

Corporate insolvencies: September quarter 2018

Quarterly result

ASIC's quarterly insolvency statistics for the September quarter of 2018/19 financial year, shows an increase from the previous quarter of 7.1% in companies entering external administration (EXAD). Appointments totalled 2,182 compared to 2,038 in the previous quarter. The quarterly total was 4.6% higher than the 2017 September quarter (2,087) (see [Table 1](#)).

The percentage of companies entering EXAD for the quarter, relative to new incorporations, continues to remain below 4%. (see Chart 5 — Ratio of EXADs to new business registrations).

Appointment type by State

Court liquidation appointments (up 10 appointments or 1.7%)

A rise in court liquidations mainly attributable to an increase in Queensland (up 33% or 37 appointments) was offset by decreases in Victoria (down 12 appointments or 6.3%), South Australia (down 8 appointments or 28.6%) and New South Wales (down 5 appointments or 2.7%).

Director-initiated winding up appointments (up 77 appointments or 7.3%)

The regions that experienced the greatest increase in appointments were Queensland (up 37 appointments or 18.1%), New South Wales (up 28 appointments or 7.9%), South Australia (up 18 appointments or 50%) and Western Australia (up 15 appointments or 14.2%). These were offset by decreases in Victoria (down 12 appointments or 4%).

Receivership appointments (up 38 appointments or 39.6%)

Receivership appointments increased in all but two states. The largest increases were in New South Wales (up 28 appointments or 164.7%), Victoria (up 7 appointments or 25%) and South Australia (up 5 appointments or 125%). These were partially offset by decreases in Queensland (down 5 appointments or 16.7%).

Voluntary administrators (up 33 appointments or by 11.8%)

Increases in New South Wales (up 25 appointments or 29.4%), Victoria (up 9 appointments or 12%) and Western Australia (up 3 appointments or 9.4%) were partially offset by decreases in Queensland (down 6 appointments or 9.7%) and South Australian (down 2 appointments or 14.3%).

Regional statistics

Strong increases in New South Wales (up 73 appointments or 11.3%) Queensland (up 62 appointments or 15.2%), South Australia (up 13 appointments or 15.9%) and Western Australia (up 12 appointments or 5.4%) drove the overall increase of 7.1% compared to the June 2018 quarter. Other regions experienced small decreases with Victoria (down 14 appointments or 2.3%), Northern Territory (down 2 appointments or 10.5%) and Australian Capital Territory (down 2 appointments or 4.4%).

Industry statistics

Table 4 summarises ASIC's statistics for the September quarter of the 2018/19 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 2018

Month	2017	2018	% change
July	719	764	6.3%
August	741	783	5.7%
September	627	635	1.3%
Total	2,087	2,182	4.6%

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

State / territory	Sept Qtr 2017	June Qtr 2018	Sept Qtr 2018	%	% change Sept Qtr 2017	% change June Qtr 2018
NSW	721	644	717	32.9%	-0.6%	11.3%
VIC	564	601	587	26.9%	4.1%	-2.3%
QLD	417	409	471	21.6%	12.9%	15.2%
SA	86	82	95	4.4%	10.5%	15.9%
WA	238	224	236	10.8%	-0.8%	5.4%
TAS	9	14	16	0.7%	77.8%	14.3%
NT	12	19	17	0.8%	41.7%	-10.5%
ACT	40	45	43	2.0%	7.5%	-4.4%
Total	2,087	2,038	2,182	100.0%	4.6%	7.1%

NB: region is based on state of incorporation of the company. ASIC also 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 2018*

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

Appointment type	Sept Qtr 2017	June Qtr 2018	Sept Qtr 2018	% change Sept Qtr 2017	% change June Qtr 2018
Court liquidations (1)	578	596	606	4.8%	1.7%
Creditors' voluntary liquidations	1,094	1,053	1,130	3.3%	7.3%
Receiverships (2)	117	96	134	14.5%	39.6%
Voluntary administrations	294	279	312	6.1%	11.8%
Total	2,083	2,024	2,182	4.8%	7.8%

(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 2018

Top 10 Industries	Sept Qtr 2017	June Qtr 2018	Sept Qtr 2018	% change Sept Qtr 2017	% change June Qtr 2018
Other (business & personal) services	778	756	850	9.3%	12.4%
Construction	388	354	371	-4.4%	4.8%
Accommodation & food services	253	243	283	11.9%	16.5%
Retail trade	160	179	165	3.1%	-7.8%
Transport, postal & warehousing	100	96	94	-6.0%	-2.1%
Manufacturing	57	51	54	-5.3%	5.9%
Rental, hiring & real estate services	38	53	51	34.2%	-3.8%
Electricity, gas, water & waste services	33	29	41	24.2%	41.4%
Information media & telecommunications	32	50	35	9.4%	-30.0%
Professional, scientific & technical services	32	32	31	-3.1%	-3.1%
Other industries	182	181	183	0.5%	1.1%
Unknown	34	14	24	-29.4%	71.4%
Total	2,087	2,038	2,182	4.6%	7.1%

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

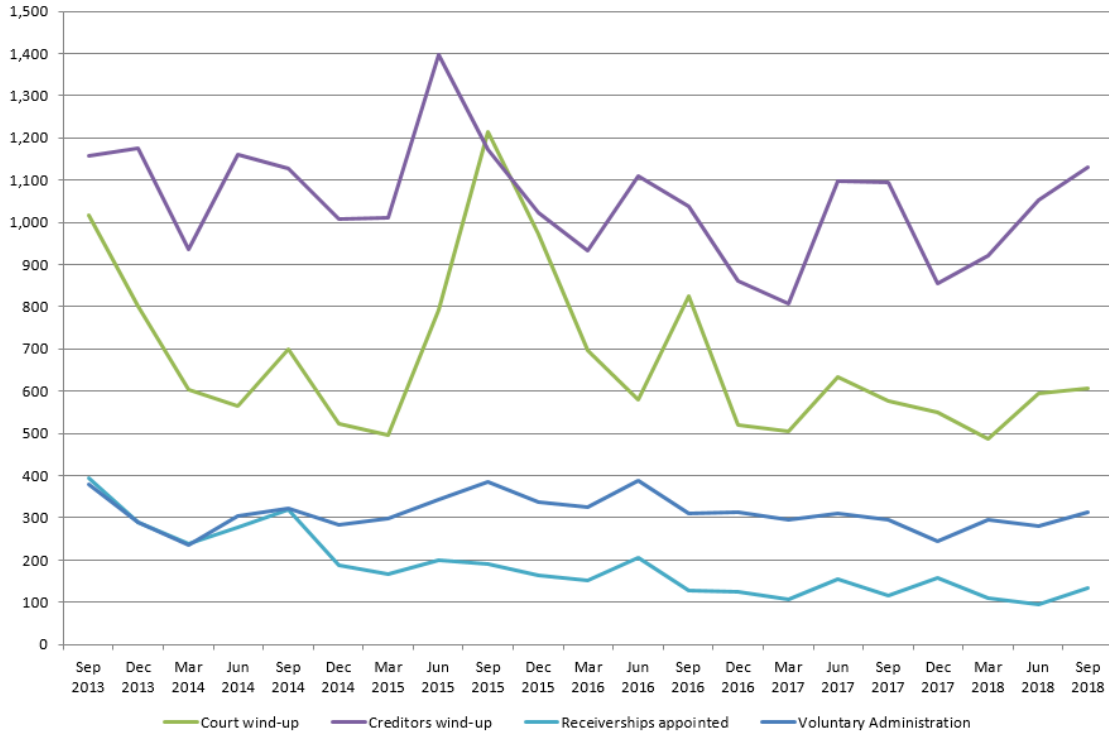


Chart 2 — Companies entering EXAD by quarter

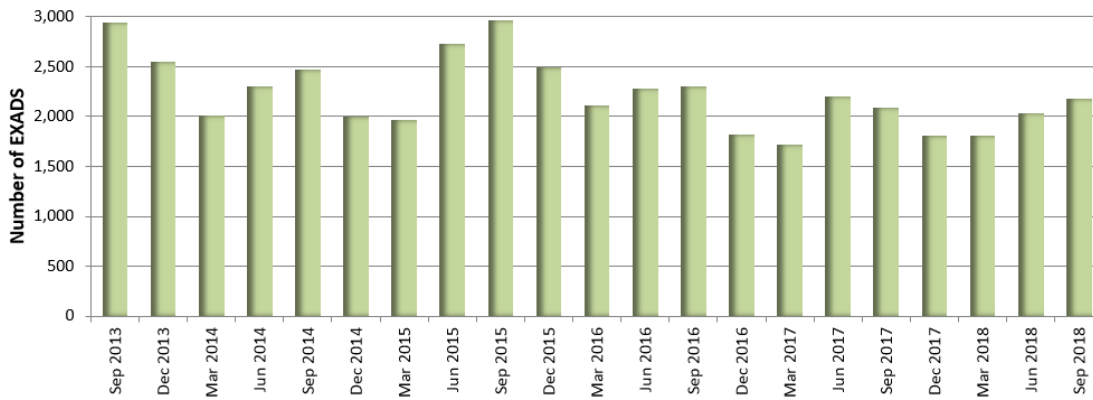


Chart 3 – Companies entering into EXAD by quarter and industry for year to date compared to prior year comparative period

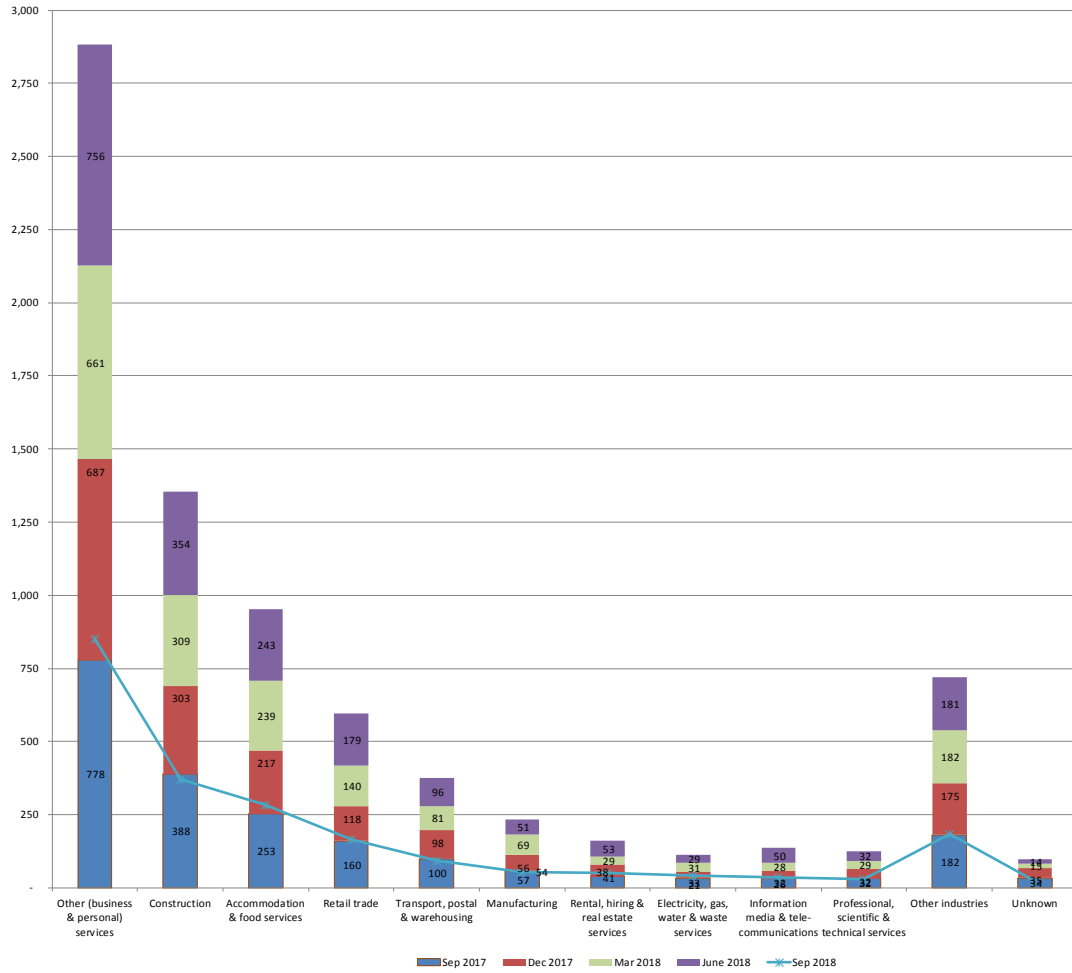


Chart 4 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

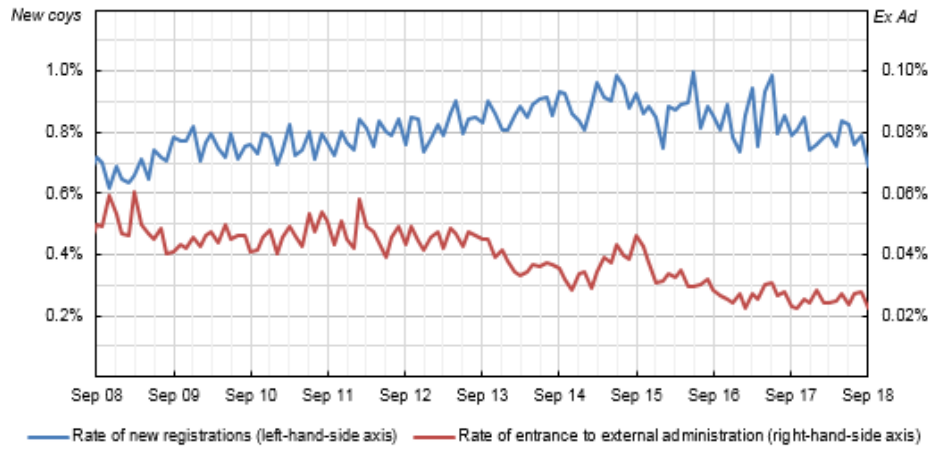


Chart 5 — Ratio of EXADs to new business registrations:



Background

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