

Question No 001-02
Topic COVID-19 – company closures
Committee Member Mr Gorman MP
Reference Written

Question

Regarding the data requested in QoN 001-01, can ASIC provide this on a state by state basis?

Answer

While we refer to the information ASIC has released publicly in response to the previous answer, in relation to closures of a business, a company can be deregistered voluntarily by the office holder(s) or their representatives lodging the necessary information with ASIC. A company can also be deregistered through ASIC initiated action, most commonly for failure to pay annual review fees.

A consistent long term trend of between 5% and 5.5% of the registered company volume is deregistered each year. For the 2019/20 period, 5.3% of registered companies (2.78 million as at 30 June 2020) were deregistered.

Lodgements to voluntarily deregister are down 12%, while action to initiate deregistration by ASIC was up 6%. At this stage, it is difficult to predict if the reduction in voluntary deregistrations will result in an increase of lodgements in the latter part of 2020 and early 2021, or if the difference in volume will be absorbed through ASIC initiated deregistration over the next six to 18 months, as companies miss annual review fee payments.

Action initiated deregistration

ASIC has continued to run compliance programs that initiate deregistration action against companies for failure to pay annual review fees. A criteria for initiating deregistration action is missing payment for two consecutive annual review cycles.

For the first six months of 2019, ASIC initiated action against 33,100 companies, compared to 35,148 in the first six months of 2020, an increase of 6%.

Voluntary deregistration

In the first six months of 2019, 47,434 companies lodged to voluntarily deregister, compared to 41,656 in the first six months of 2020, a decrease of 12%.

Beginning in February, each month saw noticeable decreases with the largest in May at 23%.

Applications to deregister	January	February	March	April	May	June
2019	6,118	7,213	8,070	7,341	9,010	9,682
2020	5,964	6,587	7,003	6,477	6,962	8,663
Change	-3%	-9%	-13%	-12%	-23%	-11%

When comparing the volume of deregistrations for the first six months in 2019 and 2020 there has been no meaningful shift in the proportion of deregistrations that each state and territory accounts for. The largest increase is seen in Victoria with 0.52%, and largest decrease is seen in Queensland with -0.67%.

The table below highlights the consistent breakdown between for each state between 2019 and 2020.

State % of deregistrations	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
2019	1.65%	34.07%	0.47%	19.84%	4.01%	0.73%	29.61%	9.61%
2020	1.70%	34.55%	0.45%	19.16%	3.99%	0.80%	30.14%	9.22%
Change	+0.04%	+0.48%	-0.02%	-0.67%	-0.03%	+0.07%	+0.52%	-0.40%