



**ASIC**

Australian Securities & Investments Commission

## REPORT 558

# Insolvency statistics: External administrators' reports (July 2016 to June 2017)

December 2017

### 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 2016 to 30 June 2017, 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 507</a>	December 2016	2015–16
<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 a committee convened under Subdivision E of Schedule 2 to the Corporations Act (Insolvency Practice Schedule (Corporations)).</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 2016–17.

Note: In this report, spans of two years (e.g. 2016–17) 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 2016–17, 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 2016–17.

### 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 2016–17 was 8,425. Initial external administrators' reports comprised almost 92% of this total (or 7,765 reports).
- 12 The number of external administrators' reports lodged electronically, as a percentage of total reports, was stable over the past two years at 98%.
- 13 Table 2 summarises the main findings relating to the initial external administrators' reports for 2016–17 (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 (2014–15 to 2016–17)**

Profile of companies	2016–17	2015–16	2014–15
<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	79% 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 (2,230 reports or 29%)</li> <li>• Construction (1,611 reports or 21%)</li> <li>• Accommodation and food services (884 reports or 11%)</li> </ul>	<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>
<b>Assets and liabilities</b>	<ul style="list-style-type: none"> <li>• 84% 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>	<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>
<b>Deficiency</b>	64% of failed companies had an estimated deficiency of \$500,000 or less	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
<b>Top 3 nominated causes of failure</b>	<ul style="list-style-type: none"> <li>• Inadequate cash flow or high cash use (3,626 or 47% of reports)</li> <li>• Poor strategic management of business (3,542 or 46% of reports)</li> <li>• Poor financial control including lack of records (2,753 or 35% of reports)</li> </ul>	<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>

Profile of companies	2016–17	2015–16	2014–15
<b>Top 3 alleged possible misconduct</b>	<ul style="list-style-type: none"> <li>• s588G(1)–(2) Insolvent trading (4,878 or 63% of reports)</li> <li>• s180 Care and diligence—Directors' and officers' duties (3,818 or 49% of reports)</li> <li>• s286 and 344(1) Obligation to keep financial records (3,335 or 43% of reports)</li> </ul>	<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 (3,957 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>
<b>Dividends to unsecured creditors</b>	In 96% 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 1: The term 'reports' in this table means 'initial external administrators' reports'.

Note 2: The figure given for alleged possible misconduct under s286 and 344(1) for 2015–16 has been corrected from the figure given in Table 2 of [REP 507](#).

## 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:
- 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.
  - 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.
  - 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:
- 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:

- the period over which the company might have traded while insolvent;
- the extent of the alleged insolvent trading;
- 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
- 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 decreased from 10,078 in 2015–16 to 8,425 in 2016–17: see Table 4.
- 26 The percentage of electronically lodged reports remains stable over the last two financial years—98.4% 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 fell marginally from 99.5% in 2015–16 to 98.3% in 2016–17: see also Figure 1.

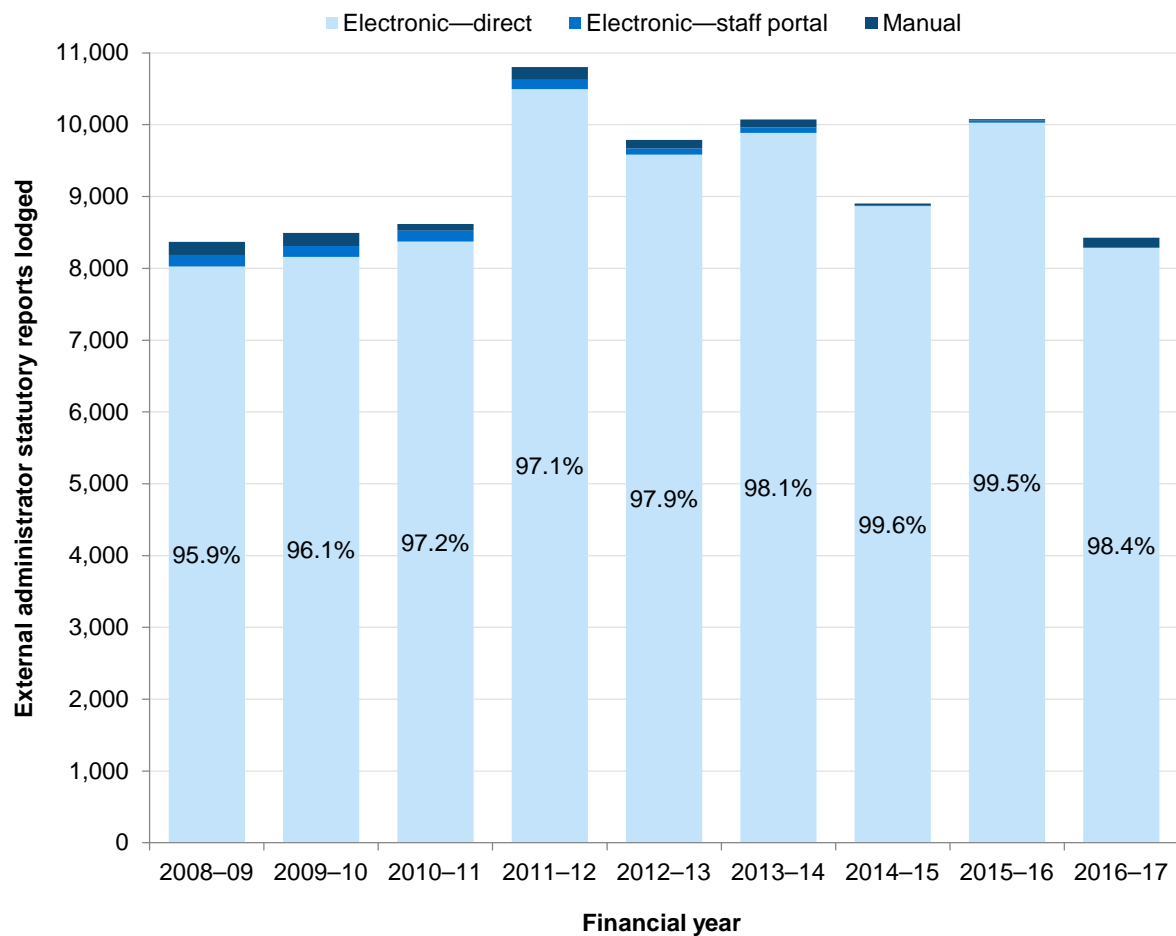
**Table 4: Total external administrators' reports by lodgement type (1 July 2014 to 30 June 2017)**

Lodgement type	2016–17 number	2016–17 percentage	2015–16 number	2015–16 percentage	2014–15 number	2014–15 percentage
Electronic—direct	8,283	98.3%	10,028	99.5%	8,866	99.6%
Electronic—staff portal	4	0.0%	33	0.3%	16	0.2%
Manual	138	1.6%	17	0.2%	22	0.2%
<b>Total</b>	<b>8,425</b>	<b>100.0%</b>	<b>10,078</b>	<b>100.0%</b>	<b>8,904</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 2008 to 30 June 2017)**

Note 1: See Table 45 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 2016–17 and the previous two financial years.

**Table 5: Total initial external administrators' reports (1 July 2014 to 30 June 2017)**

2016–17	2015–16	2014–15
7,765	9,465	8,354

28 In 2016–17, initial external administrators' reports made up 92.2% (or 7,765 reports) of the total number of external administrators' reports lodged. This compares with 93.9% (or 9,465 reports) in 2015–16.

## 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 2014 to 30 June 2017)**

Financial year	Reports lodged within six months	Reports lodged 12 months or more after
2016–17	56.5%	15.7%
2015–16	59.2%	14.6%
2014–15	55.9%	19.2%

30 Section D sets out the statistics relating to the initial external administrators' reports lodged in 2016–17.

## D Statistical findings from initial external administrators' reports

### Key points

This section presents our detailed findings from initial external administrators' reports lodged electronically in 2016–17.

In paragraphs 60–75, details of alleged criminal and civil breaches of the insolvent trading provisions of the Corporations Act. Highlights include:

- External administrators had evidence for 3,909 reports of alleged civil insolvent trading. Of these, 3,105 (or 79.4%) estimated debts incurred while insolvent were below \$1 million and 3,415 (or 87.4%) 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 (3,164 or 80.9%) disclosed assets of less than \$100,000.
- External administrators had evidence for 85 reports of alleged criminal insolvent trading. Of these, 59 (or 69.4%) estimated debts incurred while insolvent were below \$1 million and 63 (or 74.1%) had 50 or fewer unsecured creditors.
- Only three reports (3.5%) alleging a criminal breach involved more than 200 creditors. Each of these reports estimated debts incurred while insolvent of \$1 million to \$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. 2015–16):

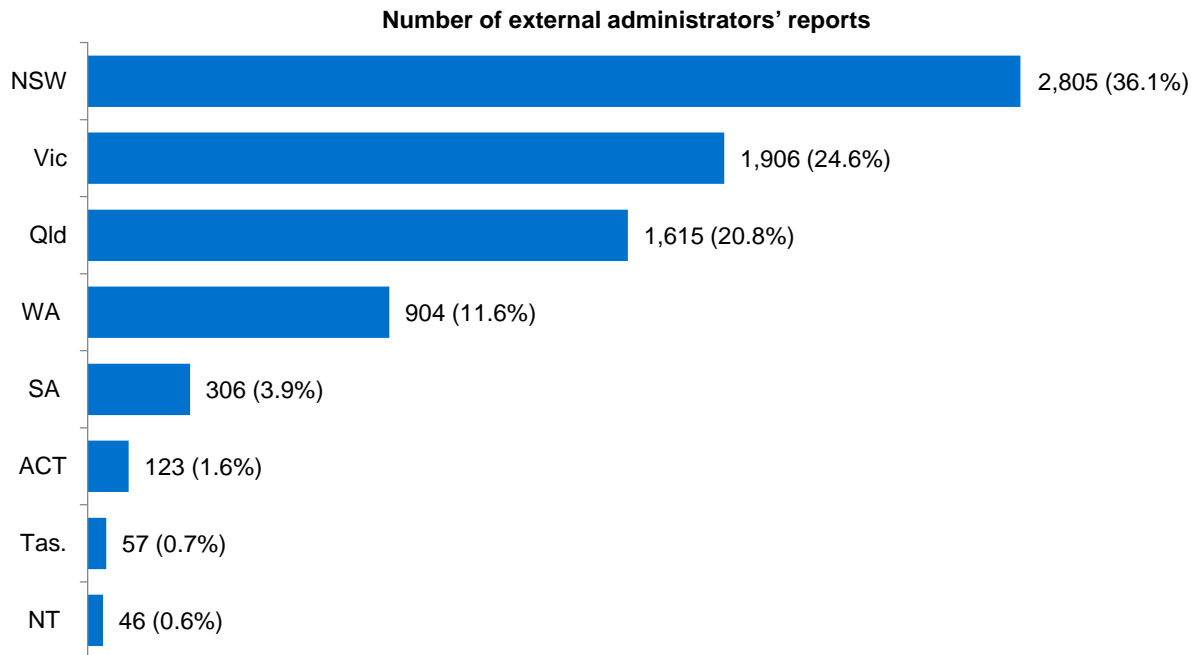
- Reports lodged less than 3 months after appointment decreased from 34.0% to 30.5% of reports lodged and reports lodged more than 6 months but less than 12 months after appointment increased from 23.5% to 28.0%.
- Reports with estimated liabilities of less than \$250,000 fell from 46.2% to 42.7% of reports lodged
- Reports with an estimated deficiency of between \$50,001 and \$250,000 decreased from 38.7% to 34.8%.
- Reports with estimated unpaid taxes and charges of \$1 to \$250,000 decreased from 68.2% to 64.0%.
- Reports that estimated unsecured creditors were owed less than \$250,000 decreased from 66.8% to 63.8%.
- There was an increase of more than 3 percentage points in reports alleging breaches of s180 (10.8 percentage points), s181 (6.2 percentage points) and s182 (3.1 percentage points).

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

## Lodgement by region

- 31 Most reports in 2016–17 related to companies registered in New South Wales (2,805 reports or 36.1%), followed by Victoria (1,906 reports or 24.6%) and Queensland (1,615 reports or 20.8%). The five remaining states and territories made up 18.5% of reports: see Figure 2.

**Figure 2: Initial external administrators' reports by region (1 July 2016 to 30 June 2017)**



Note 1: See Table 46 in the appendix for the complete data used in this figure (accessible version).

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

## Lodgement period

- 32 In 2016–17, 56.5% of reports were lodged within six months of the external administrator's appointment (this compares with 59.2% in 2015–16). Another 15.7% 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 2016 to 30 June 2017)**

Lodgement period after appointment	Number	Percentage
Less than 2 months	970	12.5%
2 months to less than 6 months	3,420	44.0%
6 months to less than 12 months	2,155	27.8%



Lodgement period after appointment	Number	Percentage
12 months or more	1,220	15.7%
<b>Total</b>	<b>7,765</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 2016–17 (93.7%) 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 2016 to 30 June 2017)**

Section of Corporations Act	Number	Percentage
Section 422 (reports by receiver)	42	0.5%
Section 438D (reports by administrator)	446	5.7%
Section 533 (reports by liquidator)	7,272	93.7%
Statistical purposes	5	0.1%
<b>Total</b>	<b>7,765</b>	<b>100.0%</b>

Note: Each report lodged for a statistical purpose reported no suspected misconduct and estimated a dividend of more than 50 cents in the dollar.

## 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 2016–17, 78.9% 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 2016 to 30 June 2017)**

Number of FTE employees	Number	Percentage
Less than 5	5,083	65.5%
5–19	1,041	13.4%
20–199	361	4.6%
200 or more	12	0.2%

Number of FTE employees	Number	Percentage
Not known	1,268	16.3%
<b>Total</b>	<b>7,765</b>	<b>100.0%</b>

## Industry

35 In 2016–17, the three industries with the highest number of reports lodged were Other (business and personal) services (2,230 reports or 28.7%), Construction (1,611 reports or 20.7%), and Accommodation and food services (884 reports or 11.4%): see Table 10.

36 Five of the top 12 industries have changed from the previous year: Wholesale trade has moved down to a ranking of 11 and Professional, scientific and technical services moved down to a ranking of 12, while Rental, hiring and real estate services (which was ranked 10 the previous year) is now ranked 7 and Electricity, gas, water and waste services (which was ranked 12 the previous year) is now ranked at 10: 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 2016 to 30 June 2017)**

Ranking	Industry type	Number	Percentage
1	Other (business and personal) services	2,230	28.7%
2	Construction	1,611	20.7%
3	Accommodation and food services	884	11.4%
4	Retail trade	596	7.7%
5	Transport, postal and warehousing	469	6.0%
6	Manufacturing	314	4.0%
7	Rental, hiring and real estate services	205	2.6%
8	Mining	198	2.5%
9	Information media and telecommunications	168	2.2%
10	Electricity, gas, water and waste services	152	2.0%
11	Wholesale trade	151	1.9%
12	Professional, scientific and technical services	150	1.9%
13	Education and training	121	1.6%
14	FIS—Other financial services	120	1.5%
15	Agriculture, forestry and fishing	108	1.4%

Ranking	Industry type	Number	Percentage
16	Health care and social assistance	84	1.1%
17	Arts and recreation services	73	0.9%
18	Administrative and support services	51	0.7%
19	FIS—Managed investments	40	0.5%
20	FIS—Insurance	13	0.2%
21	Public administration and safety	11	0.1%
22	FIS—Credit provider	8	0.1%
23	FIS—Superannuation	7	0.1%
24	FIS—Deposit taking institutions	1	0.0%
<b>Total</b>		<b>7,765</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 2016–17.
- 38 The top three nominated causes of failure for companies (see Table 11) were:
- (a) inadequate cash flow or high cash use (3,626 or 46.7% of reports);
  - (b) poor strategic management of business (3,542 or 45.6% of reports); and
  - (c) trading losses (2,753 or 35.5% 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:
- (a) *Inadequate cash flow or high cash use*: Electricity, gas, water and waste services (55.9% of reports), Manufacturing (52.9% of reports), and Retail trade (51.8% of reports);
  - (b) *Poor strategic management of business*: Rental, hiring and real estate services (51.2% of reports), Accommodation and food services (51.1% of reports), and Wholesale trade (49.7% of reports); and
  - (c) *Trading losses*: Retail trade (49.8% of reports), Manufacturing (49.0% of reports) and Wholesale trade (47.0% of reports).
- 40 All regions, except the Northern Territory 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 2016 to 30 June 2017)**

Causes of failure	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Mining	Information media and telecommunications	Electricity, gas, water and waste services	Wholesale trade	Professional, scientific and technical services	Other industries	Total
Under-capitalisation	419	374	169	113	102	61	32	40	32	35	29	25	133	1,564
Poor financial control, including lack of records	850	592	353	184	192	75	87	37	53	47	44	40	185	2,739
Poor management of accounts receivable	218	311	37	33	57	49	17	29	22	32	23	19	64	911
Poor strategic management of business	948	727	452	264	222	131	105	98	81	67	75	57	315	3,542
Inadequate cash flow or high cash use	930	771	454	309	228	166	83	97	84	85	72	62	285	3,626
Poor economic conditions	209	214	144	117	86	60	41	112	14	31	23	18	81	1,150
Natural disaster	1	3	10	6	4	0	0	0	0	2	3	0	4	33
Fraud	33	32	8	5	1	2	7	3	3	4	4	2	19	123
Deed of company arrangement failed	4	7	5	0	2	1	0	1	1	1	0	1	1	24
Dispute among directors	57	54	28	20	6	12	5	7	6	8	11	7	22	243
Trading losses	590	591	407	297	167	154	47	73	69	63	71	43	181	2,753
Industry restructuring	29	18	10	13	10	16	4	8	8	5	8	3	26	158
Other	741	516	202	145	162	94	72	68	60	44	54	48	243	2,449
<b>Total</b>	<b>5,029</b>	<b>4,210</b>	<b>2,279</b>	<b>1,506</b>	<b>1,239</b>	<b>821</b>	<b>500</b>	<b>573</b>	<b>433</b>	<b>424</b>	<b>417</b>	<b>325</b>	<b>1,559</b>	<b>19,315</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 2016 to 30 June 2017)**

Causes of failure	ACT	NSW	NT	Qld	SA	Tas.	Vic.	WA	Total
Under-capitalisation	45	459	4	356	64	9	396	230	1,563
Poor financial control, including lack of records	50	1,213	17	440	71	16	629	303	2,739
Poor management of accounts receivable	22	290	9	230	25	6	204	125	911
Poor strategic management of business	55	1,216	17	867	139	22	781	444	3,541
Inadequate cash flow or high cash use	64	1,237	19	777	136	28	899	464	3,624
Poor economic conditions	7	195	17	366	77	8	208	271	1,149
Natural disaster	0	7	0	17	1	1	4	3	33
Fraud	2	45	0	27	6	2	30	11	123
Deed of company arrangement failed	1	10	0	4	5	1	0	3	24
Dispute among directors	7	71	1	51	8	3	69	33	243
Trading losses	50	934	13	598	132	25	619	381	2,752
Industry restructuring	1	41	0	35	3	4	49	24	157
Other	36	983	23	410	88	19	629	259	2,447
<b>Total</b>	<b>340</b>	<b>6,701</b>	<b>120</b>	<b>4,178</b>	<b>755</b>	<b>144</b>	<b>4,517</b>	<b>2,551</b>	<b>19,306</b>

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

## Possible misconduct

- 41 In 2016–17, external administrators alleged misconduct in 6,558 or 84.5% of reports. External administrators reported 18,734 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 2016 to 30 June 2017)**

Reported misconduct	Number of reports	Percentage of reports	Number of breaches
No misconduct reported	1,207	15.5%	–
Possible misconduct <sup>a</sup> reported	6,558	84.5%	18,734
<b>Total</b>	<b>7,765</b>	<b>100.0%</b>	<b>18,734</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 819 (12.5%) of the 6,558 reports for 2016–17 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 2016–17, 11.3% of all reported misconduct related to post-appointment misconduct: see Table 14.
- 44 Alleged breaches of civil obligations are the most common breaches (15,616 or 83.4% 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 2016 to 30 June 2017)**

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	824	4.4%
Alleged criminal misconduct under Corporations Act by officers or employees <i>after</i> appointment of external administrator	2,115	11.3%
Alleged breaches of civil obligations	15,616	83.4%
Other criminal offences	50	0.3%
Other possible misconduct	129	0.7%
<b>Total</b>	<b>18,734</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 5,170 reports (66.6%) for 2016–17: see Table 15. Of these, they considered that only 2,392 reports (30.8%) 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 2016 to 30 June 2017)**

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	5,170	66.6%	12,534
	No	1,223	15.8%	3,906
	<b>Total</b>	<b>6,393</b>	<b>82.3%</b>	<b>16,440</b>
Of those with documentary evidence, did the external administrator recommend further inquiry by ASIC?	Yes	2,392	30.8%	—
	No	2,778	35.8%	—
	<b>Total</b>	<b>5,170</b>	<b>66.6%</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	504	6.5%	1,257
	No	5,889	75.8%	15,183
	<b>Total</b>	<b>6,393</b>	<b>82.3%</b>	<b>16,440</b>
Where the evidence was with another person, did the external administrator recommend further inquiry by ASIC?	Yes	303	3.9%	—
	No	201	2.6%	—
	<b>Total</b>	<b>504</b>	<b>6.5%</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 504 reports. Based on this and their assessment, the external administrator recommended we make further inquiry in 303 reports.
- Note: For 261 of the 303 reports where evidence was identified as being with a third party, the external administrator also held evidence. Therefore, these 261 reports were also included in the 2,392 reports where the external administrator recommended further inquiry.
- 47 We requested supplementary reports (or Schedule C reports) for 562 (23.5%) of the 2,392 reports where external administrators alleged misconduct and advised that they held evidence and recommended further inquiry by ASIC. We requested a further 257 supplementary reports (819 in total for 2016–17) 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 93 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 2016 to 30 June 2017)**

Deficiency	Schedule C report requested	Assessed and recorded	Total
\$0–\$50,000	31	155	186
\$50,001–\$250,000	130	645	775
\$250,001 to less than \$500,000	87	352	439
\$500,000 to less than \$1 million	76	267	343



Deficiency	Schedule C report requested	Assessed and recorded	Total
\$1 million to less than \$5 million	145	309	454
\$5 million to \$10 million	38	44	82
Over \$10 million	55	58	113
<b>Total</b>	<b>562</b>	<b>1,830</b>	<b>2,392</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 641 (77.8%) out of 824 possible criminal breaches reported in 2016–17.
- 52 The top three nominated criminal breaches for companies for 2016–17 were:
- (a) *Sections 286 and 344(2) Obligation to keep financial records:* 227 breaches reported (2.9% of reports);
  - (b) *Section 184 Good faith, use of position and use of information:* 223 breaches reported (2.9% of reports); and
  - (c) *Section 590 Offence by officers:* 123 breaches reported (1.6% of reports).
- 53 Insolvent trading fell out of the top three in 2016–17 having fallen from first to third highest in the previous financial year.
- 54 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:* Transport, postal and warehousing (4.9% of reports), Rental, hiring and real estate services (3.4% of reports), and Electricity, gas, water and waste services (3.3% of reports).

Note: Five industries grouped in the 'Other industries' category exceeded the average 2.9% of reports for s286 and 344(2) Obligation to keep financial records. The three that most exceeded were FIS—Credit providers (37.5% of reports), Health care and social assistance (10.7% of reports), and Administrative and support services (5.9% of reports).

- (b) *Section 184 Good faith, use of position and use of information:* Rental, hiring and real estate services (4.9% of reports), Wholesale trade (4.6% of reports), and Transport, Postal and Warehousing (4.1% of reports).

Note: Seven industries grouped in the 'Other industries' category exceeded the average 2.9% of reports for s184 Good faith, use of position and use of information. The three industries that most exceeded this average were FIS—Credit provider (50.0% reports), FIS—Managed investments (15.0% of reports) and s Health care and social assistance (9.5% of reports).

- (c) *Section 588G(3) Insolvent trading:* Rental, hiring and real estate services (3.9% of reports), Transport, postal and warehousing (2.6% of reports), and Mining (2.0% of reports).

Note: Seven 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—Credit provider (37.5% of reports), FIS—Managed investments (7.5% of reports), and Health care and social assistance (7.1% of reports).

### Post-appointment criminal misconduct

- 55 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 2,115 post-appointment breaches related to 1,108 reports (52.4%): see Table 17.

**Table 17: Initial external administrators' reports—Possible post-appointment criminal misconduct reported by section of Corporations Act (1 July 2016 to 30 June 2017)**

Section of the Corporations Act	Number of breaches
Sections 429, 438B, 446C and 475 Report as to company's affairs	702
Section 530A Officers to help liquidator	754
Section 530B Requirement to provide liquidator with company's books	659
<b>Total</b>	<b>2,115</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.

- 56 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.

Note: See [Report 532](#) *ASIC regulation of registered liquidators: January to December 2016* (REP 532) at paragraphs 112–114 for commentary on how we assist registered liquidators.

## **Alleged breaches of civil obligations**

57 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 11,893 (76.2%) out of 15,616 possible breaches of civil obligations reported in 2016–17.

58 The top three nominated civil breaches for companies in 2016–17 were the same as in the previous four years:

- (a) *Section 588G(1)–(2) Insolvent trading*: 4,878 breaches reported (62.8% of reports);
- (b) *Section 180 Care and diligence—Directors' and officers' duties*: 3,818 breaches reported (49.2% of reports); and
- (c) *Sections 286 and 344(1) Obligation to keep financial records*: 3,335 breaches reported (42.9% of reports).

59 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*: Accommodation and food services (68.7% of reports), Transport, postal and warehousing (68.4% of reports) and Construction (66.9% of reports);
- (b) *Section 180 Care and diligence—Directors' and officers' duties*: Other (business and personal) services (52.3% of reports), Construction (51.3% of reports), and Transport, postal and warehousing (48.4% of reports); and
- (c) *Sections 286 and 344(1) Obligation to keep financial records*: Other (business and personal) services (50.1% of reports), Accommodation and food services (47.3% of reports), and Transport, postal and warehousing (46.1% of reports).

Note: Five industries grouped in the 'Other industries' category exceeded the average 42.9% of reports for s180 Care and diligence—Directors' and officers' duties. The three industries that most exceeded this average were FIS—Insurance (76.9% of reports), FIS—Credit provider (62.5% of reports), and Health care and social assistance (57.1% of reports).

### Alleged insolvent trading

- 60 Of the 7,765 reports lodged, a total of 117 reports (1.5%) alleged a breach of s588G(3) (criminal breach), and 4,878 reports (62.8%) alleged a breach of s588G(1)–(2) (civil breach).
- 61 Not all reports containing allegations of insolvent trading advised there was evidence to support the allegation. Of the reports lodged, the external administrator advised there was evidence in support of:
- (a) 85 reports of an alleged criminal breach (or 72.6% of the 117 reports lodged alleging a criminal breach); and
  - (b) 3,909 reports of an alleged civil breach (or 80.1% of the 4,878 reports lodged alleging a civil breach): see Table 18.

**Table 18: Initial external administrators' reports—Reports alleging insolvent trading (1 July 2016 to 30 June 2017)**

Insolvent trading	Number of reports	Percentage of reports
Evidence of a criminal breach (under s588(3) with liquidator and/or others	85	1.1%
No evidence of a criminal breach	32	0.4%
<b>Total reports alleging criminal breaches</b>	<b>117</b>	<b>1.5%</b>
Evidence of a civil breach (under s588G(1)–(2)) with liquidator and/or others	3,909	50.3%
No evidence of a civil breach	969	12.5%
<b>Total reports alleging civil breaches</b>	<b>4,878</b>	<b>62.8%</b>

### Debts incurred while insolvent

- 62 Where external administrators advised that evidence existed for an alleged civil breach, most of these reports (3,105 or 79.4%) estimated that the debt incurred when the company was insolvent was less than \$1 million. Only 1.9%, or 74 reports, estimated that the amount of debt incurred while the company was insolvent was over \$5 million: see Table 19.
- 63 Where external administrators advised that evidence existed for an alleged criminal breach, most of these reports (59 or 69.4%) estimated that the debt incurred when the company was insolvent was less than \$1 million. Only 8.2%, or seven reports, estimated that the amount of debt incurred while the company was insolvent was over \$5 million: see Table 19. For six of these reports, we requested that the external administrator prepare a supplementary report. We subsequently agreed to fund three from the AA Fund and rejected one application; we are waiting on a response on the two other requests for supplementary reports.

64 Where the external administrator reported that evidence existed, 8.8% of reports that alleged a civil breach and 4.7% 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 2016 to 30 June 2017)**

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	33	38.8%	2,059	52.7%
\$250,001 to less than \$1 million	26	30.6%	1,046	26.8%
\$1 million to \$5 million	15	17.6%	386	9.9%
Over \$5 million	7	8.2%	74	1.9%
Unable to determine	4	4.7%	344	8.8%
<b>Total</b>	<b>85</b>	<b>100.0%</b>	<b>3,909</b>	<b>100.0%</b>

Note: All reports in this table have evidence.

*Debts incurred while insolvent compared to available assets*

65 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 2016 to 30 June 2017)**

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	701	566	471	117	106	94	4	2,059	52.7%
\$250,001 to less than \$1 million	281	194	215	113	122	117	4	1,046	26.8%
\$1 million to \$5 million	80	39	58	27	47	126	9	386	9.9%
Over \$5 million	21	3	8	1	5	30	6	74	1.9%

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
Unable to determine	115	60	72	22	19	55	1	344	8.8%
<b>Total</b>	<b>1,198</b>	<b>862</b>	<b>824</b>	<b>280</b>	<b>299</b>	<b>422</b>	<b>24</b>	<b>3,909</b>	<b>100.0%</b>

66 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 2016 to 30 June 2017)**

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	11	9	9	1	1	1	1	33	38.8%
\$250,001 to less than \$1 million	5	4	5	5	2	5	0	26	30.6%
\$1 million to \$5 million	3	1	0	1	4	6	0	15	17.6%
Over \$5 million	3	0	0	0	0	2	2	7	8.2%
Unable to determine	2	1	1	0	0	0	0	4	4.7%
<b>Total</b>	<b>24</b>	<b>15</b>	<b>15</b>	<b>7</b>	<b>7</b>	<b>14</b>	<b>3</b>	<b>85</b>	<b>100.0%</b>

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

67 The majority of reports (3,415 or 87.4%) alleging a civil breach had 50 or fewer unsecured creditors and, of these, 2,853 reports (or 73.0% of the total 3,909 reports) incurred debts of less than \$1 million. Only 1.2% (or 48 reports) were for a company with more than 200 unsecured creditors. Of these, only 27 incurred debts of \$1 million or more, and only 13 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 2016 to 30 June 2017)**

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	1,805	157	71	6	20	2,059	52.7%
\$250,001 to less than \$1 million	698	193	137	8	10	1,046	26.8%
\$1 million to \$5 million	166	67	139	14	0	386	9.9%
Over \$5 million	32	7	22	13	0	74	1.9%
Unable to determine	237	53	39	7	8	344	8.8%
<b>Total</b>	<b>2,938</b>	<b>477</b>	<b>408</b>	<b>48</b>	<b>38</b>	<b>3,909</b>	<b>100.0%</b>

68 The majority of reports (63 or 74.1%) alleging a criminal breach had 50 or less unsecured creditors and, of these, 47 reports (or 55.3% of the total 85 reports) incurred debts of less than \$1 million. Only 3.5% (or three reports) were for a company with more than 200 unsecured creditors. Of these, no reports incurred debts of over \$1 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 2016 to 30 June 2017)**

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	28	3	0	0	2	33	38.8%
\$250,001 to less than \$1 million	13	3	8	0	2	26	30.6%
\$1 million to \$5 million	5	0	7	3	0	15	17.6%
Over \$5 million	6	1	0	0	0	7	8.2%
Unable to determine	2	2	0	0	0	4	4.7%
<b>Total</b>	<b>54</b>	<b>9</b>	<b>15</b>	<b>3</b>	<b>4</b>	<b>85</b>	<b>100.0%</b>

**Period of alleged insolvency**

- 69 External administrators who advised that evidence existed for an alleged civil breach reported that, in 2,127 reports (or 54.4%), 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 2016 to 30 June 2017)**

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	1	1.2%	22	0.6%
1–3 months prior to appointment	4	4.7%	191	4.9%
4–9 months prior to appointment	21	24.7%	769	19.7%
10–15 months prior to appointment	16	18.8%	800	20.5%
16–24 months prior to appointment	13	15.3%	760	19.4%
Over 2 years prior to appointment	30	35.3%	1,367	35.0%
<b>Total</b>	<b>85</b>	<b>100.0%</b>	<b>3,909</b>	<b>100.0%</b>

Note: All reports in this table have evidence.

- 70 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.
- 71 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 (1,788 or 45.7% of reports for alleged civil breaches, and 39 or 45.9% for alleged criminal breaches);
  - trading history analysis (1,574 or 40.3% of reports for alleged civil breaches, and 33 or 38.8% for alleged criminal breaches); and
  - cash flow analysis (762 or 19.5% of reports for alleged civil breaches, and 24 or 28.2% for alleged criminal breaches).

**Table 25: Initial external administrators' reports—Basis for determining when the company became insolvent (1 July 2016 to 30 June 2017)**

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	24	28.2%	762	19.5%
Trading history analysis	33	38.8%	1,574	40.3%
Balance sheet analysis	39	45.9%	1,788	45.7%



Basis for determining insolvency	Number of reports alleging criminal breach	Percentage of reports	Number of reports alleging civil breach	Percentage of reports
Informed by director(s)	10	11.8%	345	8.8%
Other	45	52.9%	2,056	52.6%

Note: All reports in this table have evidence.

- 72 The answer 'Other' was selected as the basis for determining insolvency in 2,056 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 (1,174 reports);
  - (b) the presumption of insolvency under s588E (291 reports); and
  - (c) creditor claims and correspondence (198 reports).

### Reasonable grounds to suspect insolvency

- 73 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 three and four indicators for civil breaches and criminal breaches.
- 74 The top three indicators (see Table 26) were:
- (a) non-payment of statutory debts (e.g. PAYGW, SGC, GST) (3,002 or 76.8% of reports for alleged civil breaches, and 54 or 63.5% for alleged criminal breaches);
  - (b) difficulties paying debts when they fell due (e.g. evidenced by letters of demand, recovery proceedings, increasing age of accounts payable) (1,942 or 49.7% of reports for alleged civil breaches, and 39 or 45.9% for alleged criminal breaches); and
  - (c) financial statements that disclose a history of serious shortage of working capital and unprofitable trading (1,843 or 47.1% of reports for alleged civil breaches, and 38 or 44.7% for alleged criminal breaches).

**Table 26: Initial external administrators' reports—Indicators that director had reasonable grounds to suspect company insolvency (1 July 2016 to 30 June 2017)**

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	38	44.7%	1,843	47.1%

Indicators of insolvency	Number of reports alleging criminal breach	Percentage of reports	Number of reports alleging civil breach	Percentage of reports
Poor or deteriorating cash flow or evidence of dishonoured payments	30	35.3%	875	22.4%
Difficulties paying debts when they fell due (e.g. evidenced by letters of demand, recovery proceedings, increasing age of accounts payable)	39	45.9%	1,942	49.7%
Non-payment of statutory debts (e.g. PAYGW, SGC, GST)	54	63.5%	3,002	76.8%
Poor or deteriorating working capital	31	36.5%	1,390	35.6%
Increasing difficulties collecting debts	10	11.8%	390	10.0%
Overdraft and/or other finance facilities at their limit	15	17.6%	442	11.3%
Evidence of creditors attempting to obtain payment of outstanding debts	29	34.1%	1,076	27.5%
Other	19	22.4%	528	13.5%

Note: All reports in this table have evidence.

### Evidence of alleged dishonesty

- 75 In 65 of the 85 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 32 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

- 76 There were only 50 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, 35 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 2016 to 30 June 2017)**

Offence	Number of breaches
Criminal offence under the Corporations Act (if a member or contributory)	15
Criminal offence under another Commonwealth statute	12
Criminal offence under a state or territory law	23
<b>Total</b>	<b>50</b>

### Other possible misconduct

77 '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 2016–17 (0.6% of overall breaches).

**Table 28: Initial external administrators' reports—Other possible misconduct (1 July 2016 to 30 June 2017)**

Possible misconduct	Number of breaches
May have misapplied or retained, or may have become liable or accountable for, money or property of the company	62
May have been guilty of negligence, default, breach of duty or breach of trust in relation to the company	67
<b>Total</b>	<b>129</b>

### Referred to other authorities

78 For reports in 2016–17 where external administrators reported possible misconduct, 167 indicated the external administrator had referred, or was intending to refer, the matter to another authority. The highest number of referrals to another authority was to the Australian Taxation Office (105 reports); joint second were state or territory police (18 reports) and Fair Trading / Consumer Affairs (18 reports).

**Table 29: Initial external administrators' reports—Referred to other authorities (1 July 2016 to 30 June 2017)**

Authorities	Number
State or territory police	18

Authorities	Number
Australian Federal Police	2
Australian Crime Commission	1
Fair Trading / Consumer Affairs	18
Australian Taxation Office	105
Australian Consumer and Competition Commission	0
Other	23
<b>Total</b>	<b>167</b>

Note: In the 'Other' category, 23 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 2016 to 30 June 2017)**

Section of the Corporations Act	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Mining	Information media and telecommunication	Electricity, gas, water and waste services	Wholesale	Professional, scientific and technical services	Other industries	Total
Section 184 Good faith, use of position and use of information—Directors', officers' and employees' duties	43	48	11	14	19	6	10	8	6	6	7	4	41	223
Section 206A Disqualified persons not to manage corporations	6	5	2	0	2	2	1	0	0	0	3	1	1	23
Sections 286 and 344(2) Obligation to keep financial records	63	40	24	16	23	5	7	1	5	5	4	3	31	227
Section 471A Powers of other officers suspended during winding up	7	5	1	1	1	1	1	0	1	0	0	0	5	23
Section 588G(3) Insolvent trading	18	31	10	12	12	1	6	2	1	4	4	1	15	117
Section 590 Offences by officers or employees	26	26	9	6	12	3	8	4	1	2	3	2	21	123
Section 596AB Agreements to avoid employee entitlements	7	8	1	1	1	2	0	1	0	0	0	0	1	22
Other criminal offences under the Corporations Act	18	13	4	3	8	0	7	1	0	1	1	3	7	66
<b>Total for industry</b>	<b>188</b>	<b>176</b>	<b>62</b>	<b>53</b>	<b>78</b>	<b>20</b>	<b>40</b>	<b>17</b>	<b>14</b>	<b>18</b>	<b>22</b>	<b>14</b>	<b>122</b>	<b>824</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 2016 to 30 June 2017)**

Section of the Corporations Act	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Mining	Information media and telecommunications	Electricity, gas, water and waste services	Wholesale trade	Professional, scientific and technical services	Other industries	Total
Section 180 Care and diligence—Directors' and officers' duties	1,166	826	410	268	227	151	98	92	75	67	63	67	308	3,818
Section 181 Good faith—Directors' and officers' duties	614	453	198	150	123	83	62	42	45	34	38	36	209	2,087
Section 182 Use of position—Directors', officers' and employees' duties	343	270	80	65	65	55	43	24	25	26	29	22	113	1,160
Section 183 Use of information—Directors', officers' and employees' duties	95	75	15	20	26	20	11	8	6	8	13	5	36	338
Sections 286 and 344(1) Obligation to keep financial records	1,118	693	418	230	216	89	90	42	61	50	59	47	222	3,335
Section 588G(1)–(2) Insolvent trading	1,391	1,077	607	382	321	197	97	104	102	95	85	90	330	4,878
<b>Total for industry</b>	<b>4,727</b>	<b>3,394</b>	<b>1,728</b>	<b>1,115</b>	<b>978</b>	<b>595</b>	<b>401</b>	<b>312</b>	<b>314</b>	<b>280</b>	<b>287</b>	<b>267</b>	<b>1,218</b>	<b>15,616</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 2016 to 30 June 2017)**

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 184 Good faith, use of position and use of information—Directors', officers' and employees' duties	1	1	80	66	2	1	53	42	10	9	2	2	46	39	29	27	223	187
Section 206A Disqualified persons not to manage corporations	0	0	12	10	0	0	4	2	2	2	0	0	4	2	1	1	23	17
Sections 286 and 344(2) Obligation to keep financial records	0	0	136	94	0	0	42	27	5	1	1	0	26	18	17	11	227	151
Section 471A Powers of other officers suspended during winding up	0	0	6	5	0	0	10	7	1	1	1	1	5	4	0	0	23	18
Section 588G(3) Insolvent trading	0	0	43	25	0	0	38	30	9	6	3	2	16	13	8	8	117	84
Section 590 Offences by officers or employees	0	0	56	49	0	0	25	19	7	6	2	2	25	22	8	7	123	105
Section 596AB Agreements to avoid employee entitlements	0	0	5	3	0	0	7	6	5	5	0	0	4	4	1	1	22	19
Other criminal offences under the Corporations Act	0	0	18	18	2	2	22	19	5	5	0	0	16	14	3	2	66	60
<b>Total</b>	<b>1</b>	<b>1</b>	<b>356</b>	<b>270</b>	<b>4</b>	<b>3</b>	<b>201</b>	<b>152</b>	<b>44</b>	<b>35</b>	<b>9</b>	<b>7</b>	<b>142</b>	<b>116</b>	<b>67</b>	<b>57</b>	<b>824</b>	<b>641</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 2016 to 30 June 2017)**

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	45	41	1,551	1,175	17	10	744	597	138	132	15	12	793	632	514	329	3,817	2,928
Section 181 Good faith—Directors' and officers' duties	36	35	756	598	7	6	422	361	69	63	11	10	446	348	340	186	2,087	1,607
Section 182 Use of position—Directors', officers' and employees' duties	18	17	424	369	3	3	217	188	39	35	9	9	299	250	151	101	1,160	972
Section 183 Use of information—Directors', officers' and employees' duties	7	7	119	102	0	0	70	59	10	9	5	5	89	75	38	32	338	289
Sections 286 and 344(1) Obligation to keep financial records	64	41	1,514	992	23	21	470	341	88	70	15	12	852	587	308	154	3,334	2,218
Section 588G(1)–(2) Insolvent trading	96	73	1,929	1,442	32	29	915	799	225	210	30	28	1,098	925	552	370	4,877	3,876
<b>Total</b>	<b>266</b>	<b>214</b>	<b>6,293</b>	<b>4,678</b>	<b>82</b>	<b>69</b>	<b>2,838</b>	<b>2,345</b>	<b>569</b>	<b>519</b>	<b>85</b>	<b>76</b>	<b>3,577</b>	<b>2,817</b>	<b>1,903</b>	<b>1,172</b>	<b>15,613</b>	<b>11,890</b>

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



## Books and records

- 79 External administrators indicated they obtained or inspected the company's books and records in 6,237 reports (80.3%) in 2016–17. Of these, 3,456 reports (44.5%) indicated that the company's books and records were considered adequate.

## Assetless Administration Fund

- 80 In 2016–17, 653 of the 7,272 reports by a liquidator (see Table 8) indicated the liquidator had applied, or intended applying, for funding from the AA Fund.
- 81 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.

Note: See [REP 532](#) at paragraphs 115–120 for commentary on how we applied money from the AA Fund.

## Liabilities and assets

- 82 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

- 83 In 60.7% of reports, companies had estimated assets of \$10,000 or less; 84.4% of reports indicated companies had estimated assets of \$100,000 or less.
- 84 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 (68.9%), Accommodation and food services (65.3%) and Professional, scientific and technical services (63.3%).
- 85 In 39.9% of reports, the external administrator reported the administration as assetless. Of the top 12 industries, those that most exceeded this percentage for assetless administrations (39.9%) were Other (business and personal) services (46.5%) and Rental, hiring and real estate (44.9%) and Accommodation and food services (40.4%).

- 86 In 9.6% of reports, estimated assets were over \$250,000. Of the top 12 industries, those well above this percentage were Mining (25.8%), Rental, hiring and real estate services (19.5%), Manufacturing (15.6%), Wholesale trade (13.9%), and Transport, postal and warehousing (13.6%).

Note: Five industries in the 'Other industries' category exceeded this percentage (9.6%) but made up only 4.6% of all reports. The three industries that most exceeded this average were FIS—Managed investments (27.5%), Agriculture, forestry and fishing (19.4%) and Health care and social assistance (19.0%).

## Liabilities

- 87 In 42.7% of reports, the estimated liabilities of failed companies were \$250,000 or less, and 75.9% indicated estimated liabilities of less than \$1 million.
- 88 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 (51.4%), Professional, scientific and technical services (46.7%) and Information, media and telecommunications (44.0%).
- 89 Of the top 12 industries with estimated liabilities over \$10 million, Mining (25.8%) and Electricity, gas, water and waste services (5.9%) and Information, media and telecommunications (5.4%), most exceeded the proportion of reports in that category across all industries of 4.0%.

Note: In the 'Other industries' category Education and training (20.7%), FIS—Managed investments (12.5%), FIS—Insurance (7.7%), Health care and social assistance (6.0%), Agriculture, forestry and fishing (5.6%) and FIS—Other services (4.2%) each exceeded this percentage across all industries (4.0%) but comprised only 6.3% of all reports.

## Deficiency

- 90 Across all industries, 45.8% of reports estimated the shortfall between estimated assets and estimated liabilities of \$250,000 or less, while 63.9% 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 (54.3%), Professional, scientific and technical services (49.3%) and Information media and telecommunication (47.0%).
- 91 Only 3.6% 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 (24.2%), Electricity, gas, water and waste services (5.3%) and Information media and telecommunication (4.8%).

Note: Six industries grouped in the 'Other industries' category exceeded this percentage across all industries (3.6%). The three industries that most exceeded this average were Education and training (19.8%), FIS—Managed investments (10.0%) and FIS—Insurance (7.7%). However, when combined, all six industries comprised only 5.4% of reports.

**Table 34: Initial external administrators' reports—Amount of assets and liabilities by industry (1 July 2016 to 30 June 2017)**

Assets and liabilities categories	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate	Mining	Information media and telecommunications	Electricity, gas, water and waste services	Wholesale trade	Professional, scientific and technical services	Other industries	Total	Percentage of total
Less than \$1 in assets	1,036	617	357	213	164	79	92	63	51	49	52	60	263	3,096	39.9%
\$1–\$10,000 in assets	500	303	220	140	86	60	32	29	46	34	23	35	112	1,620	20.9%
\$10,001–\$20,000 in assets	189	150	108	45	41	30	7	11	13	16	11	8	46	675	8.7%
\$20,001–\$30,000 in assets	75	59	43	34	25	12	6	6	11	4	14	3	28	320	4.1%
\$30,001–\$50,000 in assets	106	84	45	49	25	27	10	6	9	8	7	6	36	418	5.4%
\$50,001–\$100,000 in assets	97	93	45	42	25	27	5	15	12	11	10	11	34	427	5.5%
\$100,001–\$250,000 in assets	97	118	28	31	39	30	13	17	12	15	13	11	41	465	6.0%
\$250,001–\$5 million in assets	122	174	36	40	59	47	38	42	11	12	20	15	73	689	8.9%
Over \$5 million in assets	8	13	2	2	5	2	2	9	3	3	1	1	4	55	0.7%
<b>Total assets for industry</b>	<b>2,230</b>	<b>1,611</b>	<b>884</b>	<b>596</b>	<b>469</b>	<b>314</b>	<b>205</b>	<b>198</b>	<b>168</b>	<b>152</b>	<b>151</b>	<b>150</b>	<b>637</b>	<b>7,765</b>	<b>100.0%</b>
\$1–\$250,000 in liabilities	1,147	661	383	234	190	96	67	41	74	65	47	70	239	3,314	42.7%
\$250,001–less than \$1 million in liabilities	698	476	371	244	162	133	71	48	46	49	46	47	186	2,577	33.2%
\$1 million–less than \$5 million in liabilities	301	343	102	94	89	67	51	40	34	27	46	20	127	1,341	17.3%
\$5 million–\$10 million in liabilities	34	61	13	13	11	6	10	18	5	2	7	9	36	225	2.9%
Over \$10 million in liabilities	50	70	15	11	17	12	6	51	9	9	5	4	49	308	4.0%
<b>Total liabilities for industry</b>	<b>2,230</b>	<b>1,611</b>	<b>884</b>	<b>596</b>	<b>469</b>	<b>314</b>	<b>205</b>	<b>198</b>	<b>168</b>	<b>152</b>	<b>151</b>	<b>150</b>	<b>637</b>	<b>7,765</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 2016 to 30 June 2017)**

Deficiency categories	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Mining	Information media and telecommunications	Electricity, gas, water and waste services	Wholesale trade	Professional, scientific and technical services	Other industries <sup>1</sup>	Total	Percentage of total
\$0–\$50,000	305	180	62	52	54	19	27	16	22	18	10	16	71	852	11.0%
\$50,001–\$250,000	906	529	342	204	152	89	56	32	57	51	39	58	190	2,705	34.8%
\$250,001–less than \$500,000	396	241	215	130	92	69	34	19	28	29	22	28	100	1,403	18.1%
\$500,000–less than \$1 million	272	223	144	105	69	57	30	30	15	22	25	17	83	1,092	14.1%
\$1 million–less than \$5 million	273	320	97	84	80	63	47	40	33	21	44	23	115	1,240	16.0%
\$5 million–\$10 million	30	60	10	13	8	5	5	13	5	3	6	4	34	196	2.5%
Over \$10 million	48	58	14	8	14	12	6	48	8	8	5	4	44	277	3.6%
<b>Total for industry</b>	<b>2,230</b>	<b>1,611</b>	<b>884</b>	<b>596</b>	<b>469</b>	<b>314</b>	<b>205</b>	<b>198</b>	<b>168</b>	<b>152</b>	<b>151</b>	<b>150</b>	<b>637</b>	<b>7,765</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

92 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 2016 to 30 June 2017)**

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	228	2.9%	149	1.9%	141	1.8%	95	1.2%	119	1.5%
\$1,001–\$10,000	670	8.7%	640	8.3%	402	5.2%	133	1.7%	168	2.2%
\$10,001–\$50,000	354	4.6%	630	8.1%	420	5.4%	179	2.3%	291	3.8%
\$50,001–\$150,000	140	1.8%	228	2.9%	136	1.8%	166	2.1%	134	1.7%
\$150,001–\$250,000	30	0.4%	53	0.7%	45	0.6%	71	0.9%	21	0.3%
\$250,001–\$500,000	28	0.4%	35	0.5%	26	0.3%	61	0.8%	12	0.2%
\$500,001–less than \$1.5 million	15	0.2%	13	0.2%	9	0.1%	25	0.3%	4	0.1%
\$1.5 million–\$5 million	2	0.0%	3	0.0%	3	0.0%	3	0.0%	1	0.0%
Over \$5 million	1	0.0%	0	0.0%	3	0.0%	3	0.0%	2	0.0%
Not applicable	6,276	81.0%	5,993	77.4%	6,559	84.7%	7,008	90.5%	6,992	90.3%
<b>Total</b>	<b>7,744</b>	<b>100.0%</b>	<b>7,744</b>	<b>100.0%</b>	<b>7,744</b>	<b>100.0%</b>	<b>7,744</b>	<b>100.0%</b>	<b>7,744</b>	<b>100.0%</b>

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

### Unpaid wages

93 Unpaid wages were 'not applicable' in 81.0% of reports. In 11.6% of reports, external administrators estimated unpaid wages at between \$1 and \$10,000. Categories from \$10,001 to over \$5 million comprised 7.4% of reports.

### Unpaid annual leave

94 In all, 77.4% of reports showed unpaid annual leave as 'not applicable'. In 10.2% of cases, employees were owed \$1 to \$10,000, and 18.3% of companies owed \$50,000 or less. In 4.3% of reports, entitlements for unpaid annual leave were in the 'over \$50,000' category.

### Unpaid pay in lieu of notice

- 95 Unpaid pay in lieu of notice was 'not applicable' in most cases (84.7%). Only 2.9% of reports showed entitlements for unpaid pay in lieu of notice in the 'over \$50,000' category.

### Unpaid redundancy

- 96 Unpaid redundancy was 'not applicable' in 90.5% of reports. In all, 2.9% 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

- 97 Employees were owed \$1 to \$10,000 in unpaid long service leave in 3.7% 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 (90.3%) indicated a long service leave debt was 'not applicable'.

### Unpaid superannuation

- 98 Due to the different value categories of superannuation entitlements, these figures are shown separately in Table 37. A majority (59.4%) of reports show unpaid superannuation as 'not applicable'.

**Table 37: Initial external administrators' reports—Amounts owed in unpaid superannuation entitlements (1 July 2016 to 30 June 2017)**

Amount owed	Number	Percentage
\$1–\$100,000	2,561	33.0%
\$100,001–\$250,000	412	5.3%
\$250,001–\$1 million	164	2.1%
Over \$1 million	18	0.2%
Not applicable	4,610	59.4%
<b>Total</b>	<b>7,765</b>	<b>100.0%</b>

Note: No reports were identified as being internally inconsistent.

## Secured creditors

- 99 Table 38 and Figure 3 show the amounts owed to secured creditors by industry. Most reports for 2016–17 (66.7%) indicated secured creditors were owed nothing.
- 100 A significant proportion (25.2%) of 2016–17 reports showed secured creditors were owed between \$1 and less than \$1 million.
- 101 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 (91.8%) was most exceeded by Other (business and personal) services (95.9%), Retail trade (94.3%) and Accommodation and food services (94.1%).
- 102 In 1.9% of reports, the company owed secured creditors more than \$10 million.
- 103 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 (1.9%) were Mining (18.2%), Electricity, gas, water and waste services (4.6%) and Transport, postal and warehousing (2.8%).

Note: One industry grouped in the 'Other industries' category exceeded the percentage (1.9%) across all industries. The industry that most exceeded this percentage was Health care and social assistance with 6.0% of reports

## Unpaid taxes and charges

- 104 Most reports (78.5%) indicated that the amount of unpaid taxes and charges was \$250,000 or less: see Table 39.
- 105 Of the top 12 industries, the three that most exceeded this percentage of reports owing \$250,000 or less in unpaid taxes and charges (78.5%) were Retail trade (86.2%), Accommodation and food services (82.7%), and Professional, scientific and technical services (82.0%).
- 106 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 (4.6%) were Mining (13.6%), Construction (6.5%), and Information media and telecommunications (6.0%).

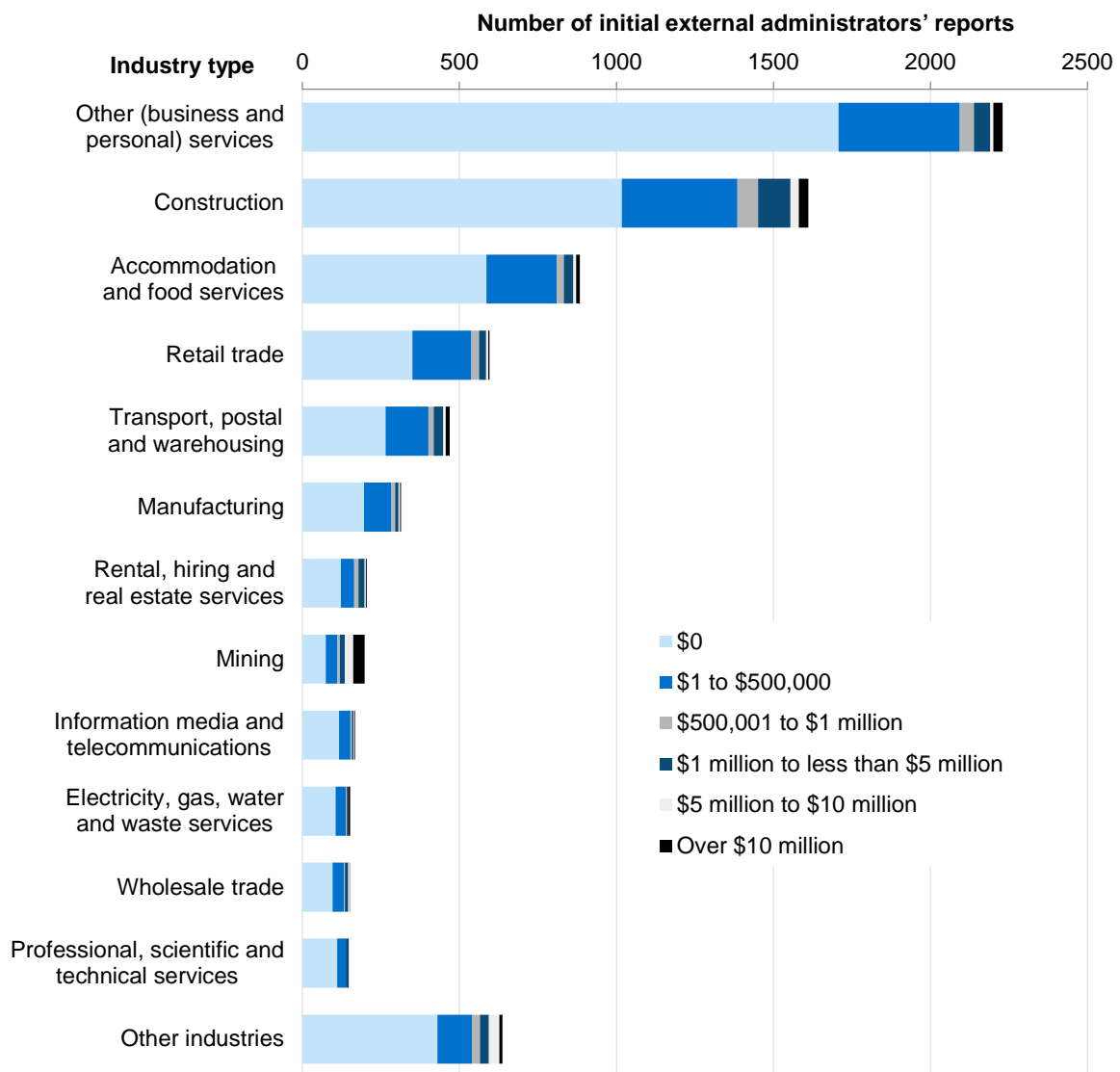
Note: In the 'Other industries' category, Administrative and support services (9.8%), FIS—Other financial services (8.3%), and Agriculture, forestry and fishing (5.6%) exceeded this percentage across all industries (4.6%), but comprised only 3.6% of all reports.

**Table 38: Initial external administrators' reports—Amount owed to secured creditors by industry (1 July 2016 to 30 June 2017)**

Amount owed	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Mining	Information media and telecommunication	Electricity, gas, water and waste services	Mining	Professional, scientific and technical services	Other industries	Total	Percentage of total
\$0	1,708	1,017	586	350	265	196	122	74	116	106	96	111	430	5,177	66.7%
\$1–less than \$500,000	386	368	224	188	136	87	43	38	37	32	36	27	110	1,712	22.0%
\$500,000–less than \$1 million	45	66	22	24	17	12	13	7	5	3	3	0	25	242	3.1%
\$1 million–less than \$5 million	52	103	31	23	30	11	20	16	6	3	11	10	29	345	4.4%
\$5 million–\$10 million	10	27	9	7	8	5	4	27	2	1	4	2	33	139	1.8%
Over \$10 million	29	30	12	4	13	3	3	36	2	7	1	0	10	150	1.9%
<b>Total for industry</b>	<b>2,230</b>	<b>1,611</b>	<b>884</b>	<b>596</b>	<b>469</b>	<b>314</b>	<b>205</b>	<b>198</b>	<b>168</b>	<b>152</b>	<b>151</b>	<b>150</b>	<b>637</b>	<b>7,765</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 2016 to 30 June 2017)**

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 2016 to 30 June 2017)**

Amount owed	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Mining	Information media and telecommunications	Electricity, gas, water and waste services	Wholesale trade	Professional, scientific and technical services	Other industries	Total	Percentage of total
\$0	347	185	83	93	63	36	38	54	25	18	29	26	129	1,126	14.5%
\$1–\$250,000	1,410	1,011	648	421	295	206	117	85	106	102	90	97	384	4,972	64.0%
\$250,001–\$1 million	370	311	135	67	92	66	42	32	27	23	28	19	95	1,307	16.8%
Over \$1 million	103	104	18	15	19	6	8	27	10	9	4	8	29	360	4.6%
<b>Total for industry</b>	<b>2,230</b>	<b>1,611</b>	<b>884</b>	<b>596</b>	<b>469</b>	<b>314</b>	<b>205</b>	<b>198</b>	<b>168</b>	<b>152</b>	<b>151</b>	<b>150</b>	<b>637</b>	<b>7,765</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

- 107 Most reports for 2016–17 (89.8%) 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 Other (business and personal) services (95.0%), Accommodation and food services (93.3%), and Rental, hiring and real estate services (93.2%): see Table 40.

Note: Three industries grouped in the 'Other industries' category exceeded the average 89.8% across all industries. These industries were: FIS—Credit provider (100.0%), FIS—Deposit taking institutions (100.0%), and Public administration and safety (100.0%).

### Amount owed to unsecured creditors

- 108 The majority (63.8%) 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 (73.7%), Transport, postal and warehousing (68.7%) and Accommodation and food services (68.4%).
- 109 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 Construction (36 reports), Other (business and personal) services (27 reports) and Mining (21 reports).

### Amounts owed to related parties

- 110 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 Mining (32.3%), Information media and telecommunications (26.8%), and Wholesale trade (25.2%).

Note: A number of industries grouped in the 'Other industries' category exceeded the average 18.7%. The top three of these were FIS—Insurance (38.5%), FIS—Managed investments (25.0%) and FIS—Credit provider (25.0%).

### Cents in the dollar dividend

- 111 The dividend estimated as payable to unsecured creditors was less than 11 cents in the dollar for most reports (96.3%). Of the top 12 industries, the top three with an estimated return of less than 11 cents in the dollar were Accommodation and food services (99.1%), Retail trade (97.8%), Information, media and telecommunications, and Transport, postal and warehousing (97.0%). 'Other industries' includes three industries where

100.0% estimated less than 11 cents in the dollar: Arts and recreation services (73 reports), FIS—Credit providers (eight reports), and FIS—Deposit taking institutions (one report).

- 112 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 (3.4%), Mining (2.0%) and Manufacturing (1.6%), 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 (14.3%), Public administration and safety (9.1%), FIS—Insurance (7.7%), FIS—Managed investments (5.0%), Health care and social assistance (3.6%), Administrative and support services (2.0%), and Agriculture, forestry and fishing (1.9%). However, when combined, these industries made up only 5.6% 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 2016 to 30 June 2017)**

	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Mining	Information media and telecommunications	Electricity, gas, water and waste services	Wholesale trade	Professional, scientific and technical services	Other industries	Total	Percentage of total
<b>Number of unsecured creditors</b>															
Less than 25	2,005	1,218	712	432	381	199	177	138	134	123	113	127	502	6,261	80.6%
25–50	113	152	113	91	45	47	14	27	14	12	17	10	54	709	9.1%
51–200	58	185	38	62	31	57	4	24	14	13	18	10	38	552	7.1%
More than 200	5	26	1	4	2	5	3	5	2	0	1	0	27	81	1.0%
Unknown	49	30	20	7	10	6	7	4	4	4	2	3	16	162	2.1%
<b>Total for industry</b>	<b>2,230</b>	<b>1,611</b>	<b>884</b>	<b>596</b>	<b>469</b>	<b>314</b>	<b>205</b>	<b>198</b>	<b>168</b>	<b>152</b>	<b>151</b>	<b>150</b>	<b>637</b>	<b>7,765</b>	<b>100.0%</b>
<b>Amount owed to unsecured creditors</b>															
Less than \$250,000	1,643	944	605	347	322	162	119	79	104	93	72	101	362	4,953	63.8%
\$250,000–\$500,000	221	174	125	106	53	50	27	16	16	23	17	16	89	933	12.0%
\$500,001–less than \$1 million	169	161	95	65	37	41	23	28	15	11	21	12	52	730	9.4%
\$1 million–less than \$5 million	157	253	54	68	51	51	32	39	24	21	35	17	77	879	11.3%
\$5 million–\$10 million	13	43	3	8	3	4	3	15	2	2	3	1	15	115	1.5%
Over \$10 million	27	36	2	2	3	6	1	21	7	2	3	3	42	155	2.0%
<b>Total for industry</b>	<b>2,230</b>	<b>1,611</b>	<b>884</b>	<b>596</b>	<b>469</b>	<b>314</b>	<b>205</b>	<b>198</b>	<b>168</b>	<b>152</b>	<b>151</b>	<b>150</b>	<b>637</b>	<b>7,765</b>	<b>100.0%</b>
<b>Amount owed to related parties</b>															
Less than 50% owed to related parties	394	222	200	130	62	73	50	64	45	23	38	32	122	1,455	<b>18.7%</b>
Percentage of reports lodged for industry	<b>17.7%</b>	<b>13.8%</b>	<b>22.6%</b>	<b>21.8%</b>	<b>13.2%</b>	<b>23.2%</b>	<b>24.4%</b>	<b>32.3%</b>	<b>26.8%</b>	<b>15.1%</b>	<b>25.2%</b>	<b>21.3%</b>	<b>19.2%</b>	<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 2016 to 30 June 2017)**

Cents in the dollar dividend	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Mining	Information media and telecommunications	Electricity, gas, water and waste services	Wholesale trade	Professional, scientific and technical	Other industries	Total	Percentage of total
0 cents	2,082	1,454	847	567	431	283	181	169	154	134	127	135	574	7,138	91.9%
Greater than 0 but less than 11 cents	64	95	29	16	24	14	13	10	9	7	16	8	38	343	4.4%
11–20 cents	21	29	2	6	7	4	4	7	1	3	3	1	7	95	1.2%
21–50 cents	33	19	6	5	5	8	0	8	3	7	4	4	5	107	1.4%
51–100 cents	30	14	0	2	2	5	7	4	1	1	1	2	13	82	1.1%
<b>Total for industry</b>	<b>2,230</b>	<b>1,611</b>	<b>884</b>	<b>596</b>	<b>469</b>	<b>314</b>	<b>205</b>	<b>198</b>	<b>168</b>	<b>152</b>	<b>151</b>	<b>150</b>	<b>637</b>	<b>7,765</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

- 113 External administrators expected to complete their administration within six months of the date of lodging their report in 62.8% 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 2016 to 30 June 2017)**

Expected time	Number	Percentage
0 months to less than 3 months	2,370	30.5%
3 months to less than 6 months	2,506	32.3%
6 months to 1 year	2,174	28.0%
Over 1 year	715	9.2%
<b>Total</b>	<b>7,765</b>	<b>100.0%</b>

## Proposed action

### Public examinations

- 114 In 269 reports (3.5%), 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.
- 115 In 28 reports (0.4%), the external administrator noted that they already had held a public examination.

### Recovery proceedings

- 116 In 2,824 reports (36.4%), 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.

**Table 43: Initial external administrators' reports—Expected type of recovery proceeding (1 July 2016 to 30 June 2017)**

Proceeding type	Number	Percentage
Insolvent trading	1,516	19.5%
Uncommercial transaction	679	8.7%

Proceeding type	Number	Percentage
Unfair preferences	1,600	20.6%
Other	381	4.9%

## Company officers

- 117 External administrators advised in 663 reports (8.5%) that, in their opinion, there were shadow directors.

## External administrators' remuneration

- 118 Excluding the \$0 and 'not applicable' results, the most common category of an external administrator's estimated collectible fees was 'liquidator fees', with 5,438 reports. Of these, 4,676 reports (60.2%) estimated collectible liquidator fees between \$1 and \$50,000.
- 119 Of the reports answering the voluntary administration fees question, 561 estimated the collectible fees to be between \$1 and \$50,000: see Table 44.

**Table 44: Initial external administrators' reports—External administrators' remuneration (1 July 2016 to 30 June 2017)**

Remuneration	Voluntary administration fees		Deed of company arrangement fees		Liquidator fees		Receiver/controller fees	
	No.	%	No.	%	No.	%	No.	%
\$0	704	9.1%	685	8.8%	2,008	25.9%	704	9.1%
\$1–\$50,000	561	7.2%	84	1.1%	4,676	60.2%	32	0.4%
\$50,001–\$100,000	197	2.5%	22	0.3%	481	6.2%	6	0.1%
\$100,001–\$250,000	127	1.6%	8	0.1%	229	2.9%	6	0.1%
Over \$250,000	51	0.7%	7	0.1%	52	0.7%	14	0.2%
Not applicable	6,125	78.9%	6,959	89.6%	319	4.1%	7,003	90.2%
<b>Total</b>	<b>7,765</b>	<b>100.0%</b>	<b>7,765</b>	<b>100.0%</b>	<b>7,765</b>	<b>100.0%</b>	<b>7,765</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

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

**Table 45: Total external administrators' reports by lodgement type (1 July 2008 to 30 June 2017)**

Financial year	Electronic—direct	Electronic—Staff portal	Manual
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%)
2016–17	8,283 (98.3%)	4 (0.0%)	138 (1.6%)

Note: This is the data contained in Figure 1.

**Table 46: Initial external administrators' reports by region (1 July 2016 to 30 June 2017)**

Region	Number	Percentage
New South Wales	2,805	36.1%
Victoria	1,906	24.6%
Queensland	1,615	20.8%
Western Australia	904	11.6%
South Australia	306	3.9%
Australian Capital Territory	123	1.6%
Tasmania	57	0.7%
Northern Territory	46	0.6%

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
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
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
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

Term	Meaning in this document
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 s20-30 of Sch 2 to the Corporations Act
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).