



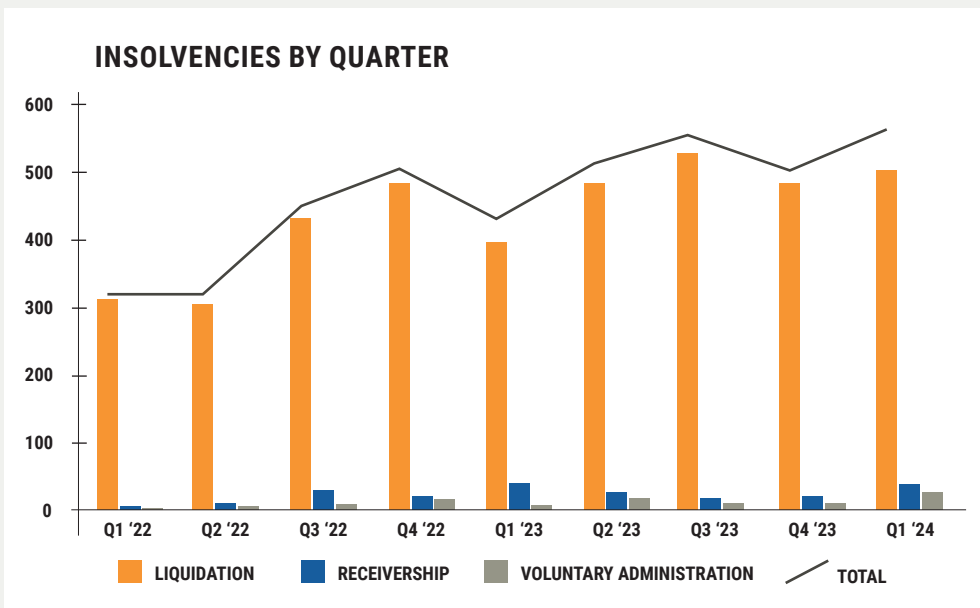
With the first quarter of 2024 now behind us, what does the insolvency data tell us about the stability of New Zealand's economy?

International geopolitical events, uncertainty around the governance of the United States, and the very real prospect of borderless currencies are all playing a role in governments around the globe wanting to keep their foot on the brake. Here in New Zealand, all the signs indicate the economy is leaning into an actual recession. There will be financial difficulties on the way for many this year.

Looking at the insolvency figures for Q1 2024, we have seen a 10% increase in insolvencies compared to last quarter, up from 501 to 553, and a 28% increase from this time last year, where we saw a total of 432 insolvencies.

Despite this increase, the trend isn't as alarming when we consider the broader picture.

Compared to the third quarter of 2023, this is only a 2% climb. Insolvency rates have climbed gradually over recent years, but we shouldn't draw hasty, dire conclusions based on these figures alone.



The short-term outlook

On the back of cautious consumer spending and high inflation levels, we could see insolvencies continue to rise into the next quarter. Yet, predictions suggest potential relief may come by late 2024 if spending slows down.

Slowing spending may be a remedy for the economy but will likely further strain the retail and construction sectors. Retail will continue to feel the impact of the rising cost of living, and the construction industry will feel the pain of cost increases when it's time to settle the bills at the end of their projects.

For many sectors, retail and construction in particular, the short-term outlook is grim. The current government is taking the view that a bitter pill must be swallowed and while this, in a macro sense is sound, it will cost many businesses.

TOTAL INSOLVENCIES

QUARTERLY COMPARISON

Q4 2023 501

Q1 2024 553

↑ 10%

TOTAL INSOLVENCIES

YEARLY COMPARISON

Q1 2023 432

Q1 2024 553

↑ 28%



NAVIGATING THE VOLUNTARY ADMINISTRATION PROCESS

Voluntary Administration (VA) can offer a valuable lifeline

This quarter, there has been a jump in the number of businesses choosing the Voluntary Administration (VA) route. Acting early to initiate VA may be the difference between sinking or swimming.

Read the full article [here](#).



INSOLVENCIES BY INDUSTRY

YEAR-ON-YEAR

INDUSTRY	Q1 2023	Q1 2024	+ / -
TRANSPORT & DELIVERY	14	25	79%
MANUFACTURING	18	32	78%
FINANCE & INSURANCE	13	23	77%
BUSINESS SERVICES	44	73	66%
FOOD & BEVERAGE	43	54	26%
CONSTRUCTION	115	126	10%
RETAIL	34	31	-9%

INSOLVENCIES BY INDUSTRY

QUARTERLY COMPARISON

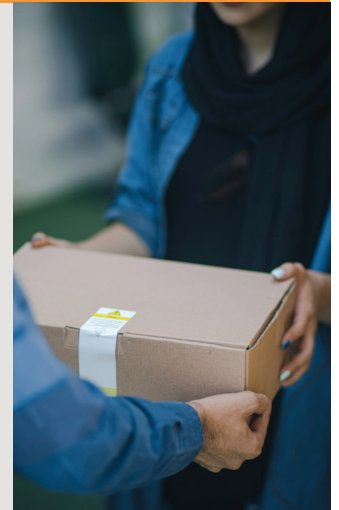
INDUSTRY	Q4 2023	Q1 2024	+ / -
TRANSPORT & DELIVERY	11	25	127%
BUSINESS SERVICES	48	73	52%
MANUFACTURING	27	32	19%
FOOD & BEVERAGE	46	54	17%
CONSTRUCTION	131	126	-4%
RETAIL	33	31	-6%
FINANCE & INSURANCE	27	23	-15%

INDUSTRY SPOTLIGHT

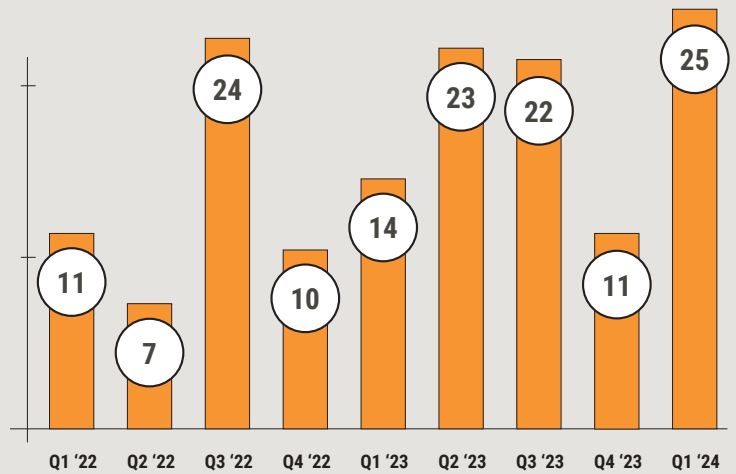
TRANSPORT & DELIVERY

There has been a 136% increase in insolvencies in the Transport & Delivery industry, up to 26 insolvencies, compared to 11 in Q4 2023 and 14 in Q1 2023.

A shrinking economy will inevitably affect service providers. A drop in consumer spending converts to a drop in the need for shifting goods. A busy transport company will begin to experience idle time, where profit is not being made but overheads continue to be charged. Add into the mix an increase in interest rates on serviceable debt, and it is clear to see why companies are facing insolvency.



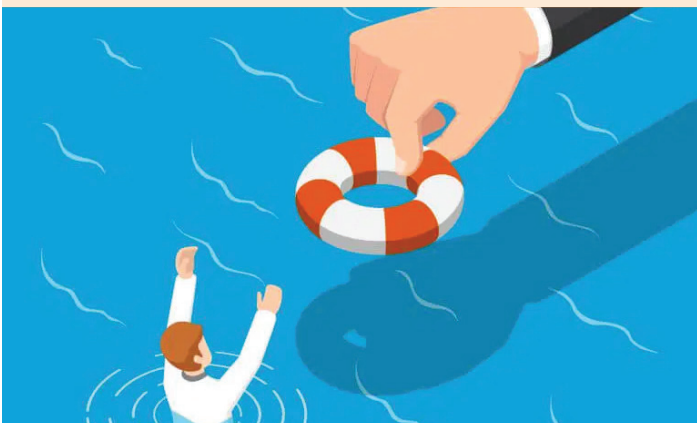
TRANSPORT & DELIVERY BY QUARTER



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. This 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.



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Insolvency Market Report: Q1 2024
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.