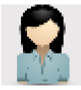
http://www.themorningbulletin.com.au/news/drastic-change-in-rockhamptons-september-quarter-i/3106629/

# Drastic change in Rockhampton's September quarter insolvency



Amber Hooker | 1st Nov 2016 6:00 AM

11

PRINT

Have your say

Use this content


SMALL business traders in Rockhampton are faring well financially against their Central Queensland counterparts, while non-business related insolvency rates are on the rise.

This is reflected in the Australian Financial Security Authority's latest regional personal insolvency and business-related insolvency rates for the September quarter.

Released yesterday, a snapshot of Central Queensland revealed Rockhampton experienced the most significant decrease in sole and partnered trader debtors, down 55.55% from 18 individuals entering insolvency in June to eight in September.

It was a drastic change from the increase of 28.57% experienced in the June quarter.

Gladstone's business-related insolvencies were down 30% to three debtors, followed by Mackay, down 4.54% with one less debtor in the September quarter.

The Central Highlands flipped the scales though with a 66.66% increase from three to five business-related insolvencies in the September quarter.

But individuals appear to be feeling the pinch, as non-business insolvency rates were higher across the board.

Gladstone experienced the most drastic increase at 17.07%, up seven on the June quarter from 41 to 48 in September, followed by Rockhampton at 11.76% (from 51 to 57), Mackay at 10.29% and the Central Highlands at 6.66%.

Worrells Rockhampton and Sunshine Coast partner Paul Nogueira said while it was fair to observe the shift in statistics, the number of people inquiring and seeking the firm's solvency management, insolvency administration and forensic investigation services had not wavered.

He said while each person's situation varied, individuals considering bankruptcy or insolvency measures in the Central Queensland region reflected the broader downturn in the mining sector.

Further, he attributed the flow-on effects to people who had made investments during the boom which they could no longer sustain.

"They have either lost their jobs or are on a reduced contract, or lost their tenant in their property," he said.

"So they are selling at a loss or the bank is stepping in.

"They are left with a large shortfall on those loans; a lot of people have to consider bankruptcy to deal with that."

Mr Nogueira said Worrells' inquiries were skewed more towards corporate insolvency for small to medium enterprises rather than sole and partnered businesses.

While he could not attribute the change in statistics to a specific reason, he said seasonal variations could be considered.

"Sometimes there are various industries going through downturns through the year," he said.

"In hospitality, in winter we see an increase in insolvency.

"Towards the end of the year we generally find companies that are quite labour intensive, if they haven't provisioned correctly for the holiday and down period for staff, they go into administration or liquidation because they don't have the money to pay for staff and go forward."

Mr Nogueira encouraged people in business to seek advice from lawyers, accountants or companies such as Worrells to obtain the relevant information about insolvency options to make informed choices, rather than "bury their head in the sand".