

# Corporate insolvencies: September quarter 2017

## Quarterly result

ASIC's quarterly insolvency statistics for the first quarter of the 2017/18 financial year, shows a decrease of 5.1% in companies entering external administration (EXAD). Appointments totalled 2,087 compared to 2,198 in the previous quarter.

The quarterly total was 9.2% lower than the 2016 September quarter (2,299) (see [Table 1](#)).

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

## Appointment type

A decrease in Court liquidation appointments (down 8.8% nationally) was mainly attributable to a decrease in Western Australia (down 52 appointments or 37.4%). Smaller rises in Victoria (up 6.1%), Queensland (up 6.5%) and South Australia (up 19%) were offset by a fall in New South Wales (down 8.6%).

Director-initiated winding up appointments were relatively static (down 0.4%) with falls in Victoria (down 19.9%) and Western Australia (down 12.4%) offset by a rise in appointments in New South Wales (up 11%) and Queensland (up 19.6%).

Receivership appointments fell 25% nationally; mainly due to falls in Western Australia (down 39.4%), New South Wales (down 34.4%) and Victoria (down 30.2%).

Appointments of voluntary administrators decreased nationally by 4.9%. Falls in Victoria (down 16.5%) and New South Wales (down 6.9%) were partially offset by a rise in South Australia (up 100%).

## Regional statistics

Compared to the June 2017 quarter, results for the September quarter (down 5.1%) were driven by Victoria (down 13.1% or 85 appointments), Western Australia (down 23% or 71 appointments) and partially offset by Queensland (up 11.5% or 43 appointments).

## Industry statistics

Table 4 summarises ASIC's statistics for the first quarter of the 2017/18 financial year for the top 10 industries in which companies entering external administration operate or formerly operated.

## Tables and charts

**Table 1— Companies entering into EXAD in September quarter 2016**

Month	2016	2017	% change
July	771	719	-6.7%
August	812	741	-8.7%
September	716	627	-12.4%
<b>Total</b>	<b>2,299</b>	<b>2,087</b>	<b>-9.2%</b>

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

State / territory	Sep Qtr 2016	Jun Qtr 2017	Sep Qtr 2017	%	% change Sep Qtr 2016	% change Jun Qtr 2017
NSW	776	714	721	34.5%	-7.1%	1.0%
VIC	608	649	564	27.0%	-7.2%	-13.1%
QLD	504	374	417	20.0%	-17.3%	11.5%
SA	83	81	86	4.1%	3.6%	6.2%
WA	261	309	238	11.4%	-8.8%	-23.0%
TAS	12	12	9	0.4%	-25.0%	-25.0%
NT	15	20	12	0.6%	-20.0%	-40.0%
ACT	40	39	40	1.9%	0.0%	2.6%
<b>Total</b>	<b>2,299</b>	<b>2,198</b>	<b>2,087</b>	<b>100.0%</b>	<b>-9.2%</b>	<b>-5.1%</b>

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

**Table 3 — Analysis by appointment type – quarter ended September 2017\***

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

Appointment type	Sep Qtr 2016	Jun Qtr 2017	Sep Qtr 2017	% change Sep Qtr 2016	% change Jun Qtr 2017
Court liquidations (1)	824	634	578	-29.9%	-8.8%
Creditors' voluntary liquidations	1,037	1,098	1,094	5.5%	-0.4%
Receiverships (2)	127	156	117	-7.9%	-25.0%
Voluntary administrations	311	309	294	-5.5%	-4.9%
<b>Total</b>	<b>2,299</b>	<b>2,197</b>	<b>2,083</b>	<b>-9.4%</b>	<b>-5.2%</b>

(1) includes provisional liquidations

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

(3) excludes Foreign/RAB wind-up

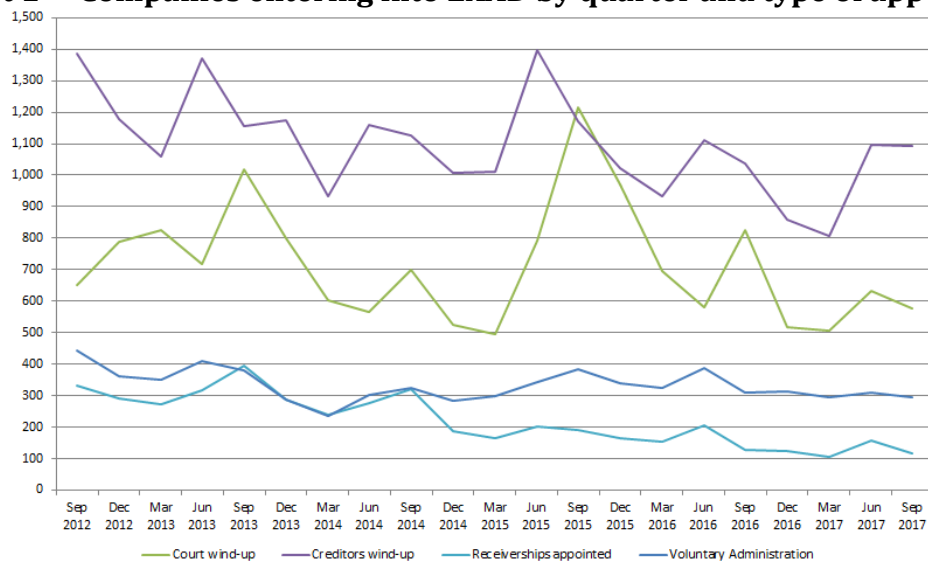
**Table 4 — Analysis by industry type – quarter ended September 2017**

Top 10 Industries	Sep Qtr 2016	Jun Qtr 2016	Sep Qtr 2017	% change Sep Qtr 2016	% change Jun Qtr 2017
Other (business & personal) services	837	776	773	-7.6%	-0.4%
Construction	378	403	387	2.4%	-4.0%
Accommodation & food services	230	227	252	9.6%	11.0%
Retail trade	155	155	160	3.2%	3.2%
Transport, postal & warehousing	134	95	100	-25.4%	5.3%
Manufacturing	86	65	57	-33.7%	-12.3%
Wholesale trade	26	34	41	57.7%	20.6%
Rental, hiring & real estate services	43	39	38	-11.6%	-2.6%
Electricity, gas, water & waste services	41	47	33	-19.5%	-29.8%
Information media & tele- communications	33	61	32	-3.0%	-47.5%
Other industries	295	244	184	-37.6%	-24.6%
Unknown	41	52	30	-26.8%	-42.3%
<b>Total</b>	<b>2,299</b>	<b>2,198</b>	<b>2,087</b>	<b>-9.2%</b>	<b>-5.1%</b>

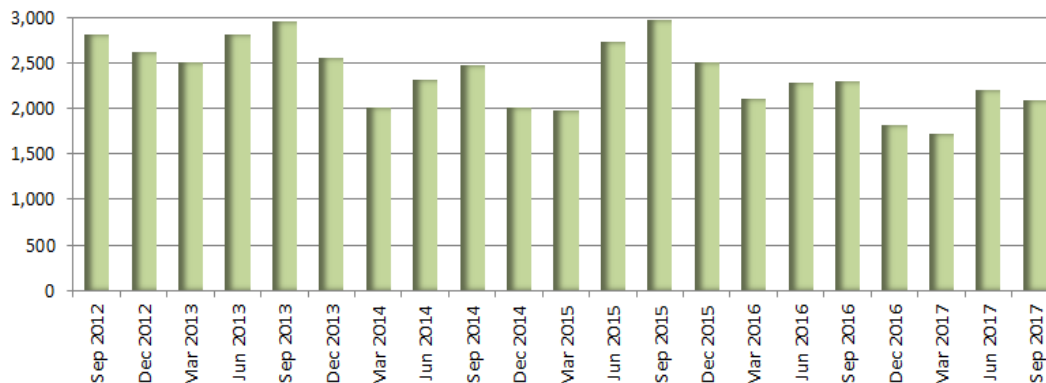
NB: Industry classification information aligns with the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) divisions. Due to ASIC's regulatory role in the financial and insurance services industry, we divided this industry classification into six sub-categories.

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

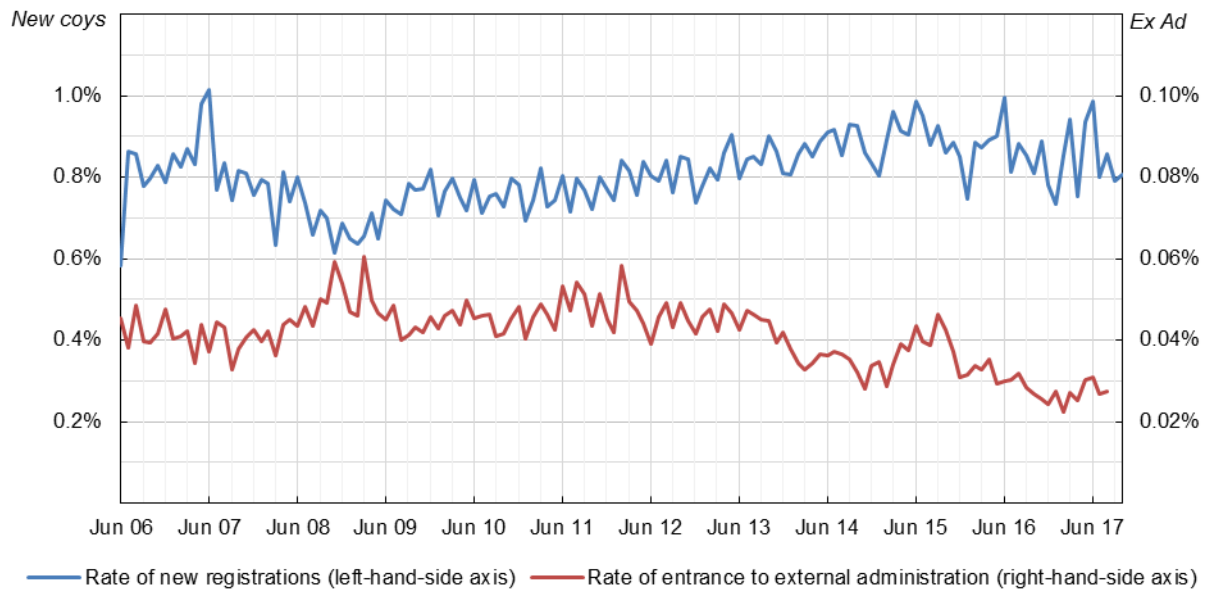
**Chart 1— Companies entering into EXAD by quarter and type of appointment**



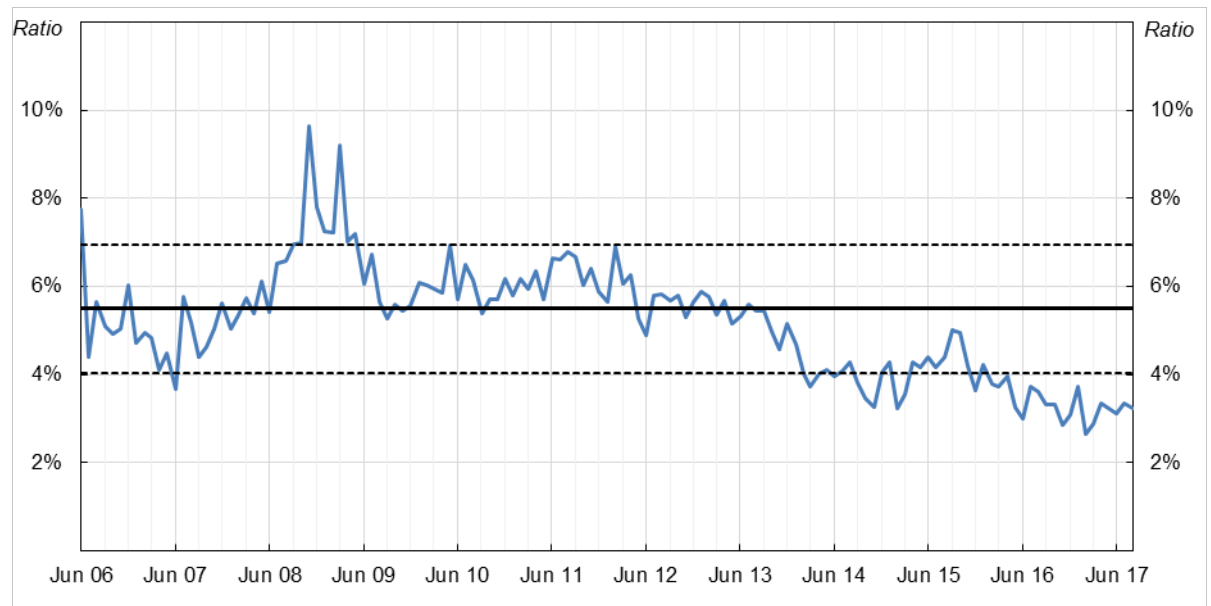
**Chart 2 — Companies entering EXAD by quarter**



**Chart 3 — Rate of new company registrations (to October 2017) and rate of insolvencies (EXADs) (to August 2017) per month as a percentage of total companies incorporated:**



**Chart 4 — Ratio of EXADs to new business registrations (to August 2017):**



## Background

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