



ASIC

Australian Securities & Investments Commission

Corporate insolvencies: June quarter 2017

Quarterly result

ASIC's quarterly insolvency statistics for the last quarter of the 2016/17 financial year, shows an increase of 28% in companies entering external administration (EXAD). Appointments totalled 2,198 compared to 1,717 in the previous quarter.

The quarterly total was 3.7% lower than the 2016 June quarter (2,283) (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 rose in most states (up 25.5% nationally), mainly attributable to an increase in Western Australia (up 127.9%), Victoria (up 34.7%) and New South Wales (up 13.1%), offset by a fall in Queensland (down 11.4%).

Director-initiated winding up appointments increased (up 35.9%) in all but one region. The largest increases were in Victoria (up 57.8%), Queensland (up 28.6%) and New South Wales (up 14.4%) whereas appointments decreased by 23.5% (or four appointments) in Australian Capital Territory.

Receivership appointments rose (45.8% nationally), mainly attributable to increases in Victoria (up 104.8%) and Queensland (up 35.7%) and Western Australia (up 65.0%) whilst Australian Capital Territory fell by 66.7% or two appointments.

Appointments of voluntary administrators increased nationally by 4.4%. A rise in Victoria (up 40%) largely offset a falls in Queensland (down 19.4%) and South Australia (down 28.6%).

Regional statistics

EXAD appointments for the June quarter by region, showed appointments increased in all states compared to the previous quarter. Western Australia (up 63.5%), Victoria (up 50.6%) and New South Wales (up 19.6%) drove the overall increase.

Industry statistics

Table 4 summarises ASIC's statistics for the fourth 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 June quarter 2016

Month	2016	2017	% change
April	793	590	-25.6%
May	735	792	7.8%
June	755	816	8.1%
Total	2,283	2,198	-3.7%

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

State / territory	June Qtr 2016	Mar Qtr 2017	Jun Qtr 2017	%	% change June Qtr 2016	% change Mar Qtr 2017
NSW	767	623	714	32.5%	-6.9%	14.6%
VIC	679	431	649	29.5%	-4.4%	50.6%
QLD	453	347	374	17.0%	-17.4%	7.8%
SA	81	68	81	3.7%	0.0%	19.1%
WA	228	189	309	14.1%	35.5%	63.5%
TAS	16	11	12	0.5%	-25.0%	9.1%
NT	19	10	20	0.9%	5.3%	100.0%
ACT	40	38	39	1.8%	-2.5%	2.6%
Total	2,283	1,717	2,198	100.0%	-3.7%	28.0%

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 June 2017*

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

Appointment type	Jun Qtr 2016	Mar Qtr 2017	Jun Qtr 2017	% change Jun Qtr 2016	% change Mar Qtr 2017
Court liquidations (1)	579	505	634	9.5%	25.5%
Creditors' voluntary liquidations	1,111	808	1,098	-1.2%	35.9%
Receiverships (2)	205	107	156	-23.9%	45.8%
Voluntary administrations	387	296	309	-20.2%	4.4%
Total	2,282	1,716	2,197	-3.7%	28.0%

(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 June 2017

Top 10 Industries	Jun Qtr 2016	Mar Qtr 2016	Jun Qtr 2017	% change Jun Qtr 2016	% change Mar Qtr 2017
Other (business & personal) services	761	575	776	2.0%	35.0%
Construction	376	355	403	7.2%	13.5%
Accommodation & food services	228	167	227	-0.4%	35.9%
Retail trade	162	136	155	-4.3%	14.0%
Transport, postal & warehousing	114	87	95	-16.7%	9.2%
Manufacturing	106	64	65	-38.7%	1.6%
Information media & tele- communications	36	26	61	69.4%	134.6%
Education & training	129	26	50	-61.2%	92.3%
Electricity, gas, water & waste services	40	31	47	17.5%	51.6%
Rental, hiring & real estate services	42	43	39	-7.1%	-9.3%
Other industries	255	183	228	-10.6%	24.6%
Unknown	34	24	52	52.9%	116.7%
Total	2,283	1,717	2,198	-3.7%	28.0%

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, 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 EXAD by quarter and type of appointment

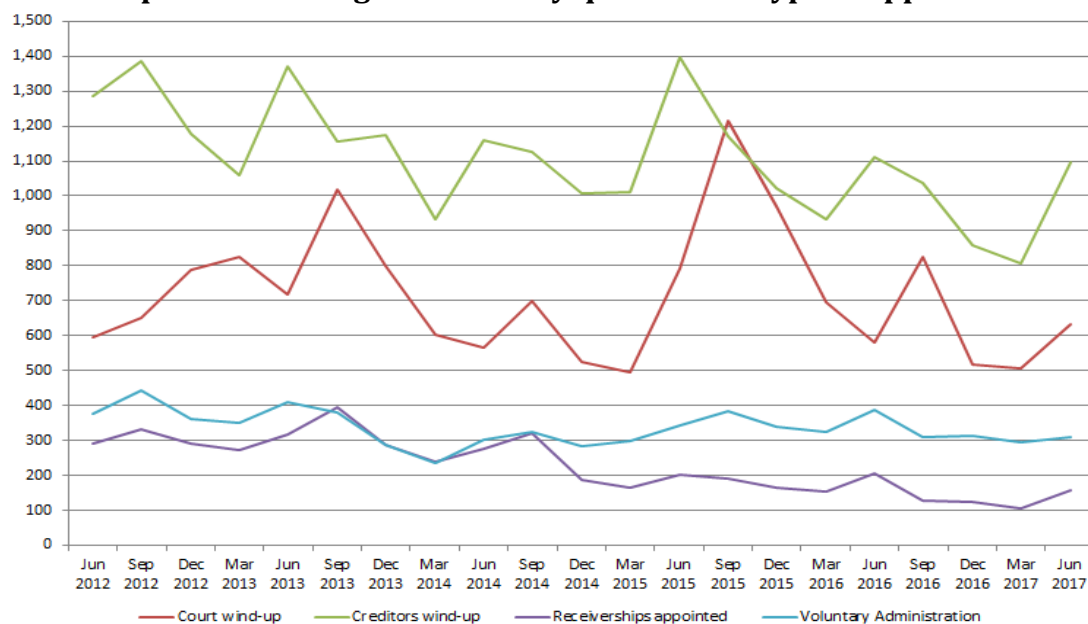


Chart 2 — Companies entering EXAD by quarter

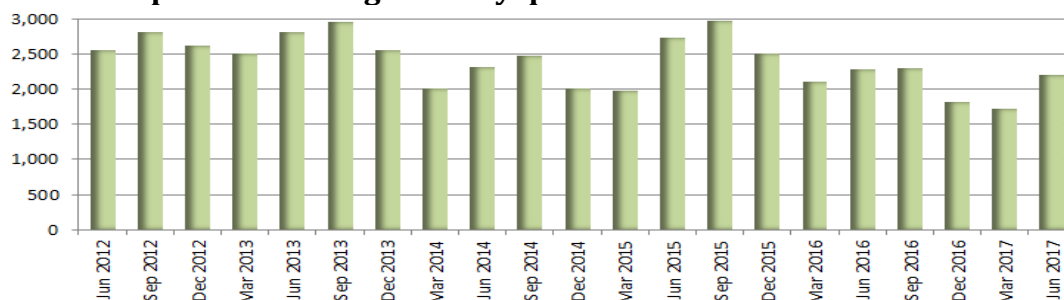


Chart 3 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

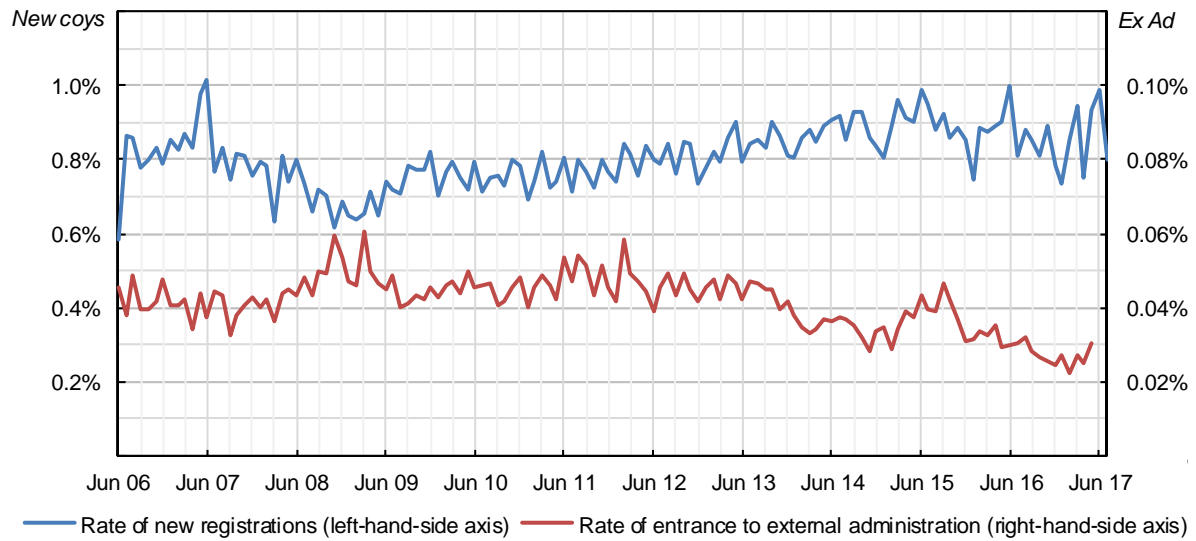
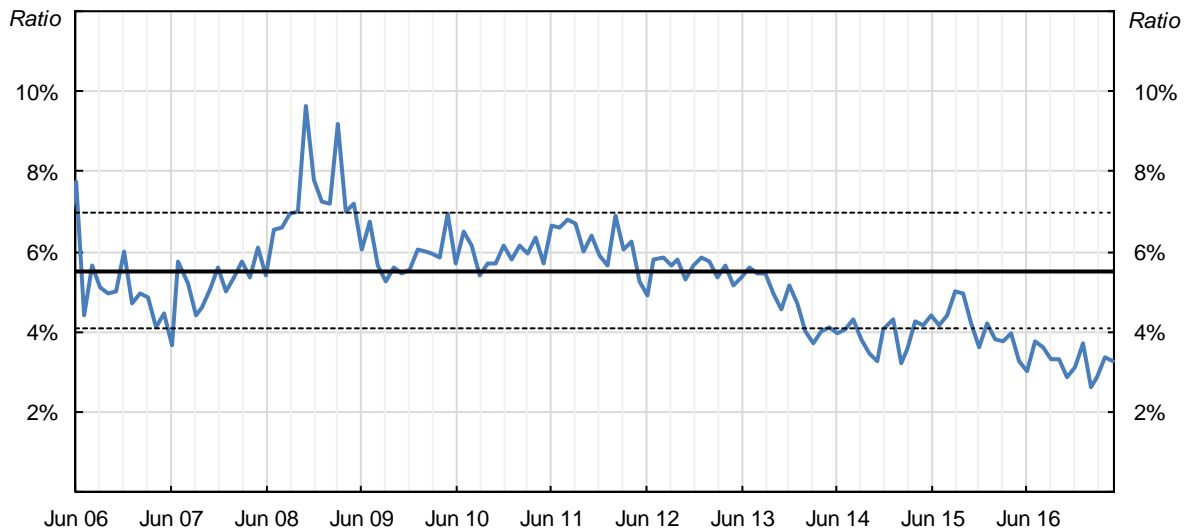


Chart 4 — Ratio of EXADs to new business registrations:



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).