

Corporate insolvencies: March quarter 2017

Quarterly result

ASIC's quarterly insolvency statistics for the third quarter of the 2016/17 financial year, shows a decrease of 5.5% in companies entering external administration (EXAD). Appointments totalled 1,717 compared to 1,817 in the previous quarter.

The quarterly total was 18.5% lower than the 2016 March quarter (2,106) (see [Table 1](#)).

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

Appointment type

Court liquidation appointments fell marginally (2.7% nationally), mainly attributable to a fall in Victoria (down 19.3%) offset by a rise in New South Wales (up 4.2%) and Australian Capital Territory (up 11 appointments).

Director-initiated winding up appointments were also down for the quarter (down 6%) mainly due to falls in Queensland (18.3%), Victoria (11.9%) and Western Australia (12.7%). Appointments rose by 9.6% (or 28 appointments) in New South Wales.

Receivership appointments fell (13.7% nationally), mainly attributable to falls in Queensland (down 34.9%) and South Australia (down seven appointments or 53.8%). New South Wales rose by 50% or nine appointments.

Appointments of voluntary administrators nationally also fell for the quarter, by 5.4%. A rise in New South Wales (up 39.7%) largely offset a fall in Victoria (down 41.4%).

Regional statistics

EXAD appointments for the March quarter by region showed appointments falling compared to the previous quarter in all but three states, New South Wales (up 13.1%), Northern Territory (up 42.9% or three appointments) and Australian Capital Territory (up 22.6% or seven appointments). The largest falls were in Victoria (down 19.7%) and Queensland (down 12.8%), with other regions experiencing minor falls by number of appointments. (see [Table 2](#)).

Industry statistics

Table 4 summarises ASIC's statistics for the third 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	2016	2017	% change
January	461	396	-14.1%
February	804	576	-28.4%
March	841	745	-11.4%
Total	2,106	1,717	-18.5%

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

State / territory	Mar Qtr 2016	Dec Qtr 2016	Mar Qtr 2017	%	% change Mar Qtr 2016	% change Dec Qtr 2016
NSW	658	551	623	36.3%	-5.3%	13.1%
VIC	594	537	431	25.1%	-27.4%	-19.7%
QLD	444	398	347	20.2%	-21.8%	-12.8%
SA	102	79	68	4.0%	-33.3%	-13.9%
WA	241	201	189	11.0%	-21.6%	-6.0%
TAS	13	13	11	0.6%	-15.4%	-15.4%
NT	13	7	10	0.6%	-23.1%	42.9%
ACT	41	31	38	2.2%	-7.3%	22.6%
Total	2,106	1,817	1,717	100.0%	-18.5%	-5.5%

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 March 2017*

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

Appointment type	Mar Qtr 2016	Dec Qtr 2016	Mar Qtr 2017	% change Mar Qtr 2016	% change Dec Qtr 2016
Court liquidations (1)	695	519	505	-27.3%	-2.7%
Creditors' voluntary liquidations	933	860	808	-13.4%	-6.0%
Receiverships (2)	152	124	107	-29.6%	-13.7%
Voluntary administrations	326	313	296	-9.2%	-5.4%
Total	2,106	1,816	1,716	-18.5%	-5.5%

(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 March 2017

Top 10 Industries	Mar Qtr 2016	Dec Qtr 2016	Mar Qtr 2017	% change Mar Qtr 2016	% change Dec Qtr 2016
Other (business & personal) services	755	589	575	-23.8%	-2.4%
Construction	369	372	355	-3.8%	-4.6%
Accommodation & food services	197	178	167	-15.2%	-6.2%
Retail trade	159	124	136	-14.5%	9.7%
Transport, postal & warehousing	93	75	87	-6.5%	16.0%
Manufacturing	98	69	64	-34.7%	-7.2%
Rental, hiring & real estate services	30	31	43	43.3%	38.7%
Mining	44	48	40	-9.1%	-16.7%
FIS–Credit provider	64	31	32	-50.0%	3.2%
Electricity, gas, water & waste services	39	40	31	-20.5%	-22.5%
Other industries	0	0	0	0.0%	0.0%
Unknown	33	26	24	-27.3%	-7.7%
Total	2,106	1,817	1,717	-18.5%	-5.5%

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, we divided this industry classification 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

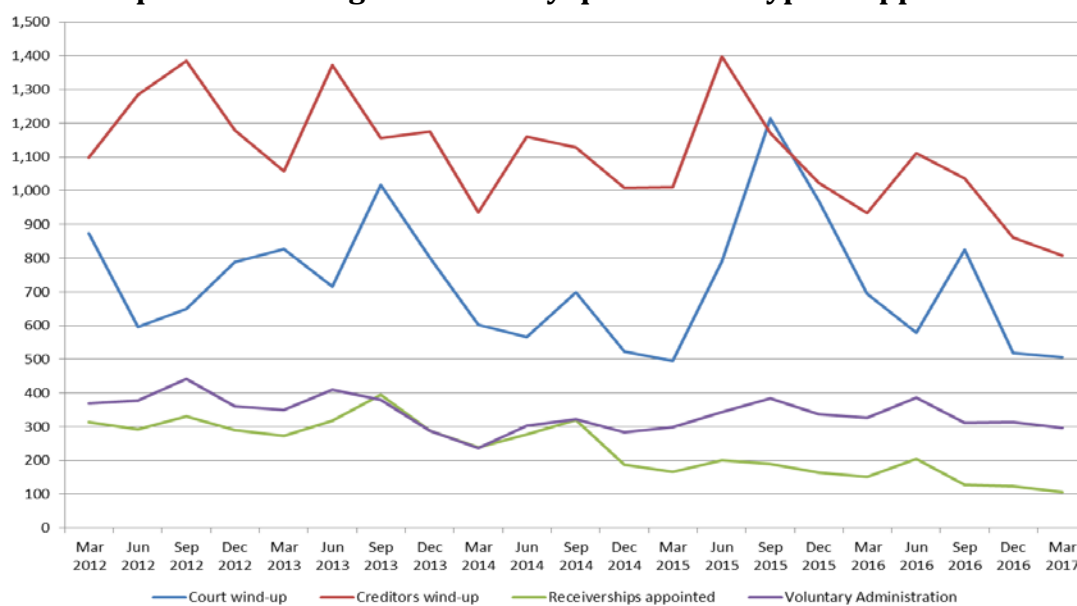


Chart 2 — Companies entering EXAD by quarter

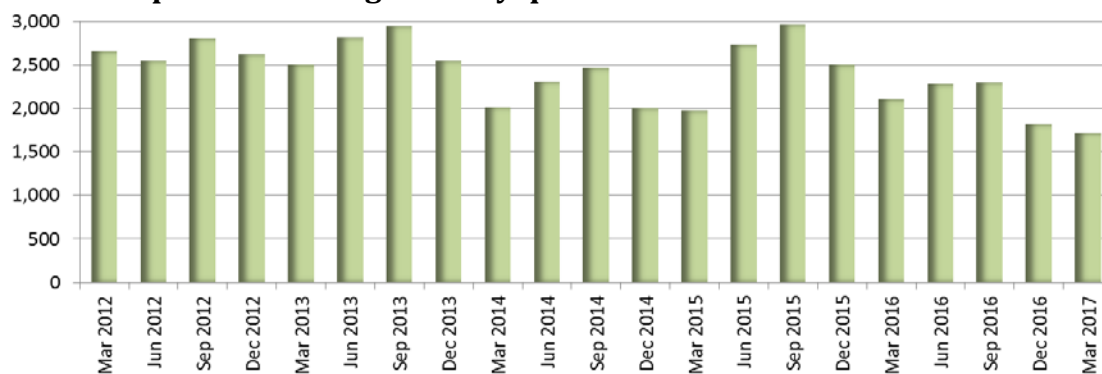


Chart 3 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

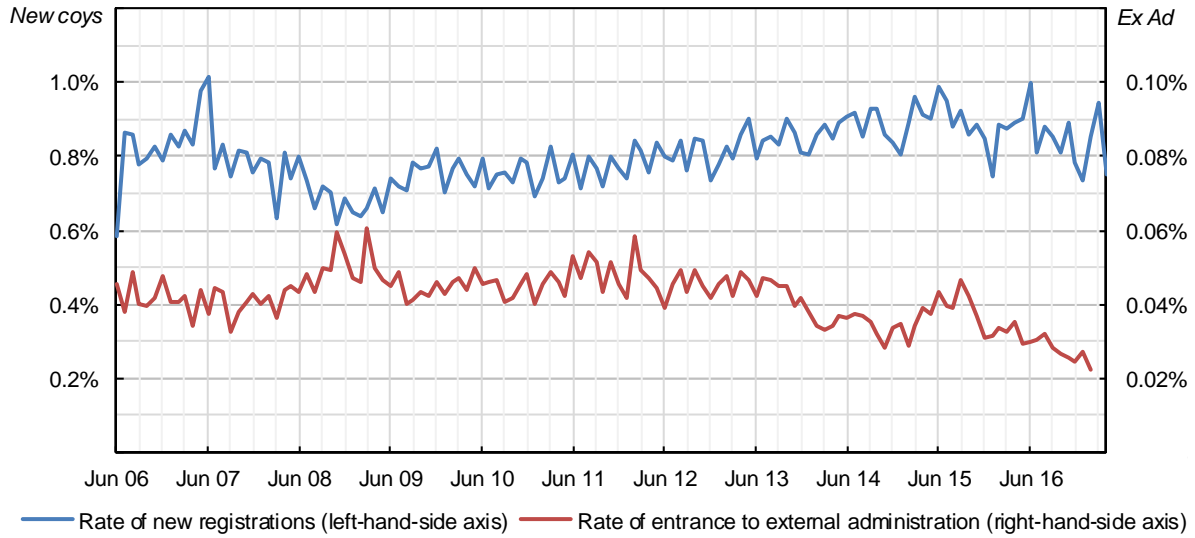
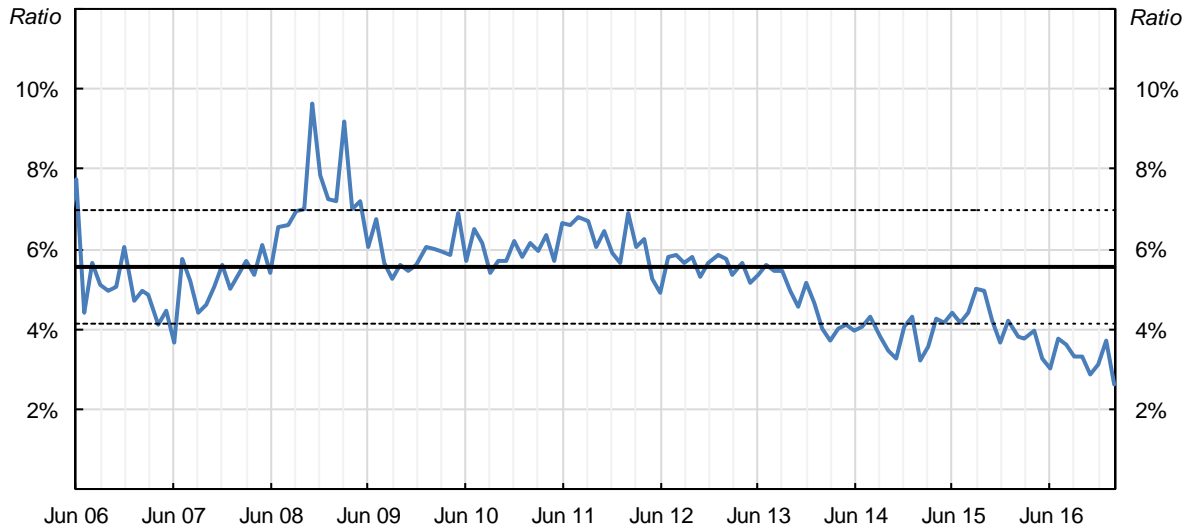


Chart 4 — Ratio of EXADs to new business registrations:



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).