

Corporate insolvencies: December quarter 2016

Quarterly result

ASIC's quarterly insolvency statistics for the second quarter of the 2016/17 financial year, shows a decrease of 21% in companies entering external administration (EXAD). Appointments totalled 1,817 compared to 2,299 in the previous quarter.

The quarterly total was 27.3% lower than the 2015 December quarter (2,499) (see [Table 1](#)).

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

Appointment type

Court liquidation appointments fell in every region, with large falls in New South Wales (down 37.8%), Victoria (down 29.2%), Queensland (down 44.5%) and Western Australia (down 36.7%) driving the overall fall of 37%.

Director-initiated winding up appointments were also down for the quarter (down 17.1%) mainly due to a large fall in New South Wales (down 26.7%) with a more moderate fall in Victoria (down 8.3%) and Queensland (down 10.9%).

Receivership appointments fell marginally (2.4% nationally), mainly attributable to a fall in Victoria (down 30.3%) offset by a rise in South Australia (up nine appointments or 225%).

Appointments of voluntary administrators remained relatively flat for the quarter small with only a rise of 0.6% nationally. A fall in New South Wales (down 20.7%) largely offset a rise in Victoria (up 27.6%).

Regional statistics

EXAD appointments for the December quarter by region showed appointments falling nationally compared to the previous quarter in all but one state, Tasmania (up 8.3% or one appointment). The largest falls were in New South Wales (down 29%), Queensland (down 21%), Victoria (down 11.7%) and Western Australia (down 23%), with other regions experiencing minor falls. (see [Table 2](#)).

Industry statistics

Table 4 summarises ASIC's statistics for the second 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 December quarter 2016

Month	2015	2016	% change
October	1,000	677	-32.3%
November	872	636	-27.1%
December	627	504	-19.6%
Total	2,499	1,817	-27.3%

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

State / territory	Dec Qtr 2015	Sept Qtr 2016	Dec Qtr 2016	%	% change Dec Qtr 2015	% change Sept Qtr 2016
NSW	793	776	551	30.3%	-30.5%	-29.0%
VIC	723	608	537	29.6%	-25.7%	-11.7%
QLD	572	504	398	21.9%	-30.4%	-21.0%
SA	87	83	79	4.3%	-9.2%	-4.8%
WA	244	261	201	11.1%	-17.6%	-23.0%
TAS	18	12	13	0.7%	-27.8%	8.3%
NT	19	15	7	0.4%	-63.2%	-53.3%
ACT	43	40	31	1.7%	-27.9%	-22.5%
Total	2,499	2,299	1,817	100.0%	-27.3%	-21.0%

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

Table 3 — Analysis by appointment type – quarter ended December 2016*

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

Appointment type	Dec Qtr 2015	Sept Qtr 2016	Dec Qtr 2016	% change Dec Qtr 2015	% change Sept Qtr 2016
Court liquidations (1)	971	824	519	-46.5%	-37.0%
Creditors' voluntary liquidations	1,024	1,037	860	-16.0%	-17.1%
Receiverships (2)	164	127	124	-24.4%	-2.4%
Voluntary administrations	338	311	313	-7.4%	0.6%
Total	2,497	2,299	1,816	-27.3%	-21.0%

(1) includes provisional liquidations

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

(3) excludes Foreign/RAB wind-up

Table 4 — Analysis by industry type – quarter ended December 2016

Top 10 Industries	Dec Qtr 2015	Sept Qtr 2016	Dec Qtr 2016	% change Dec Qtr 2015	% change Sept Qtr 2016
Other (business & personal) services	928	834	589	-36.5%	-29.4%
Construction	407	376	372	-8.6%	-1.1%
Accommodation & food services	241	230	178	-26.1%	-22.6%
Retail trade	188	155	124	-34.0%	-20.0%
Transport, postal & warehousing	106	133	75	-29.2%	-43.6%
Manufacturing	69	86	69	0.0%	-19.8%
Rental, hiring & real estate services	69	76	48	-30.4%	-36.8%
Mining	54	54	46	-14.8%	-14.8%
FIS–Credit provider	2	2	41	1,950%	1,950%
Electricity, gas, water & waste services	63	41	40	-36.5%	-2.4%
Other Industries	336	265	209	-37.8%	-21.1%
Unknown	36	47	26	-27.8%	-44.7%
Total	2,499	2,299	1,817	-27.3%	-21.0%

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

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

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

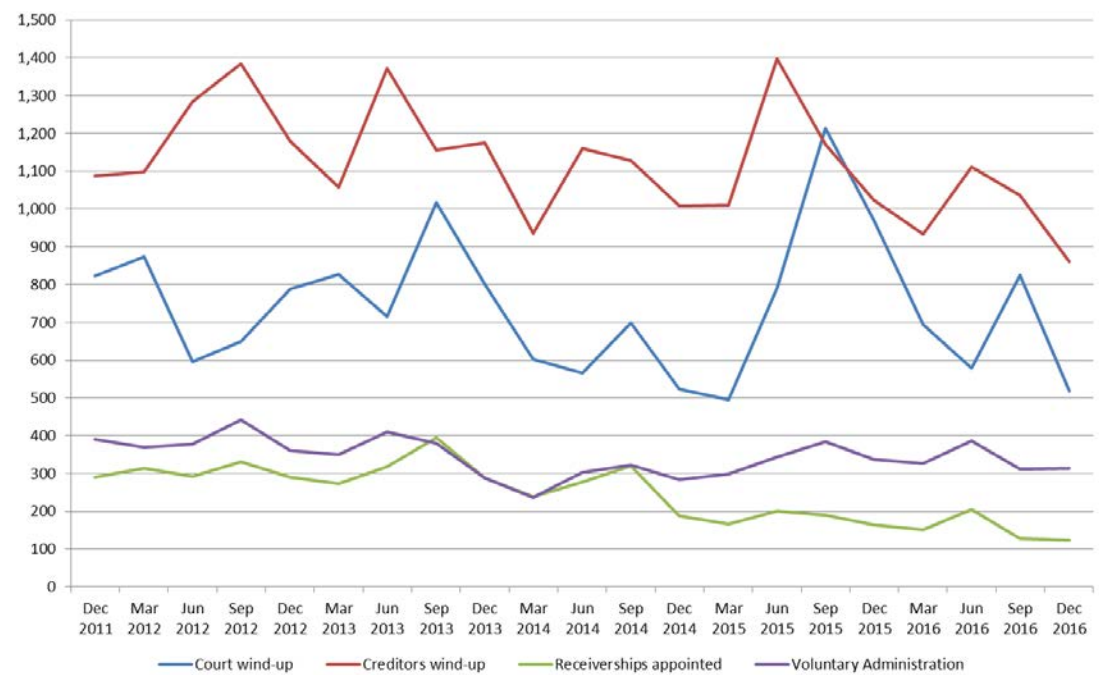


Chart 2 — Companies entering EXAD by quarter

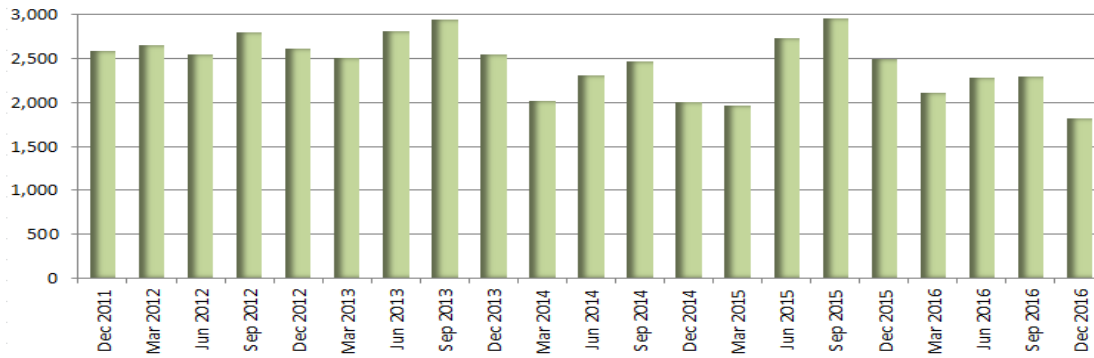


Chart 3 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

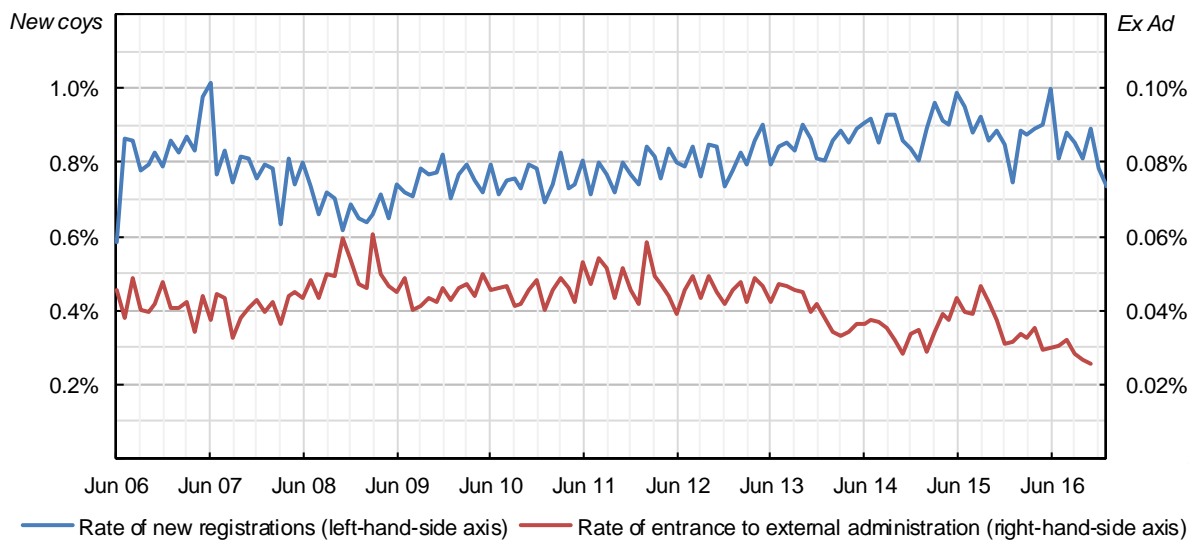
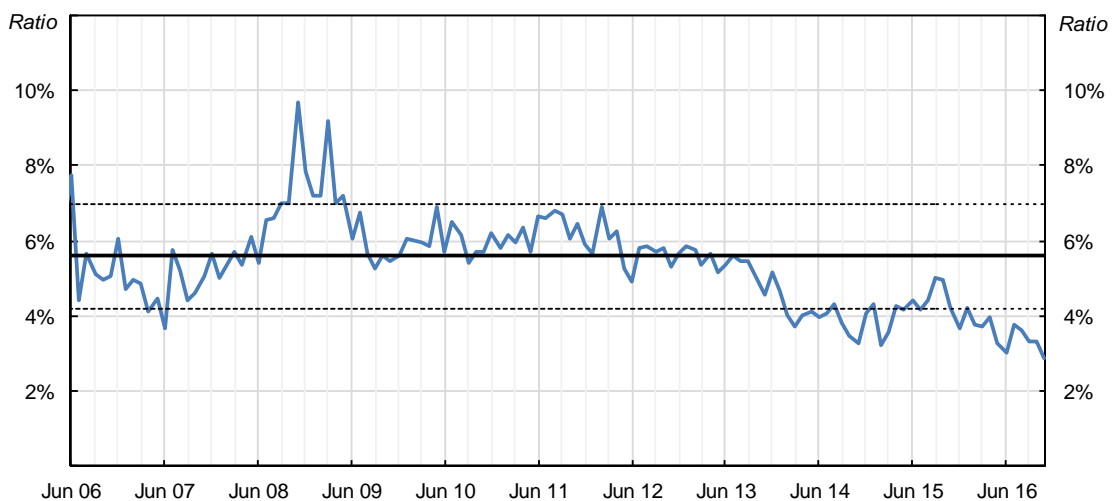


Chart 4 — Ratio of EXADs to new business registrations:



Background

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