Total	2,960	2,282	2,299	-22.3%	0.7%

(1) includes provisional liquidations

(2) includes receivers, receivers and managers, controllers and managing controllers

(3) excludes Foreign/RAB wind-up

Table 4 —Analysis by industry type - quarter ended September 2016

Top 10 Industries	Sept Qtr 2015	June Qtr 2016	Sept Qtr 2016	% change Sept Qtr 2015	% change June Qtr 2016
Other (business & personal) services	1,220	761	834	-31.6%	9.6%
Construction	495	376	376	-24.0%	0.0%
Accommodation & food services	261	228	230	-11.9%	0.9%
Retail trade	193	162	155	-19.7%	-4.3%
Transport, postal & warehousing	147	114	133	-9.5%	16.7%
Manufacturing	101	106	86	-14.9%	-18.9%
Rental, hiring & real estate services	56	45	76	35.7%	68.9%
Mining	67	129	54	-19.4%	-58.1%
Information media & tele-communications	59	42	43	-27.1%	-66.7%
Electricity, gas, water & waste services	32	40	41	28.1%	2.5%
Other Industries	266	245	224	-15.8%	-8.6%
Unknown	63	35	47	-25.4%	34.3%
Total	2,960	2,283	2,299	-22.3%	0.7%

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

"Unknown" primarily relates to controller appointments by secured lenders where the appointee lodged a Form 504 and failed to lodge a Form 505, (being the document that captures the industry details).

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

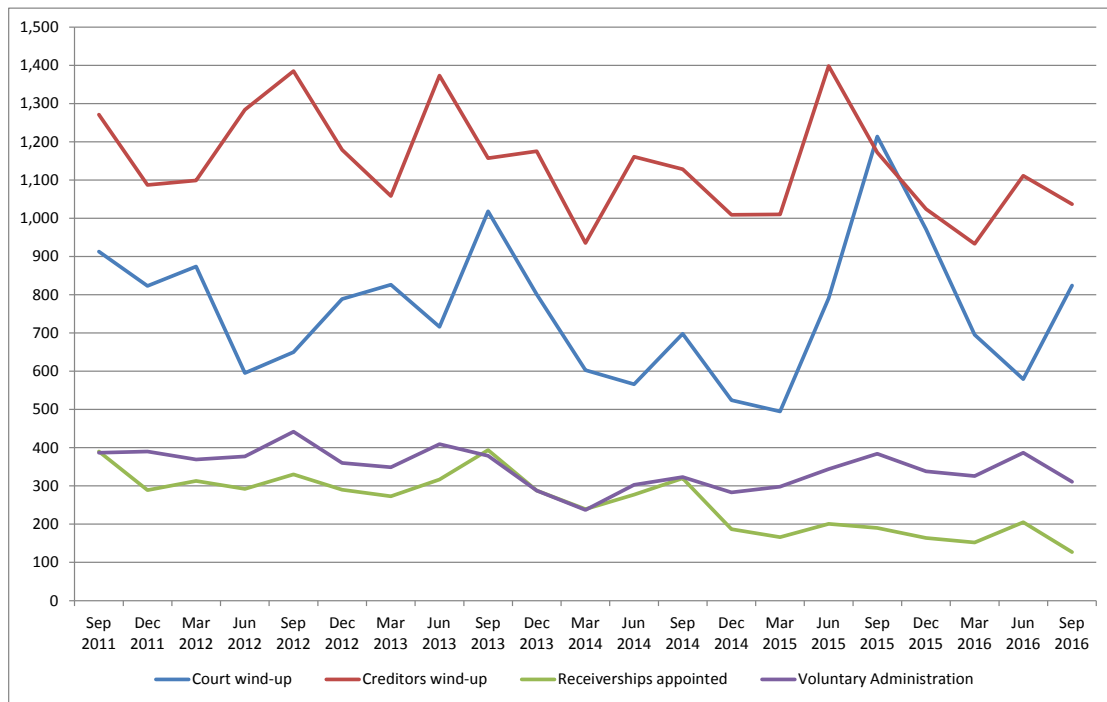


Chart 2 — Companies entering EXAD by quarter

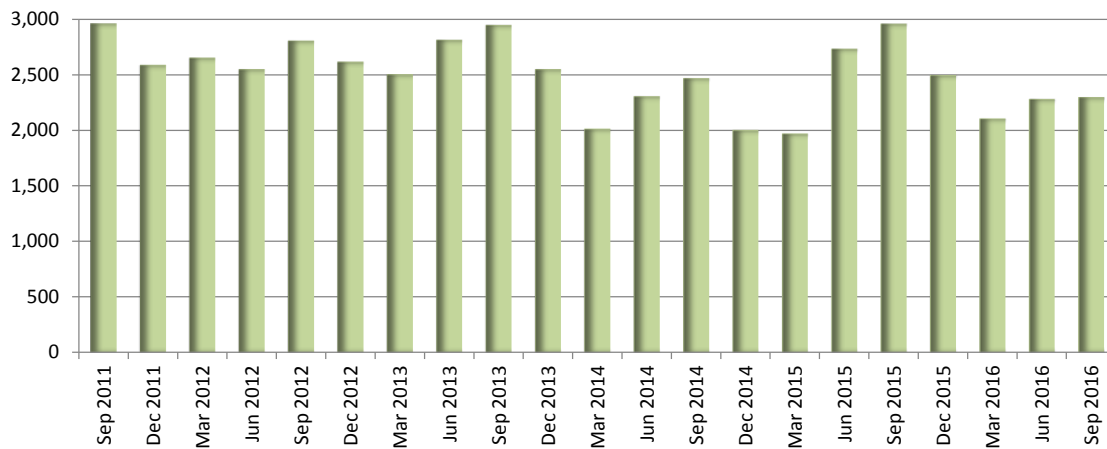


Chart 3 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

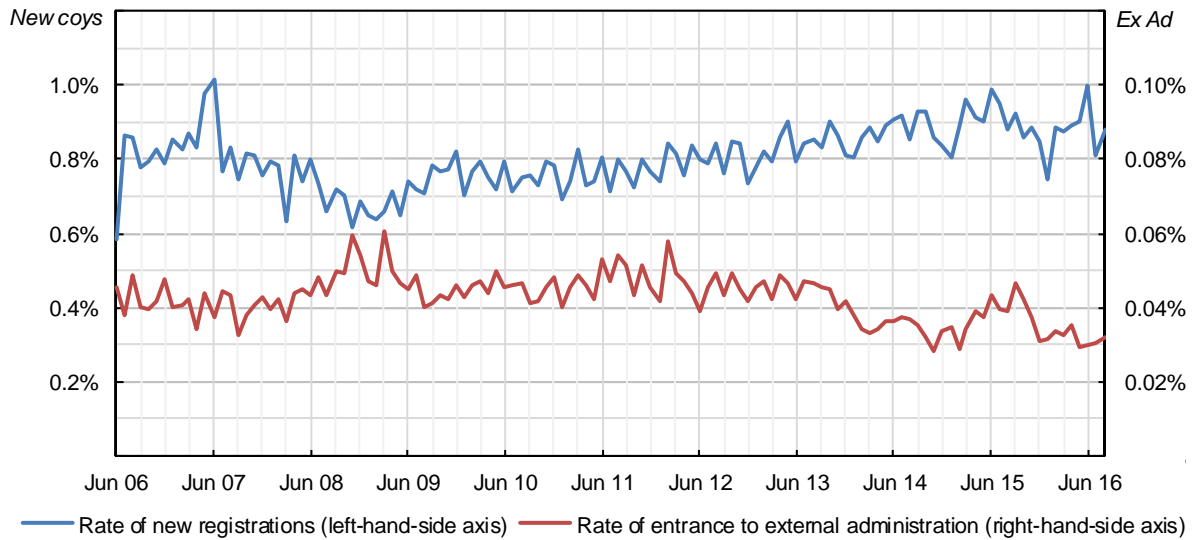
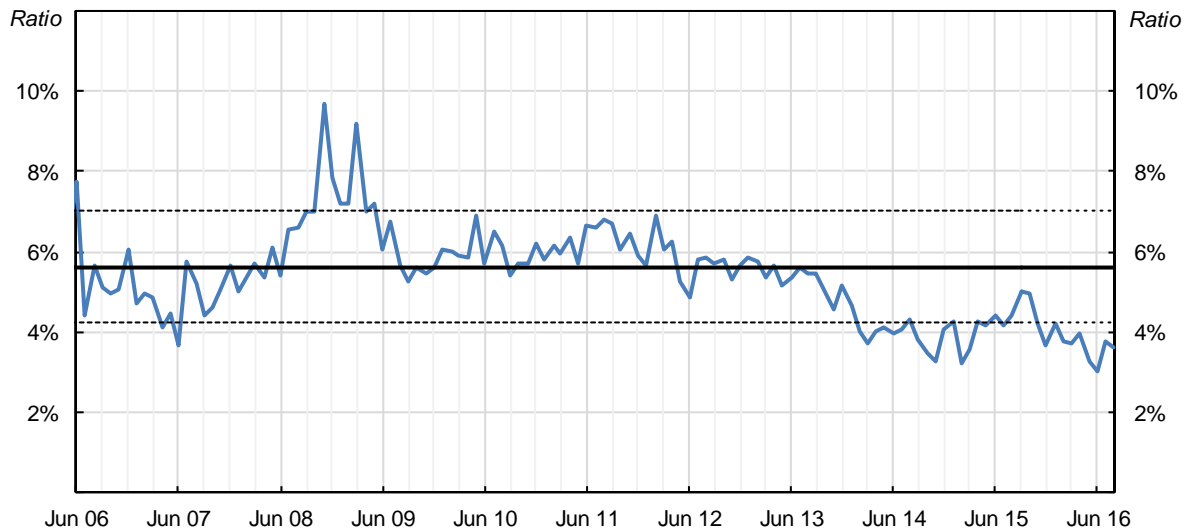


Chart 4 — Ratio of EXADs to new business registrations:



Background

ASIC publishes monthly insolvency statistics (Series 1 and 2) detailing the number and type of corporate insolvency appointments. The law requires external administrators to notify ASIC of their appointments. ASIC records this information on the public register. From 1 July 2013, following an ASIC change to the Form 505 – Notice of Appointment, ASIC commenced recording and reporting industry type from the notice of appointment lodged with ASIC following an external administrator's appointment (Series 1A).