



**ASIC**  
Australian Securities &  
Investments Commission

**REPORT 645**

# **Insolvency statistics: External administrators' reports (July 2018 to June 2019)**

December 2019

## **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 2018 to 30 June 2019, as well as our statistical findings from external administrators' reports lodged electronically when a company enters external administration (EXAD) status (initial external administrators' reports).



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## 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

- 13 When interpreting the statistics in this report, the following conditions and limitations should be kept in mind:
- (a) 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 6. External administrators are not required to lodge reports where the pre-conditions of s422, 438D or 533 of the Corporations Act are not met.
  - (b) 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

- 14 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:
- (a) 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.
- 15 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.
- 16 Information about alleged civil and criminal misconduct by directors provided in an initial external administrator report reflect the opinions of the external administrator at a point in time, and not those of ASIC.
- 17 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 when the impact was material.
- 18 The top 12 industries by number of initial external administrators' reports lodged are shown for some statistics by industry as determined by the external administrator, with remaining industries grouped under 'Other industries'.
- 19 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.







## D Statistical findings from initial external administrators' reports

### Key points

This section presents our detailed findings from initial external administrators' reports lodged electronically in 2018–19.

Paragraph 26 highlights figures that have changed by three percentage points or more from the previous financial year.

Paragraphs 57–73 give details of alleged criminal and civil breaches of the insolvent trading provisions of the Corporations Act. Highlights include:

- External administrators had evidence for 4,719 reports of alleged civil insolvent trading. Of these, 3,818 (or 80.9%) estimated debts incurred while insolvent were below \$1 million and 4,219 (or 89.4%) 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 (3,957 or 83.9%) disclosed assets of less than \$100,000.
- External administrators had evidence for 57 reports of alleged criminal insolvent trading. Of these, 34 (or 59.6%) estimated debts incurred while insolvent were below \$1 million and 44 (or 77.2%) had 50 or fewer unsecured creditors.
- Only three reports (5.3%) alleging a criminal breach involved more than 200 creditors. All three of these reports estimated debts incurred while insolvent of over \$5 million.

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

### Highlighted changes from previous financial year

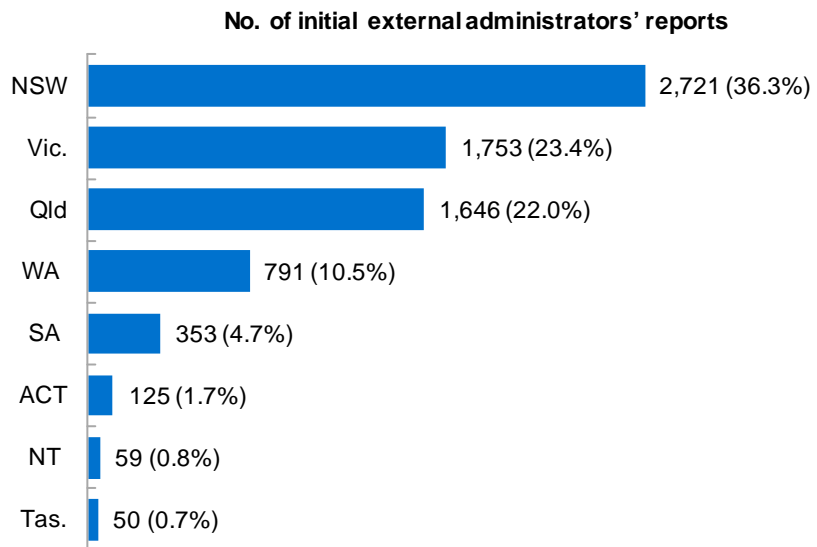
- 26 Highlighted below are figures that changed by three percentage points or more from the previous financial year (i.e. 2017–18):
- (a) Reports lodged more than two months and less than six months after appointment increased from 54.7% to 60.5% of reports lodged, while reports lodged more than six months but less than 12 months after appointment fell from 21.2% to 18.0%.
  - (b) Reports where the external administrator had documentary evidence to support their allegations of misconduct increased from 73.8% to 77.9%.
  - (c) Reports showing unpaid superannuation as 'not applicable' decreased from 55.0% to 51.9%.
  - (d) Reports where the expected time to complete the external administration was less than three months decreased from 30.6% to 27.0%.

- (e) Reports where the external administrator had initiated, or was contemplating initiating, recovery proceedings for property or compensation for the benefit of creditors under Pt 5.7B of the Corporations Act increased from 43.4% to 51.1%.
- (f) Reports with estimated liquidator's remuneration of zero fell from 21.1% to 17.6% of reports. Estimates of remuneration of between \$1 and less than \$50,000 increased from 63.9% to 67.0% of reports.

## Lodgement by region

27 Most reports in 2018–19 related to companies with a registered address in New South Wales (2,721 reports or 36.3%), followed by Victoria (1,753 reports or 23.4%) and Queensland (1,646 reports or 22.0%). The five remaining states and territories made up 18.4% of reports: see Figure 2.

**Figure 2: Initial external administrators' reports by region (1 July 2018 to 30 June 2019)**



Note: See Table 45 in the appendix for the data shown in this figure (accessible version).

## Lodgement period

28 In 2018–19, 72.7% of reports were lodged within six months of the external administrator's appointment (this compares with 67.3% in 2017–18). Another 9.3% of reports were lodged more than 12 months after the appointment: see Table 6.







**Table 9: Initial external administrators' reports by industry type  
(1 July 2018 to 30 June 2019)**

| Ranking      | Industry type                                   | Number       | Percentage    |
|--------------|-------------------------------------------------|--------------|---------------|
| 1            | Other (business and personal) services          | 2,114        | 28.2%         |
| 2            | Construction                                    | 1,601        | 21.4%         |
| 3            | Accommodation and food services                 | 1,159        | 15.5%         |
| 4            | Retail trade                                    | 617          | 8.2%          |
| 5            | Transport, postal and warehousing               | 369          | 4.9%          |
| 6            | Manufacturing                                   | 235          | 3.1%          |
| 7            | Rental, hiring and real estate services         | 175          | 2.3%          |
| 8            | Information media and telecommunications        | 164          | 2.2%          |
| 9            | Wholesale trade                                 | 158          | 2.1%          |
| 10           | Electricity, gas, water and waste services      | 133          | 1.8%          |
| 11           | Professional, scientific and technical services | 130          | 1.7%          |
| 12           | Agriculture, forestry and fishing               | 114          | 1.5%          |
| 13           | Mining                                          | 86           | 1.1%          |
| 14           | Health care and social assistance               | 84           | 1.1%          |
| 15           | FIS—Other financial services                    | 83           | 1.1%          |
| 16           | Education and training                          | 75           | 1.0%          |
| 17           | Arts and recreation services                    | 69           | 0.9%          |
| 18           | Administrative and support services             | 45           | 0.6%          |
| 19           | FIS—Credit provider                             | 43           | 0.6%          |
| 20           | FIS—Managed investments                         | 20           | 0.3%          |
| 21           | Public administration and safety                | 9            | 0.1%          |
| 22           | FIS—Superannuation                              | 7            | 0.1%          |
| 23           | FIS—Insurance                                   | 6            | 0.1%          |
| 24           | FIS—Deposit taking institutions                 | 2            | 0.0%          |
| <b>Total</b> |                                                 | <b>7,498</b> | <b>100.0%</b> |

Note: 'FIS' means 'Financial and insurance services'.

## Nominated causes of failure

- 34 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 2018–19.
- 35 The top three nominated causes of failure for companies are the same as last year (see Table 10):
- (a) inadequate cash flow or high cash use (3,841 or 51.2% of reports);
  - (b) poor strategic management of business (3,216 or 42.9% of reports); and
  - (c) trading losses (2,915 or 38.9% of reports).
- 36 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*: Manufacturing (63.0% of reports), Wholesale trade (59.5% of reports), and Accommodation and food services (55.7% of reports);
  - (b) *Poor strategic management of business*: Agriculture, forestry and fishing (50.9% of reports), Rental, hiring and real estate services (48.6% of reports), and Transport, postal and warehousing (48.5% of reports); and
  - (c) *Trading losses*: Manufacturing (56.6% of reports), Accommodation and food services (51.3% of reports), and Retail trade (50.1% of reports).
- 37 All regions, except New South Wales and Victoria, shared the same top three causes: see Table 11.











| Deficiency                           | Initial report assessed and recorded | Schedule C report requested | Total        |
|--------------------------------------|--------------------------------------|-----------------------------|--------------|
| \$500,000 to less than \$1 million   | 383                                  | 96                          | 479          |
| \$1 million to less than \$5 million | 386                                  | 175                         | 561          |
| \$5 million to \$10 million          | 41                                   | 36                          | 77           |
| Over \$10 million                    | 32                                   | 37                          | 69           |
| <b>Total</b>                         | <b>2,019</b>                         | <b>594</b>                  | <b>2,613</b> |

- 46 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

- 47 Statistics for alleged pre-appointment criminal misconduct, as identified and reported by external administrators, are shown by industry and region: see Table 29 and Table 31. 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.
- 48 External administrators reported that they held evidence for 592 (76.7%) out of 772 possible criminal breaches reported in 2018–19.
- 49 The top three nominated criminal breaches for companies for 2018–19 were:
- (a) *Section 184 Good faith, use of position and use of information*: 240 breaches reported (3.2% of reports);
  - (b) *Sections 286 and 344(2) Obligation to keep financial records*: 184 breaches reported (2.5% of reports); and
  - (c) *Section 590 Offences by officers*: 139 breaches reported (1.9% of reports).
- 50 Insolvent trading was the fourth-most nominated criminal breach for 2018–19, having fallen out of the top three in 2016–17, for the first time since reporting commenced in the 2004–05 financial year.



- 51 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) *Section 184 Good faith, use of position and use of information*: Rental, hiring and real estate services (7.4% of reports), Information media and telecommunications (6.1% of reports), and Wholesale trade (5.7% of reports).
- Note: Eight industries grouped in the 'Other industries' category exceeded the average 3.2% of reports for s184. The three that most exceeded were FIS—Deposit taking institutions (50% of reports), Public administration and safety (22.2% of reports), and FIS—Insurance (16.7% of reports).
- (b) *Sections 286 and 344(2) Obligation to keep financial records*: Wholesale trade (3.8% of reports), Other (business and personal) services (3.2% of reports), and Electricity, gas, water and waste services (3.0% of reports).
- Note: Three industries grouped in the 'Other industries' category exceeded the average 2.5% of reports for s286 and 344(2). These industries were FIS—Managed investments (10.0% of reports), Health care and social assistance (6.0% of reports), and FIS—Other financial services (3.0% of reports).
- (c) *Section 590 Offences by officers*: Rental, hiring and real estate services (5.1% of reports), Manufacturing (3.0% of reports), and Transport, postal and warehousing (2.2% of reports).
- Note: Five industries grouped in the 'Other industries' category exceeded the average 1.9% of reports for s590. The three industries that most exceeded this average were FIS—Managed investments (15% of reports), FIS—Other financial services (7.2% of reports), and Health care and social assistance (3.6% of reports).

### Post-appointment criminal misconduct

- 52 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 2,154 post-appointment breaches related to 1,077 reports (50%): see Table 16.

**Table 16: Initial external administrators' reports—Possible post-appointment criminal misconduct reported by section of Corporations Act (1 July 2018 to 30 June 2019)**

| Section of the Corporations Act                                     | Number of possible breaches |
|---------------------------------------------------------------------|-----------------------------|
| Sections 429, 438B, 446C and 475 Report as to company's affairs     | 739                         |
| Section 530A Officers to help liquidator                            | 773                         |
| Section 530B Requirement to provide liquidator with company's books | 642                         |
| <b>Total</b>                                                        | <b>2,154</b>                |

Note: The Schedule B report format does not require external administrators to advise whether or not evidence is available to support the post-appointment misconduct reported in Table 16.

53 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 610](#) *ASIC regulation of registered liquidators: January 2017 to June 2018* (REP 610) at paragraphs 123–127 for commentary on how we assist registered liquidators.

### **Alleged breaches of civil obligations**

54 Statistics for alleged breaches of civil obligations are available by industry and region: see Table 30 and Table 32. 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 14,311 (84.8%) out of 16,874 possible breaches of civil obligations reported in 2018–19.

55 The top three nominated civil breaches for companies in 2018–19 were the same as in the previous five years:

- (a) *Section 588G(1)–(2) Insolvent trading*: 5,350 breaches reported (71.4% of reports);
- (b) *Section 180 Care and diligence—Directors' and officers' duties*: 4,141 breaches reported (55.2% of reports); and
- (c) *Sections 286 and 344(1) Obligation to keep financial records*: 3,294 breaches reported (43.9% of reports).

56 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*: Manufacturing (82.1% of reports), Accommodation and food services (77.1% of reports), and Transport, postal and warehousing (73.4% of reports);

Note: Four industries grouped in the 'Other industries' category exceeded the average 71.4% of reports for s588G(1)–(2). The three industries that most exceeded this average were Public administration and safety (88.9% of reports), FIS—Insurance (83.3% of reports), and Administrative and support services (77.8% of reports).

- (b) *Section 180 Care and diligence—Directors' and officers' duties*: Agriculture, forestry and fishing (60.5% of reports), Manufacturing (59.6% of reports), and Electricity, gas, water and waste services (58.6% of reports); and

Note: Six industries grouped in the 'Other industries' category exceeded the average 55.2% of reports for s180. The three industries that most exceeded this average were Public administration and safety (88.9% of reports), FIS—Other financial services (63.9% of reports), and Health care and social assistance (60.7% of reports).





























## Books and records

- 77 External administrators indicated they obtained or inspected the company's books and records in 6,170 reports (82.3% of reports) in 2018–19. Of these, 3,421 reports (45.6% of reports) indicated that the company's books and records were considered adequate.

## Assetless Administration Fund

- 78 Of the 6,932 reports by a liquidator in 2018–19 (see Table 7), 707 reports indicated the liquidator had applied, or intended to apply, for funding from the AA Fund.
- 79 The Australian Government established the AA Fund on 22 February 2006 and ASIC administers the fund. One of the matters financed by the fund are 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 curbing illegal phoenix activity.

Note: See [REP 610](#) at paragraphs 128–139 for commentary on how we applied money from the AA Fund.

## Liabilities and assets

- 80 External administrators provide estimates of the assets, liabilities and overall financial deficiency of companies on which they report. Table 33 shows the assets and liabilities categories and Table 34 shows the deficiency for the top 12 industries by reports lodged (as noted in Table 9).

### Assets

- 81 In 58.1% of reports, companies had estimated assets of \$10,000 or less; 84.9% of reports indicated companies had estimated assets of \$100,000 or less.
- 82 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 (65.8%), Accommodation and food services (60.7%), and Agriculture, forestry and fishing (57.0%).
- 83 In 36.8% of reports, the external administrator reported the administration as assetless. Of the top 12 industries, those that most exceeded this percentage for assetless administrations (36.8%) were Other (business and personal) services (44.7%), Transport, postal and warehousing (39.0%), and Agriculture, forestry and fishing (38.6%).



84 In 8.5% of reports, estimated assets were over \$250,000. Of the top 12 industries, those well above this percentage were Rental, hiring and real estate services (22.3%), Manufacturing (19.1%), Agriculture, forestry and fishing (17.5%), Wholesale trade (13.9%), Information media and telecommunications (11.6%), and Professional, scientific and technical services (11.5%).

Note: Five industries in the 'Other industries' category exceeded this percentage (8.5%) but made up only 2.5% of all reports. The three industries that most exceeded this average were FIS—Deposit taking institutions (100.0%), Mining (24.4%), and FIS—Managed investments (20.0%).

## Liabilities

85 In 38.1% of reports, the estimated liabilities of failed companies were \$250,000 or less, and 75.9% indicated estimated liabilities of less than \$1 million.

86 Of the top 12 industries, those with the greatest percentage of companies with estimated liabilities of \$250,000 or less were Electricity, gas, water and waste services (48.9%), Other (business and personal) services (44.3%), and Accommodation and food services (40.8%).

87 Of the top 12 industries, those with the greatest percentage of reports estimating liabilities over \$10 million were Rental, hiring and real estate services (8.0%), Manufacturing (5.1%), and Professional, scientific and technical services (4.6%). The percentage of reports in that category across all industries was 2.7%.

Note: In the 'Other industries' category FIS—Managed investments (25.0%), Mining (24.4%), FIS—Insurance (16.7%), FIS—Other services (8.4%), and Health care and social assistance (3.6%) each exceeded this percentage across all industries (2.7%) but comprised only 3.7% of all reports.

## Deficiency

88 Across all industries, 41.3% of reports estimated the shortfall between estimated assets and estimated liabilities of \$250,000 or less, while 61.9% 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 Electricity, gas, water and waste services (54.9%), Other (business and personal) services (46.7%), and Transport, postal and warehousing (43.6%).

89 Only 2.2% of all reports estimated a deficiency of over \$10 million. Of the top 12 industries, the three industries that most exceeded this percentage were Rental, hiring and real estate services (5.7%), Manufacturing (4.3%), and Information media and telecommunications (3.7%).

Note: Six industries grouped in the 'Other industries' category exceeded this percentage across all industries (2.2%). The three industries that most exceeded this average were Mining (22.1%), FIS—Insurance (16.7%), and FIS—Managed investments (10.0%). However, when combined, all six industries comprised only 4.7% of reports.

**Table 33: Initial external administrators' reports—Amount of assets and liabilities by industry (1 July 2018 to 30 June 2019)**

| 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 services | Information media and telecommunications | Wholesale trade | Electricity, gas, water and waste services | Professional, scientific and technical services | Agriculture, forestry and fishing | Other industries | Total        | Percentage of total |
|-----------------------------------------------------|----------------------------------------|--------------|---------------------------------|--------------|-----------------------------------|---------------|-----------------------------------------|------------------------------------------|-----------------|--------------------------------------------|-------------------------------------------------|-----------------------------------|------------------|--------------|---------------------|
| Less than \$1 in assets                             | 946                                    | 569          | 392                             | 172          | 144                               | 45            | 64                                      | 46                                       | 44              | 46                                         | 36                                              | 44                                | 213              | 2,761        | 36.8%               |
| \$1–\$10,000 in assets                              | 445                                    | 339          | 311                             | 142          | 56                                | 39            | 35                                      | 25                                       | 27              | 26                                         | 17                                              | 21                                | 110              | 1,593        | 21.2%               |
| \$10,001–\$20,000 in assets                         | 183                                    | 145          | 151                             | 78           | 28                                | 22            | 10                                      | 16                                       | 12              | 11                                         | 23                                              | 11                                | 40               | 730          | 9.7%                |
| \$20,001–\$30,000 in assets                         | 87                                     | 83           | 74                              | 40           | 16                                | 14            | 2                                       | 11                                       | 12              | 6                                          | 6                                               | 3                                 | 28               | 382          | 5.1%                |
| \$30,001–\$50,000 in assets                         | 91                                     | 85           | 73                              | 45           | 24                                | 14            | 11                                      | 11                                       | 11              | 9                                          | 11                                              | 3                                 | 25               | 413          | 5.5%                |
| \$50,001–\$100,000 in assets                        | 121                                    | 116          | 70                              | 40           | 29                                | 20            | 7                                       | 17                                       | 10              | 14                                         | 8                                               | 3                                 | 33               | 488          | 6.5%                |
| \$100,001 to \$250,000 in assets                    | 105                                    | 122          | 52                              | 40           | 31                                | 36            | 7                                       | 19                                       | 20              | 12                                         | 14                                              | 9                                 | 28               | 495          | 6.6%                |
| \$250,001 to \$5 million in assets                  | 131                                    | 134          | 33                              | 56           | 41                                | 42            | 38                                      | 17                                       | 21              | 9                                          | 15                                              | 17                                | 39               | 593          | 7.9%                |
| Over \$5 million in assets                          | 5                                      | 8            | 3                               | 4            | 0                                 | 3             | 1                                       | 2                                        | 1               | 0                                          | 0                                               | 3                                 | 13               | 43           | 0.6%                |
| <b>Total for industry</b>                           | <b>2,114</b>                           | <b>1,601</b> | <b>1,159</b>                    | <b>617</b>   | <b>369</b>                        | <b>235</b>    | <b>175</b>                              | <b>164</b>                               | <b>158</b>      | <b>133</b>                                 | <b>130</b>                                      | <b>114</b>                        | <b>529</b>       | <b>7,498</b> | <b>100%</b>         |
| \$1–\$250,000 in liabilities                        | 937                                    | 580          | 473                             | 210          | 144                               | 46            | 53                                      | 55                                       | 34              | 65                                         | 45                                              | 32                                | 183              | 2,857        | 38.1%               |
| \$250,001 to less than \$1 million in liabilities   | 753                                    | 586          | 526                             | 251          | 155                               | 86            | 60                                      | 57                                       | 59              | 38                                         | 53                                              | 39                                | 173              | 2,836        | 37.8%               |
| \$1 million to less than \$5 million in liabilities | 349                                    | 327          | 148                             | 129          | 62                                | 75            | 43                                      | 40                                       | 46              | 25                                         | 25                                              | 36                                | 108              | 1,413        | 18.8%               |
| \$5 million to \$10 million in liabilities          | 38                                     | 56           | 6                               | 15           | 7                                 | 16            | 5                                       | 5                                        | 15              | 1                                          | 1                                               | 3                                 | 24               | 192          | 2.6%                |
| Over \$10 million in liabilities                    | 37                                     | 52           | 6                               | 12           | 1                                 | 12            | 14                                      | 7                                        | 4               | 4                                          | 6                                               | 4                                 | 41               | 200          | 2.7%                |
| <b>Total for industry</b>                           | <b>2,114</b>                           | <b>1,601</b> | <b>1,159</b>                    | <b>617</b>   | <b>369</b>                        | <b>235</b>    | <b>175</b>                              | <b>164</b>                               | <b>158</b>      | <b>133</b>                                 | <b>130</b>                                      | <b>114</b>                        | <b>529</b>       | <b>7,498</b> | <b>100%</b>         |

Note: 'Other industries' includes Mining, Health care and social assistance, Education and training, Arts and recreation services, Administrative and support services, Public administration and safety, and all FIS subcategories.

**Table 34: Initial external administrators' reports—Amount of deficiency by industry (1 July 2018 to 30 June 2019)**

| 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 | Information media and telecommunications | Wholesale trade | Electricity, gas, water and waste services | Professional, scientific and technical services | Agriculture, forestry and fishing | Other industries | Total        | Percentage of total |
|--------------------------------------|----------------------------------------|--------------|---------------------------------|--------------|-----------------------------------|---------------|-----------------------------------------|------------------------------------------|-----------------|--------------------------------------------|-------------------------------------------------|-----------------------------------|------------------|--------------|---------------------|
| \$0–\$50,000                         | 281                                    | 134          | 76                              | 44           | 42                                | 8             | 23                                      | 10                                       | 10              | 15                                         | 8                                               | 14                                | 81               | 746          | 9.9%                |
| \$50,001–\$250,000                   | 706                                    | 508          | 426                             | 183          | 119                               | 46            | 41                                      | 48                                       | 32              | 58                                         | 42                                              | 23                                | 121              | 2,353        | 31.4%               |
| \$250,001 to less than \$500,000     | 442                                    | 296          | 294                             | 131          | 82                                | 45            | 30                                      | 31                                       | 26              | 25                                         | 28                                              | 22                                | 88               | 1,540        | 20.5%               |
| \$500,000 to less than \$1 million   | 292                                    | 255          | 216                             | 116          | 67                                | 41            | 33                                      | 27                                       | 29              | 9                                          | 24                                              | 18                                | 72               | 1,199        | 16.0%               |
| \$1 million to less than \$5 million | 328                                    | 316          | 137                             | 122          | 52                                | 71            | 32                                      | 38                                       | 46              | 21                                         | 21                                              | 32                                | 109              | 1,325        | 17.7%               |
| \$5 million to \$10 million          | 32                                     | 49           | 6                               | 10           | 6                                 | 14            | 6                                       | 4                                        | 12              | 1                                          | 3                                               | 3                                 | 22               | 168          | 2.2%                |
| Over \$10 million                    | 33                                     | 43           | 4                               | 11           | 1                                 | 10            | 10                                      | 6                                        | 3               | 4                                          | 4                                               | 2                                 | 36               | 167          | 2.2%                |
| <b>Total for industry</b>            | <b>2,114</b>                           | <b>1,601</b> | <b>1,159</b>                    | <b>617</b>   | <b>369</b>                        | <b>235</b>    | <b>175</b>                              | <b>164</b>                               | <b>158</b>      | <b>133</b>                                 | <b>130</b>                                      | <b>114</b>                        | <b>529</b>       | <b>7,498</b> | <b>100.0%</b>       |

Note: 'Other industries' includes Mining, Health care and social assistance, Education and training, Arts and recreation services, Administrative and support services, Public administration and safety, and all FIS subcategories.

## Employee entitlements

90 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 35 and Table 36. '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 35: Initial external administrators' reports—Amount owed in unpaid employee entitlements (1 July 2018 to 30 June 2019)**

| 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                          | 155          | 2.1%          | 100                 | 1.3%          | 71                           | 0.9%          | 37                | 0.5%          | 51                        | 0.7%          |
| \$1,001–\$10,000                     | 671          | 9.0%          | 667                 | 8.9%          | 425                          | 5.7%          | 96                | 1.3%          | 150                       | 2.0%          |
| \$10,001–\$50,000                    | 393          | 5.3%          | 651                 | 8.7%          | 390                          | 5.2%          | 188               | 2.5%          | 277                       | 3.7%          |
| \$50,001–\$150,000                   | 118          | 1.6%          | 236                 | 3.2%          | 118                          | 1.6%          | 130               | 1.7%          | 92                        | 1.2%          |
| \$150,001–\$250,000                  | 23           | 0.3%          | 30                  | 0.4%          | 25                           | 0.3%          | 43                | 0.6%          | 19                        | 0.3%          |
| \$250,001–\$500,000                  | 20           | 0.3%          | 11                  | 0.1%          | 9                            | 0.1%          | 36                | 0.5%          | 11                        | 0.1%          |
| \$500,001 to less than \$1.5 million | 8            | 0.1%          | 8                   | 0.1%          | 5                            | 0.1%          | 10                | 0.1%          | 1                         | 0.0%          |
| \$1.5 million to \$5 million         | 0            | 0.0%          | 2                   | 0.0%          | 4                            | 0.1%          | 6                 | 0.1%          | 2                         | 0.0%          |
| Over \$5 million                     | 1            | 0.0%          | 3                   | 0.0%          | 1                            | 0.0%          | 5                 | 0.1%          | 2                         | 0.0%          |
| Not applicable                       | 6,085        | 81.4%         | 5,766               | 77.1%         | 6,426                        | 86.0%         | 6,923             | 92.6%         | 6,869                     | 91.9%         |
| <b>Total</b>                         | <b>7,474</b> | <b>100.0%</b> | <b>7,474</b>        | <b>100.0%</b> | <b>7,474</b>                 | <b>100.0%</b> | <b>7,474</b>      | <b>100.0%</b> | <b>7,474</b>              | <b>100.0%</b> |

Note: Twenty-four reports identified as being internally inconsistent were excluded from this table.

### Unpaid wages

91 Unpaid wages were 'not applicable' in 81.4% of reports. In 11.1% of reports, external administrators estimated unpaid wages at between \$1 and \$10,000. Categories from \$10,001 to over \$5 million comprised 7.5% of reports.

### Unpaid annual leave

- 92 In all, 77.1% of reports showed unpaid annual leave as 'not applicable'. In 10.3% of cases, employees were owed \$1 to \$10,000, and 19.0% of companies owed \$50,000 or less. In 3.9% of reports, entitlements for unpaid annual leave were in the 'over \$50,000' category.

### Unpaid pay in lieu of notice

- 93 Unpaid pay in lieu of notice was 'not applicable' in most cases (86.0%). Only 2.2% of reports showed entitlements for unpaid pay in lieu of notice in the 'over \$50,000' category.

### Unpaid redundancy

- 94 Unpaid redundancy was 'not applicable' in 92.6% of reports. In all, 1.8% 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

- 95 Employees were owed \$1 to \$10,000 in unpaid long service leave in 2.7% 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 (91.9%) indicated a long service leave debt was 'not applicable'.

### Unpaid superannuation

- 96 Due to the different value categories of superannuation entitlements, these figures are shown separately in Table 36. A majority (51.9%) of reports showed unpaid superannuation as 'not applicable'.

**Table 36: Initial external administrators' reports—Amount owed in unpaid superannuation entitlements (1 July 2018 to 30 June 2019)**

| Amount owed              | Number       | Percentage    |
|--------------------------|--------------|---------------|
| \$1–\$100,000            | 2,817        | 37.6%         |
| \$100,001–\$250,000      | 556          | 7.4%          |
| \$250,001 to \$1 million | 204          | 2.7%          |
| Over \$1 million         | 28           | 0.4%          |
| Not applicable           | 3,893        | 51.9%         |
| <b>Total</b>             | <b>7,498</b> | <b>100.0%</b> |

Note: No reports were identified as being internally inconsistent.

## Secured creditors

97 Table 37 and Figure 3 show the amounts owed to secured creditors by industry. Most reports for 2018–19 (62.9%) indicated secured creditors were owed nothing or there were no secured creditors.

Note: The current Schedule B format does not allow external administrators to select 'not applicable' for this question.

98 A significant proportion (31.0%) of 2018–19 reports showed secured creditors were owed between \$1 and less than \$1 million.

99 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 (94.0%) was most exceeded by Electricity, gas, water and waste services (97.7%), Accommodation and food services (97.5%), and Information media and telecommunications (97.0%).

100 In 1.0% of reports, the company owed secured creditors more than \$10 million. 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 were Rental, hiring and real estate services (6.3%), Manufacturing (3.0%), and Construction (1.3%).

Note: Four industries grouped in the 'Other industries' category exceeded this percentage across all industries (1.0%). The three industries that most exceeded this average were Mining (11.6%), FIS—Managed investments (5.0%), and Administrative and support services (2.2%).

## Unpaid taxes and charges

101 Most reports (76.9%) indicated that the amount of unpaid taxes and charges was \$250,000 or less: see Table 38. Of the top 12 industries, the three that most exceeded this percentage of reports owing \$250,000 or less in unpaid taxes and charges were Retail trade (86.2%), Accommodation and food services (83.6%), and Electricity, gas, water and waste services (82.7%).

102 Of the top 12 industries, the four industries that exceeded the percentage of unpaid taxes and charges over \$1 million compared with the percentage across all industries (4.5%) were Agriculture, forestry and fishing (7.0%), Construction (5.7%), Other (business and personal) services (5.5%), and Manufacturing (5.5%).

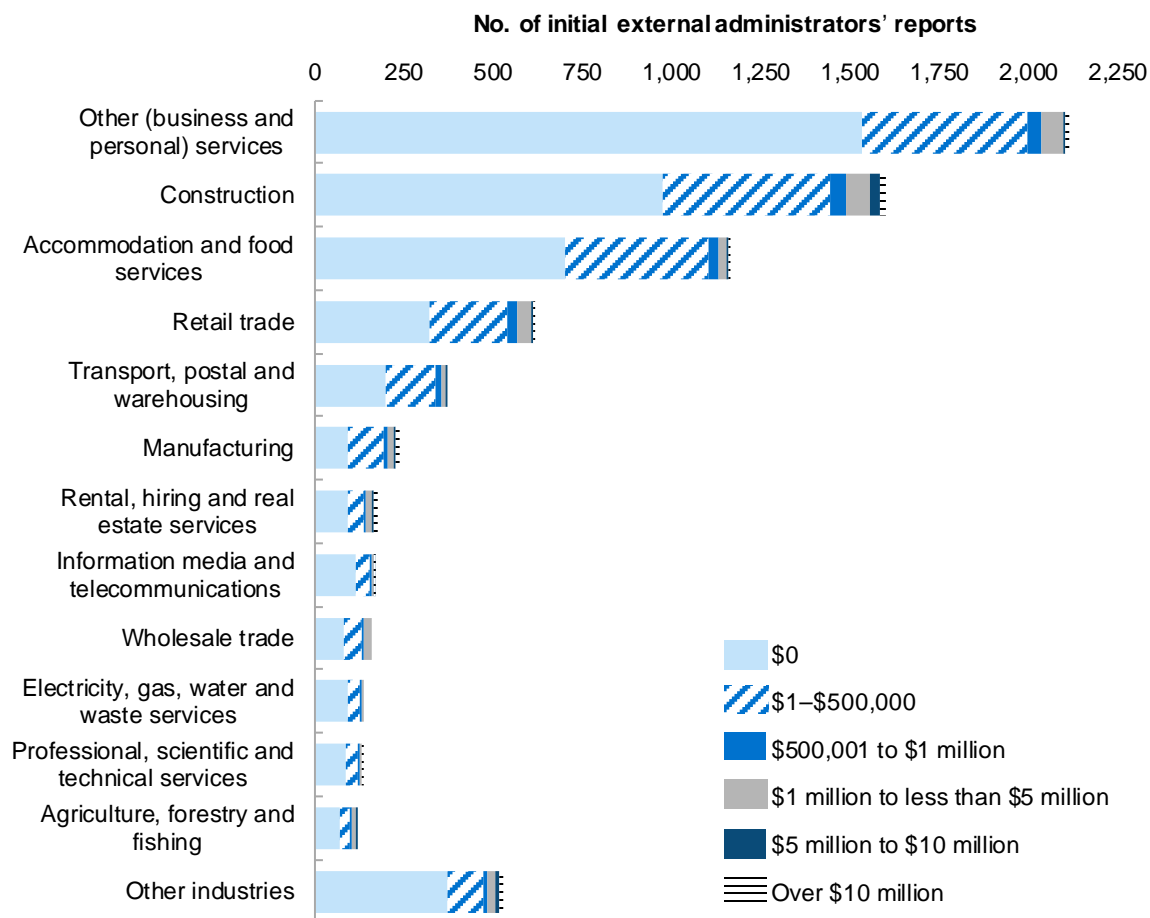
Note: In the 'Other industries' category, Public administration and safety (11.1%), Administrative and support services (11.1%), and Mining (9.3%) exceeded this percentage across all industries (4.5%), but comprised only 1.9% of all reports.

**Table 37: Initial external administrators' reports—Amount owed to secured creditors by industry (1 July 2018 to 30 June 2019)**

| 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 | Information media and telecommunications | Wholesale trade | Electricity, gas, water and waste services | Professional, scientific and technical services | Agriculture, forestry and fishing | Other industries | Total        | Percentage of total |
|--------------------------------------|----------------------------------------|--------------|---------------------------------|--------------|-----------------------------------|---------------|-----------------------------------------|------------------------------------------|-----------------|--------------------------------------------|-------------------------------------------------|-----------------------------------|------------------|--------------|---------------------|
| \$0                                  | 1,534                                  | 974          | 699                             | 320          | 198                               | 93            | 91                                      | 113                                      | 79              | 91                                         | 86                                              | 71                                | 370              | 4,719        | 62.9%               |
| \$1 to less than \$500,000           | 459                                    | 471          | 406                             | 218          | 141                               | 98            | 43                                      | 41                                       | 50              | 36                                         | 35                                              | 25                                | 101              | 2,124        | 28.3%               |
| \$500,000 to less than \$1 million   | 39                                     | 42           | 25                              | 26           | 18                                | 11            | 7                                       | 5                                        | 6               | 3                                          | 4                                               | 5                                 | 11               | 202          | 2.7%                |
| \$1 million to less than \$5 million | 63                                     | 69           | 25                              | 40           | 11                                | 20            | 19                                      | 3                                        | 23              | 3                                          | 4                                               | 12                                | 23               | 315          | 4.2%                |
| \$5 million to \$10 million          | 7                                      | 24           | 2                               | 6            | 1                                 | 6             | 4                                       | 1                                        | 0               | 0                                          | 0                                               | 1                                 | 11               | 63           | 0.8%                |
| Over \$10 million                    | 12                                     | 21           | 2                               | 7            | 0                                 | 7             | 11                                      | 1                                        | 0               | 0                                          | 1                                               | 0                                 | 13               | 75           | 1.0%                |
| <b>Total for industry</b>            | <b>2,114</b>                           | <b>1,601</b> | <b>1,159</b>                    | <b>617</b>   | <b>369</b>                        | <b>235</b>    | <b>175</b>                              | <b>164</b>                               | <b>158</b>      | <b>133</b>                                 | <b>130</b>                                      | <b>114</b>                        | <b>529</b>       | <b>7,498</b> | <b>100.0%</b>       |

Note: 'Other industries' includes Mining, Health care and social assistance, Education and training, Arts and recreation services, Administrative and support services, Public administration and safety, and all FIS subcategories.

**Figure 3: Initial external administrators' reports—Amount owed to secured creditors by industry (1 July 2018 to 30 June 2019)**



Note 1: See Table 37 for the data shown in this figure (accessible version).

Note 2: 'Other industries' includes Mining, Health care and social assistance, Education and training, Arts and recreation services, Administrative and support services, Public administration and safety, and all FIS subcategories.



**Table 38: Initial external administrators' reports—Amount owed in unpaid taxes and charges by industry (1 July 2018 to 30 June 2019)**

| 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 | Information media and telecommunications | Wholesale trade | Electricity, gas, water and waste services | Professional, scientific and technical services | Agriculture, forestry and fishing | Other industries | Total        | Percentage of total |
|---------------------------|----------------------------------------|--------------|---------------------------------|--------------|-----------------------------------|---------------|-----------------------------------------|------------------------------------------|-----------------|--------------------------------------------|-------------------------------------------------|-----------------------------------|------------------|--------------|---------------------|
| \$0                       | 360                                    | 195          | 115                             | 105          | 46                                | 17            | 41                                      | 28                                       | 40              | 18                                         | 16                                              | 30                                | 145              | 1,156        | 15.4%               |
| \$1–\$250,000             | 1,211                                  | 978          | 854                             | 427          | 233                               | 140           | 98                                      | 94                                       | 89              | 92                                         | 80                                              | 58                                | 258              | 4,612        | 61.5%               |
| \$250,001 to \$1 million  | 427                                    | 336          | 174                             | 72           | 74                                | 65            | 28                                      | 33                                       | 21              | 19                                         | 27                                              | 18                                | 99               | 1,393        | 18.6%               |
| Over \$1 million          | 116                                    | 92           | 16                              | 13           | 16                                | 13            | 8                                       | 9                                        | 8               | 4                                          | 7                                               | 8                                 | 27               | 337          | 4.5%                |
| <b>Total for industry</b> | <b>2,114</b>                           | <b>1,601</b> | <b>1,159</b>                    | <b>617</b>   | <b>369</b>                        | <b>235</b>    | <b>175</b>                              | <b>164</b>                               | <b>158</b>      | <b>133</b>                                 | <b>130</b>                                      | <b>114</b>                        | <b>529</b>       | <b>7,498</b> | <b>100.0%</b>       |

Note: 'Other industries' includes Mining, Health care and social assistance, Education and training, Arts and recreation services, Administrative and support services, Public administration and safety, and all FIS subcategories.

## Unsecured creditors

### Number of unsecured creditors

103 Most reports for 2018–19 (90.4%) 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 Rental, hiring and real estate services (95.4%), Accommodation and food services (94.1%), and Other (business and personal) services (93.8%): see Table 39.

Note: Six industries grouped in the 'Other industries' category exceeded the average 90.4% across all industries. The top three industries were FIS—Superannuation (100.0%), FIS—Insurance (100.0%), and Public administration and safety (100.0%).

### Amount owed to unsecured creditors

104 The majority (62.2%) 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 Electricity, gas, water and waste services (70.7%), Other (business and personal) services (69.7%), and Transport, postal and warehousing (67.2%).

105 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 (32 reports), Other (business and personal) services (20 reports), and Retail trade (7 reports).

### Amounts owed to related parties

106 Of the total amount owed to unsecured creditors, 20.0% 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 Wholesale trade (31.0%), Agriculture, forestry and fishing (26.3%), Information media and telecommunications (25.0%), and Retail trade (25.0%).

Note: Five industries grouped in the 'Other industries' category exceeded the average 20.0%. The top three of these were FIS—Credit provider (93.0%), FIS—Insurance (50.0%), and Mining (36.0%).

### Cents in the dollar dividend

107 The dividend estimated as payable to unsecured creditors was less than 11 cents in the dollar for most reports (96.4%). Of the top 12 industries, the top four with an estimated return of less than 11 cents in the dollar were Retail trade (98.5%), Electricity, gas, water and waste services (98.5%),

Accommodation and food services (98.2%), and Manufacturing (97.0%). 'Other industries' includes three industries where 100.0% estimated less than 11 cents in the dollar: FIS—Credit providers (43 reports), Public administration and safety (nine reports), and FIS—Insurance (six reports).

108 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%), Agriculture, forestry and fishing (1.8%), and Professional, scientific and technical services (1.5%), compared with the proportion across all industries of 1.0%: see Table 40.

Note: In the 'Other industries' category, the following industries exceeded this percentage (1.0%): FIS—Superannuation (14.3%), FIS—Managed investments (10.0%), Mining (7.0%), FIS—Other financial services (3.6%), Health care and social assistance (2.4%), and Education and training (1.3%). However, when combined, these industries made up only 4.7% of all reports.

**Table 39: 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 2018 to 30 June 2019)**

|                                           | Other (business and personal) services | Construction | Accommodation and food services | Retail trade | Transport, postal and warehousing | Manufacturing | Rental, hiring and real estate | Information media and telecommunications | Wholesale trade | Electricity, gas, water and waste services | Professional, scientific and technical services | Agriculture, forestry and fishing | Other industries | Total        | Percentage of total |
|-------------------------------------------|----------------------------------------|--------------|---------------------------------|--------------|-----------------------------------|---------------|--------------------------------|------------------------------------------|-----------------|--------------------------------------------|-------------------------------------------------|-----------------------------------|------------------|--------------|---------------------|
| <b>Number of unsecured creditors</b>      |                                        |              |                                 |              |                                   |               |                                |                                          |                 |                                            |                                                 |                                   |                  |              |                     |
| Less than 25                              | 1,876                                  | 1,276        | 932                             | 429          | 312                               | 131           | 156                            | 131                                      | 115             | 114                                        | 108                                             | 92                                | 403              | 6,075        | 81.0%               |
| 25–50                                     | 106                                    | 145          | 159                             | 99           | 28                                | 48            | 11                             | 16                                       | 24              | 8                                          | 10                                              | 12                                | 35               | 701          | 9.3%                |
| 51–200                                    | 70                                     | 152          | 51                              | 74           | 23                                | 50            | 4                              | 11                                       | 11              | 10                                         | 8                                               | 7                                 | 34               | 505          | 6.7%                |
| More than 200                             | 7                                      | 15           | 3                               | 9            | 0                                 | 6             | 1                              | 4                                        | 5               | 0                                          | 0                                               | 1                                 | 7                | 58           | 0.8%                |
| Unknown                                   | 55                                     | 13           | 14                              | 6            | 6                                 | 0             | 3                              | 2                                        | 3               | 1                                          | 4                                               | 2                                 | 50               | 159          | 2.1%                |
| <b>Total for industry</b>                 | <b>2,114</b>                           | <b>1,601</b> | <b>1,159</b>                    | <b>617</b>   | <b>369</b>                        | <b>235</b>    | <b>175</b>                     | <b>164</b>                               | <b>158</b>      | <b>133</b>                                 | <b>130</b>                                      | <b>114</b>                        | <b>529</b>       | <b>7,498</b> | <b>100%</b>         |
| <b>Amount owed to unsecured creditors</b> |                                        |              |                                 |              |                                   |               |                                |                                          |                 |                                            |                                                 |                                   |                  |              |                     |
| Less than \$250,000                       | 1,474                                  | 927          | 775                             | 333          | 248                               | 101           | 109                            | 96                                       | 58              | 94                                         | 80                                              | 58                                | 310              | 4,663        | 62.2%               |
| \$250,000–\$500,000                       | 259                                    | 199          | 187                             | 112          | 56                                | 33            | 27                             | 19                                       | 28              | 14                                         | 16                                              | 11                                | 56               | 1,017        | 13.6%               |
| \$500,001 to less than \$1 million        | 168                                    | 191          | 119                             | 80           | 32                                | 37            | 17                             | 19                                       | 30              | 5                                          | 15                                              | 13                                | 43               | 769          | 10.3%               |
| \$1 million to less than \$5 million      | 171                                    | 225          | 72                              | 79           | 30                                | 51            | 18                             | 22                                       | 35              | 16                                         | 13                                              | 28                                | 76               | 836          | 11.1%               |
| \$5 million to \$10 million               | 22                                     | 27           | 4                               | 6            | 2                                 | 9             | 3                              | 3                                        | 6               | 1                                          | 2                                               | 1                                 | 19               | 105          | 1.4%                |
| Over \$10 million                         | 20                                     | 32           | 2                               | 7            | 1                                 | 4             | 1                              | 5                                        | 1               | 3                                          | 4                                               | 3                                 | 25               | 108          | 1.4%                |
| <b>Total for industry</b>                 | <b>2,114</b>                           | <b>1,601</b> | <b>1,159</b>                    | <b>617</b>   | <b>369</b>                        | <b>235</b>    | <b>175</b>                     | <b>164</b>                               | <b>158</b>      | <b>133</b>                                 | <b>130</b>                                      | <b>114</b>                        | <b>529</b>       | <b>7,498</b> | <b>100%</b>         |
| <b>Amount owed to related parties</b>     |                                        |              |                                 |              |                                   |               |                                |                                          |                 |                                            |                                                 |                                   |                  |              |                     |
| More than 50% owed to related parties     | 381                                    | 226          | 288                             | 154          | 47                                | 55            | 39                             | 41                                       | 49              | 14                                         | 30                                              | 30                                | 146              | 1,500        | 20.0%               |
| Percentage of reports lodged for industry | 18.0%                                  | 14.1%        | 24.8%                           | 25.0%        | 12.7%                             | 23.4%         | 22.3%                          | 25.0%                                    | 31.0%           | 10.5%                                      | 23.1%                                           | 26.3%                             | 27.6%            | 20.0%        | N/A                 |

Note: 'Other industries' includes Mining, Health care and social assistance, Education and training, Arts and recreation services, Administrative and support services, Public administration and safety, and all FIS subcategories.

















## Related information

### Regulatory guides

[RG 16](#) *External administrators: Reporting and lodging*

### Legislation

Corporations Act, Pts 5.2, 5.3A, 5.6, 5.7B; s180, 184, 286, 344, 422, 438D, 533, 588E, 588G, 590; Sch 2

Insolvency Practice Rules (Corporations) 2016

### Reports

[REP 558](#) *Insolvency statistics: External administrators' reports (July 2016 to June 2017)*

[REP 610](#) *ASIC regulation of registered liquidators: January 2017 to June 2018*

### 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).