

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 175-180

Topic: Insolvencies

Hansard Page: Written

Senator RYAN asked:

175. How many corporate bankruptcies were there in the following years:

- a) 2004
- b) 2005
- c) 2006
- d) 2007
- e) 2008
- f) 2009
- g) 2010
- h) 2011

176. How many small business corporate bankruptcies have there been for the following years:

- a) 2004
- b) 2005
- c) 2006
- d) 2007
- e) 2008
- f) 2009
- g) 2010
- h) 2011

177. Of the small business corporate bankruptcies for each of the years 2007-2011, how many of these businesses were recent entries? (ie businesses that entered bankruptcy in their first year of trading).

178. How many small business were incorporated for the following years:

- a) 2004
- b) 2005
- c) 2006
- d) 2007
- e) 2008
- f) 2009
- g) 2010
- h) 2011

179. How many directors of incorporated businesses were disqualified in the following years:

- a) 2004
- b) 2005
- c) 2006

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- d) 2007
- e) 2008
- f) 2009
- g) 2010
- h) 2011

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- a) How many investigations were made by ASIC into directors of incorporated small businesses:
 - i. 2004
 - ii. 2005
 - iii. 2006
 - iv. 2007
 - v. 2008
 - vi. 2009
 - vii. 2010
 - viii. 2011
- b) How many of these investigations were instigated internally (by ASIC).
- c) How many of these investigations were instigated externally.

Answer:

175. Total companies entering external administration in Australia:

- a) 2003 / 04 6,549
- b) 2004 / 05 6,624
- c) 2005 / 06 7,818
- d) 2006 / 07 7,487
- e) 2007 / 08 7,907
- f) 2008 / 09 10,005
- g) 2009 / 10 9,281
- h) 2010 / 11 9,829

176-178. ASIC does collect statistics regarding corporate failures but does not categorise them on the basis of any statutory definition concerning size. For the sake of completeness, there is a definition of a small proprietary company found in Section 45A(2) of the Corporations Act.

For a company to be considered small, it must meet two of the following three conditions:

1. Consolidated revenue to be less than \$25m

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2. Consolidated gross assets are less than \$12.5m
3. Fewer than 50 employees.

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a) 2004/05	33
b) 2005/06	44
c) 2006/07	81
d) 2007/08	67
e) 2008/09	50
f) 2009/10	90
g) 2010/11 (to Dec)	34

180. Following is a summary of prosecutions of individuals under ASIC's Liquidator Assistance Program. Generally, the individuals are officeholders of small proprietary companies. They hold no records prior to FY 2007.

2006 / 07	561
2007 / 08	752
2008 / 09	724
2009 / 10	554
2010 / 11	425

- b) ASIC does not collate statistics regarding the catalyst to its investigations. However, given that prosecutions result, to a large extent, from liquidator reports to ASIC, most, if not all, investigations result from an external report to ASIC.
- c) Refer to answer in (b) above.