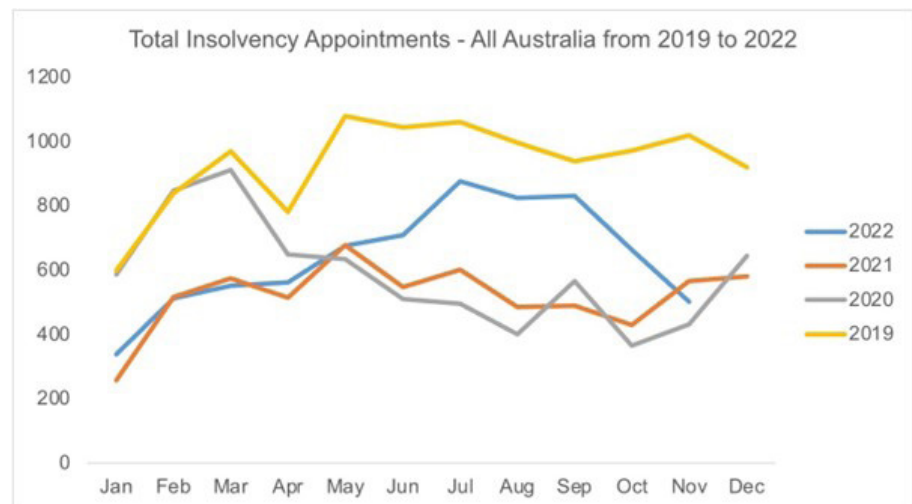


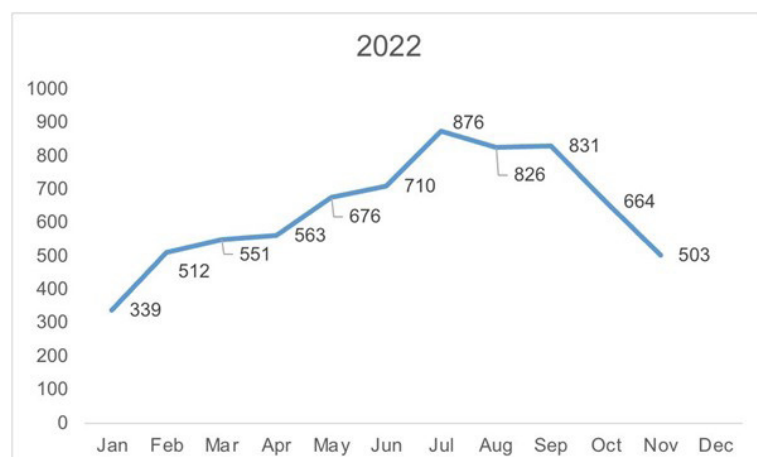
INSOLVENCY STATISTICS

DECEMBER 2022

In this edition we analyse recently released statistics for formal insolvency appointments up to 20 November 2022. The figures highlight a continued increase in insolvencies in 2022 to date compared to the “Covid years” of 2020 and 2021.



A monthly breakdown of Insolvencies up to 20 November 2022 is as follows:





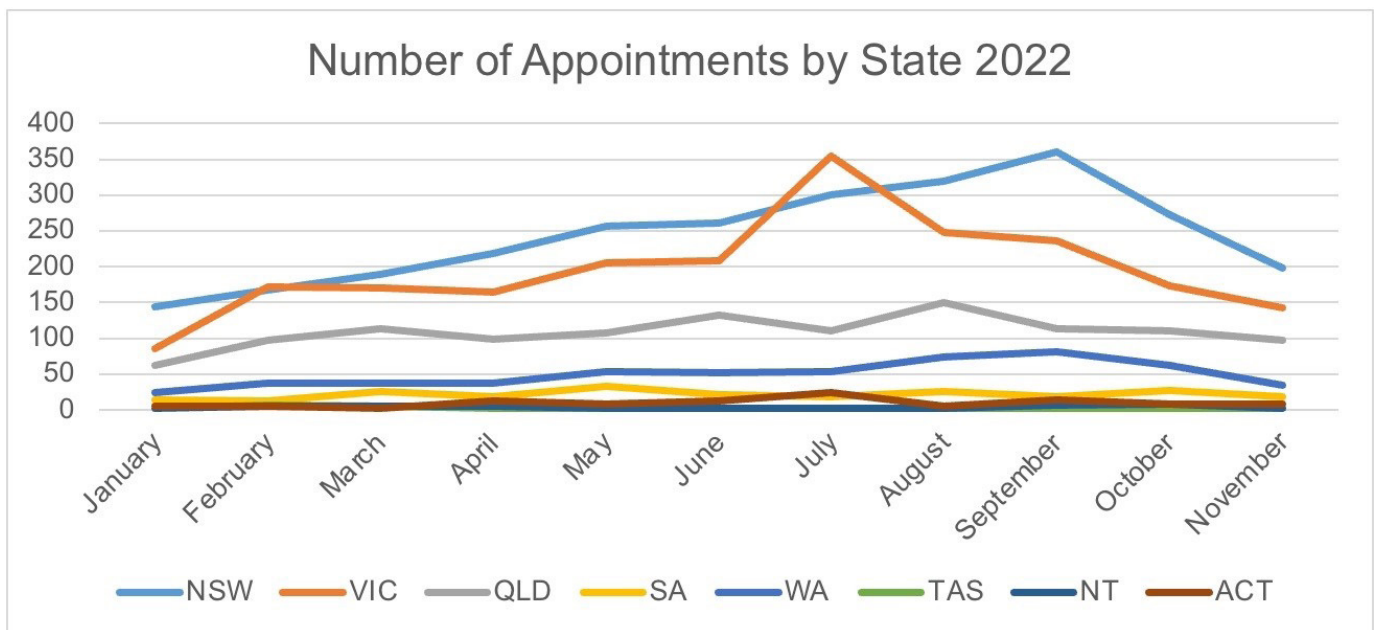
A summary of the statistics below shows that between January 2022 and 20 November 2022, 7,051 formal insolvency appointments were made, compared to a total of 6,243 appointments during 2021. It is evident from the current 2022 figures that the total number of insolvencies in 2022 will increase compared to both 2020 and 2021.

However, unless December 2022 sees a significant spike in the number of insolvencies it would appear the level of insolvencies has not returned to pre covid levels.

The breakdown by appointment type is as follows:

	Court Liquidations	Creditors Voluntary Liquidations	Receiverships	Voluntary Administration	Deed Administration	Restructuring	Simplified Liquidation	Total
2019	2,665	5,501	1,333	1,342	383	Nil	Nil	11,224
2020	946	3,757	1,013	917	408	Nil	Nil	7,041
2021	932	3,353	793	792	373	58	40	6,341
2022 (to November 2022)	822	4,003	731	865	333	276	21	7,051

A state by state analysis for 2022 is as follows:

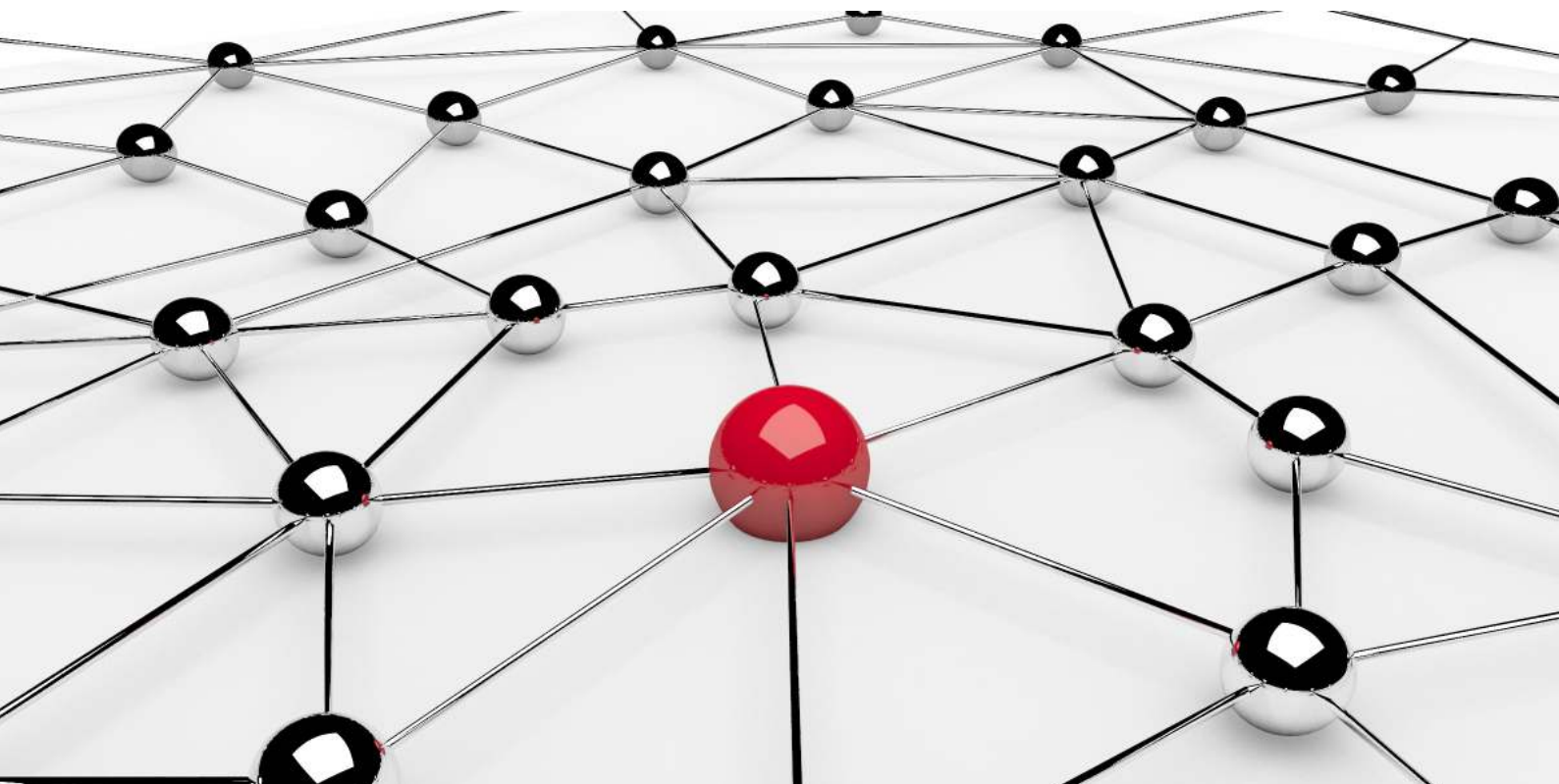


Some points to note with respect to these figures:

In 2022, NSW had the largest number of appointments compared to any other state, with numbers increasing from January 2022 to September 2022, and then falling in September and October 2022;

- » As the economy took time to move into a post COVID phase, the quantum of Court Liquidations was depressed, as claims take their time to go through the Courts;
- » There was a limited number of Voluntary Administrations and Deed of Company Arrangements which suggests limited formal turnaround opportunities were available for businesses in 2022;
- » The number of secured creditor Receivership appointments in 2022 remained consistent with the number of appointments seen in 2020 and 2021. A contributing factor to the number of secured creditor appointments is likely to be a case of private lenders enforcing their rights against customers who fell into arrears during the COVID period.
- » 58% of all formal appointments were Creditors Voluntary Liquidations. The available figures do not reflect the available assets/returns to creditors although it is likely a proportion of these companies would have had their assets run down during the COVID period.
- » Appointments in NSW were on an upwards trajectory until September 2022 when a lesser number of appointments were being made. Similar trends were evident throughout the other jurisdictions.
- » Some of the other jurisdictions such as Queensland and Western Australia do not appear to have experienced a spike in insolvencies, which many had predicted to be a result of their respective COVID lockdown regimes.

It remains to be seen whether the post-COVID economic conditions drives the level of insolvencies beyond pre-COVID levels.



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