

The state of the market: *insolvency* in 2024



Impact of COVID-19 recedes

COVID-19 saw a decline in the number of insolvencies due to a number of factors including government support.



Greater use of the small business restructuring regime?

There has been a gradual acceptance of the small business restructuring regime due to its fit for smaller businesses impacted by the pandemic.



Post-pandemic cleanup

The post-pandemic period is expected to witness a "cleanup" of accumulated insolvencies, partially driven by increased activities of the Australian Taxation Office.



Comprehensive review

The Parliamentary Joint Committee on Corporations and Financial Services has suggested a comprehensive review of corporate insolvency.



"New normal"

The number of insolvencies in the first quarter FY23-24 is 2,500. If that trend continues, that will reach 10,000 a year. Or, close to pre-GFC levels.



Impacted industries

Retail, tourism, and hospitality, together with the residential construction industry, are areas predicted to face challenges and thus potentially higher insolvencies.