



**ASIC**

Australian Securities & Investments Commission

**REPORT 132**

# **External administrators: Schedule B statistics 1 July 2004–30 June 2007**

June 2008

## **About this report**

This is our first report presenting statistical findings from Schedule B reports lodged electronically by liquidators, receivers and administrators.

### About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

**Consultation papers:** seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

**Regulatory guides:** give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

**Information sheets:** provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

**Reports:** describe ASIC compliance or relief activity or the results of a research project.

### Previous Schedule B statistics reports

This is the first report of statistics compiled from Schedule B reports.

### Disclaimer

This report has not been prepared for and should not be relied on for commercial use. In compiling the statistics in this report ASIC has relied on the information in the Schedule B reports lodged electronically with ASIC.

Other than as discussed in Section B, ASIC has not verified or sought to confirm the accuracy of any information in the Schedule B reports. Accordingly, the statistics in this report cannot be construed or relied on as representing a complete and accurate depiction or statement about the matters or events to which the statistics relate.

# Contents

<b>Summary of main findings .....</b>	<b>5</b>
Electronically lodged reports .....	5
Profile of companies .....	5
Causes of company failure .....	6
Estimated dividends.....	6
<b>A ASIC and company insolvency .....</b>	<b>7</b>
<b>B About Schedule B statistics report.....</b>	<b>8</b>
Important terms used in this report.....	9
General conditions/limitations.....	9
Conditions/limitations on information in Sections D, E and F.....	10
<b>C Lodgements of statutory reports .....</b>	<b>11</b>
Total lodgements of statutory reports .....	11
Initial Schedule B reports lodged .....	12
<b>D Initial Schedule B reports 2006–2007 .....</b>	<b>13</b>
Lodgements by region .....	13
Lodgement period.....	14
Section lodged under.....	14
Size of company .....	15
Industry .....	15
Nominated causes of failure .....	16
Liabilities and assets.....	19
Employee entitlements .....	23
Secured creditors.....	25
Unpaid taxes and charges .....	25
Unsecured creditors.....	29
Cents in the dollar dividend .....	29
Completion of external administration .....	33
Proposed action.....	33
Company officers.....	33
External administrator’s remuneration.....	34
<b>E Initial Schedule B reports 2005–2006 .....</b>	<b>35</b>
Lodgements by region .....	35
Lodgement period.....	36
Section lodged under.....	36
Size of company .....	36
Industry .....	37
Nominated causes of failure .....	38
Liabilities and assets.....	41
Employee entitlements .....	44
Secured creditors.....	46
Unpaid taxes and charges .....	46
Unsecured creditors.....	49
Cents in the dollar dividend .....	49
Completion of external administration .....	52
Proposed action.....	52
Company officers.....	52
External administrator’s remuneration.....	53
<b>F Initial Schedule B reports 2004–2005 .....</b>	<b>54</b>
Lodgements by region .....	54
Lodgement period.....	54

Section lodged under.....	55
Size of company .....	55
Industry .....	56
Nominated causes of failure .....	56
Liabilities and assets.....	60
Employee entitlements .....	63
Secured creditors.....	64
Unpaid taxes and charges .....	65
Unsecured creditors.....	67
Cents in the dollar dividend .....	67
Completion of external administration .....	70
Proposed action .....	70
Company officers.....	70
External administrator's remuneration.....	71
<b>Key terms .....</b>	<b>72</b>
<b>Related information.....</b>	<b>74</b>

## Summary of main findings

### Electronically lodged reports

The total number of electronically lodged external administrator statutory reports has increased from 37% in the 2002–2003 financial year (when electronic lodgement first became available) to 96% in 2006–2007: see Section C.

The total number of electronic reports lodged *directly* by external administrators has risen from 37% in 2002–2003 to 92% in 2006–2007.

The following statistics are compiled from *initial* Schedule B reports lodged by external administrators: see paragraph 9 ‘Important terms used in this report’.

### Profile of companies

	2006–2007	2005–2006	2004–2005
<b>No of employees affected</b>	82% of reports were about companies with less than 20 employees	84% of reports were about companies with less than 20 employees	83% of reports were about companies with less than 20 employees
<b>Industries with most lodgements</b>	<ul style="list-style-type: none"> <li>Construction (1,396 reports or 20%)</li> <li>Services to business (897 reports or 13%)</li> <li>Retail trade (860 reports or 13%)</li> </ul>	<ul style="list-style-type: none"> <li>Construction (1,177 reports or 20%)</li> <li>Services to business (785 reports or 14%)</li> <li>Retail trade (759 reports or 13%)</li> </ul>	<ul style="list-style-type: none"> <li>Construction (935 reports or 20%)</li> <li>Services to business (684 reports or 15%)</li> <li>Retail trade (602 reports or 13%)</li> </ul>
<b>Assets and liabilities</b>	<ul style="list-style-type: none"> <li>87% of failed companies had estimated assets of \$100,000 or less</li> <li>56% of failed companies had estimated liabilities of \$250,000 or less</li> </ul>	<ul style="list-style-type: none"> <li>86% of failed companies had estimated assets of \$100,000 or less</li> <li>55% of failed companies had estimated liabilities of \$250,000 or less</li> </ul>	<ul style="list-style-type: none"> <li>84% of failed companies had estimated assets of \$100,000 or less</li> <li>54% of failed companies had estimated liabilities of \$250,000 or less</li> </ul>
<b>Deficiency</b>	76% of failed companies had an estimated deficiency of \$500,000 or less	75% of failed companies had an estimated deficiency of \$500,000 or less	75% of failed companies had an estimated deficiency of \$500,000 or less

## Causes of company failure

	2006–2007	2005–2006	2004–2005
<b>Top 3 nominated causes of failure</b>	<ul style="list-style-type: none"> <li>Poor strategic management of business (2,944 or 43% of reports)</li> <li>Inadequate cashflow or high cash use (2,719 or 40% of reports)</li> <li>Trading losses (2,352 or 34% of reports)</li> </ul>	<ul style="list-style-type: none"> <li>Poor strategic management of business (2,542 or 44% of reports)</li> <li>Inadequate cashflow or high cash use (2,277 or 39% of reports)</li> <li>Trading losses (1,989 or 34% of reports)</li> </ul>	<ul style="list-style-type: none"> <li>Poor strategic management of business (2,011 or 43% of reports)</li> <li>Inadequate cashflow or high cash use (1,827 or 39% of reports)</li> <li>Trading losses (1,610 or 35% of reports)</li> </ul>

## Estimated dividends

	2006–2007	2005–2006	2004–2005
<b>Dividends to unsecured creditors</b>	In 96% of cases, the dividend estimated to be payable to unsecured creditors was 10 cents in the dollar or less	In 96% of cases, the dividend estimated to be payable to unsecured creditors was 10 cents in the dollar or less	In 95% of cases, the dividend estimated to be payable to unsecured creditors was 10 cents in the dollar or less

## A ASIC and company insolvency

- 1 One of ASIC's regulatory responsibilities is the administration of the Corporations Act provisions relating to insolvency. This responsibility is wide: see Table 1.

**Table 1: ASIC's activities in insolvency**

<b>Companies and company officers</b>	<p>Reviewing companies suspected of trading while insolvent, to make directors focus on the solvency of their companies and take early action where solvency problems exist.</p> <p>Investigating possible misconduct associated with the collapse of a company, and taking appropriate enforcement action.</p> <p>Deregistering companies.</p> <p>Disqualifying directors of failed companies.</p>
<b>Insolvency practitioners</b>	<p>Registering liquidators.</p> <p>Providing assistance in the conduct of external administrations by insolvency practitioners, including prosecuting directors who do not provide books and records or reports to external administrators.</p> <p>Administering the Assetless Administration Fund, which finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets, when it appears to ASIC that we may be able to take enforcement action as a result of their investigations and reports.</p> <p>Assessing external administrators' reports lodged with ASIC as part of their statutory responsibilities to investigate company failure and report findings to ASIC.</p> <p>Investigating possible misconduct by insolvency practitioners in their conduct of external administrations, and where appropriate, referring the conduct to the court or to the Companies Auditors and Liquidators Disciplinary Board (CALDB).</p>
<b>All stakeholders</b>	<p>Developing ASIC policy and guidance on the insolvency provisions of the Corporations Act.</p> <p>Publishing statistics on corporate insolvency about:</p> <ul style="list-style-type: none"> <li>• companies entering external administration,</li> <li>• insolvency appointments,</li> <li>• findings from Schedule B reports lodged by liquidators, receivers and administrators.</li> </ul>

## B About Schedule B statistics report

- 2 This statistical report provides a broad picture of corporate insolvencies in Australia for the information of the insolvency profession, creditors, academics, the Australian Government and other interested stakeholders. This report is the first and covers the 2004–2005, 2005–2006 and 2006–2007 financial years.
- 3 The report was compiled from the estimates and opinions contained in statutory reports lodged with ASIC by liquidators, administrators and receivers (external administrators) in the format of Schedule B to Regulatory Guide 16 (Schedule B report).
- 4 External administrators must lodge a report with ASIC as soon as practicable:
- when they suspect an offence under an Australian law, or instances of negligence or misconduct relating to the company to which they are appointed; or
  - in the case of a liquidation only, when unsecured creditors are unlikely to receive more than 50 cents in the dollar dividend.
- 5 We also ask external administrators to submit financial and other data when they complete their Schedule B reports.
- 6 Schedule B reports are lodged under the following sections of the Corporations Act 2001 (the Corporations Act):
- s533 (by a liquidator);
  - s438D (by an administrator); and
  - s422 (by a receiver).
- 7 In June 2002, the first electronically lodged Schedule B report was recorded through the registered liquidators' portal created for electronic lodgements by external administrators.
- 8 In December 2002, we reissued Practice Note 50 External administrators: reporting and lodging [PN 50] (now superseded by Regulatory Guide 16) promising to collate and publish statistics from electronically lodged Schedule B reports. The collation and summation of the financial and other data submitted for the past 3 financial years is set out in this report.



## Important terms used in this report

- 9 The following terms are used in this report and are important for understanding the statistics:

Term	Meaning in this document
<b>Electronically lodged report</b>	<p>A Schedule B report lodged:</p> <ul style="list-style-type: none"> <li>• directly by external administrators through the registered liquidators' portal; or</li> <li>• on paper by external administrators in the Schedule B format, and subsequently entered by ASIC staff through the staff portal.</li> </ul>
<b>Initial Schedule B report</b>	The first electronically lodged Schedule B report after a company entered external administration.

For a full list of terms used in this report refer to 'Key terms' at the end of this report.

## General conditions/limitations

- 10 When interpreting the statistics in this report, please keep the following conditions/limitations in mind:
- Although we encourage external administrators to report in the Schedule B report format, the use of this format is voluntary. It is not a statutory requirement. Reports not lodged in this format are only included in total lodgement statistics (see Section C and Table 2) and not in the rest of the report.
  - During the period covered by this report there was no statutory time-limit within which a Schedule B report must be lodged. External administrators were encouraged to lodge the report within 2 months of being appointed, but most reports were not lodged within this time: see Table 4. Therefore, the statistics in this report will not correlate with the monthly statistics for 'Companies entering external administration' and 'Insolvency appointments' on ASIC's website.
  - Some reports are lodged for statistical purposes only, rather than under the Corporations Act. For example, a liquidator may choose to lodge a Schedule B report for a company with no suspected misconduct and with an estimated dividend of more than 50 cents in the dollar, so that the financial and other data for this company is reflected in the aggregated statistics.

## Conditions/limitations on information in Sections D, E and F

- 11 To avoid double counting, all statistics are only compiled from the first electronically lodged Schedule B report after a company entered external administration (EXAD) status (the initial Schedule B report). This allows for the following situations:
- While a company is in EXAD status, it may be subject to more than one appointment type. Even though a Schedule B report may be lodged for each appointment type, only the first electronically lodged report for the company is included in the statistics.
  - More than one Schedule B report may also be lodged for each appointment type. Again, only the first electronically lodged report is included.
  - 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.
- 12 While only the first electronically lodged report is included in these statistics, an external administrator may have lodged a previous report:
- on paper in the Schedule B format before June 2004 which was not entered by ASIC staff through the staff portal; or
  - on paper in a narrative form (not the Schedule B format).
- 13 Financial information provided in Schedule B reports reflect estimates and opinions of the external administrator at a point in time. Revised information from subsequent or updated Schedule B reports is not reflected in these statistics.
- 14 When completing the Schedule B report, an external administrator selects from a predetermined set of options for qualitative questions and ranges for quantitative questions.
- 15 Limited testing carried out by us while compiling these statistics identified a small number of Schedule B reports with estimated employee entitlements inconsistent with other responses in those reports (e.g. very high unpaid employee entitlements but less than 5 employees; high unpaid employee entitlements which are significantly greater than estimated total liabilities). These reports have been eliminated from the employee entitlements statistics where the impact was material.
- 16 The top 6 or 12 industries by number of reports lodged are shown for some statistics. Remaining industries are grouped under 'Other industries'.
- 17 Statistics broken down by region use the latest registered address on ASIC's corporate database (ASCOT). When an external administrator from another state becomes the external administrator and changes the registered office address on ASCOT, the new address will be used. Companies with international registered addresses are not included in any regional statistics.
- 18 Percentages may not add up to 100% due to rounding.

## C Lodgements of statutory reports

### Total lodgements of statutory reports

- 19 The total number of external administrator statutory reports lodged has increased significantly in the year ended 30 June 2007 (7,562 reports) from the 2005–2006 financial year (6,745 reports). This total has been reasonably consistent over the 4 financial years before the 2006–2007 financial year.
- 20 The percentage of electronically lodged reports has increased significantly from 36.8% in the 2002–2003 financial year (when electronic lodgement first became available) to 96.4% in the 2006–2007 financial year.
- 21 Pleasingly, the number of reports lodged directly by external administrators has risen from 36.8% in 2002–2003 to 91.9% in 2006–2007.

**Table 2: Total external administrator statutory reports lodged by lodgement type (1 July 2002–30 June 2007)**

	2002–2003		2003–2004		2004–2005		2005–2006		2006–2007	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Electronic—direct</b>	2,290	36.8%	3,860	57.3%	4,112	65.1%	5,390	79.9%	6,952	91.9%
<b>Electronic—staff portal</b>	0	0.0%	22	0.3%	835	13.2%	772	11.4%	339	4.5%
<b>Manual</b>	3,928	63.2%	2,851	42.3%	1,369	21.7%	583	8.6%	271	3.6%
<b>Total</b>	<b>6,218</b>	<b>100.0%</b>	<b>6,733</b>	<b>100.0%</b>	<b>6,316</b>	<b>100.0%</b>	<b>6,745</b>	<b>100.0%</b>	<b>7,562</b>	<b>100.0%</b>

#### Electronic—direct

Schedule B reports lodged directly by external administrators through the registered liquidators' portal.

#### Electronic—staff portal

Schedule B reports lodged on paper by external administrators in the Schedule B report format and subsequently entered by ASIC staff through the staff portal.

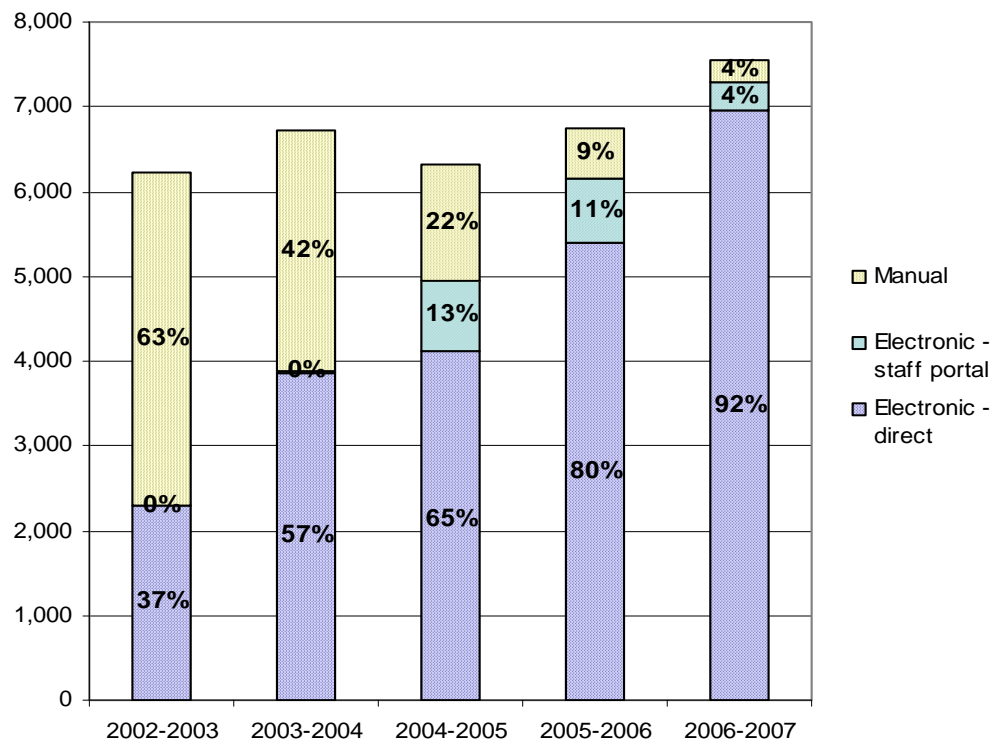
Note: This data was entered from June 2004.

#### Manual

Reports lodged on paper by external administrators.

Note: Excludes supplementary reports (Schedule C reports). From June 2004, this figure relates only to reports lodged on paper not in the Schedule B report format, as reports lodged on paper in the Schedule B format were entered through the staff portal: see above. Before June 2004, this figure included all reports lodged on paper (either in Schedule B or narrative format).

**Figure 1: Total external administrator statutory reports lodged by lodgement type (1 July 2002–30 June 2007)**



### Initial Schedule B reports lodged

- 22 To avoid double counting, the statistics in the rest of this report relate only to initial Schedule B reports that were electronically lodged in the 2004–2005, 2005–2006, and 2006–2007 financial years: see paragraph 9 ‘Important terms used in this report’.
- 23 The number of initial Schedule B reports lodged has increased from 4,648 reports in 2004–2005 to 6,865 reports in 2006–2007.

**Table 3: Initial Schedule B reports electronically lodged (1 July 2004–30 June 2007)**

	2004–2005	2005–2006	2006–2007
<b>Total</b>	<b>4,648</b>	<b>5,785</b>	<b>6,865</b>

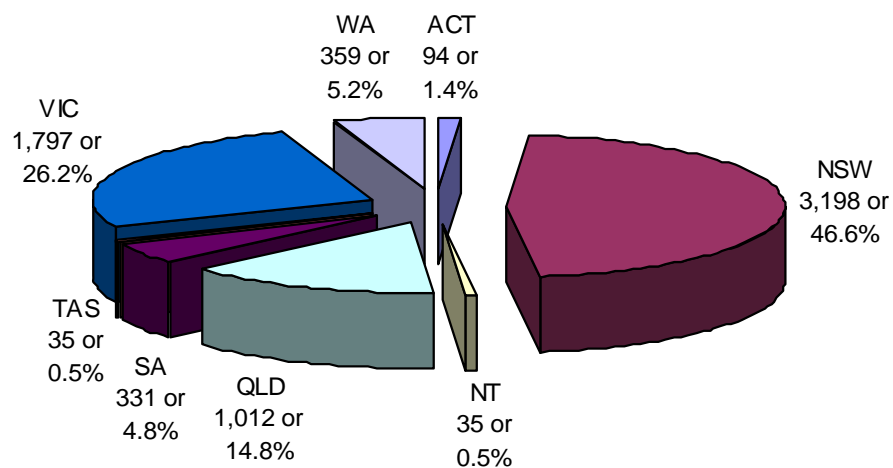
## D Initial Schedule B reports 2006–2007

- 24 For the year ended 30 June 2007, initial Schedule B reports made up 90.8% (or 6,865 reports) of the total number of external administrator statutory reports lodged (see Table 2 and Table 3). This compares to 85.8% (or 5,785 reports) in 2005–2006.
- 25 Despite the increase in initial Schedule B reports, the percentage results for most major categories of information supplied in the reports have not changed significantly from the previous financial year.

### Lodgements by region

- 26 The greatest number of reports in 2006–2007 related to NSW registered companies (3,198 reports or 46.6%), followed by Victoria (1,797 reports or 26.2%) and Queensland (1,012 reports or 14.8%). The 5 remaining states and territories make up 12.4% of reports.

**Figure 2: Initial Schedule B reports electronically lodged by region (1 July 2006–30 June 2007)**



Note: 4 companies with international registered addresses are not included in region statistics.

## Lodgement period

- 27 In the year ended 30 June 2007, only 16.4% of reports were lodged within 2 months of the external administrator's appointment, with 28.7% lodged more than 12 months after appointment: see Table 4.
- 28 The result may be distorted by instances where the first electronically lodged report was not the first report lodged.

**Table 4: Initial Schedule B reports electronically by lodgement period (1 July 2006–30 June 2007)**

	No.	%
Less than 2 months	1,127	16.4%
Between 2 and 5 months	2,164	31.5%
Between 6 and 12 months	1,602	23.3%
Greater than 12 months	1,972	28.7%
<b>Total</b>	<b>6,865</b>	<b>100.0%</b>

## Section lodged under

- 29 Most reports in 2006–2007 (93.2%) were lodged by liquidators under s533 of the Corporations Act: see Table 5.

**Table 5: Initial Schedule B reports electronically lodged by section of the Corporations Act (1 July 2006–30 June 2007)**

	No.	%
Section 422 (reports by receiver)	40	0.6%
Section 438D (reports by administrator)	410	6.0%
Section 533 (reports by liquidator)	6,400	93.2%
Statistical purposes	15	0.2%
<b>Total</b>	<b>6,865</b>	<b>100.0%</b>

## Size of company

- 30 The number of employees or the number of full-time equivalent employees is used as a measure of the size of the company. In 2006–2007, 82.3% of reports related to companies with less than 20 employees: see Table 6.

**Table 6: Initial Schedule B reports electronically lodged—Size of company as measured by number of FTEs (1 July 2006–30 June 2007)**

	No.	%
Less than 5 FTE	4,450	64.8%
Between 5 and 19 FTE	1,199	17.5%
Between 20 and 199 FTE	341	5.0%
200 or more FTE	9	0.1%
Not known	866	12.6%
<b>Total</b>	<b>6,865</b>	<b>100.0%</b>

Note: FTE = Full-time equivalent employees

## Industry

- 31 As for the previous financial year, in 2006–2007, the industries with the highest number of Schedule B reports lodged were Construction (1,396 reports or 20.3%), Services to business (897 reports or 13.1%) and Retail trade (860 reports or 12.5%): see Table 7.
- 32 The top 6 and 12 industries are the same as for 2005–2006 but with some changes in order.

**Table 7: Initial Schedule B reports electronically lodged by industry type (1 July 2006–30 June 2007)**

	No.	%		No.	%
Construction	1,396	20.3%	Agriculture	139	2.0%
Services to business	897	13.1%	Health & community services	94	1.4%
Retail trade	860	12.5%	Cultural & recreational services	89	1.3%
Property & business services	649	9.5%	Managed investments	84	1.2%
Accommodation, cafes & restaurants	499	7.3%	Mining	32	0.5%
Manufacturing	498	7.3%	Education	29	0.4%
Transport & storage	472	6.9%	Electricity, gas & water supply	29	0.4%
Personal & other services	437	6.4%	Insurance	23	0.3%
Wholesale trade	275	4.0%	Credit provider	6	0.1%
Communication & services	188	2.7%	Deposit taking institution	2	0.0%
Other financial services	165	2.4%	Superannuation	2	0.0%
			<b>Total</b>	<b>6,865</b>	<b>100.0%</b>

## Nominated causes of failure

- 33 There is commonly more than one reason for a company's failure. External administrators nominated an average of 2.28 causes of failure per report in 2006–2007.
- 34 The top 3 nominated causes of failure for companies (see Table 7 and Table 8), were:
- poor strategic management of business (2,944 or 42.9% of reports),
  - inadequate cash flow or high cash use (2,719 or 39.6% of reports), and
  - trading losses (2,352 or 34.3% of reports).
- 35 Of the top 12 industries, the 3 industries which most exceeded the percentage of reports for these 3 causes of failure were:
- poor strategic management of business—Transport & storage (47.9% of reports), Manufacturing (46% of reports) and equal third, Retail trade and Property & business services (44.5% of reports each),
  - inadequate cash flow or high cash use—Accommodation, cafes & restaurants (48.1% of reports), Agriculture (43.9% of reports) and Property & business services (42.4% of reports),
  - trading losses—Accommodation, cafes & restaurants (47.7% of reports), Retail trade (45% of reports) and Wholesale trade (41.1% of reports).
- 36 All states shared the same top 5 causes of failure but not in the same order (see Table 9).
- 37 On 29 September 2006 a new version of the Schedule B report was implemented. The 'None of the above' category for nominated causes of failure was changed to 'Other' and includes a text box to specify the cause of failure. For the 2006–2007 year, both results for 'None of the above' and 'Other' are included.



**Table 8: Initial Schedule B reports electronically lodged—Nominated causes of failure by industry (1 July 2006 – 30 June 2007)**

	Construction	Services to business	Retail trade	Property & business services	Accommodation, cafes & restaurants	Manufacturing	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Other financial services	Agriculture	Other industries	Total
Under capitalisation	356	183	221	154	149	140	110	104	66	40	45	41	84	1,693
Poor financial control including lack of records	542	291	276	246	145	144	179	152	86	51	51	34	132	2,329
Poor management of Accounts Receivable	242	137	77	90	14	67	70	40	48	23	10	19	41	878
Poor strategic management of business	574	363	383	289	215	229	226	178	106	83	66	57	175	2,944
Inadequate cash flow or high cash use	532	304	343	275	240	205	179	168	109	68	67	61	168	2,719
Poor economic conditions	137	68	99	48	49	71	58	34	35	23	9	33	13	677
Natural disaster	4	2	5	1	4	7	4	2	3	0	0	11	4	47
Fraud	25	20	26	37	4	7	12	8	11	7	7	3	45	212
DOCA failed	11	5	5	4	4	2	5	7	2	2	4	4	2	57
Dispute among directors	45	49	40	30	33	29	21	21	16	11	8	2	15	320
Trading losses	458	259	387	161	238	202	164	116	113	55	41	41	117	2,352
Industry restructuring	25	28	31	8	6	30	10	13	15	9	3	6	2	186
Other	213	149	103	99	72	75	50	70	47	22	24	19	87	1,030
None of the above*	42	33	30	26	7	7	10	16	9	14	4	6	25	229
<b>Nominated causes of failure by industry</b>	<b>3,206</b>	<b>1,891</b>	<b>2,026</b>	<b>1,468</b>	<b>1,180</b>	<b>1,215</b>	<b>1,098</b>	<b>929</b>	<b>666</b>	<b>408</b>	<b>339</b>	<b>337</b>	<b>910</b>	<b>15,673</b>

\* Reports lodged between 1 July and 29 September 2006. Amendments to the Schedule B report were implemented 29 September 2006 which replace the 'None of the above' category with an 'Other' category, including a text box to specify the cause of failure.

Note: Other industries includes Credit provider, Cultural & recreational services, Deposit taking institution, Education, Electricity, gas & water supply, Health & community services, Insurance, Managed investments, Mining, Superannuation.

**Table 9: Initial Schedule B reports electronically lodged—Nominated causes of failure by region (1 July 2006–30 June 2007)**

	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total
Under capitalisation	33	754	9	222	124	14	418	119	1,693
Poor financial control including lack of records	29	1,241	9	307	73	10	562	97	2,328
Poor management of accounts receivable	17	417	5	146	26	5	218	44	878
Poor strategic management of business	45	1,294	14	479	133	16	809	153	2,943
Inadequate cash flow or high cash use	54	1,138	14	429	159	19	759	146	2,718
Poor economic conditions	13	356	0	96	15	2	170	25	677
Natural disaster	1	15	0	10	0	0	21	0	47
Fraud	1	87	1	45	5	3	54	16	212
DOCA failed	2	26	0	8	3	0	11	7	57
Dispute among directors	4	116	4	56	11	1	97	31	320
Trading losses	19	1,000	9	361	164	15	649	135	2,352
Industry restructuring	2	78	0	17	16	1	61	11	186
Other	12	462	6	142	54	7	280	65	1,028
None of the above*	4	95	6	39	4	0	60	21	229
<b>Total</b>	<b>236</b>	<b>7,079</b>	<b>77</b>	<b>2,357</b>	<b>787</b>	<b>93</b>	<b>4,169</b>	<b>870</b>	<b>15,668</b>

\* Reports lodged between 1 July and 29 September 2006. Amendments to the Schedule B report were implemented 29 September 2006 which replace the 'None of the above' category with an 'Other' category, including a text box to specify the cause of failure.

Note: Causes of failure for companies with international registered addresses are not included in region statistics.

## Liabilities and assets

38 External administrators provide estimates of the assets, liabilities and overall financial deficiency of companies they are reporting on. Table 10 shows the assets and liabilities categories and Table 11 shows the deficiency for the top 12 industries by reports lodged (as noted in Table 7).

### Assets

39 On 29 September 2006 a new version of the Schedule B report was implemented. The estimated total realisable assets categories were amended, in particular:

- ‘\$1–\$100,000’ was broken down into 5 categories: ‘\$1–\$10,000’, ‘\$10,001–\$20,000’, ‘\$20,001–\$30,000’, ‘\$30,001–\$50,000’ and ‘\$50,001–\$100,000’.
- the ‘Over \$250,000’ asset category changed to ‘\$250,001–\$5 million’, and a new category was added for ‘Over \$5 million’.

40 Most reports (86.6%) showed that the companies had estimated assets of \$100,000 or less.

41 Of the top 12 industries, those with the greatest percentage of reports estimating assets of \$100,000 or less were Personal & other services (93.4%), Services to business (91.1%) and Accommodation, cafes and restaurants (90%).

42 In 37.8% (2,598) of reports the external administrator estimated the administration was assetless. Of the top 12 industries, those that most exceeded this percentage for assetless administrations (37.8%) were Other financial services (47.9%) Personal and other services (43.7%) and Services to business (42.1%).

43 On the other hand, 7.9% of reports estimated assets of over \$250,000. Of the top 12 industries, those well above this percentage were Wholesale trade (17.5%), Agriculture (17.3%) and Property & business services (16.8%).

### Liabilities

44 More than half of reports (55.5%) indicated that the estimated liabilities of the failed companies were \$250,000 or less and 84.1% indicated estimated liabilities less than \$1 million.

45 Of the top 12 industries, those with the greatest percentage of companies with estimated liabilities of \$250,000 or less were Personal & other services (69.6%), Services to business (64.3%) and Construction (62%).

- 46 A comparison of those industries with estimated liabilities over \$10 million reveals that the proportion of reports in that category across all industries (1.6%) was exceeded by Agriculture (5.8%), Property & business services (3.9%) and Other financial services (2.4%).

Note: In the Other industries category, Deposit taking institution (50%), Credit provider (16.7%), Mining (15.6%), Managed investments (13.1%), Insurance (8.7%), Cultural & recreational services (4.5%) and Education (3.4%) all exceeded this percentage across all industries (1.6%) but make up only 3.9% of all reports.

## Deficiency

- 47 The new version of the Schedule B report implemented on 29 September 2006 amended the estimated total deficiency categories. In particular the category '\$0–\$500,000' was split into '\$0–\$50,000', '\$50,001–\$250,000' and '\$250,001–less than \$500,000'; '\$500,001–less than \$1 million' was changed to '\$500,000–less than \$1 million'.
- 48 Across all industries 75.8% of reports estimated the shortfall between estimated assets and estimated liabilities was \$500,000 or less. When comparing the deficiency estimates between the top 12 industries, the 3 industries with the highest percentage of estimates at \$500,000 or less were Personal & other services (87.6%), Services to business (83.2%) and Accommodation, cafes & restaurants (80%).
- 49 Only 1.4% of all reports estimated a deficiency of over \$10 million. Of the top 12 industries, those that most exceeded this percentage were Agriculture (5%), Property & business services (4%) and Other financial services (2.4%).

Note: Seven industries grouped in Other industries exceeded this percentage across all industries (1.4%): Deposit taking institution (50%), Credit provider (16.7%), Mining (12.5%), Managed investments (11.9%), Insurance (8.7%), Cultural & recreational services (4.5%) and Education (3.4%), however, when combined, these industries make up only 3.9% of reports.

Table 10: Initial Schedule B reports electronically lodged—Amount of assets and liabilities by industry (1 July 2006–30 June 2007)

	Construction	Services to business	Retail trade	Property & business services	Accommodation, cafes & restaurants	Manufacturing	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Other financial services	Agriculture	Other industries	Total	% of Total
<b>Asset categories</b>															
Less than \$1	575	378	282	258	199	127	162	191	73	76	79	42	156	2,598	37.8%
\$1–\$100,000*	184	127	153	70	70	80	85	51	42	28	23	22	53	988	14.4%
\$1–\$10,000	240	160	130	94	82	76	89	88	44	39	20	23	52	1,137	16.6%
\$10,001–\$20,000	96	56	77	33	30	38	23	28	15	12	6	3	23	440	6.4%
\$20,001–\$30,000	46	36	33	11	18	15	12	15	10	7	3	3	10	219	3.2%
\$30,001–\$50,000	41	30	35	21	16	19	25	18	10	4	4	4	24	251	3.7%
\$50,001–\$100,000	49	30	44	31	34	39	18	17	14	3	3	8	21	311	4.5%
\$100,001–\$250,000	78	50	50	22	23	47	25	17	19	8	13	10	18	380	5.5%
Over \$250,000*	22	13	13	26	10	21	7	1	12	7	4	6	13	155	2.3%
\$250,001–\$5 million	58	16	41	63	17	35	26	11	31	4	10	16	18	346	5.0%
Over \$5 million	7	1	2	20	0	1	0	0	5	0	0	2	2	40	0.6%
<b>Total for industry</b>	<b>1,396</b>	<b>897</b>	<b>860</b>	<b>649</b>	<b>499</b>	<b>498</b>	<b>472</b>	<b>437</b>	<b>275</b>	<b>188</b>	<b>165</b>	<b>139</b>	<b>390</b>	<b>6,865</b>	<b>100.0%</b>
<b>Liability categories</b>															
\$1–\$250,000	866	577	437	326	264	213	281	304	99	110	85	52	195	3,809	55.5%
\$250,001–less than \$1 million	333	238	301	170	186	170	121	105	105	48	44	39	103	1,963	28.6%
\$1 million–less than \$5 million	164	77	103	106	43	96	64	25	53	22	29	31	57	870	12.7%
\$5 million–\$10 million	19	4	7	22	6	11	3	1	14	4	3	9	10	113	1.6%
Over \$10 million	14	1	12	25	0	8	3	2	4	4	4	8	25	110	1.6%
<b>Total for industry</b>	<b>1,396</b>	<b>897</b>	<b>860</b>	<b>649</b>	<b>499</b>	<b>498</b>	<b>472</b>	<b>437</b>	<b>275</b>	<b>188</b>	<b>165</b>	<b>139</b>	<b>390</b>	<b>6,865</b>	<b>100.0%</b>

\* Reports lodged between 1 July and 29 September 2006. Amendments to the Schedule B report were implemented 29 September 2006 which break down the asset category '\$1–\$100,000' into '\$1–\$10,000', '\$10,001–\$20,000', '\$20,001–\$30,000', '\$30,001–\$50,000' and '\$50,001–\$100,000'; change the 'Over \$250,000' asset category to '\$250,001–\$5million'; and add a new category for assets 'Over \$5 million'.

Note: Other industries includes Credit provider, Cultural & recreational services, Deposit taking institution, Education, Electricity, gas & water supply, Health & community services, Insurance, Managed investments, Mining, Superannuation.

**Table 11: Initial Schedule B reports electronically lodged—Amount of deficiency by industry (1 July 2006–30 June 2007)**

	Construction	Services to business	Retail trade	Property & business services	Accommodation, cafes & restaurants	Manufacturing	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Other financial services	Agriculture	Other Industries	Total	% of Total
\$0–\$500,000*	307	203	189	133	117	93	110	97	59	57	39	27	72	1,503	21.9%
\$0–\$50,000	275	175	101	106	58	46	93	86	25	30	29	20	68	1,112	16.2%
\$50,001–\$250,000	370	266	224	151	139	123	111	145	43	43	32	22	79	1,748	25.5%
\$250,001–less than \$500,000	140	102	128	66	85	68	51	55	47	15	18	12	51	838	12.2%
\$500,000–less than \$1 million	97	64	74	58	51	42	35	25	29	13	6	10	23	527	7.7%
\$500,001–less than \$1 million*	36	19	30	16	12	19	13	3	8	2	7	7	9	181	2.6%
\$1 million–less than \$5 million	151	63	98	80	33	93	53	21	55	20	29	27	54	777	11.3%
\$5 million–\$10 million	13	5	3	13	4	8	3	1	8	4	1	7	11	81	1.2%
Over \$10 million	7	0	13	26	0	6	3	4	1	4	4	7	23	98	1.4%
<b>Total for industry</b>	<b>1,396</b>	<b>897</b>	<b>860</b>	<b>649</b>	<b>499</b>	<b>498</b>	<b>472</b>	<b>437</b>	<b>275</b>	<b>188</b>	<b>165</b>	<b>139</b>	<b>390</b>	<b>6,865</b>	<b>100.0%</b>

\* Reports lodged between 1 July and 29 September 2006. Amendments to the Schedule B report were implemented 29 September 2006 which break down the '\$0–\$500,000' category into '\$0–\$50,000', '\$50,001–\$250,000' and '\$250,001–less than \$500,000'; and change the category '\$500,001–less than \$1 million' to '\$500,000–less than \$1 million'.

Note: Other industries includes Credit provider, Cultural & recreational services, Deposit taking institution, Education, Electricity, gas & water supply, Health & community services, Insurance, Managed investments, Mining, Superannuation.

## Employee entitlements

- 50 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 12 and Table 13. 'Not applicable' means that no amount of entitlement of that type was unpaid to employee creditors as at the date of the appointment of the external administrator.

**Table 12: Initial Schedule B reports electronically lodged—Amounts owed in unpaid employee entitlements (1 July 2006–30 June 2007)**

	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	349	5.1%	258	3.8%	253	3.7%	218	3.2%	228	3.3%
\$1,001–\$10,000	798	11.7%	847	12.4%	378	5.5%	185	2.7%	153	2.2%
\$10,001–\$50,000	346	5.1%	531	7.8%	255	3.7%	178	2.6%	195	2.9%
\$50,001–\$150,000	107	1.6%	123	1.8%	47	0.7%	70	1.0%	41	0.6%
\$150,001–\$250,000	20	0.3%	18	0.3%	8	0.1%	19	0.3%	6	0.1%
\$250,001–\$500,000	23	0.3%	10	0.1%	4	0.1%	7	0.1%	1	0.0%
\$500,001–less than \$1.5 million	8	0.1%	3	0.0%	4	0.1%	8	0.1%	3	0.0%
\$1.5 million–\$5 million	2	0.0%	1	0.0%	0	0.0%	3	0.0%	1	0.0%
Over \$5 million	3	0.0%	8	0.1%	4	0.1%	7	0.1%	6	0.1%
Not applicable	5,165	75.7%	5,022	73.6%	5,868	86.0%	6,126	89.8%	6,187	90.7%
<b>Total</b>	<b>6,821</b>	<b>100.0%</b>	<b>6,821</b>	<b>100.0%</b>	<b>6,821</b>	<b>100.0%</b>	<b>6,821</b>	<b>100.0%</b>	<b>6,821</b>	<b>100.0%</b>

Note: 44 reports identified as being internally inconsistent were excluded from this table.

### Unpaid wages

- 51 75.7% of reports showed unpaid wages as not applicable. In 16.8% of reports it was estimated that employees were owed \$1 to \$10,000 in unpaid wages. Categories from \$10,001 to over \$5 million made up 7.5% of reports.

### Unpaid annual leave

- 52 In all, 73.6% of reports showed unpaid annual leave as not applicable. In 16.2% of cases employees were owed \$1 to \$10,000, and 24% of companies owed \$50,000 or less. All other categories make up 2.4% of reports.

### Unpaid pay in lieu of notice

- 53 Again, unpaid pay in lieu of notice was not applicable in most cases (86%). 1.1% of reports showed entitlements for unpaid pay in lieu of notice over \$50,000.

### Unpaid redundancy

- 54 Unpaid redundancy was not applicable in 89.8% of reports. In all, 5.9% of reports showed employees were owed \$1 to \$10,000 in redundancy payments.
- 55 Only 0.1% of reports showed unpaid redundancy of over \$5 million.

### Unpaid long service leave

- 56 5.6% of reports showed employees were owed \$1–\$10,000 in unpaid long service leave, and unpaid long service leave of more than \$5 million was estimated in only 0.1% of reports.
- 57 The majority of reports (90.7%) indicated a long service leave debt was not applicable.

### Unpaid superannuation

- 58 Due to the different value categories of superannuation entitlements, these figures are shown separately in Table 13. The results show a similar pattern to other employee entitlements with a large number (65%) of reports showing unpaid superannuation as not applicable.

**Table 13: Initial Schedule B reports electronically lodged  
Amounts owed in unpaid superannuation entitlements  
(1 July 2006–30 June 2007)**

	No.	%
\$0–\$100,000*	706	10.3%
\$1–\$100,000	1,523	22.2%
\$100,001–\$250,000	124	1.8%
\$250,001–\$1 million	29	0.4%
Over \$1 million	16	0.2%
Not applicable	4,462	65.0%
<b>Total</b>	<b>6,860</b>	<b>100.0%</b>

\* Reports lodged between 1 July and 29 September 2006. Amendments to the Schedule B report were implemented 29 September 2006 which change the '\$0–\$100,000' category to '\$1–\$100,000'.  
Note: 5 reports identified as being internally inconsistent were excluded from this table.



## Secured creditors

- 59 Table 14 shows the amounts owed to secured creditors for the 6 industries with the highest number of reports, with the remaining 30.1% grouped under Other industries. Most reports for 2006–2007 (73%) indicated that nothing was owed to secured creditors, which is a 4.2 percentage point increase from 2005–2006.
- 60 A significant proportion (21.6%) of 2006–2007 reports showed secured creditors were owed less than \$1 million.
- 61 The new version of the Schedule B report implemented on 29 September 2006 broke down the estimated amount owed to secured creditors category for ‘Under \$1 million’ into ‘\$1–less than \$500,000’ and ‘\$500,000–less than \$1 million’. When the combined ‘Under \$1 million’ result for 2006–2007 is compared with last year, this category decreased by 3.7 percentage points.
- 62 0.8% of reports showed more than \$10 million was owed to secured creditors.

Note: Of those listed in Other industries, the 3 industries which most exceeded this percentage of reports across all industries with amounts owed to secured creditors over \$10 million (0.8%) were Deposit taking institution (50% or 1 report), Mining (15.6% or 5 reports) and Agriculture (5% or 7 reports).

- 63 Figure 3 illustrates the amounts owed to secured creditors for the 12 industries with the highest number of reports.

## Unpaid taxes and charges

- 64 On 29 September 2006 a new version of the Schedule B report was implemented. The estimated amount of taxes and charges which are unpaid for the category ‘\$0–\$250,000’ was broken down into ‘\$0’ and ‘\$1–\$250,000’.
- 65 Most reports (89.8%) indicated that the amount of unpaid taxes and charges was \$250,000 or less.
- 66 Retail trade exceeded this percentage of reports owing \$250,000 or less in unpaid taxes and charges with 93.6%.
- 67 Of the top 6 industries, Construction had the highest percentage of unpaid taxes and charges over \$1 million (2.2%) compared to the percentage across all industries of 1.7%. See Table 15.

Note: In the Other industries category, the 3 industries that most exceeded this percentage across all industries (1.7%) of unpaid taxes and charges of over \$1 million were: Superannuation (50%), Credit provider (16.7%), and Managed investments (4.8%). These industries represent 1.3% of all reports.

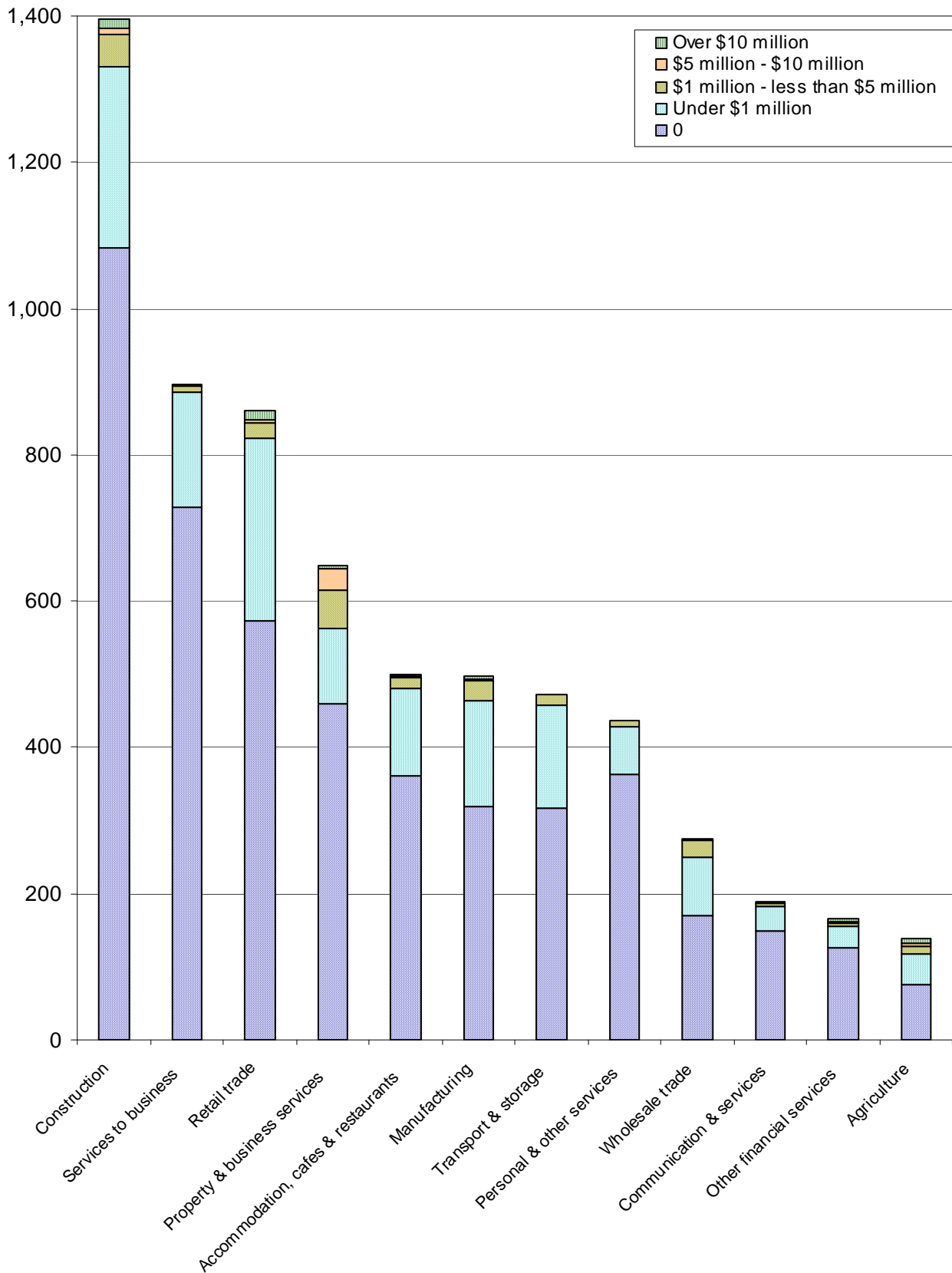
**Table 14: Initial Schedule B reports electronically lodged—Amount owed to secured creditors by industry (1 July 2006–30 June 2007)**

	Construction		Services to business		Retail trade		Property & business services		Accommodation, cafes & restaurants		Manufacturing		Other industries		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
0	1,084	77.7%	728	81.2%	572	66.5%	459	70.7%	362	72.5%	319	64.1%	1,489	72.1%	5,013	73.0%
\$1–less than \$500,000	159	11.4%	96	10.7%	142	16.5%	61	9.4%	73	14.6%	85	17.1%	262	12.7%	878	12.8%
\$500,000–less than \$1 million	19	1.4%	15	1.7%	21	2.4%	13	2.0%	14	2.8%	17	3.4%	55	2.7%	154	2.2%
Under \$1 million*	68	4.9%	47	5.2%	87	10.1%	30	4.6%	32	6.4%	42	8.4%	146	7.1%	452	6.6%
\$1 million–less than \$5 million	44	3.2%	9	1.0%	22	2.6%	53	8.2%	14	2.8%	28	5.6%	81	3.9%	251	3.7%
\$5 million–\$10 million	9	0.6%	1	0.1%	4	0.5%	29	4.5%	3	0.6%	3	0.6%	10	0.5%	59	0.9%
Over \$10 million	13	0.9%	1	0.1%	12	1.4%	4	0.6%	1	0.2%	4	0.8%	23	1.1%	58	0.8%
<b>Total for industry</b>	<b>1,396</b>	<b>100.0%</b>	<b>897</b>	<b>100.0%</b>	<b>860</b>	<b>100.0%</b>	<b>649</b>	<b>100.0%</b>	<b>499</b>	<b>100.0%</b>	<b>498</b>	<b>100.0%</b>	<b>2,066</b>	<b>100.0%</b>	<b>6,865</b>	<b>100.0%</b>

\* Reports lodged between 1 July and 29 September 2006. Amendments to the Schedule B report were implemented 29 September 2006 which break down the 'Under \$1 million' category into '\$1–less than \$500,000' and '\$500,000–less than \$1 million'.

Note: Other industries includes Agriculture, Communication & services, Credit provider, Cultural & recreational services, Deposit taking institution, Education, Electricity, gas & water supply, Health & community services, Insurance, Managed investments, Mining, Other financial services, Personal & other services, Superannuation, Transport and storage and Wholesale trade.

**Figure 3: Initial Schedule B reports electronically lodged—Amount owed to secured creditors by industry (1 July 2006–30 June 2007)**



**Table 15: Initial Schedule B reports electronically lodged—Amount owed in unpaid taxes and charges by industry (1 July 2006–30 June 2007)**

	Construction		Services to business		Retail trade		Property & business services		Accommodation, cafes & restaurants		Manufacturing		Other industries		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
\$0	187	13.4%	86	9.6%	82	9.5%	89	13.7%	42	8.4%	51	10.2%	307	14.9%	844	12.3%
\$0–\$250,000*	347	24.9%	219	24.4%	239	27.8%	157	24.2%	126	25.3%	130	26.1%	542	26.2%	1,760	25.6%
\$1–\$250,000	713	51.1%	479	53.4%	484	56.3%	332	51.2%	281	56.3%	264	53.0%	1,011	48.9%	3,564	51.9%
\$250,001–\$1 million	118	8.5%	97	10.8%	43	5.0%	60	9.2%	44	8.8%	48	9.6%	173	8.4%	583	8.5%
Over \$1 million	31	2.2%	16	1.8%	12	1.4%	11	1.7%	6	1.2%	5	1.0%	33	1.6%	114	1.7%
<b>Total for industry</b>	<b>1,396</b>	<b>100.0%</b>	<b>897</b>	<b>100.0%</b>	<b>860</b>	<b>100.0%</b>	<b>649</b>	<b>100.0%</b>	<b>499</b>	<b>100.0%</b>	<b>498</b>	<b>100.0%</b>	<b>2,066</b>	<b>100.0%</b>	<b>6,865</b>	<b>100.0%</b>

\* Reports lodged between 1 July and 29 September 2006. Amendments to the Schedule B report were implemented 29 September 2006 which break down the '\$0–\$250,000' category into '\$0' and '\$1–\$250,000'.

Note: Other Industries includes Agriculture, Communication & services, Credit provider, Cultural & recreational services, Deposit taking institution, Education, Electricity, gas & water supply, Health & community services, Insurance, Managed investments, Mining, Other financial services, Personal & other services, Superannuation, Transport & storage and Wholesale trade.

## Unsecured creditors

### Number of unsecured creditors

- 68 The new version of the Schedule B report implemented on 29 September 2006 divided the total number of unsecured creditors category 'Less than 50' into 'Less than 25' and '25–50'. The '50–200' category was changed to '51–200'.
- 69 Most reports for 2006–2007 (87.8%) indicated the company had fewer than 50 unsecured creditors. Of the top 12 industries, those which had the greatest percentages of less than 50 unsecured creditors were Services to business (93.5%), and equal second, Personal & other services and Other financial services (92.7% each). See Table 16.

### Amount owed to unsecured creditors

- 70 The majority (69.1%) of companies owed less than \$250,000 to unsecured creditors. Of the top 12 industries, the 3 which had the greatest percentage of companies in this category were: Personal & other services (82.6%), Services to business (78.1%) and Construction (73.4%).
- 71 The 2 industries with the highest number of reports where companies owed more than \$10 million to unsecured creditors were Property & business services (22 reports), and Managed investments (10 reports) which is grouped in Other industries.

### Amounts owed to related parties

- 72 Of the total amount owed to unsecured creditors, 17.6% of lodgements reported that more than 50% of the debt related to amounts owed 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 (26.5%), Accommodation, cafes & restaurants (26.3%) and Retail trade (22.6%).

Note: Of those listed in Other industries, 6 exceeded this percentage across all industries of 17.6%: Deposit taking institution (100%), Mining (31.3%), Managed investments (25%), Insurance (21.7%), Education (20.7%) and Cultural & recreational services (19.1%).

## Cents in the dollar dividend

- 73 The new version of the Schedule B report implemented on 29 September 2006 broke down the cents in the dollar dividend category '0–10 cents' into '0' and 'Greater than 0 but less than 11 cents'.

- 74 In 2006–2007, the dividend estimated to be payable to unsecured creditors was less than 11 cents in the dollar for most reports (95.7%). Of the top 12 industries, the top 3 with an estimated return of less than 11 cents in the dollar were Retail trade (98%), Accommodation, cafes & restaurants (96.6%) and equal third, Construction and Personal & other services (96.3% each). Other industries includes 3 industries where 100% estimated less than 11 cents in the dollar: Credit provider (6 reports), Deposit taking institution (2 reports) and Superannuation (2 reports).
- 75 Of the top 12 industries, the 3 industries with the greatest percentage of estimated returns of more than 50 cents in the dollar to unsecured creditors were Property & business services (3.1%), Other financial services (2.4%) and Agriculture (2.2%), compared to the proportion across all industries of 1.2%. See Table 17.

**Table 16: Initial Schedule B reports electronically lodged—Number of unsecured creditors, amount owed and reports where > 50% is owed to related parties by industry (1 July 2006–30 June 2007)**

	Construction	Services to business	Retail trade	Property & business services	Accommodation, cafes & restaurants	Manufacturing	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Other financial services	Agriculture	Other industries	Total	% of Total
<b>Number of unsecured creditors</b>															
Less than 25	795	551	391	385	253	210	252	286	119	97	88	66	222	3,715	54.1%
25–50	106	60	99	46	65	63	32	26	31	11	10	14	31	594	8.7%
Less than 50*	340	228	211	169	127	115	123	93	67	60	55	33	96	1,717	25.0%
50–200*	35	14	32	5	12	25	14	4	13	5	2	4	5	170	2.5%
51–200	79	22	92	12	31	64	35	11	27	7	5	9	19	413	6.0%
More than 200	5	3	9	16	1	9	4	2	3	2	1	6	10	71	1.0%
Unknown	36	19	26	16	10	12	12	15	15	6	4	7	7	185	2.7%
<b>Total for industry</b>	<b>1,396</b>	<b>897</b>	<b>860</b>	<b>649</b>	<b>499</b>	<b>498</b>	<b>472</b>	<b>437</b>	<b>275</b>	<b>188</b>	<b>165</b>	<b>139</b>	<b>390</b>	<b>6,865</b>	<b>100.0%</b>
<b>Amount owed to unsecured creditors</b>															
Less than \$250,000	1,025	701	552	437	342	277	342	361	132	130	104	77	261	4,741	69.1%
\$250,000–\$500,000	147	108	143	68	94	84	59	45	54	22	22	15	43	904	13.2%
\$500,001–\$1 million*	22	8	27	11	9	18	10	2	9	5	8	8	6	143	2.1%
\$500,001–less than \$1 million	78	41	64	55	35	43	22	13	31	7	8	15	23	435	6.3%
\$1 million–less than \$5 million	115	34	67	50	18	71	35	14	39	18	20	20	37	538	7.8%
\$5 million–\$10 million	4	3	5	6	1	2	1	0	9	3	2	2	5	43	0.6%
Over \$10 million	5	2	2	22	0	3	3	2	1	3	1	2	15	61	0.9%
<b>Total for industry</b>	<b>1,396</b>	<b>897</b>	<b>860</b>	<b>649</b>	<b>499</b>	<b>498</b>	<b>472</b>	<b>437</b>	<b>275</b>	<b>188</b>	<b>165</b>	<b>139</b>	<b>390</b>	<b>6,865</b>	<b>100.0%</b>
<b>Amounts owed to related parties</b>															
<b>&gt; 50% owed to related parties</b>	<b>177</b>	<b>128</b>	<b>194</b>	<b>127</b>	<b>131</b>	<b>102</b>	<b>56</b>	<b>55</b>	<b>73</b>	<b>26</b>	<b>35</b>	<b>27</b>	<b>78</b>	<b>1,209</b>	<b>17.6%</b>
<b>% of reports lodged for industry</b>	<b>12.7%</b>	<b>14.3%</b>	<b>22.6%</b>	<b>19.6%</b>	<b>26.3%</b>	<b>20.5%</b>	<b>11.9%</b>	<b>12.6%</b>	<b>26.5%</b>	<b>13.8%</b>	<b>21.2%</b>	<b>19.4%</b>	<b>20.0%</b>		

\* Reports lodged between 1 July and 29 September 2006. Amendments to the Schedule B report were implemented 29 September 2006 which break down the number of unsecured creditors category 'Less than 50' into 'Less than 25' and '25–50'; '50–200' was changed to '51–200'; and changed the amount owed to unsecured creditors category '\$500,001–\$1 million' to '\$500,001–less than \$1 million'.

Note: Other industries includes Credit provider, Cultural & recreational services, Deposit taking institution, Education, Electricity, gas & water supply, Health & community services, Insurance, Managed investments, Mining, Superannuation.

**Table 17: Initial Schedule B reports electronically lodged—Amount payable to unsecured creditors—Cents in the dollar dividend by industry  
(1 July 2006–30 June 2007)**

	Construction	Services to business	Retail trade	Property & business services	Accommodation, cafes & restaurants	Manufacturing	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Other financial services	Agriculture	Other industries	Total	% of Total
0 cents	903	582	554	391	324	312	281	293	160	110	83	77	230	4,300	62.6%
Greater than 0 but less than 11cents	79	48	41	49	25	33	34	25	18	4	12	17	32	417	6.1%
0–10 cents*	363	230	248	169	133	132	134	103	76	66	59	35	107	1,855	27.0%
11–20 cents	26	16	4	8	3	10	10	9	9	1	1	3	5	105	1.5%
21–50 cents	16	14	7	12	7	9	8	3	10	5	6	4	5	106	1.5%
51–100 cents	9	7	6	20	7	2	5	4	2	2	4	3	11	82	1.2%
<b>Total for industry</b>	<b>1,396</b>	<b>897</b>	<b>860</b>	<b>649</b>	<b>499</b>	<b>498</b>	<b>472</b>	<b>437</b>	<b>275</b>	<b>188</b>	<b>165</b>	<b>139</b>	<b>390</b>	<b>6,865</b>	<b>100.0%</b>

\* Reports lodged between 1 July and 29 September 2006. Amendments to the Schedule B report were implemented 29 September 2006 which break down the '0–10 cents' category into '0 cents' and 'Greater than 0 and less than 11 cents' to enable an estimation to be made of the percentage of external administrations where no dividend is expected to be paid, for reports lodged from that date onwards.

Note: Other industries includes Credit provider, Cultural & recreational services, Deposit taking institution, Education, Electricity, gas & water supply, Health & community services, Insurance, Managed investments, Mining, Superannuation.



## Completion of external administration

- 76 In the opinion of external administrators, the majority of external administrations (72.8%) were expected to be completed within 6 months of the date of lodging their Schedule B report. This was in addition to the time already taken to lodge the report. Table 4 shows that 28.7% of reports were lodged more than 12 months after the external administrator's appointment.

**Table 18: Initial Schedule B reports electronically lodged  
Expected time to complete the external administration  
(1 July 2006–30 June 2007)**

	No.	%
0–less than 3 months	2,840	41.4%
3–less than 6 months	2,154	31.4%
6 months–1 year	1,361	19.8%
Over 1 year	510	7.4%
<b>Total</b>	<b>6,865</b>	<b>100.0%</b>

## Proposed action

### Public examinations

- 77 In 161 reports (2.3%), the external administrator noted that they were intending to hold public examinations to question a company's directors about the affairs of the company.

### Recovery proceedings

- 78 Recovery proceedings for property or compensation for the benefit of creditors under Part 5.7B of the Corporations Act either had been initiated or their initiation had been considered in 1,160 or 16.9% of all reports.

## Company officers

- 79 External administrators advised in 3,677 or 53.6% of reports, that officers of the company were or had been officers of other companies. A further 1,767 (25.7%) reports indicated it was unknown if officers were or had been officers in other companies.

## External administrator's remuneration

- 80 In Table 19 the data reported against \$0, is unreliable and unable to be meaningfully interpreted because:
- some external administrators completed \$0 for appointment types not applicable to their role; and
  - other external administrators did not complete this question for the appointment types not applicable to their role.
- 81 This problem was corrected on 29 September 2006 when a new version of the Schedule B report was implemented. A new category for 'Not applicable' was added for each appointment type and new business rules created to prevent 'Not applicable' being selected for the appointment type the report relates to, and ensure that the question is completed for each appointment type.
- 82 Excluding the \$0 and not applicable results, the most common category of external administrator's estimated collectible fees was liquidator fees, with 4,877 reports. Of these, 4,481 reports estimated collectible liquidator fees at between \$1–\$50,000.
- 83 Of the reports that completed the Voluntary Administration (VA) fees question, 1,650 estimated the collectible VA fees to be between \$1 and \$50,000.

**Table 19: Initial Schedule B reports electronically lodged—External administrator's remuneration (1 July 2006–30 June 2007)**

	Voluntary administration fees		Deed of company arrangement fees		Liquidator fees		Receiver/controller fees	
	No.	%	No.	%	No.	%	No.	%
\$0	1,972	33.1%	2,598	45.8%	1,844	27.1%	2,653	47.0%
\$1–\$50,000	1,650	27.7%	165	2.9%	4,481	65.9%	29	0.5%
\$50,001–\$100,000	144	2.4%	15	0.3%	251	3.7%	9	0.2%
\$100,001–\$250,000	54	0.9%	3	0.1%	104	1.5%	11	0.2%
Over \$250,000	17	0.3%	7	0.1%	41	0.6%	8	0.1%
Not applicable*	2,123	35.6%	2,880	50.8%	80	1.2%	2,931	52.0%
<b>Total</b>	<b>5,960</b>	<b>100.0%</b>	<b>5,668</b>	<b>100.0%</b>	<b>6,801</b>	<b>100.0%</b>	<b>5,641</b>	<b>100.0%</b>

\* Reports lodged between 30 September 2006 and 30 June 2007. Amendments to the Schedule B report were implemented 29 September 2006 which include a new category for 'Not applicable' and new business rules to prevent 'Not applicable' being selected for the appointment type the report relates to.

Note: More than one fee type may be entered if the appointee is or expects to be appointed to more than one type of role in relation to the company.

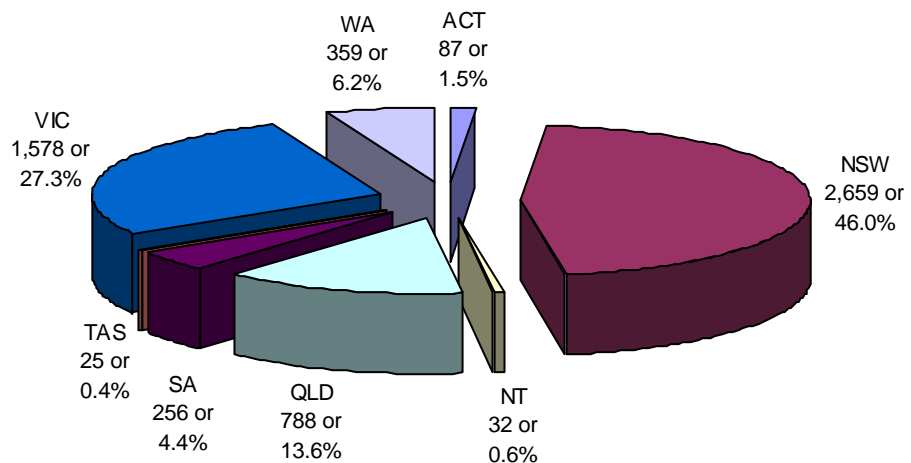
## E Initial Schedule B reports 2005–2006

- 84 For the year ended 30 June 2006, initial Schedule B reports made up 85.8% (or 5,785 reports) of the total number of external administrator statutory reports lodged (see Table 2 and Table 3). This compares to 73.6% (or 4,648 reports) in 2004–2005.
- 85 Despite the increase in initial Schedule B reports, the percentage results for most major categories have not changed significantly from the previous financial year.

### Lodgements by region

- 86 The greatest number of reports in 2005–2006 related to NSW registered companies (2,659 reports or 46.0%), followed by Victoria (1,578 reports or 27.3%) and Queensland (788 reports or 13.6%). The 5 remaining states and territories make up 13.1% of reports.

**Figure 4: Initial Schedule B reports electronically lodged by region (1 July 2005–30 June 2006)**



Note: 1 company with an international registered address is not included in region statistics.

## Lodgement period

- 87 In the year ended 30 June 2006, only 18.7% of reports were lodged within 2 months of the external administrator's appointment, with 27.2% lodged more than 12 months after appointment: see Table 20.
- 88 The result may be distorted by instances where the first electronically lodged report was not the first report lodged.

**Table 20: Initial Schedule B reports electronically lodged by lodgement period (1 July 2005–30 June 2006)**

	No.	%
Less than 2 months	1,079	18.7%
Between 2 and 5 months	1,886	32.6%
Between 6 and 12 months	1,247	21.6%
Greater than 12 months	1,573	27.2%
<b>Total</b>	<b>5,785</b>	<b>100.0%</b>

## Section lodged under

- 89 Most reports in 2005–2006 (91.9%) were lodged by liquidators under s533 of the Corporations Act: see Table 21.

**Table 21: Initial Schedule B reports electronically lodged by section of the Corporations Act (1 July 2005–30 June 2006)**

	No.	%
Section 422 (reports by receiver)	51	0.9%
Section 438D (reports by administrator)	418	7.2%
Section 533 (reports by liquidator)	5,314	91.9%
Statistical purposes	2	0.0%
<b>Total</b>	<b>5,785</b>	<b>100.0%</b>

## Size of company

- 90 The number of employees or the number of full-time equivalent employees is used as a measure of the size of the company. In 2005–2006, 83.9% of reports related to companies with less than 20 employees: see Table 22. Reports which indicated there were fewer than 5 employees increased by 3.8 percentage points from 2004–2005.

**Table 22: Initial Schedule B reports electronically lodged  
Size of company as measured by number of FTEs  
(1 July 2005–30 June 2006)**

	No.	%
Less than 5 FTE	3,819	66.0%
Between 5 and 19 FTE	1,033	17.9%
Between 20 and 199 FTE	339	5.9%
200 or more FTE	17	0.3%
Not known	577	10.0%
<b>Total</b>	<b>5,785</b>	<b>100.0%</b>

Note: FTE = Full-time equivalent employees

## Industry

- 91 As for the previous financial year, in 2005–2006, the industries with the highest number of Schedule B reports lodged were Construction (1,177 reports or 20.3%), Services to business (785 reports or 13.6%) and Retail trade (759 reports or 13.1%): see Table 23.
- 92 The top 6 and 12 industries are the same as for 2004–2005 but with some changes in order.

**Table 23: Initial Schedule B reports electronically lodged by industry type  
(1 July 2005–30 June 2006)**

	No.	%		No.	%
Construction	1,177	20.3%	Agriculture	112	1.9%
Services to business	785	13.6%	Cultural & recreational services	93	1.6%
Retail trade	759	13.1%	Health & community services	93	1.6%
Property & business services	470	8.1%	Managed investments	74	1.3%
Manufacturing	427	7.4%	Insurance	45	0.8%
Accommodation, cafes & restaurants	401	6.9%	Electricity, gas & water supply	33	0.6%
Transport & storage	381	6.6%	Education	28	0.5%
Personal & other services	344	5.9%	Mining	22	0.4%
Wholesale trade	212	3.7%	Credit provider	7	0.1%
Communication & services	177	3.1%	Government administration & defence	2	0.0%
Other financial services	141	2.4%	Superannuation	2	0.0%
			<b>Total</b>	<b>5,785</b>	<b>100.0%</b>

## Nominated causes of failure

- 93 There is commonly more than one reason for a company's failure. External administrators nominated an average of 2.22 causes of failure per report in 2005–2006.
- 94 The top 3 nominated causes of failure for companies (see Table 23 and Table 24), were:
- poor strategic management of business (2,542 or 43.9% of reports),
  - inadequate cash flow or high cash use (2,277 or 39.4% of reports), and
  - trading losses (1,989 or 34.4% of reports).
- 95 Of the top 12 industries, the top 3 industries which most exceeded the percentage of reports for these 3 causes of failure were:
- poor strategic management of business—Accommodation, cafes & restaurants (50.1% of reports) and Manufacturing (49.2% of reports) and Retail trade (47.7% of reports);
  - inadequate cash flow or high cash use—Retail trade (44.7% of reports) and equal second, Manufacturing and Accommodation, cafes & restaurants (43.6% of reports each); and
  - trading losses—Accommodation, cafes & restaurants (47.6% of reports), Manufacturing (45% of reports) and Retail trade (44% of reports).
- 96 When looking at the top 5 causes of failure by region (see Table 25), New South Wales, Victoria, Queensland and Tasmania (which make up 87.3% of reports) shared the same top 5 causes of failure. Western Australia, South Australia and Australian Capital Territory also shared these top 5 causes of failure but not in the same order.

**Table 24: Initial Schedule B reports electronically lodged—Nominated causes of failure by industry (1 July 2005–30 June 2006)**

	Construction	Services to business	Retail trade	Property & business services	Manufacturing	Accommodation, cafes & restaurants	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Other financial services	Agriculture	Other industries	Total
Under capitalisation	283	188	209	122	117	106	84	60	65	52	26	30	89	1,431
Poor financial control including lack of records	390	220	217	171	117	122	107	90	59	56	54	27	134	1,764
Poor management of accounts receivable	222	109	65	55	83	13	54	32	35	21	14	11	45	759
Poor strategic management of business	469	334	362	198	210	201	159	131	101	80	64	49	184	2,542
Inadequate cash flow or high cash use	437	283	339	158	186	175	147	132	83	68	43	47	179	2,277
Poor economic conditions	109	47	79	38	54	44	59	17	18	9	9	18	22	523
Natural disaster	3	4	5	1	7	1	2	1	1	1	1	6	0	33
Fraud	19	16	23	27	14	7	7	12	9	8	11	7	54	214
DOCA failed	11	8	4	3	5	4	4	2	3	9	1	2	4	60
Dispute among directors	43	39	28	30	29	24	23	14	20	6	7	4	21	288
Trading losses	408	259	334	100	192	191	135	109	71	44	23	32	91	1,989
Industry restructuring	15	26	30	15	24	2	15	8	10	5	0	3	12	165
None of the above	159	105	81	92	52	31	46	67	24	21	34	14	79	805
<b>Nominated causes of failure by industry</b>	<b>2,568</b>	<b>1,638</b>	<b>1,776</b>	<b>1,010</b>	<b>1,090</b>	<b>921</b>	<b>842</b>	<b>675</b>	<b>499</b>	<b>380</b>	<b>287</b>	<b>250</b>	<b>914</b>	<b>12,850</b>

Note: Other industries includes Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Superannuation.

**Table 25: Initial Schedule B reports electronically lodged—Nominated causes of failure by region (1 July 2005–30 June 2006)**

	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total
Under capitalisation	23	628	6	175	83	10	382	123	1,430
Poor financial control including lack of records	27	818	11	230	58	11	502	106	1,763
Poor management of accounts receivable	12	369	7	107	25	3	195	41	759
Poor strategic management of business	36	1,072	14	356	140	17	736	170	2,541
Inadequate cash flow or high cash use	40	944	17	288	124	11	660	192	2,276
Poor economic conditions	9	245	4	76	15	1	139	34	523
Natural disaster	0	18	0	10	1	0	3	1	33
Fraud	1	77	0	35	7	2	80	12	214
DOCA failed	1	33	0	6	1	1	9	9	60
Dispute among directors	6	126	2	39	17	0	71	27	288
Trading losses	20	829	16	257	100	11	585	171	1,989
Industry restructuring	1	54	2	13	9	1	63	22	165
None of the above	10	442	4	116	23	1	184	25	805
<b>Total</b>	<b>186</b>	<b>5,655</b>	<b>83</b>	<b>1,708</b>	<b>603</b>	<b>69</b>	<b>3,609</b>	<b>933</b>	<b>12,846</b>

Note: Nominated causes of failure for companies with international registered addresses are not included in region statistics.



## Liabilities and assets

- 97 External administrators provide estimates of the assets, liabilities and overall financial deficiency of companies they are reporting on. Table 26 shows the assets, liabilities and deficiency categories for the top 12 industries by reports lodged (as noted in Table 23).

### Assets

- 98 Most reports (86.1%) showed that the companies had estimated assets of \$100,000 or less.
- 99 Of the top 12 industries, those with the greatest percentage of reports estimating assets of \$100,000 or less were Personal & other services (93.3%), Other financial services (92.2%) and Accommodation, cafes & restaurants (90.8%).
- 100 35.5% (2,056) of reports estimated the external administration was assetless. Of the top 12 industries, those that most exceeded this percentage were Other financial services (46.8%), Property & business services (44%) and, equal third, Services to business and Personal & other services (39.2% each).

Note: Superannuation (100%), Managed investments (62.2%), Mining (45.5%), Credit provider (42.9%), Education (39.3%) and Insurance (35.6%), which are included in the Other industries category, all exceeded this percentage across all industries (35.5%) of those estimated as assetless. However, these make up only 3.1% of all reports.

- 101 On the other hand, 7.9% of reports estimated assets of over \$250,000. Of the top 12 industries, those well above this percentage were Agriculture (17%), Manufacturing (15.5%), Wholesale trade (11.8%) and Property & business services (11.7%).

Note: With the exception of Superannuation, all industries included in the Other industries category exceeded this percentage across all industries (7.9%) of reports with estimated assets over \$250,000. These make up 6.9% of all reports.

### Liabilities

- 102 More than half of reports (55.2%) indicated that the estimated liabilities of the failed companies were \$250,000 or less and 84.2% indicated estimated liabilities less than \$1 million.
- 103 Of the top 12 industries, those with the greatest percentage of companies with estimated liabilities of \$250,000 or less were Personal & other services (67.7%), Services to business (61.4%) and Construction (60.7%).
- 104 A comparison of those industries with estimated liabilities over \$10 million reveals that the proportion of reports in that category across all industries (1.8%) was exceeded by Agriculture (12.5%), Other financial services

(6.4%) and equal third, Property & business services and Manufacturing (2.6% each).

Note: In the Other industries category, Mining (36.4%), Insurance (11.1%) and Managed investments (6.8%) all exceeded this percentage across all industries (1.8%) but make up only 2.4% of all reports.

## Deficiency

105 Across all industries 75.1% of reports estimated the shortfall between estimated assets and estimated liabilities was \$500,000 or less. When comparing the deficiency estimates between the top 12 industries, the 3 industries with the highest percentage of estimates at \$500,000 or less were Personal & other services (81.4%), Services to business (80.1%) and Construction (78.6%).

106 Only 1.7% of all reports estimated a deficiency of over \$10 million. Of the top 12 industries, those that most exceeded this percentage were Agriculture (12.5%), Other financial services (5%) and Manufacturing (2.3%).

Note: Of the 10 industries grouped in Other industries, 3 exceeded this percentage across all industries (1.7%): Mining (36.4%), Insurance (8.9%) and Managed investments (2.7%), however, when combined, these industries make up only 2.4% of reports.

Table 26: Initial Schedule B reports electronically lodged—Amount of assets, liabilities and deficiency by industry (1 July 2005–30 June 2006)

	Construction	Services to business	Retail trade	Property & business Services	Manufacturing	Accommodation, cafes & restaurants	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Other financial services	Agriculture	Other industries	Total	% of Total
<b>Asset categories</b>															
Less than \$1	438	308	228	207	102	143	137	135	60	58	66	31	143	2,056	35.5%
\$1–\$100,000	607	389	456	181	213	221	192	186	97	95	64	55	167	2,923	50.5%
\$100,001–\$250,000	54	46	46	27	46	14	24	13	30	12	5	7	25	349	6.0%
Over \$250,000	78	42	29	55	66	23	28	10	25	12	6	19	64	457	7.9%
<b>Total for industry</b>	<b>1,177</b>	<b>785</b>	<b>759</b>	<b>470</b>	<b>427</b>	<b>401</b>	<b>381</b>	<b>344</b>	<b>212</b>	<b>177</b>	<b>141</b>	<b>112</b>	<b>399</b>	<b>5,785</b>	<b>100.0%</b>
<b>Liability categories</b>															
\$1– \$250,000	714	482	415	253	172	214	222	233	84	96	72	42	193	3,192	55.2%
\$250,001–less than \$1 million	300	215	266	118	158	131	112	78	78	52	33	29	108	1,678	29.0%
\$1 million–less than \$5 million	133	74	66	68	76	51	36	25	42	25	19	24	54	693	12.0%
\$5 million–\$10 million	17	8	4	19	10	2	6	5	7	3	8	3	25	117	2.0%
Over \$10 million	13	6	8	12	11	3	5	3	1	1	9	14	19	105	1.8%
<b>Total for industry</b>	<b>1,177</b>	<b>785</b>	<b>759</b>	<b>470</b>	<b>427</b>	<b>401</b>	<b>381</b>	<b>344</b>	<b>212</b>	<b>177</b>	<b>141</b>	<b>112</b>	<b>399</b>	<b>5,785</b>	<b>100.0%</b>
<b>Deficiency categories</b>															
\$0–\$500,000	925	629	589	353	282	305	286	280	136	128	93	67	273	4,346	75.1%
\$500,001–less than \$1 million	114	79	103	32	66	46	57	32	34	27	15	13	37	655	11.3%
\$1 million–less than \$5 million	112	65	54	60	63	42	29	23	35	20	17	16	46	582	10.1%
\$5 million–\$10 million	17	6	3	17	6	3	3	4	5	2	9	2	28	105	1.8%
Over \$10 million	9	6	10	8	10	5	6	5	2	0	7	14	15	97	1.7%
<b>Total for industry</b>	<b>1,177</b>	<b>785</b>	<b>759</b>	<b>470</b>	<b>427</b>	<b>401</b>	<b>381</b>	<b>344</b>	<b>212</b>	<b>177</b>	<b>141</b>	<b>112</b>	<b>399</b>	<b>5,785</b>	<b>100.0%</b>

Note: Other industries includes Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Superannuation.

## Employee entitlements

107 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 27 and Table 28. 'Not applicable' means that no amount of entitlement of that type was unpaid to employee creditors as at the date of the appointment of the external administrator.

**Table 27: Initial Schedule B reports electronically lodged—Amounts owed in unpaid employee entitlements (1 July 2005–30 June 2006)**

	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	336	5.9%	260	4.5%	237	4.1%	209	3.6%	198	3.5%
\$1,001–\$10,000	698	12.2%	676	11.8%	329	5.7%	152	2.7%	130	2.3%
\$10,001–\$50,000	301	5.3%	489	8.5%	232	4.0%	146	2.5%	157	2.7%
\$50,001–\$150,000	99	1.7%	120	2.1%	52	0.9%	64	1.1%	45	0.8%
\$150,001–\$250,000	17	0.3%	18	0.3%	14	0.2%	25	0.4%	8	0.1%
\$250,001–\$500,000	10	0.2%	14	0.2%	5	0.1%	13	0.2%	6	0.1%
\$500,001–less than \$1.5 million	8	0.1%	2	0.0%	0	0.0%	9	0.2%	0	0.0%
\$1.5 million–\$5 million	0	0.0%	0	0.0%	0	0.0%	1	0.0%	0	0.0%
Over \$5 million	23	0.4%	22	0.4%	25	0.4%	28	0.5%	21	0.4%
Not applicable	4,241	74.0%	4,132	72.1%	4,839	84.4%	5,086	88.7%	5,168	90.1%
<b>Total</b>	<b>5,733</b>	<b>100.0%</b>	<b>5,733</b>	<b>100.0%</b>	<b>5,733</b>	<b>100.0%</b>	<b>5,733</b>	<b>100.0%</b>	<b>5,733</b>	<b>100.0%</b>

Note: 52 reports identified as being internally inconsistent were excluded from this table.

### Unpaid wages

108 74% of reports showed unpaid wages as not applicable. In 18% of reports it was estimated that employees were owed \$1 to \$10,000 in unpaid wages. Categories from \$10,001 to over \$5 million made up 8% of reports.

### Unpaid annual leave

109 In all, 72.1% of reports showed unpaid annual leave as not applicable. In 16.3% of cases, employees were owed \$1 to \$10,000, and 24.9% of companies owed \$50,000 or less. All other categories make up 3.1% of reports.

### Unpaid pay in lieu of notice

- 110 Again, unpaid pay in lieu of notice was not applicable in most cases (84.4%). 1.7% of reports showed entitlements for unpaid pay in lieu of notice over \$50,000.

### Unpaid redundancy

- 111 Unpaid redundancy was not applicable in 88.7% of reports. In all, 6.3% of reports showed employees were owed \$1 to \$10,000 in redundancy payments.
- 112 Only 0.5% of reports showed unpaid redundancy of over \$5 million.

### Unpaid long service leave

- 113 5.7% of reports showed employees were owed \$1–\$10,000 in unpaid long service leave, and unpaid long service leave of more than \$5 million was estimated in only 0.4% of reports.
- 114 The majority of reports (90.1%) indicated a long service leave debt was not applicable.

### Unpaid superannuation

- 115 Due to the different value categories of superannuation entitlements, these figures are shown separately in Table 28. The results show a similar pattern to other employee entitlements with a large number (61.9%) of reports showing unpaid superannuation as not applicable.

**Table 28: Initial Schedule B reports electronically lodged  
Amounts owed in unpaid superannuation entitlements  
(1 July 2005–30 June 2006)**

	No.	%
\$0–\$100,000	1,994	34.5%
\$100,001–\$250,000	142	2.5%
\$250,001–\$1 million	28	0.5%
Over \$1 million	37	0.6%
Not applicable	3,573	61.9%
<b>Total</b>	<b>5,774</b>	<b>100.0%</b>

Note: 11 reports identified as being internally inconsistent were excluded from this table.

## Secured creditors

116 Table 29 shows the amounts owed to secured creditors for the 6 industries with the highest number of reports, with the remaining 30.5% grouped under Other industries. Most reports for 2005–2006 (68.8%) indicated that nothing was owed to secured creditors, which is a 3.1 percentage point increase from 2004–2005. A significant proportion (25.3%) of 2005–2006 reports showed secured creditors were owed less than \$1 million.

117 1.6% of reports showed more than \$10 million was owed to secured creditors.

Note: Of those listed in Other industries, the 3 industries which most exceeded this percentage of reports across all industries with amounts owed to secured creditors over \$10 million (1.6%) were Credit provider (28.6% or 2 reports), Mining (18.2% or 4 reports) and Agriculture (9.8% or 11 reports).

118 Figure 5 illustrates the amounts owed to secured creditors for the 12 industries with the highest number of reports.

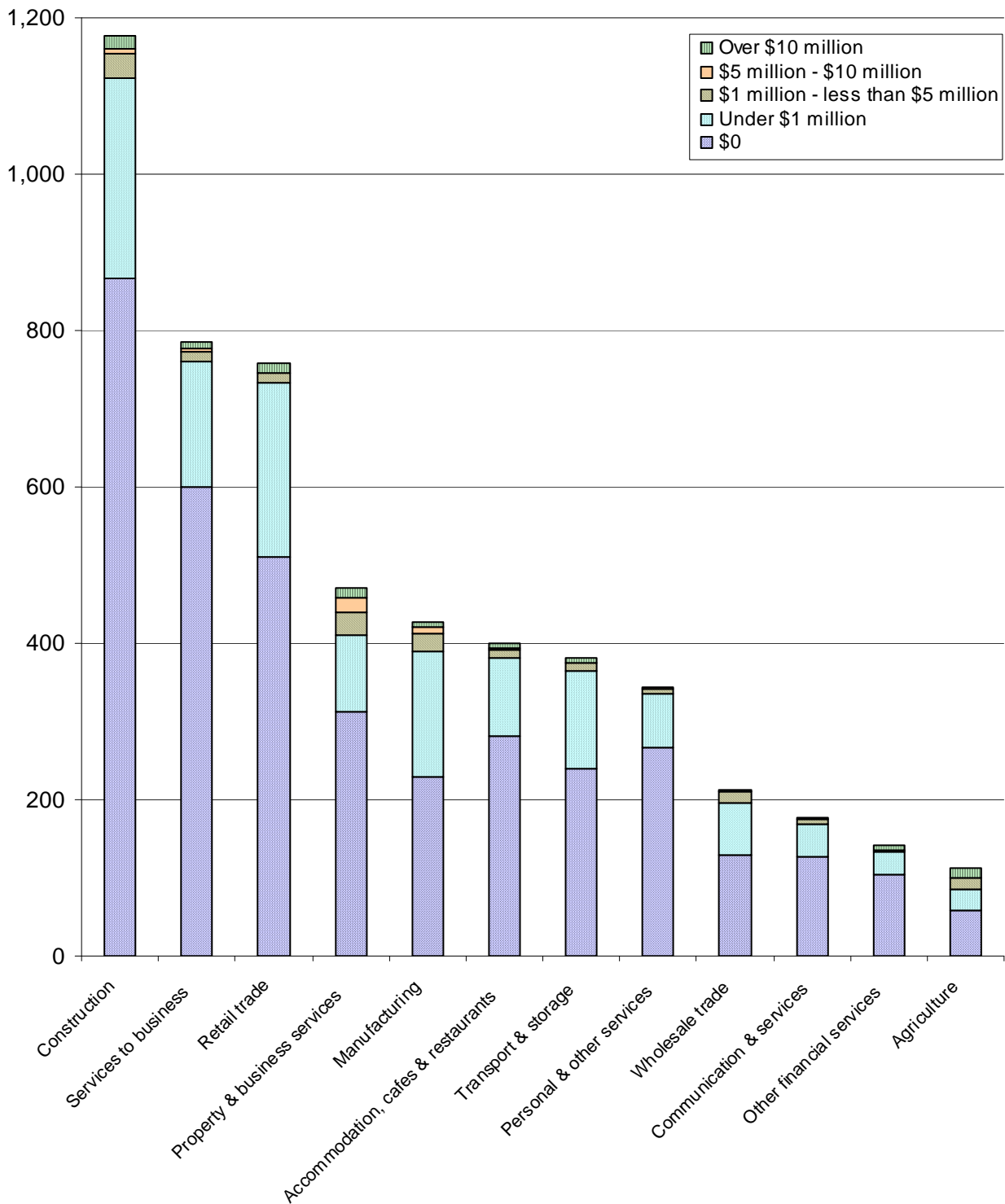
## Unpaid taxes and charges

119 Most reports (88.3%) indicated that the amount of unpaid taxes and charges was \$250,000 or less. Retail trade exceeded this percentage with 93.9% owing \$250,000 or less.

120 Of the top 6 industries, Services to business had the highest percentage of unpaid taxes and charges over \$1 million (2.8%) compared to the percentage across all industries of 2%. See Table 30.

Note: In the Other industries category, the 3 industries that most exceeded this percentage across all industries (2%) of unpaid taxes and charges of over \$1 million were: Mining (18.2%), Agriculture (6.3%) and Electricity, gas & water supply (3%). These industries represent 2.9% of all reports.

**Figure 5: Initial Schedule B reports electronically lodged—Amount owed to secured creditors by industry (1 July 2005–30 June 2006)**



**Table 29: Initial Schedule B reports electronically lodged—Amount owed to secured creditors by industry (1 July 2005–30 June 2006)**

	Construction		Services to business		Retail trade		Property & business services		Manufacturing		Accommodation, cafes & restaurants		Other industries		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
\$0	866	73.6%	599	76.3%	511	67.3%	312	66.4%	230	53.9%	282	70.3%	1,180	66.8%	3,980	68.8%
Under \$1 million	256	21.8%	162	20.6%	222	29.2%	98	20.9%	159	37.2%	99	24.7%	466	26.4%	1,462	25.3%
\$1 million–less than \$5 million	33	2.8%	12	1.5%	13	1.7%	30	6.4%	24	5.6%	11	2.7%	66	3.7%	189	3.3%
\$5 million–\$10 million	6	0.5%	4	0.5%	0	0.0%	19	4.0%	8	1.9%	2	0.5%	22	1.2%	61	1.1%
Over \$10 million	16	1.4%	8	1.0%	13	1.7%	11	2.3%	6	1.4%	7	1.7%	32	1.8%	93	1.6%
<b>Total for industry</b>	<b>1,177</b>	<b>100.0%</b>	<b>785</b>	<b>100.0%</b>	<b>759</b>	<b>100.0%</b>	<b>470</b>	<b>100.0%</b>	<b>427</b>	<b>100.0%</b>	<b>401</b>	<b>100.0%</b>	<b>1,766</b>	<b>100.0%</b>	<b>5,785</b>	<b>100.0%</b>

Note: Other industries includes Agriculture, Communication & services, Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Other financial services, Personal & other services, Superannuation, Transport & storage and Wholesale trade.

**Table 30: Initial Schedule B reports electronically lodged—Amount owed in unpaid taxes and charges by industry (1 July 2005–30 June 2006)**

	Construction		Services to business		Retail trade		Property & business services		Manufacturing		Accommodation, cafes & restaurants		Other industries		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
\$0–\$250,000	1,031	87.6%	669	85.2%	713	93.9%	409	87.0%	379	88.8%	347	86.5%	1,559	88.2%	5,107	88.3%
\$250,001–\$1 million	115	9.8%	94	12.0%	38	5.0%	50	10.6%	43	10.1%	52	13.0%	172	9.7%	564	9.7%
Over \$1 million	31	2.6%	22	2.8%	8	1.1%	11	2.3%	5	1.2%	2	0.5%	35	2.0%	114	2.0%
<b>Total for industry</b>	<b>1,177</b>	<b>100.0%</b>	<b>785</b>	<b>100.0%</b>	<b>759</b>	<b>100.0%</b>	<b>470</b>	<b>100.0%</b>	<b>427</b>	<b>100.0%</b>	<b>401</b>	<b>100.0%</b>	<b>1,766</b>	<b>100.0%</b>	<b>5,785</b>	<b>100.0%</b>

Note: Other industries includes Agriculture, Communication & services, Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Other financial services, Personal & other services, Superannuation, Transport & storage and Wholesale trade.



## Unsecured creditors

### Number of unsecured creditors

- 121 Most reports for 2005–2006 (87.3%) indicated the company had fewer than 50 unsecured creditors. Of the top 12 industries, those which had the greatest percentages of less than 50 unsecured creditors were Services to business (93.8%), Property & business services (93.6%) and Personal & other services (91.3%). See Table 31.

### Amount owed to unsecured creditors

- 122 The majority (68.7%) of companies owed less than \$250,000 to unsecured creditors. Of the top 12 industries, the 3 which had the greatest percentage of companies in this category were: Personal & other services (81.7%), Services to business (76.8%) and Construction (73.3%).
- 123 The 2 industries with the highest number of reports where companies owed more than \$10 million were Construction (8 reports) and Property & business services (7 reports). Three industries which showed reports owing more than \$10 million which were out of proportion for their number of reports were grouped in Other industries: Mining (6 reports), Insurance (5 reports) and Managed investments (3 reports).

### Amounts owed to related parties

- 124 Of the total amount owed to unsecured creditors, 17.9% of lodgements reported that more than 50% of the debt related to amounts owed to related parties. Of the top 12 industries, those with the greatest percentage of reports showing more than 50% owed to related parties were Agriculture (26.8%), Accommodation, cafes & restaurants (23.7%) and Other financial services (23.4%).

Note: Of those listed in Other industries, 6 exceeded this percentage across all industries of 17.9%: Insurance (53.3%), Mining (40.9%), Health & community services (34.4%), Education (21.4%), Cultural & recreational services (18.3%) and Electricity, gas & water supply (18.2%).

## Cents in the dollar dividend

- 125 In 2005–2006, the dividend estimated to be payable to unsecured creditors was 10 cents in the dollar or less for most reports (95.6%). Of the top 12 industries, the top 3 with an estimated return of 10 cents in the dollar or less were Agriculture (100%), Accommodation, cafes & restaurants (97.5%) and Retail trade (97%). Other industries includes 3 industries where 100% estimated 10 cents in the dollar or less: Credit provider (7 reports), Government administration & defence (2 reports) and Superannuation (2 reports).
- 126 Of the top 12 industries, the 3 industries with the greatest percentage of estimated returns of more than 50 cents in the dollar to unsecured creditors were Other financial services (2.8%), Transport & storage (2.4%) and Wholesale trade (2.4%), compared to the proportion across all industries of 1%. See Table 32.

**Table 31: Initial Schedule B reports electronically lodged—Number of unsecured creditors, amount owed and reports where > 50% is owed to related parties by industry (1 July 2005–30 June 2006)**

	Construction	Services to business	Retail trade	Property & business services	Manufacturing	Accommodation, cafes & restaurants	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Other financial services	Agriculture	Other industries	Total	% of Total
<b>Number of unsecured creditors</b>															
Less than 50	1,025	736	647	440	330	338	336	314	171	158	128	96	334	5,053	87.3%
50–200	111	37	87	13	87	56	32	16	31	15	6	13	50	554	9.6%
Over 200	7	2	5	2	7	2	5	1	5	0	1	2	7	46	0.8%
Unknown	34	10	20	15	3	5	8	13	5	4	6	1	8	132	2.3%
<b>Total for industry</b>	<b>1,177</b>	<b>785</b>	<b>759</b>	<b>470</b>	<b>427</b>	<b>401</b>	<b>381</b>	<b>344</b>	<b>212</b>	<b>177</b>	<b>141</b>	<b>112</b>	<b>399</b>	<b>5,785</b>	<b>100.0%</b>
<b>Amount owed to unsecured creditors</b>															
Less than \$250,000	863	603	523	313	235	270	267	281	114	114	89	62	240	3,974	68.7%
\$250,000–\$500,000	140	87	112	53	78	62	58	27	42	24	17	22	59	781	13.5%
\$500,001–\$1 million	76	56	70	46	56	38	26	19	21	19	8	11	37	483	8.3%
\$1 million–less than \$5 million	84	35	48	46	47	30	23	14	31	19	14	13	37	441	7.6%
\$5 million–\$10 million	6	1	2	5	5	0	3	2	4	1	8	3	11	51	0.9%
Over \$10 million	8	3	4	7	6	1	4	1	0	0	5	1	15	55	1.0%
<b>Total for industry</b>	<b>1,177</b>	<b>785</b>	<b>759</b>	<b>470</b>	<b>427</b>	<b>401</b>	<b>381</b>	<b>344</b>	<b>212</b>	<b>177</b>	<b>141</b>	<b>112</b>	<b>399</b>	<b>5,785</b>	<b>100.0%</b>
<b>&gt; 50% owed to related parties</b>	<b>150</b>	<b>93</b>	<b>176</b>	<b>78</b>	<b>93</b>	<b>95</b>	<b>50</b>	<b>53</b>	<b>45</b>	<b>31</b>	<b>33</b>	<b>30</b>	<b>107</b>	<b>1,034</b>	<b>17.9%</b>
<b>% of reports lodged for industry</b>	<b>12.7%</b>	<b>11.8%</b>	<b>23.2%</b>	<b>16.6%</b>	<b>21.8%</b>	<b>23.7%</b>	<b>13.1%</b>	<b>15.4%</b>	<b>21.2%</b>	<b>17.5%</b>	<b>23.4%</b>	<b>26.8%</b>	<b>26.8%</b>		

Note: Other industries includes Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Superannuation.

**Table 32: Initial Schedule B reports electronically lodged—Amount payable to unsecured creditors—Cents in the dollar dividend by industry  
(1 July 2005–30 June 2006)**

	Construction	Services to business	Retail trade	Property & business services	Manufacturing	Accommodation, cafes & restaurants	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Other financial services	Agriculture	Other industries	Total	% of Total
0–10 cents	1,131	755	736	443	403	391	353	332	197	167	135	112	374	5,529	95.6%
11–20 cents	22	11	10	5	11	4	7	6	6	4	0	0	10	96	1.7%
21–50 cents	19	13	12	11	8	3	12	4	4	4	2	0	10	102	1.8%
51–100 cents	5	6	1	11	5	3	9	2	5	2	4	0	5	58	1.0%
<b>Total for industry</b>	<b>1,177</b>	<b>785</b>	<b>759</b>	<b>470</b>	<b>427</b>	<b>401</b>	<b>381</b>	<b>344</b>	<b>212</b>	<b>177</b>	<b>141</b>	<b>112</b>	<b>399</b>	<b>5,785</b>	<b>100.0%</b>

Note: Other industries includes Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Superannuation.

## Completion of external administration

- 127 In the opinion of external administrators, the majority of external administrations (72.9%) were expected to be completed within 6 months of the date of lodging their Schedule B report. This was in addition to the time already taken to lodge the report. Table 20 shows that 27.2% of reports were lodged more than 12 months after the external administrator's appointment.
- 128 When compared with 2004–2005, there was a 4.5 percentage points reduction in 2005–2006 in external administrations expected to be completed within 3 months of lodgement of the report.

**Table 33: Initial Schedule B reports electronically lodged  
Expected time to complete the external administration  
(1 July 2005–30 June 2006)**

	No.	%
0–less than 3 months	2,338	40.4%
3–less than 6 months	1,881	32.5%
6 months–1 year	1,170	20.2%
Over 1 year	396	6.8%
<b>Total</b>	<b>5,785</b>	<b>100.0%</b>

## Proposed action

### Public examinations

- 129 In 138 reports (2.4%), the external administrator noted that they were intending to hold public examinations to question a company's directors about the affairs of the company.

### Recovery proceedings

- 130 Recovery proceedings for property or compensation for the benefit of creditors under Part 5.7B of the Corporations Act either had been initiated or their initiation had been considered in 842 or 14.6% of all reports.

## Company officers

- 131 External administrators advised in 2,949 or 51% of reports, that officers of the company were or had been officers of other companies. A further 1,570 (27.1%) reports indicated it was unknown if officers were or had been officers in other companies.

## External administrator's remuneration

- 132 In Table 34 the data reported against \$0, is unreliable and unable to be meaningfully interpreted because:
- some external administrators completed \$0 for appointment types not applicable to their role; and
  - other external administrators did not complete this question for the appointment types not applicable to their role.
- 133 On 29 September 2006 a new version of the Schedule B report was implemented. A new category for 'not applicable' was added for each appointment type and new business rules created to prevent 'not applicable' being selected for the appointment type the report relates to, and ensure that the question is completed for each appointment type.
- 134 Excluding the \$0 results, the most common category of external administrator's estimated collectible fees was liquidator fees, with 4,385 reports. Of these, 4,038 reports estimated collectible liquidator fees at between \$1–\$50,000.
- 135 Of the reports that completed the voluntary administration (VA) fees question, 1,566 estimated the collectible VA fees to be between \$1 and \$50,000.

**Table 34: Initial Schedule B reports electronically lodged—External administrator's remuneration (1 July 2005–30 June 2006)**

	Voluntary administration fees		Deed of company arrangement fees		Liquidator fees		Receiver/controller fees	
	No.	%	No.	%	No.	%	No.	%
\$0	1,465	45.6%	2,200	92.1%	1,197	21.4%	2,254	97.6%
\$1–\$50,000	1,566	48.8%	163	6.8%	4,038	72.3%	33	1.4%
\$50,001–\$100,000	104	3.2%	18	0.8%	203	3.6%	11	0.5%
\$100,001–\$250,000	59	1.8%	6	0.3%	113	2.0%	6	0.3%
Over \$250,000	17	0.5%	2	0.1%	31	0.6%	6	0.3%
<b>Total</b>	<b>3,211</b>	<b>100.0%</b>	<b>2,389</b>	<b>100.0%</b>	<b>5,582</b>	<b>100.0%</b>	<b>2,310</b>	<b>100.0%</b>

Note: More than one fee type may be entered if the appointee is or expects to be appointed to more than one type of role in relation to the company.

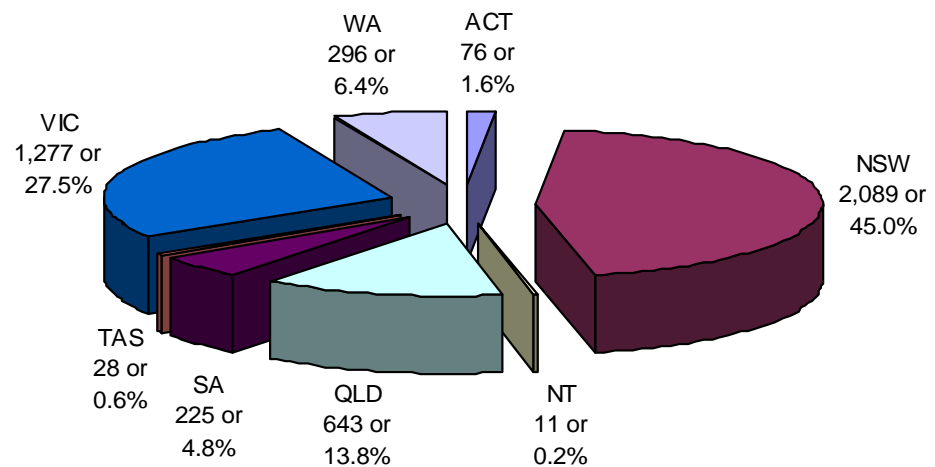
## F Initial Schedule B reports 2004–2005

136 For the year ended 30 June 2005, initial Schedule B reports made up 73.6% (or 4,648 reports) of the total number of external administrator statutory reports lodged (see Table 2 and Table 3).

### Lodgements by region

137 The greatest number of reports related to NSW registered companies (2,089 reports or 45%), followed by Victoria (1,277 reports or 27.5%) and Queensland (643 reports or 13.8%). The 5 remaining states and territories make up 13.7% of reports.

**Figure 6: Initial Schedule B reports electronically lodged by region (1 July 2004–30 June 2005)**



Note: 3 companies with international registered addresses are not included in region statistics.

### Lodgement period

138 In the year ended 30 June 2005, only 18.3% of reports were lodged within 2 months of the external administrator's appointment, with 29% lodged more than 12 months after appointment: see Table 35.

139 The result may be distorted by instances where the first electronically lodged report was not the first report lodged.

**Table 35: Initial Schedule B reports electronically lodged by lodgement period (1 July 2004–30 June 2005)**

	No.	%
Less than 2 months	850	18.3%
Between 2 and 5 months	1,457	31.3%
Between 6 and 12 months	995	21.4%
Greater than 12 months	1,346	29.0%
<b>Total</b>	<b>4,648</b>	<b>100.0%</b>

## Section lodged under

140 Most reports in 2004–2005 (92.1%) were lodged by liquidators under s533 of the Corporations Act: see Table 36.

**Table 36: Initial Schedule B reports electronically lodged by section of the Corporations Act (1 July 2004–30 June 2005)**

	No.	%
Section 422 (reports by receiver)	40	0.9%
Section 438D (reports by administrator)	319	6.9%
Section 533 (reports by liquidator)	4,280	92.1%
Statistical purposes	9	0.2%
<b>Total</b>	<b>4,648</b>	<b>100.0%</b>

## Size of company

141 The number of employees or the number of full-time equivalent employees is used as a measure of the size of the company. In 2004–2005, 83% of reports related to companies with less than 20 employees: see Table 37.

**Table 37: Initial Schedule B reports electronically lodged  
Size of company as measured by number of FTEs  
(1 July 2004–30 June 2005)**

	No.	%
Less than 5 FTE	2,892	62.2%
Between 5 and 19 FTE	967	20.8%
Between 20 and 199 FTE	305	6.6%
200 or more FTE	18	0.4%
Not known	466	10.0%
<b>Total</b>	<b>4,648</b>	<b>100.0%</b>

Note: FTE = Full-time equivalent employees

## Industry

142 In 2004–2005, the industries with the highest number of Schedule B reports lodged were Construction (935 reports or 20.1%), Services to business (684 reports or 14.7%) and Retail trade (602 reports or 13%): see Table 38.

**Table 38: Initial Schedule B reports electronically lodged by industry type (1 July 2004–30 June 2005)**

	No.	%		No.	%
Construction	935	20.1%	Other financial services	86	1.9%
Services to business	684	14.7%	Cultural & recreational services	76	1.6%
Retail Trade	602	13.0%	Health & community services	70	1.5%
Manufacturing	364	7.8%	Managed investments	39	0.8%
Accommodation, cafes & restaurants	340	7.3%	Mining	31	0.7%
Property & business services	333	7.2%	Education	26	0.6%
Transport & storage	276	5.9%	Electricity, gas & water supply	23	0.5%
Personal & other services	275	5.9%	Insurance	13	0.3%
Wholesale trade	219	4.7%	Credit provider	7	0.2%
Communication & services	138	3.0%	Superannuation	4	0.1%
Agriculture	106	2.3%	Government administration & defence	1	0.0%
			<b>Total</b>	<b>4,648</b>	<b>100.0%</b>

## Nominated causes of failure

143 There is commonly more than one reason for a company's failure. External administrators nominated an average of 2.28 causes of failure per report in 2004–2005.

144 The top 3 nominated causes of failure for companies (see Table 38 and Table 39) were:

- poor strategic management of business (2,011 or 43.3% of reports),
- inadequate cash flow or high cash use (1,827 or 39.3% of reports), and
- trading losses (1,610 or 34.6% of reports).



- 145 Of the top 12 industries, the 3 industries which most exceeded the percentage of reports for these 3 causes of failure were:
- poor strategic management of business—Accommodation, cafes & restaurants (47.4% of reports), Retail trade (46.8% of reports), and Manufacturing (44.8% of reports);
  - inadequate cash flow or high cash use—Wholesale trade (47% of reports), Retail trade (46% of reports) and Accommodation, cafes & restaurants (45% of reports);
  - trading losses—Retail trade (46% of reports), Accommodation, cafes & restaurants (43.8% of reports), and Manufacturing (43.1% of reports).
- 146 When looking at the top 5 causes of failure by region (see Table 40), the states with the highest number of reports (NSW, Vic, Qld, WA and SA, which make up 97.5% of reports) share the same top 5 causes of failure. Tasmania and the territories show deviations from this trend.

**Table 39: Initial Schedule B reports electronically lodged—Nominated causes of failure by industry (1 July 2004–30 June 2005)**

	Construction	Services to business	Retail trade	Manufacturing	Accommodation, cafes & restaurants	Property & business services	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Agriculture	Other financial services	Other industries	Totale
Under capitalisation	206	167	155	118	100	85	71	73	61	40	27	13	88	1,204
Poor financial control including lack of records	305	201	202	107	96	96	88	75	75	37	30	31	92	1,435
Poor management of accounts receivable	204	98	67	54	10	48	48	38	39	21	12	11	40	690
Poor strategic management of business	399	264	282	163	161	140	122	111	94	57	43	32	143	2,011
Inadequate cash flow or high cash use	346	251	277	151	153	129	104	87	103	46	32	27	121	1,827
Poor economic conditions	84	63	82	54	48	25	38	16	29	19	31	1	24	514
Natural disaster	3	1	8	4	4	1	4	0	5	0	11	0	0	41
Fraud	18	18	15	7	7	11	9	5	11	6	3	5	9	124
DOCA failed	12	5	12	8	5	5	7	7	3	1	2	1	5	73
Dispute among directors	49	44	37	30	27	21	11	19	20	10	6	8	20	302
Trading losses	309	200	277	157	149	73	100	69	80	46	37	20	93	1,610
Industry restructuring	18	35	26	23	5	7	14	12	5	11	3	0	12	171
None of the above	137	113	55	32	39	55	29	59	11	19	12	19	34	614
<b>Nominated causes of failure by industry</b>	<b>2,090</b>	<b>1,460</b>	<b>1,495</b>	<b>908</b>	<b>804</b>	<b>696</b>	<b>645</b>	<b>571</b>	<b>536</b>	<b>313</b>	<b>249</b>	<b>168</b>	<b>681</b>	<b>10,616</b>

Note: Other industries includes Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Superannuation.

**Table 40: Initial Schedule B reports electronically lodged—Nominated causes of failure by region (1 July 2004–30 June 2005)**

	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total
Under capitalisation	15	499	1	160	61	14	357	96	1,203
Poor financial control including lack of records	27	659	4	184	48	7	408	97	1,434
Poor management of accounts receivable	19	307	0	82	21	3	206	52	690
Poor strategic management of business	38	823	7	288	99	10	589	157	2,011
Inadequate cash flow or high cash use	35	749	8	246	101	4	543	141	1,827
Poor economic conditions	8	241	2	57	9	5	145	47	514
Natural disaster	3	16	0	6	0	0	14	2	41
Fraud	2	43	1	23	15	0	31	9	124
DOCA failed	1	36	0	6	5	3	16	6	73
Dispute among directors	8	112	0	49	18	5	84	26	302
Trading losses	23	700	9	205	110	10	435	118	1,610
Industry restructuring	2	69	0	14	16	3	57	10	171
None of the above	5	338	1	94	20	1	136	18	613
<b>Total</b>	<b>186</b>	<b>4,592</b>	<b>33</b>	<b>1,414</b>	<b>523</b>	<b>65</b>	<b>3,021</b>	<b>779</b>	<b>10,613</b>

Note: Causes of failure for companies with international registered addresses are not included in region statistics.

## Liabilities and assets

147 External administrators provide estimates of the assets, liabilities and overall financial deficiency of companies they are reporting on. Table 41 shows the assets, liabilities and deficiency categories for the top 12 industries by reports lodged (as noted in Table 38).

### Assets

148 Most reports (84.4%) showed that the companies had estimated assets of \$100,000 or less.

149 Of the top 12 industries, those with the greatest percentage of reports estimating assets of \$100,000 or less were Communication & services (91.3%), Personal & other services (91.3%) and Services to business (89%).

Note: All the reports for Government administration & defence, Insurance, and Superannuation (which are included in the Other industries category) had estimated assets of \$100,000 or less. However, these make up only 0.4% of all reports.

150 32.9% (1,528) of reports estimated the external administration was assetless. Of the top 12 industries, those that most exceeded this percentage were Services to business (38.3%), Personal & other services (37.5%), and Communication & services (36.2%).

151 On the other hand, 9.2% of reports estimated assets of over \$250,000. Of the top 12 industries, those well above this percentage were Agriculture (19.8%), Property & business services (16.8%) and Manufacturing (14.8%).

Note: Mining, which is included in the Other industries category, had 48.4% with estimated assets over \$250,000, but makes up only 0.7% of reports. Another 5 industries in this category exceeded the percentage across all industries with estimated assets over \$250,000 (9.2%): Cultural & recreational services (15.8%), Managed investments (15.4%), Credit providers (14.3%), Electricity, gas & water supply (13.0%) and Health & community services (12.9%). These 5 industries make up 4.6% of reports.

### Liabilities

152 More than half of reports (54.1%) indicated that the estimated liabilities of the failed companies were \$250,000 or less and 83.9% indicated estimated liabilities less than \$1 million.

153 Of the top 12 industries, those with the greatest percentage of companies with estimated liabilities of \$250,000 or less were Personal & other services (68.4%), Services to business (61.3%) and Communication & services (58.7%). These industries correlate with those industries with the least estimated assets.

Note: In the Other industries category, Government administration & defence (100%), Insurance (76.9%) and Superannuation (75%) had the greatest percentages of estimated liabilities of \$250,000 or less though with fewer reports (0.4% of all reports).

- 154 A comparison of those industries with estimated liabilities over \$10 million reveals that the proportion of reports in that category across all industries (1.5%) was exceeded by Wholesale trade (5%), Agriculture (2.8%) and Property & business services (2.4%).

Note: In the Other industries category, Mining (22.6%), Credit provider (14.3%), Managed investments (10.3%) and Insurance (7.7%) all exceeded these results but make up only 1.9% of all reports.

### **Deficiency**

- 155 Across all industries 75% of reports estimated the shortfall between estimated assets and estimated liabilities was \$500,000 or less. When comparing the deficiency estimates between the top 12 industries, the 3 industries with the highest percentage of estimates at \$500,000 or less were Personal & other services (82.5%), Services to business (81.6%) and Construction (78.6%).

Note: Of the 10 industries grouped in Other industries, 5 exceeded these results: Superannuation (100%), Government administration & defence (100%), Insurance (92.3%), Education (84.6%) and Electricity, gas & water supply (82.6%). However, when combined, these industries make up only 1.4% of reports.

- 156 Only 1.5% of all reports estimated a deficiency of over \$10 million. Of the top 12 industries, those that most exceeded this percentage were Wholesale trade (5.5%), Other financial services (3.5%) and Property & business services (2.4%).

Note: Of the 10 industries grouped in Other industries, 5 exceeded this percentage across all industries (1.5%): Mining (16.1%), Credit provider (14.3%), Managed investments (10.3%), Electricity, gas & water supply (8.7%), Insurance (7.7%). However, when combined, these industries make up only 2.4% of reports.

Table 41: Initial Schedule B reports electronically lodged—Amount of assets, liabilities and deficiency by industry (1 July 2004–30 June 2005)

	Construction	Services to business	Retail trade	Manufacturing	Accommodation, cafes & restaurants	Property & business services	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Agriculture	Other financial services	Other industries	Total	% of Total
<b>Asset categories</b>															
Less than \$1	331	262	181	82	105	111	86	103	66	50	34	30	87	1,528	32.9%
\$1–\$100,000	481	347	336	200	190	150	141	148	112	76	45	41	129	2,396	51.5%
\$100,001–\$250,000	51	41	50	28	15	16	25	10	17	6	6	4	28	297	6.4%
Over \$250,000	72	34	35	54	30	56	24	14	24	6	21	11	46	427	9.2%
<b>Total for industry</b>	<b>935</b>	<b>684</b>	<b>602</b>	<b>364</b>	<b>340</b>	<b>333</b>	<b>276</b>	<b>275</b>	<b>219</b>	<b>138</b>	<b>106</b>	<b>86</b>	<b>290</b>	<b>4,648</b>	<b>100.0%</b>
<b>Liability categories</b>															
\$1–\$250,000	542	419	322	157	181	172	145	188	91	81	40	48	130	2,516	54.1%
\$250,001–less than \$1 million	256	192	215	131	115	76	91	60	76	37	33	18	85	1,385	29.8%
\$1 million–less than \$5 million	112	65	59	58	34	57	34	22	33	15	25	15	52	581	12.5%
\$5 million–\$10 million	16	7	6	11	8	20	2	3	8	3	5	3	6	98	2.1%
Over \$10 million	9	1	0	7	2	8	4	2	11	2	3	2	17	68	1.5%
<b>Total for industry</b>	<b>935</b>	<b>684</b>	<b>602</b>	<b>364</b>	<b>340</b>	<b>333</b>	<b>276</b>	<b>275</b>	<b>219</b>	<b>138</b>	<b>106</b>	<b>86</b>	<b>290</b>	<b>4,648</b>	<b>100.0%</b>
<b>Deficiency categories</b>															
\$0–\$500,000	735	558	466	245	257	236	210	227	134	102	64	59	191	3,484	75.0%
\$500,001–less than \$1 million	88	56	79	55	48	28	34	22	40	17	15	8	34	524	11.3%
\$1 million–less than \$5 million	94	61	50	47	33	52	25	21	25	14	21	14	43	500	10.8%
\$5 million–\$10 million	12	5	6	9	1	9	2	3	8	3	5	2	5	70	1.5%
Over \$10 million	6	4	1	8	1	8	5	2	12	2	1	3	17	70	1.5%
<b>Total for industry</b>	<b>935</b>	<b>684</b>	<b>602</b>	<b>364</b>	<b>340</b>	<b>333</b>	<b>276</b>	<b>275</b>	<b>219</b>	<b>138</b>	<b>106</b>	<b>86</b>	<b>290</b>	<b>4,648</b>	<b>100.0%</b>

Note: Other industries includes Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Superannuation.

## Employee entitlements

157 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 42 and Table 43. ‘Not applicable’ means that amount of entitlement of that type was unpaid to employee creditors as at the date of the appointment of the external administrator.

**Table 42: Initial Schedule B reports electronically lodged—Amounts owed in unpaid employee entitlements (1 July 2004–30 June 2005)**

	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	274	6.0%	208	4.6%	197	4.3%	168	3.7%	167	3.7%
\$1,001–\$10,000	616	13.5%	668	14.6%	331	7.2%	142	3.1%	146	3.2%
\$10,001–\$50,000	259	5.7%	407	8.9%	194	4.2%	151	3.3%	148	3.2%
\$50,001–\$150,000	85	1.9%	91	2.0%	41	0.9%	58	1.3%	36	0.8%
\$150,001–\$250,000	15	0.3%	12	0.3%	7	0.2%	10	0.2%	2	0.0%
\$250,001–\$500,000	13	0.3%	3	0.1%	4	0.1%	9	0.2%	5	0.1%
\$500,001–less than \$1.5 million	2	0.0%	3	0.1%	1	0.0%	7	0.2%	2	0.0%
\$1.5 million–\$5 million	1	0.0%	1	0.0%	1	0.0%	2	0.0%	0	0.0%
Over \$5 million	18	0.4%	17	0.4%	20	0.4%	21	0.5%	20	0.4%
Not applicable	3,288	71.9%	3,161	69.2%	3,775	82.6%	4,003	87.6%	4,045	88.5%
<b>Total</b>	<b>4,571</b>	<b>100.0%</b>	<b>4,571</b>	<b>100.0%</b>	<b>4,571</b>	<b>100.0%</b>	<b>4,571</b>	<b>100.0%</b>	<b>4,571</b>	<b>100.0%</b>

Note: 77 reports identified as being internally inconsistent were excluded from this table.

### Unpaid wages

158 71.9% of reports showed unpaid wages as not applicable. In 19.5% of reports it was estimated that employees were owed \$1 to \$10,000 in unpaid wages. Categories from \$10,001 to over \$5 million made up 8.6% of reports.

### Unpaid annual leave

159 In all, 69.2% of reports showed unpaid annual leave as not applicable. In 19.2% of cases, employees were owed \$1 to \$10,000, and 28.1% of companies owed \$50,000 or less. All other categories make up 2.8% of reports.

### Unpaid pay in lieu of notice

160 Again, unpaid pay in lieu of notice was not applicable in most cases (82.6%). 1.6% of reports showed entitlements for unpaid pay in lieu of notice over \$50,000.

### Unpaid redundancy

161 Unpaid redundancy was not applicable in 87.6% of reports. In all, 6.8% of reports showed employees were owed \$1 to \$10,000 in redundancy payments. Only 0.5% of reports showed unpaid redundancy of over \$5 million.

### Unpaid long service leave

162 With results similar to unpaid redundancy, 6.8% of reports showed employees were owed \$1 to \$10,000 in unpaid long service leave, and unpaid long service leave of more than \$5 million was estimated in only 0.4% of reports. The majority of reports (88.5%) indicated a long service leave debt was not applicable.

### Unpaid superannuation

163 Due to the different value categories of superannuation entitlements, these figures are shown separately in Table 43. The results show a similar pattern to other employee entitlements with a large number (60.5%) of reports showing unpaid superannuation as not applicable.

**Table 43: Initial Schedule B reports electronically lodged  
Amounts owed in unpaid superannuation entitlements  
(1 July 2004–30 June 2005)**

	No.	%
\$0–\$100,000	1,660	35.8%
\$100,001–\$250,000	114	2.5%
\$250,001–\$1 million	25	0.5%
Over \$1 million	21	0.5%
Not applicable	2,813	60.7%
<b>Total</b>	<b>4,633</b>	<b>100.0%</b>

Note: 15 reports identified as being internally inconsistent were excluded from this table.

## Secured creditors

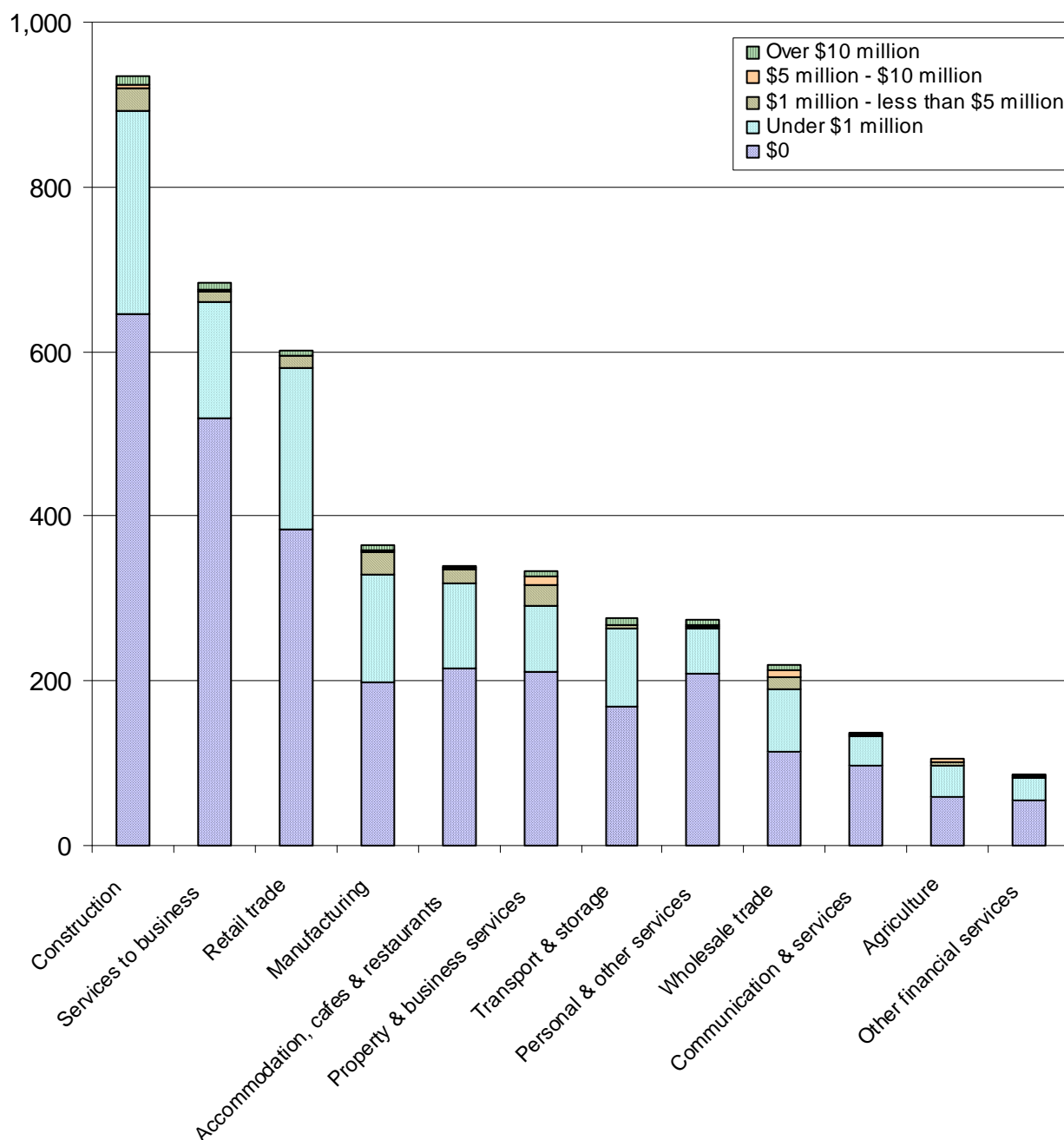
164 Table 44 shows the amounts owed to secured creditors for the 6 industries with the highest number of reports, with the remaining 29.9% grouped under Other industries. Most reports (65.7%) indicated that nothing was owed to secured creditors, and a significant proportion (28.1%) owed less than \$1 million. 1.7% of reports showed more than \$10 million was owed to secured creditors.

Note: Of those listed in Other industries, the 2 industries which most exceeded this percentage across all industries of reports with amounts owed to secured creditors over \$10 million (1.7%) were Credit provider (42.9% or 3 reports) and Mining (19.4% or 6 reports).

165 Figure 7 illustrates the amounts owed to secured creditors for the 12 industries with the highest number of reports.



**Figure 7: Initial Schedule B reports electronically lodged—Amount owed to secured creditors by industry (1 July 2004–30 June 2005)**



## Unpaid taxes and charges

166

Most reports (89.5%) indicate that the amount of unpaid taxes and charges was \$250,000 or less. Retail trade exceeded this percentage with 94.7% owing \$250,000 or less. Of the top 6 industries, Property & business services had the highest percentage of unpaid taxes and charges over \$1 million (3.6%) compared to the percentage across all industries of 2.2%. See Table 45.

**Table 44: Initial Schedule B reports electronically lodged—Amount owed to secured creditors by industry (1 July 2004–30 June 2005)**

	Construction		Services to business		Retail trade		Manufacturing		Accommodation, cafes & restaurants		Property & business services		Other industries		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
\$0	646	69.1%	518	75.7%	383	63.6%	199	54.7%	216	63.5%	210	63.1%	881	63.4%	3,053	65.7%
Under \$1 million	247	26.4%	143	20.9%	197	32.7%	131	36.0%	102	30.0%	81	24.3%	405	29.1%	1,306	28.1%
\$1 million–less than \$5 million	27	2.9%	13	1.9%	14	2.3%	27	7.4%	17	5.0%	25	7.5%	47	3.4%	170	3.7%
\$5 million–\$10 million	5	0.5%	1	0.1%	1	0.2%	1	0.3%	2	0.6%	12	3.6%	19	1.4%	41	0.9%
Over \$10 million	10	1.1%	9	1.3%	7	1.2%	6	1.6%	3	0.9%	5	1.5%	38	2.7%	78	1.7%
<b>Total for industry</b>	<b>935</b>	<b>100.0%</b>	<b>684</b>	<b>100.0%</b>	<b>602</b>	<b>100.0%</b>	<b>364</b>	<b>100.0%</b>	<b>340</b>	<b>100.0%</b>	<b>333</b>	<b>100.0%</b>	<b>1,390</b>	<b>100.0%</b>	<b>4,648</b>	<b>100.0%</b>

Note: Other industries includes Agriculture, Communication & services, Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Other financial services, Personal & other services, Superannuation, Transport & storage and Wholesale trade.

**Table 45: Initial Schedule B reports electronically lodged—Amount owed in unpaid taxes and charges by industry (1 July 2004–30 June 2005)**

	Construction		Services to business		Retail trade		Manufacturing		Accommodation, cafes & restaurants		Property & business services		Other industries		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
\$0–\$250,000	836	89.4%	589	86.1%	570	94.7%	324	89.0%	312	91.8%	285	85.6%	1,244	89.5%	4,160	89.5%
\$250,001–\$1 million	74	7.9%	77	11.3%	26	4.3%	34	9.3%	27	7.9%	36	10.8%	112	8.0%	386	8.3%
Over \$1 million	25	2.7%	18	2.6%	6	1.0%	6	1.6%	1	0.3%	12	3.6%	34	2.4%	102	2.2%
<b>Total for industry</b>	<b>935</b>	<b>100.0%</b>	<b>684</b>	<b>100.0%</b>	<b>602</b>	<b>100.0%</b>	<b>364</b>	<b>100.0%</b>	<b>340</b>	<b>100.0%</b>	<b>333</b>	<b>100.0%</b>	<b>1,390</b>	<b>100.0%</b>	<b>4,648</b>	<b>100.0%</b>

Note: Other industries includes Agriculture, Communication & services, Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Other financial services, Personal & other services, Superannuation, Transport & storage and Wholesale trade.

## Unsecured creditors

### Number of unsecured creditors

- 167 Most reports (84.8%) indicated the company had fewer than 50 unsecured creditors. Of the top 12 industries, those which had the greatest percentages of less than 50 unsecured creditors were Services to business (92.4%), Property & business services (88.3%) and Personal & other services (88%). See Table 46.

### Amount owed to unsecured creditors

- 168 The majority (67.2%) of companies owed less than \$250,000 to unsecured creditors.
- 169 The 2 industries with the highest number of reports where companies owed more than \$10 million were Construction (7 reports) and Manufacturing (6 reports). Two industries which showed reports owing more than \$10 million which were out of proportion for their number of reports were grouped in Other industries: Mining with 4 reports, and Managed investments with 3 reports.

### Amounts owed to related parties

- 170 Of the total amount owed to unsecured creditors, 17% of lodgements reported that more than 50% of the debt related to amounts owed to related parties. Of the top 12 industries, those with the greatest percentage of reports showing more than 50% owed to related parties were Accommodation, cafes & restaurants (27.6%), followed by Wholesale trade (25.1%).

Note: Of those listed in Other industries, 6 exceeded this percentage across all industries of 17%: Insurance (46.2%), Managed investments (43.6%), Electricity, gas & water supply (26.1%), Health & recreation services (24.3%), Mining (22.6%) and Education (19.2%).

## Cents in the dollar dividend

- 171 In 2004–2005, the dividend estimated to be payable to unsecured creditors was 10 cents in the dollar or less for most reports (94.9%). Of the top 12 industries, the top 3 with an estimated return of 10 cents in the dollar or less were Wholesale trade (96.8%), Retail trade (96.7%) and Services to business (95.8%). Other Industries includes 3 industries where 100% estimated 10 cents in the dollar or less: Credit provider (7 reports), Superannuation (4 reports), and Government administration & defence (1 report).
- 172 Of the top 12 industries, the 3 industries with the greatest percentage of estimated returns of more than 50 cents in the dollar to unsecured creditors were Property & business services (4.5%), Other financial services (2.3%), and Personal & other services (2.2%), compared to the proportion across all industries of 1.3%. See Table 47.

**Table 46: Initial Schedule B reports electronically lodged—Number of unsecured creditors, amount owed and reports where > 50% is owed to related parties by industry (1 July 2004–30 June 2005)**

	Construction	Services to business	Retail trade	Manufacturing	Accommodation, cafes & restaurants	Property & business services	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Agriculture	Other financial services	Other industries	Total	% of Total
<b>Number of unsecured creditors</b>															
Less than 50	799	632	494	281	280	294	231	242	167	117	91	75	239	3,942	84.8%
50–200	90	37	97	75	49	25	34	21	45	15	9	5	37	539	11.6%
Over 200	13	2	4	5	4	0	4	1	2	2	3	1	8	49	1.1%
Unknown	33	13	7	3	7	14	7	11	5	4	3	5	6	118	2.5%
<b>Total for industry</b>	<b>935</b>	<b>684</b>	<b>602</b>	<b>364</b>	<b>340</b>	<b>333</b>	<b>276</b>	<b>275</b>	<b>219</b>	<b>138</b>	<b>106</b>	<b>86</b>	<b>290</b>	<b>4,648</b>	<b>100.0%</b>
<b>Amount owed to unsecured creditors</b>															
Less than \$250,000	656	541	399	215	220	217	186	211	111	90	55	58	166	3,125	67.2%
\$250,000–\$500,000	122	76	102	59	60	35	45	31	46	21	21	9	46	673	14.5%
\$500,001–\$1 million	68	33	63	41	35	33	25	17	31	14	12	6	35	413	8.9%
\$1 million–less than \$5 million	73	33	35	34	24	43	16	13	23	9	15	10	25	353	7.6%
\$5 million–\$10 million	9	1	2	9	0	2	2	2	4	3	1	1	7	43	0.9%
Over \$10 million	7	0	1	6	1	3	2	1	4	1	2	2	11	41	0.9%
<b>Total for industry</b>	<b>935</b>	<b>684</b>	<b>602</b>	<b>364</b>	<b>340</b>	<b>333</b>	<b>276</b>	<b>275</b>	<b>219</b>	<b>138</b>	<b>106</b>	<b>86</b>	<b>290</b>	<b>4,648</b>	<b>100.0%</b>
<b>&gt; 50% owed to related parties</b>	<b>105</b>	<b>89</b>	<b>102</b>	<b>66</b>	<b>94</b>	<b>72</b>	<b>33</b>	<b>35</b>	<b>55</b>	<b>25</b>	<b>25</b>	<b>21</b>	<b>70</b>	<b>792</b>	<b>17.0%</b>
<b>% of reports lodged for industry</b>	<b>11.2%</b>	<b>13.0%</b>	<b>16.9%</b>	<b>18.1%</b>	<b>27.6%</b>	<b>21.6%</b>	<b>12.0%</b>	<b>12.7%</b>	<b>25.1%</b>	<b>18.1%</b>	<b>23.6%</b>	<b>24.4%</b>	<b>24.1%</b>		

Note: Other industries includes Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Superannuation.

**Table 47: Initial Schedule B reports electronically lodged—Amount payable to unsecured creditors—Cents in the dollar dividend by industry  
(1 July 2004–30 June 2005)**

	Construction	Services to business	Retail trade	Manufacturing	Accommodation, cafes & restaurants	Property & business services	Transport & storage	Personal & other services	Wholesale trade	Communication & services	Agriculture	Other financial services	Other industries	Total	% of Total
0–10 cents	890	655	582	342	324	309	263	261	212	131	98	79	263	4,409	94.9%
11–20 cents	23	12	10	10	6	5	7	4	5	5	5	3	6	101	2.2%
21–50 cents	17	9	6	9	3	4	4	4	2	0	3	2	15	78	1.7%
51–100 cents	5	8	4	3	7	15	2	6	0	2	0	2	6	60	1.3%
<b>Total for industry</b>	<b>935</b>	<b>684</b>	<b>602</b>	<b>364</b>	<b>340</b>	<b>333</b>	<b>276</b>	<b>275</b>	<b>219</b>	<b>138</b>	<b>106</b>	<b>86</b>	<b>290</b>	<b>4,648</b>	<b>100.0%</b>

Note: Other industries includes Credit provider, Cultural & recreational services, Education, Electricity, gas & water supply, Government administration & defence, Health & community services, Insurance, Managed investments, Mining, Superannuation.

## Completion of external administration

173 In the opinion of external administrators, the majority of external administrations (76%) were expected to be completed within 6 months of the date of lodging their Schedule B report. This was in addition to the time already taken to lodge the report. Table 35 shows that 29% of reports were lodged more than 12 months after the external administrator's appointment.

**Table 48: Initial Schedule B reports electronically lodged  
Expected time to complete the external administration  
(1 July 2004–30 June 2005)**

	No.	%
0–less than 3 months	2,088	44.9%
3–less than 6 months	1,446	31.1%
6 months–1 year	820	17.6%
Over 1 year	294	6.3%
<b>Total</b>	<b>4,648</b>	<b>100.0%</b>

## Proposed action

### Public examinations

174 In 100 reports (2.2%), the external administrator noted that they were intending to hold public examinations to question a company's directors about the affairs of the company.

### Recovery proceedings

175 Recovery proceedings for property or compensation for the benefit of creditors under Part 5.7B of the Corporations Act either had been initiated or their initiation had been considered in 764 or 16.4% of all reports.

## Company officers

176 External administrators advised in 2,368 or 50.9% of reports, that officers of the company were or had been officers of other companies. A further 1,345 (28.9%) reports indicated it was unknown if officers were or had been officers in other companies.

## External administrator's remuneration

- 177 In Table 49 the data reported against \$0, is unreliable and unable to be meaningfully interpreted because:
- some external administrators complete \$0 for appointment types not applicable to their role; and
  - other external administrators do not complete this question for the appointment types not applicable to their role.
- 178 On 29 September 2006 a new version of the Schedule B report was implemented. A new category for 'not applicable' was added for each appointment type and new business rules created. This prevents 'not applicable' being selected for the appointment type the report relates to, and ensures that the question is completed for each appointment type.
- 179 Excluding the \$0 results, the most common category of external administrator's estimated collectible fees was liquidator fees, with 3,633 reports. Of these, 3,330 reports estimated collectible liquidator fees at between \$1–\$50,000.
- 180 Of the reports that completed the voluntary administration (VA) fees question, 1,301 estimated the collectible VA fees to be between \$1 and \$50,000.

**Table 49: Initial Schedule B reports electronically lodged—External administrator's remuneration (1 July 2004–30 June 2005)**

	Voluntary administration fees		Deed of company arrangement fees		Liquidator fees		Receiver/controller fees	
	No.	%	No.	%	No.	%	No.	%
\$0	1,065	41.9%	1,650	91.3%	834	18.7%	1,683	97.2%
\$1–\$50,000	1,301	51.2%	132	7.3%	3,330	74.5%	26	1.5%
\$50,001–\$100,000	124	4.9%	18	1.0%	200	4.5%	11	0.6%
\$100,001–\$250,000	36	1.4%	5	0.3%	78	1.7%	6	0.3%
Over \$250,000	14	0.6%	3	0.2%	25	0.6%	6	0.3%
<b>Total</b>	<b>2,540</b>	<b>100.0%</b>	<b>1,808</b>	<b>100.0%</b>	<b>4,467</b>	<b>100.0%</b>	<b>1,732</b>	<b>100.0%</b>

Note: More than one fee type may be entered if the appointee is or expects to be appointed to more than one type of role in relation to the company.

## Key terms

Term	Meaning in this document
Administrator	A voluntary administrator.  Note: The definition in this document is therefore different to that in s9.
ASCOT	ASIC's corporate database.
ASIC	The Australian Securities and Investments Commission.
Ch 5 (for example)	A chapter of the Corporations Act (in this example numbered 5).
Corporations Act	The Corporations Act 2001 (Cth).
Deed administrator	An administrator of a deed of company arrangement.
Electronic—direct	Schedule B reports lodged directly by external administrators through the registered liquidators' portal.
Electronic—staff portal	Schedule B reports lodged on paper by external administrators in the Schedule B report format and subsequently entered by ASIC staff through the staff portal.
Electronically lodged report	A Schedule B report lodged; directly by external administrators through the registered liquidators' portal; or on paper by external administrators in the Schedule B format, and subsequently entered by ASIC staff through the staff portal.
EXAD	External administration.
External administration	The corporate insolvency that the external administrator has been appointed to administer.
External administrator	A liquidator, receiver or administrator.
Initial Schedule B report	This means the first electronically lodged Schedule B report after a company entered external administration.
Insolvency practitioner	A generic term to describe registered liquidators generally, regardless of whether they have been appointed to one or more specific external administrations.
Liquidator	An insolvency practitioner appointed under Ch 5 of the Corporations Act to wind up the affairs and distribute the property of a body corporate.
Manual report	A report lodged on paper by external administrators not in Schedule B format.



Term	Meaning in this document
Practice Note 50	A guide first issued by ASIC on 28 April 1994 for external administrators regarding their reporting obligations to ASIC, superseded by Regulatory Guide 16 on 2 October 2007.
Pt 5.7B (for example)	A part of the Corporations Act (in this example, numbered 5.7B).
Receiver	An insolvency practitioner appointed under an instrument or by the court to receive property of a body corporate.
Regulatory Guide 16	A regulatory guide issued by ASIC on 2 October 2006 for external administrators regarding their reporting obligations to ASIC, replacing Practice Note 50.
Registered liquidator	A person registered by ASIC under s1282(2).
Remuneration	Estimated remuneration to be paid to the insolvency practitioner for services rendered in conducting an external administration.
s9 (for example)	A section of the Corporations Act (in this example, numbered 9).
Secured creditor	A chargee as defined by s9.
Schedule B report	A report whose format is in accordance with Schedule B of Regulatory Guide 16 and lodged with ASIC under s533 (by a liquidator), s438D (by an administrator), or s422 (by a receiver).
Voluntary administrator	An administrator of a company but not a deed of company arrangement.

## Related information

### Regulatory guides

RG 16 *External administrators: reporting and lodging*

### Legislation

Pt 5.2 Corporations Act 2001

Pt 5.3A Corporations Act 2001

Pt 5.6 Corporations Act 2001

### Other

Companies entering external administration statistics

Insolvency appointments statistics

These statistics are available from [www.asic.gov.au/insolvency](http://www.asic.gov.au/insolvency)