



BWA Insolvency's quarterly update on business health and insolvencies in New Zealand Q2 2023

Welcome to the Quarterly Market Report for Q2 2023. As anticipated, 2023 has ramped up to be a very busy year for Insolvency Practitioners around the country.

Overall, insolvent circumstances in New Zealand have increased by 34% since the last quarter (Apr-Jun 2023) and 69% year-on-year.

These results are unlikely to surprise anyone. With the ever-present media coverage of interest rates and the cost of consumer goods, business uncertainty is an obvious outcome of an unstable market.

The Quarterly Market Report offers interesting insight when analysing the data by industry. Business services, manufacturing, property, real estate, and retail trade all feature significantly in this quarter. This is not reflective of any cause in the sector but rather the tide going out in the economy with most businesses being affected as a result.

This will likely worsen as businesses grapple with the dual tension of increased input costs and decreased discretionary spending. As lowered sales occur, demand for insolvency services is expected to increase.

Non-payment of deducted PAYE and collected GST has provided liquidity for non-compliant businesses, but tolerance for that breach is rapidly coming to an end.

This quarter, we see significant increases in insolvencies across the manufacturing (114%), retail (95%) and finance and insurance (71%) industries. Insolvencies within the food and beverage industry have decreased quarterly (-32%) and annually (-21%)

INSOLVENCIES BY INDUSTRY YEAR-ON-YEAR

INSOLVENCIES	Q2 2022	Q2 2023	+ / -
MANUFACTURING	14	30	114%
RETAIL TRADE	19	37	95%
FINANCE & INSURANCE	14	24	71%
CONSTRUCTION	69	123	78%
PROPERTY & REAL ESTATE	36	53	74%
FOOD & BEVERAGE	33	26	-21%

Insolvencies in NZ (April-June 2023)

QUARTERLY TRENDS

Insolvency encompasses Voluntary Administration, Liquidation and Receivership. Notably, there has been a 220% rise in Voluntary Administration appointments when comparing both year-on-year and quarterly data.

This trend may signal a growing willingness among businesses to explore alternatives to liquidation, opting to seek help before it is too late. Although receiverships have decreased compared to Q1 2023, they have rebounded in the second quarter of 2023, which may indicate creditors' aggressive approach in claiming outstanding debts.

INSOLVENCIES QUARTERLY COMPARISON

	Q1 2023	Q2 2023
LIQUIDATION	312	434
RECEIVERSHIP	38	25
VOLUNTARY ADMINISTRATION	5	16
TOTAL	355	475



INSOLVENCIES YEAR ON YEAR COMPARISON

	Q2 2022	Q2 2023
LIQUIDATION	269	434
RECEIVERSHIP	7	25
VOLUNTARY ADMINISTRATION	5	16
TOTAL	281	475



Industry Spotlight

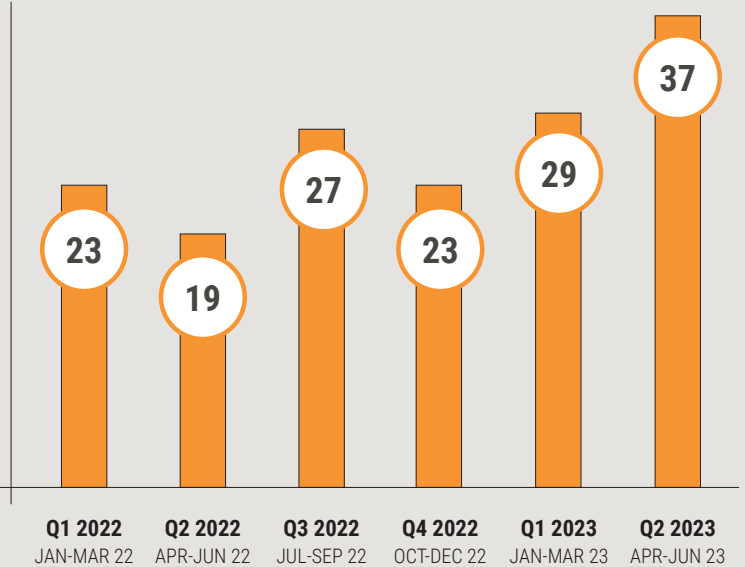


We can see insolvencies in the food and beverage sector have dropped compared to the previous quarter and the corresponding period last year.

The food and beverage industry bore the brunt of the COVID-19 pandemic, grappling with challenges stemming from reduced customers and for Auckland operators, the extensive and abrupt lockdown measures. This slowing of insolvencies is likely a result of businesses gradually regaining a semblance of normalcy.

Conversely, the retail sector presents a contrasting scenario with a surge in insolvencies this quarter. This industry is dealing directly with the effects of reduced consumer spending exacerbated by high-interest rates and persistent high levels of inflation.

RETAIL INSOLVENCIES (BY QUARTER)



What is a Statutory Demand?

AND WHAT TO DO IF YOU RECEIVE ONE

We can expect many New Zealand businesses to experience further tough times over the next 12 months. One of the first signs of financial trouble is when a business can't pay its debts. Things get more serious when a Statutory Demand is issued. Understanding the consequences of receiving a Statutory Demand is crucial in avoiding potential liquidation and resolving outstanding debts.

Find out more about what to do if you receive a Statutory Demand.

Visit our website to read the full story –

<https://bwainsolvency.co.nz/what-is-a-statutory-demand/>



Why BWA? WHY OUR CLIENTS CHOOSE TO WORK WITH US.

We take the time to really understand your business.

We want businesses to survive. We use our comprehensive knowledge of Voluntary Administration to produce the best possible outcome for everyone.

We're approachable, caring and down-to-earth. That is what our clients say they like about us.

We work with businesses of all shapes and sizes, anywhere in NZ.

NEED EXPERT INSOLVENCY OR BUSINESS RECALIBRATION ADVICE?

BWA Insolvency can help



TALK TO US TODAY.

bryan@bwainsolvency.co.nz

www.bwainsolvency.co.nz



Insolvency Market Report: Q2 2023
www.bwainsolvency.co.nz

The information in this document is collated from our own internal investigations. This activity builds upon the core statistical information made available by the Registrar of Companies. The objective of this report is to provide colour to past events and to predict a reasoned outlook.