

Company liquidations rose 20 per cent during financial crisis

331 words

29 July 2009

Australian Associated Press Financial News Wire

AAPFIN

English

(c) 2009 Australian Associated Press Pty Ltd. All Rights Reserved

LIQUIDATIONS SYDNEY, July 29 AAP - The number of companies forced into **liquidation** jumped by 20 per cent in the 12 months to May, driven by the end of mining and property booms in Queensland and Western Australia, a report shows.

The report by insolvency practitioners SV Partners based on Australian Securities and Investments Commission (ASIC) data shows there were 2,934 court-ordered liquidations in the year to May 30, up from 2,428 in the year to May 2008.

Queensland and Western Australia recorded the most significant increase in company failures due to their reliance on the mining sector, SV Partners group managing director Paul Sweeney said.

"The courts are liquidating an enormous number of firms at an ever-increasing rate," he said.

"This is particularly the case in Queensland and Western Australia, where companies are copping the full brunt of the end of the mining and property booms.

"The 'gold rush' conditions there are well and truly over.

"The bust has now exposed their reliance on cyclical industries."

Court-ordered liquidations rose 45.45 per cent in WA from the previous year, from 66 to 96.

In Queensland there were 421 court-ordered liquidations in the year to May, a 36.25 per cent jump from the previous year's 309.

Voluntary administration appointments rose by 42.72 per cent in WA and 17.24 per cent in Queensland.

New South Wales also experienced a large jump in liquidations, with a rise of 23 per cent to 1,673 in the year to May.

Tasmania experienced a 15 per cent rise, South Australia rose 12 per cent and Victoria five per cent.

Voluntary administration dropped by 0.56 per cent nationally, SV Partners said, due to falls in NSW and South Australia.

There was also a 10 per cent increase the number of creditors' voluntary liquidations, in which shareholders are required to approve **liquidation**, to 342 nationally.

AAP dmc/klm

Document AAPFIN0020090729e57t000p2