

Corporate insolvencies: December quarter 2018

Quarterly result

ASIC's quarterly insolvency statistics for the December quarter of 2018/19 financial year, shows a decrease from the previous quarter of 7.8% in companies entering external administration (EXAD). Appointments totalled 2,011 compared to 2,182 in the previous quarter. The quarterly total was 11.2% higher than the 2017 December quarter (1,809) (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 region

Court liquidation appointments (down 33 appointments or 5.4%)

A decrease in court liquidations was mainly attributable to Queensland (down 26 appointments or 17.4%), New South Wales (down 14 appointments or 7.8%) and Victoria (down 6 appointments or 3.3%). These falls were offset by increases in South Australia (up 9 appointments or 45%) and Tasmania (up 4 appointments or 133.3%).

Director-initiated winding up appointments (down 187 appointments or 16.5%)

Appointments decreased in all but one region. The largest decreases were New South Wales (down 61 appointments or 16%), Queensland (down 39 appointments or 16.2%), Victoria (down 29 appointments or 10.1%) and Western Australia (down 26 appointments or 21.5%). Northern Territory was the only region to experience an increase (up 2 appointments or 100%).

Receivership appointments (up 3 appointments or 2.2%)

Receivership appointments overall were stable with decreases in New South Wales (down 8 appointments or 17.8%) and South Australia (down 6 appointments or 66.7%) offset by increases in Victoria (up 13 appointments or 37.1%) and Queensland (up 9 appointments or 36%).

Voluntary administrators (up 39 appointments or by 12.5%)

Increases in Victoria (up 30 appointments or 35.7%), Western Australia (up 29 appointments or 82.9%) and New South Wales (up 12 appointments or 10.9%) drove overall increases in voluntary administration appointments but were offset by decreases in Queensland (down 16 appointments or 28.6%) and South Australia (down 8 appointments or 66.7%).

Regional statistics

Only two regions experienced an increase in appointments with Victoria (up 8 appointments or 1.4%) and Western Australia (up 1 appointment or 0.4%). Strong falls in Queensland (down 72 appointments or 15.3%), New South Wales (down 71 appointments or 9.9%) drove the overall fall with other regions experiencing more modest falls with South Australia (down 16 appointments or 16.8%), Australian Capital Territory (down 11 appointments or 25.6%), Tasmania (down 5 appointments or 31.3%) and Northern Territory (down 5 appointments or 29.4%).

Industry statistics

Table 4 summarises ASIC's statistics for the December 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 December quarter 2018

Month	2017	2018	% change
October	606	742	22.4%
November	669	705	5.4%
December	534	564	5.6%
Total	1,809	2,011	11.2%

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

State / territory	Dec Qtr 2017	Sept Qtr 2018	Dec Qtr 2018	%	% change Dec Qtr 2017	% change Sept Qtr 2018
NSW	589	717	646	32.1%	9.7%	-9.9%
VIC	469	587	595	29.6%	26.9%	1.4%
QLD	382	471	399	19.8%	4.5%	-15.3%
SA	93	95	79	3.9%	-15.1%	-16.8%
WA	231	236	237	11.8%	2.6%	0.4%
TAS	11	16	11	0.5%	0.0%	-31.3%
NT	9	17	12	0.6%	33.3%	-29.4%
ACT	25	43	32	1.6%	28.0%	-25.6%
Total	1,809	2,182	2,011	100.0%	11.2%	-7.8%

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 December 2018*

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

Appointment type	Dec Qtr 2017	Sept Qtr 2018	Dec Qtr 2018	% change Dec Qtr 2017	% change Sept Qtr 2018
Court liquidations (1)	549	606	580	5.6%	-4.3%
Creditors' voluntary liquidations	854	1,130	943	10.4%	-16.5%
Receiverships (2)	158	134	137	-13.3%	2.2%
Voluntary administrations	245	312	351	43.3%	12.5%
Total	1,806	2,182	2,011	11.4%	-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 December 2018

Top 10 Industries	Dec Qtr 2017	Sept Qtr 2018	Dec Qtr 2018	% change Dec Qtr 2017	% change Sept Qtr 2018
Other (business & personal) services	687	850	742	8.0%	-12.7%
Construction	303	371	402	32.7%	8.4%
Accommodation & food services	217	283	257	18.4%	-9.2%
Retail trade	118	165	135	14.4%	-18.2%
Transport, postal & warehousing	98	94	83	-15.3%	-11.7%
Manufacturing	56	54	48	-14.3%	-11.1%
Electricity, gas, water & waste services	21	41	45	114.3%	9.8%
Mining	21	22	34	61.9%	54.5%
Rental, hiring & real estate services	41	51	34	-17.1%	-33.3%
Information media & telecommunications	26	35	33	26.9%	-5.7%
Other industries	186	192	186	0.0%	-3.1%
Unknown	35	24	12	-65.7%	-50.0%
Total	1,809	2,182	2,011	11.2%	-7.8%

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

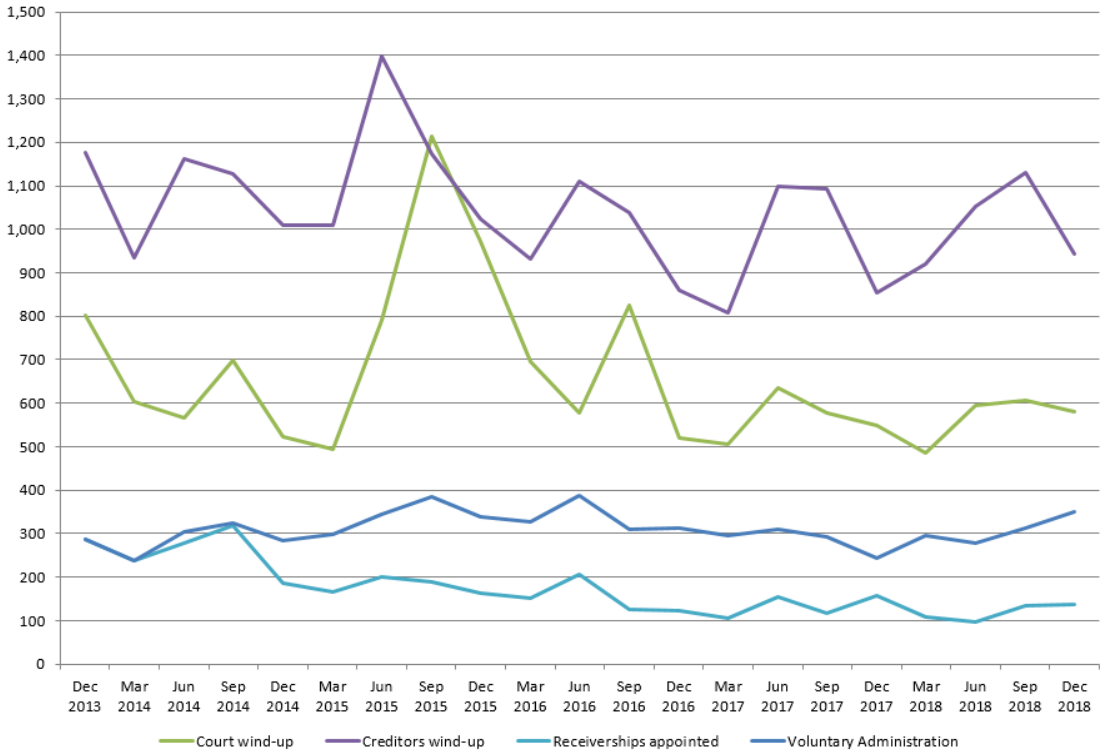


Chart 2 — Companies entering EXAD by quarter

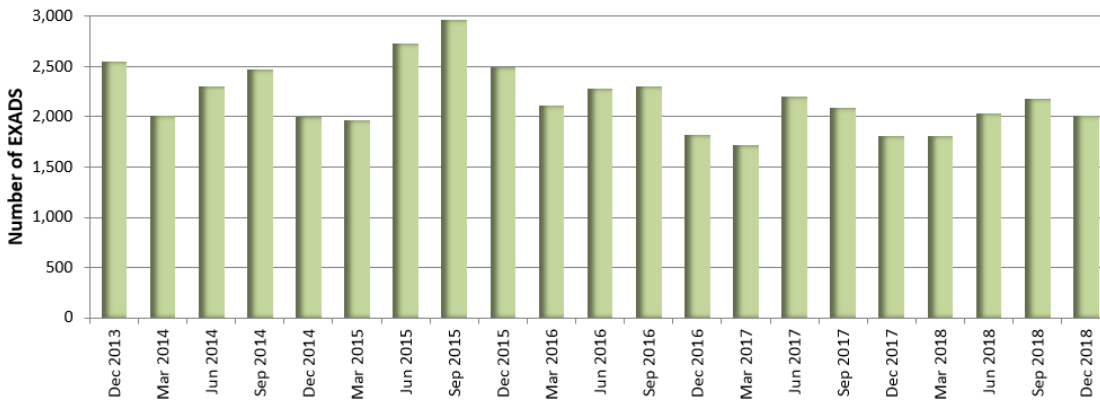


Chart 3 – Companies entering into EXAD by quarter and industry for year to date compared to prior year comparative period

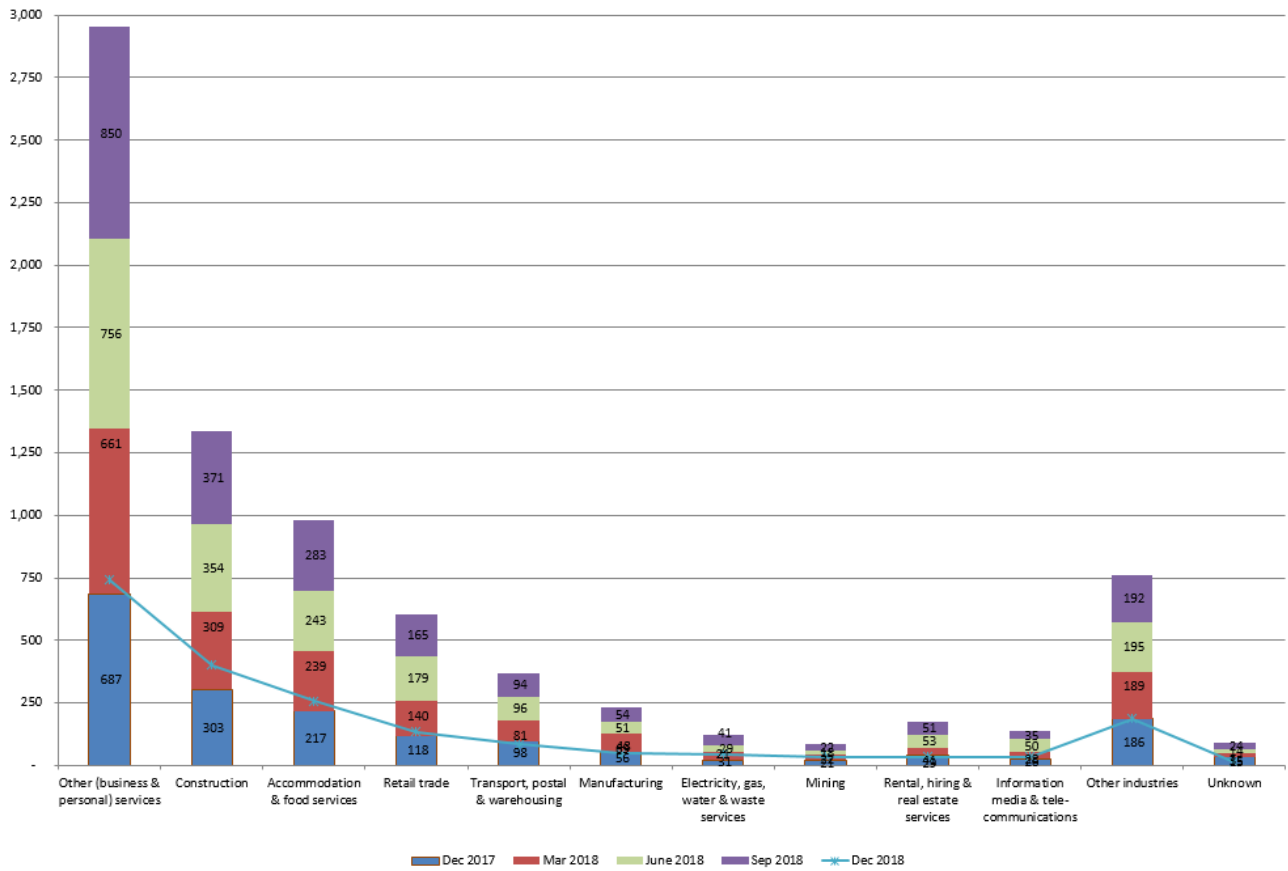


Chart 4 — Rate of new company registrations and rate of insolvencies (EXADs) per month as a percentage of total companies incorporated:

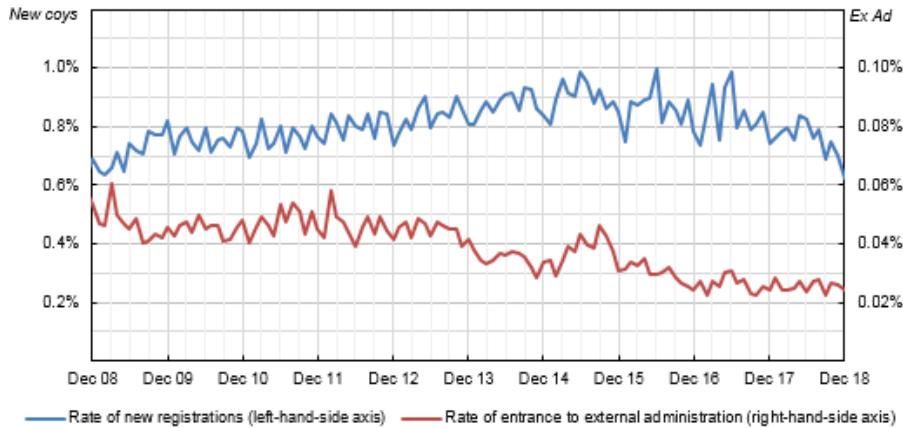


Chart 5 — Ratio of EXADs to new business registrations:



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).