

Commercial Risk Outlook Report

August 2016



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Highlights

Top 5 areas where businesses are at risk of default



Top 5 Industries

that are most at risk of default

1 Construction



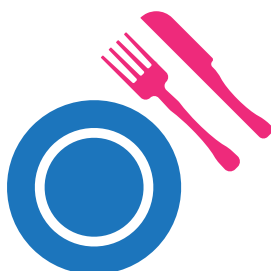
2 Professional, Scientific and Technical Services



3 Retail Trade



4 Accommodation and Food Service



5 Transport, Postal & Warehousing



Executive Summary

SV Partners has released the findings within the Commercial Risk Outlook Report for August 2016, providing an analysis of the current state of Australian businesses from an insolvency and overall economic perspective.

This report analyses industries and regions within Australia where operating businesses are predicted to face financial hard times within the next 12 months. This Report also develops a multidimensional view of the drivers behind commercial risk for business owners, while providing insights from a professional insolvency perspective.

The Commercial Risk data attempts to predict business financial failure based on the likelihood of adverse events including external administrations, petitions to wind up, Mercantile enquiries, defaults, bankruptcies, court writs, default judgements and trading payment behaviour within the next 12 months. This commercial risk data is fundamentally based on bureau information over a 5 year period.

The Commercial Risk statistics in this Report are from the latest bureau findings from June 2016, predicting default activity for the next 12 months.

Key Findings - Table 3

Nationally, the top 5 industries at risk of default within the next 12 months are (in order of number of businesses):

1. Construction
2. Professional, Scientific and Technical Services
3. Retail Trade
4. Accommodation & Food Services
5. Transport, Postal & Warehousing

Northern Territory, Western Australia and Queensland are indicating the highest percentage of potential defaults statewide proportionate to numbers of businesses with 3.0% and 2.3% respectively for both Western Australia and Queensland (Table 26).

The top 5 areas where businesses are most at risk of default within the next 12 months, according to number of businesses, are (Table 55):

1. VIC: Melbourne Inner (816), 0.8% of businesses in the region
2. NSW: Sydney Inner South West (722), 1.9% of businesses in the region
3. NSW: Sydney City and Inner South (684), 1.0% of businesses in the region
4. QLD: Gold Coast (652), 1.2% of businesses in the region
5. NSW: Parramatta (625), 1.9% of businesses in the region

The 5 areas where businesses are least at risk of default within the next 12 months, according to number of businesses, are (Table 55):

1. TAS: South East (8), 0.8% of businesses in the region
2. NT: Outback (18), 1.2% of businesses in the region
3. QLD: Outback (26), 1.3% of businesses in the region
4. SA: Outback (33), 1.2% of businesses in the region
5. SA: Barossa – Yorke – Mid North (39), 1.2% of businesses in the region



Macro and Micro Factors that may impact businesses

Macro factors have the ability to impact business performance and weigh on the stability or instability of business longevity.

These macro (external) factors can be identified (and are not limited to) the following:

- Changes in the existing market share, price and demand for products and services offered by a business
- The underlying assumptions of the business plan (if in fact a business has a business plan)
- A business's infrastructure and resources for major projects impacting on funding and timing for key project implementation
- Market position

Key micro (internal) factors that impact a business's stability and performance can be identified as:

- A business's cost structure suitable and relative to revenue such as labour, suppliers, transport, logistics, overheads and administration
- Allocating working capital and balance sheet efficiency
- Time responsive operational decisions made by business owners that impact the daily processes
- Management of employees and employee skills and resources for delivery of service/products
- Balancing new customer/client acquisition with maintenance of existing clientele's needs
- The structure of the business's debt and engaging with financiers on the best methods of achieving this debt structure

Insolvencies - Australian Securities & Investments Commission

According to the Australian Securities & Investments Commission's (ASIC) Insolvency Statistics Series 1A, the 'Other (Business & Personal) Services'* industry recorded the highest number of actual insolvency administrations during the period from January to May 2016. The Construction industry followed by the Accommodation & Food Services industry followed respectively.

The table below indicates the top 5 high risk industries (identified within this report) is relative to the industries most impacted by insolvency administrations.

Table 1
ASIC Insolvency Statistics Series 1A, Companies Entering External Administration by Industry (Jan to May 2016)

| Industry | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Total |
|---|------------|------------|------------|------------|------------|-------------|
| Other (business & personal) services | 157 | 279 | 318 | 251 | 254 | 1259 |
| Construction | 68 | 155 | 146 | 132 | 124 | 625 |
| Accommodation & food services | 43 | 77 | 76 | 58 | 62 | 316 |
| Retail trade | 48 | 55 | 56 | 54 | 60 | 273 |
| Manufacturing | 22 | 35 | 41 | 33 | 41 | 172 |
| Mining | 9 | 23 | 19 | 106 | 10 | 167 |
| Transport, postal & warehousing | 20 | 38 | 35 | 31 | 41 | 165 |
| Education & training | 1 | 22 | 41 | 7 | 8 | 79 |
| Professional, scientific & technical services | 19 | 12 | 19 | 9 | 16 | 75 |
| Rental, hiring & real estate services | 13 | 22 | 9 | 11 | 13 | 68 |
| Unknown | 14 | 14 | 7 | 23 | 7 | 65 |
| Electricity, gas, water & waste services | 12 | 18 | 9 | 11 | 13 | 63 |
| Finance | 4 | 11 | 17 | 19 | 12 | 63 |
| Agriculture, forestry & fishing | 6 | 14 | 7 | 10 | 25 | 62 |
| Wholesale trade | 6 | 8 | 15 | 13 | 13 | 55 |
| Information, media & telecommunications | 12 | 11 | 7 | 10 | 14 | 54 |
| Health care & social assistance | 3 | 3 | 10 | 6 | 9 | 31 |
| Arts & recreation services | 3 | 7 | 6 | 4 | 4 | 24 |
| Public administration & safety | 0 | 0 | 3 | 3 | 4 | 10 |
| Administrative & support services | 1 | 0 | 0 | 2 | 5 | 8 |
| Total | 461 | 804 | 841 | 793 | 735 | 3634 |

* 'Other Services' defined by the ANZIC code includes Repair and Maintenance, Personal and Other Services, Private Households Employing Staff and Undifferentiated Goods and Services – Producing Activities of Households for Own Use.

Table 1 also shows that both the Accommodation and Food Services and Retail Industry remains steady in terms of numbers of external administrations since January 2016.

Insolvencies - Australian Securities & Investment Commission

Table 2

ASIC Insolvency Statistics Series 1A, Companies Entering External Administration by Industry (March 2015 Quarter to March 2016 Quarter)

| Industry | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Year to Year Total | % Change since March 15 |
|---|-------------|-------------|-------------|-------------|-------------|--------------------|-------------------------|
| Other (business & personal) services | 690 | 984 | 1219 | 928 | 754 | 4,575 | 9.3% |
| Construction | 357 | 470 | 495 | 407 | 369 | 2,098 | 3.4% |
| Accommodation & food services | 159 | 256 | 261 | 240 | 196 | 1,112 | 23.3% |
| Retail trade | 149 | 214 | 193 | 188 | 159 | 903 | 6.7% |
| Transport, postal & warehousing | 107 | 155 | 147 | 106 | 93 | 608 | -13.1% |
| Manufacturing | 90 | 117 | 101 | 69 | 98 | 475 | 8.9% |
| Mining | 64 | 58 | 67 | 54 | 51 | 294 | -20.3% |
| Rental, hiring & real estate services | 37 | 52 | 56 | 69 | 44 | 258 | 18.9% |
| Unknown | 59 | 56 | 64 | 37 | 35 | 251 | -40.7% |
| Finance | 24 | 70 | 58 | 65 | 32 | 249 | 33.3% |
| Information media & telecommunications | 37 | 69 | 59 | 44 | 30 | 239 | -18.9% |
| Professional, scientific & technical services | 28 | 47 | 54 | 39 | 50 | 218 | 78.6% |
| Electricity, gas, water & waste services | 45 | 35 | 32 | 63 | 39 | 214 | -13.3% |
| Wholesale trade | 28 | 40 | 38 | 51 | 29 | 186 | 3.6% |
| Agriculture, forestry & fishing | 38 | 38 | 30 | 41 | 27 | 174 | -28.9% |
| Education & training | 6 | 15 | 24 | 48 | 64 | 157 | 96.7% |
| Arts & recreation services | 20 | 25 | 23 | 15 | 16 | 99 | -20% |
| Health care & social assistance | 20 | 12 | 21 | 14 | 16 | 83 | -20% |
| Administrative & support services | 12 | 17 | 15 | 15 | 1 | 60 | -91.7% |
| Public administration & safety | 1 | 4 | 3 | 6 | 3 | 17 | 200% |
| Total | 1971 | 2734 | 2960 | 2499 | 2106 | 12270 | 6.8% |

Table 2 above, indicates the variance from March 2015 to March 2016 in actual insolvency administrations. The notable industries that have significantly experienced higher levels of insolvencies are:

- Education & Training (increase of 97%, 58 administrations)
- Professional, Scientific & Technical Services (increase of 78.6%, 22 administrations)
- Accommodation & Food Services (increase of 23.3%, 37 administrations)

About Commercial Risk

The commercial risk rating of a business is contingent on a variety of factors and may vary depending on the behaviour of a business. The behavioural scorecard for each commercial entity is based on a range of bureau data from the previous 5 years, taking into consideration Mercantile enquiries, financial default and trading payment history (within the previous 2 years). Throughout this report, the highest risk category is considered to be detrimental to the life expectancy of a business. A business that is in the highest risk category is extremely likely to undergo a serious adverse event within the next 12 months of trading such as entering into administration, petition to wind up, court judgement, court writ, payment default, or mercantile enquiry.

About the Commercial Risk Data

Since the previous release of the SV Partners Commercial Risk Outlook Report in March 2016, there has been an improvement in the data collection methods to incorporate the trade payment history of each entity in predicting adverse behaviour. The addition of this data improves the predictability of future adverse events of entities within the next 12 months by 17.8%. The inclusion of this trade payment history data takes into consideration how cash poor (high risk) or cash strong (low risk) entities are by their payment behaviour. Therefore, when an entity is classified within high risk band 1, it is already financially stressed and is extremely likely it will face serious adverse events within 12 months, such as insolvency.

The data in this report also has industry and risk classified 38% more entities than the previous Commercial Risk Report.

Due to the further inclusions and improvement in the data, this Commercial Risk Report for August has considerably accurate predictions on financial failure for the entities in high risk band 1. It should also be noted that due to the new collection methods, this data set should not be compared to the previous data set in the previous report.

What Makes Risk

Key contributing factors (not limited to) that comprise an entity (business or company) risk score:

- Enquiry Pattern – the type and frequency of credit enquiries
- Business Registration – the time since a business made or changed registration
- Proprietor Information – credit activities including credit enquiries or adverse information of the business proprietor
- Default information recorded – existence of default information on a company file
- Company Enquiry Patterns impacting Company Trade History – particularly relating to the types of credit sources a company is making enquiries to eg. Small loan lenders or loans from top tier financial institutions
- Serious Adverse Information Recorded – impacts from previous external administrations or other serious adverse events on file
- Industry Based Enquiry Patterns – the type of credit providers being approached
- Company Registration – time and changes made to the company's registration
- Director Information – the credit activity of a director such as credit enquiries or adverse information

Ranking Risk Bands 1-10

The risk bands rank each business on a scale of 1 (high risk) to 10 (low risk) based upon their likelihood to default within the next 12 months.

1 2 3 4 5 6 7 8 9 10



High Risk

Low Risk

About Commercial Risk

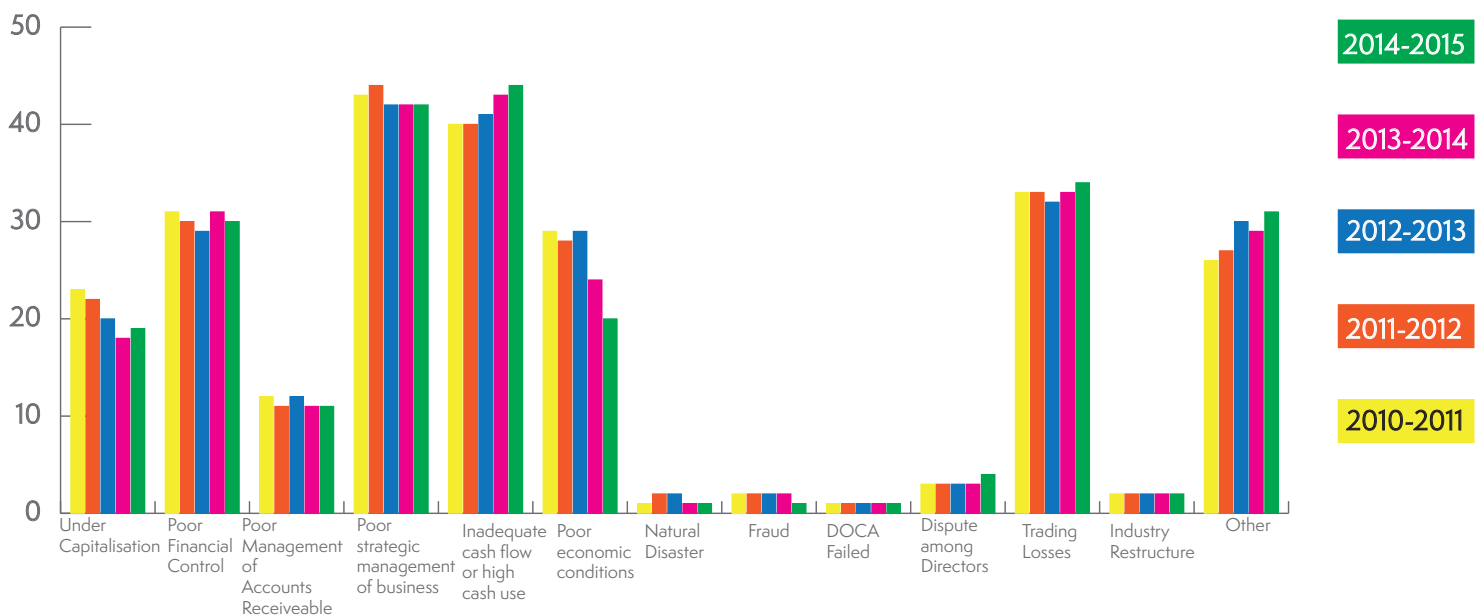
Key Causes of High Commercial Risk or Business Failure

As part of ASIC reporting data, statistics are able to be analysed on the main cause for an entity's external administration.

'Figure 3.3.6 – Initial External Administrators' Reports by Causes of Failure, Annual Percentage' graph 1 (below) provided by ASIC, indicates the recorded reasons for business failure throughout the past 5 years. This graph is available on the ASIC website - www.asic.gov.au

Graph 1

'Initial External Administrators' Reports by Causes of Failure, Annual Percentage' graph



The above graph indicates the top 3 nominated causes of financial failure recorded for businesses currently are:

1. Inadequate cash flow or high cash use (43.7%)
2. Poor strategic management of business (42.1%)
3. Trading Losses (33.9%)

Further to the actual causes of financial failure, there are indicators in which entities should be aware of. SV Partners identifies the warning signs of insolvency as the following:

- Continuing losses
- Overdue taxes
- Poor relationships with the banks and the inability to borrow further funds
- No access to alternative finance
- Inability to raise further equity
- Suppliers stopping accounts, changing to cash on delivery or demanding special payment arrangements before resuming supply
- Creditors remaining unpaid outside normal or industry trading terms
- Reverting to using post-dated cheques to continue trading
- Dishonoured cheques
- Highly leveraged assets
- Banks requesting additional security
- Legal letters of demand, summons, judgements, and warrants issued to recover outstanding debts
- Inability to produce accurate financial information
- Lack of control of business

About Commercial Risk



Addressing Financial Hardship

It is important to identify the warning signs of financial distress and to address the issues as promptly as possible. SV Partners has outlined ways in which to address financial distress for businesses below:

- Firstly, it is important to seek professional advice as soon as possible
- Prioritise the issues identified with respect to the short term impacts on the business
- Revise the business plan to reflect revised assumptions such as revenue, pricing, customer base and working capital with preparation for revised cash flow and budgets
- Full review on all fixed and variable costs to find opportunities to improve working cash flow and capital
- Stress test the budget and cash flow against possible future scenarios and review covenants
- Revision of staffing levels, options for outsourcing, supplier negotiations (price, payment terms and quality)
- Regular communication and reviews with key stakeholders

National Commercial Risk Analysis



As of June 2016, there are 2.39 million operating businesses in Australia, an increase of approximately 30,000 operating businesses since March 2016. Despite this growth in the number of new businesses across Australia, ASIC reported just over 2,100 insolvencies nationally within the same March 2016 quarter.

Commercial Risk by Industry

The Commercial Risk data indicates that the Construction industry within Australia has over 2,600 businesses currently at financial risk of failure within the next 12 months. Referring to Table 2, it is evident that this is comparable to the number of insolvency administrations within the Construction industry within a 12 month period being just over 2,000 construction businesses.

According to the Economics References Committee Report, 'Insolvency in the Australian Construction Industry' December 2015, the Construction industry in Australia has been labelled as a concern due to the ongoing insolvency numbers and the current challenges the industry faces. This report also states that further factors inclusive of highly unequal power relations in contractual relationships, failure to pay in binding contractual obligations and civil and criminal non-compliance are some causes for ongoing industry insolvencies and business financial stress challenges. SV Partners also suggests that from experience, construction companies are concerned with the lead times on projects and the increase in costs to complete these projects with regards to time constraints. These costs place extreme financial pressure on these construction businesses and adds to their inability to meet and pay their bills in line with their contractual obligations, further affecting those contractors and subcontractors that have been locked into fixed price contracts.

According to ASIC's Table 3.1.3.1 'Initial external administrators' reports – Nominated causes of failure by industry (1 July 2014 – 30 June 2015) the highest cause of insolvency administrations within the Construction industry is inadequate cash flow or high cash use, closely followed by poor strategic management of business (please refer to the ASIC website to view the table).

Table 3
National Commercial Risk vs Industry

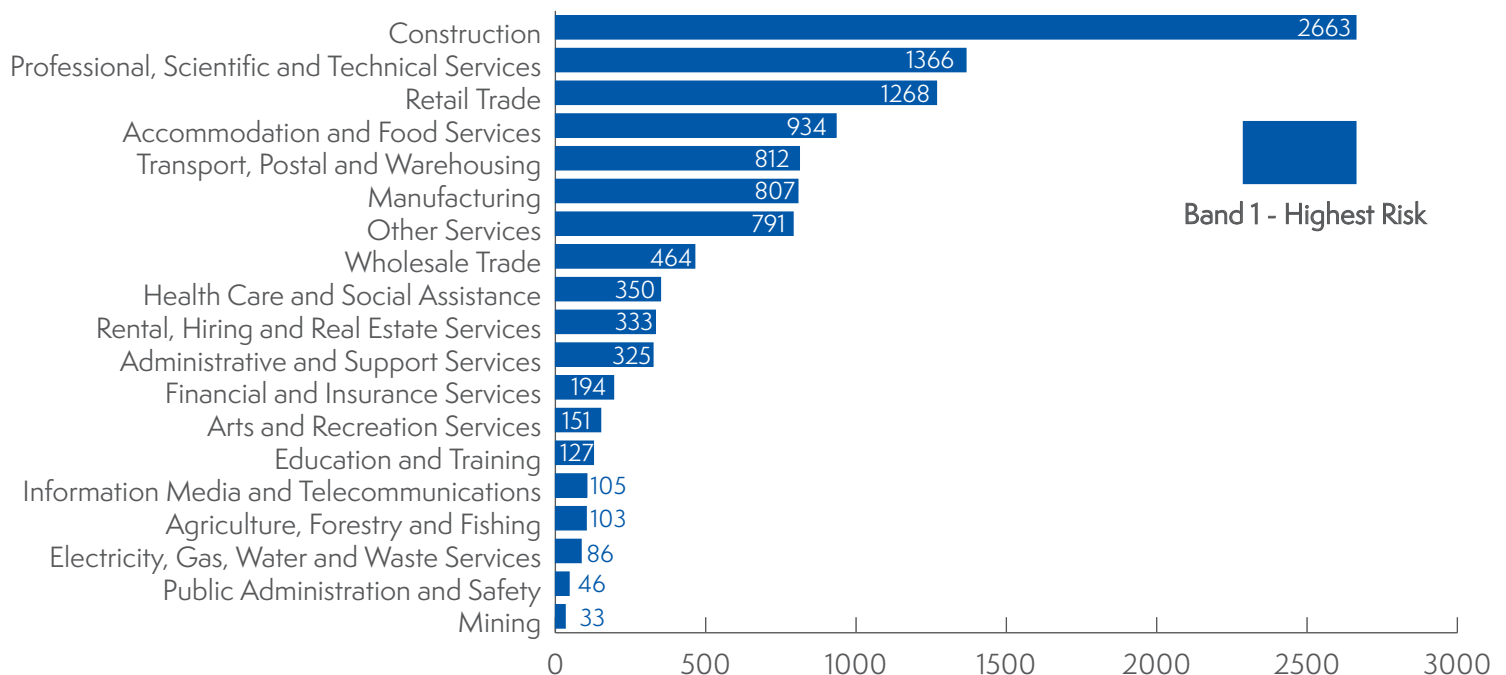
| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 6,723 | 0.5% | 575,322 | 44% | 1,303,547 |
| Construction | 2,663 | 1.6% | 30,050 | 19% | 161,911 |
| Professional, Scientific and Technical Services | 1,366 | 0.7% | 52,052 | 27% | 191,842 |
| Retail Trade | 1,268 | 1.0% | 19,254 | 15% | 130,591 |
| Accommodation and Food Services | 934 | 1.8% | 5,405 | 10% | 53,360 |

National Commercial Risk Analysis

Table 3 continued

| | | | | | |
|--|---------------|-------------|----------------|------------|------------------|
| Transport, Postal and Warehousing | 812 | 2.3% | 7,968 | 23% | 34,976 |
| Manufacturing | 807 | 1.2% | 16,120 | 23% | 69,684 |
| Other Services | 791 | 1.1% | 7,918 | 11% | 74,919 |
| Wholesale Trade | 464 | 1.1% | 10,429 | 24% | 43,702 |
| Health Care and Social Assistance | 350 | 0.4% | 17,776 | 18% | 97,729 |
| Rental, Hiring and Real Estate Services | 333 | 0.7% | 15,561 | 33% | 47,046 |
| Administrative and Support Services | 325 | 0.8% | 5,693 | 15% | 38,372 |
| Financial and Insurance Services | 194 | 0.4% | 29,534 | 58% | 50,787 |
| Arts and Recreation Services | 151 | 0.6% | 3,036 | 13% | 24,191 |
| Education and Training | 127 | 0.5% | 3,106 | 11% | 27,464 |
| Information Media and Telecommunications | 105 | 0.8% | 3,040 | 23% | 13,127 |
| Agriculture, Forestry and Fishing | 103 | 0.6% | 5,337 | 30% | 17,605 |
| Electricity, Gas, Water and Waste Services | 86 | 1.9% | 739 | 16% | 4,551 |
| Public Administration and Safety | 46 | 1.0% | 774 | 17% | 4,668 |
| Mining | 33 | 1.2% | 1,008 | 36% | 2,802 |
| Grand Total | 17,681 | 0.7% | 810,122 | 34% | 2,392,874 |

Graph 2
National Commercial Risk vs Industry - Risk Band 1 - Highest Risk



National Commercial Risk Analysis

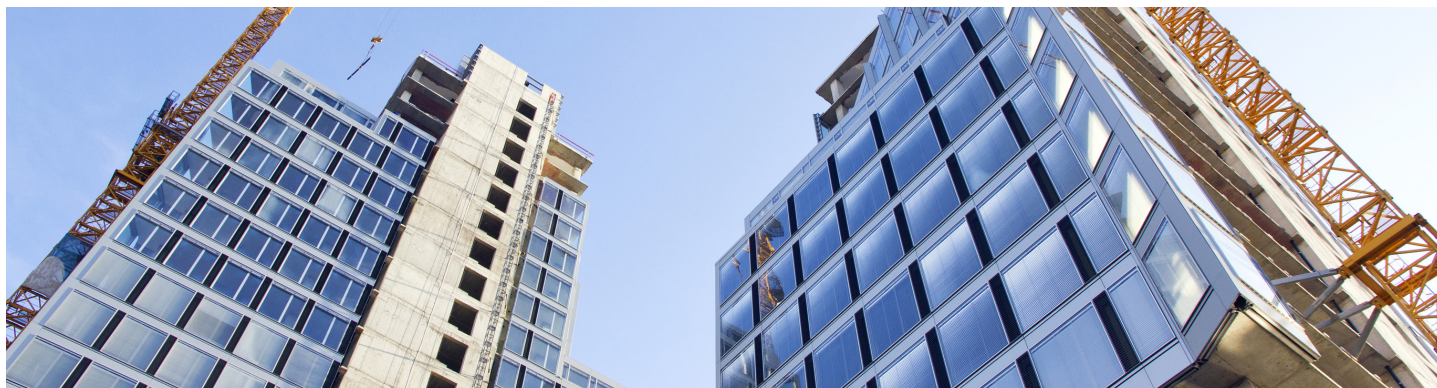


Table 3 also identifies other industries facing highest risk of financial failures following the Construction industry are the Professional, Scientific and Technical Services and Retail industry.

Proportionate to the number of businesses in the industry, it is notable that Transport, Postal & Warehousing is one of the highest impacted sectors with 2.3% of businesses facing possible financial failure in the next 12 months.

The Retail sector is experiencing over 1,200 businesses in Australia in financial distress, with a growing number of insolvency administrations over the past 5 months until May 2016, with 60 external administrations recorded (Table 1).

Conversely, the commercial risk data in Table 3 outlines that the Financial and Insurance Services Industry has the lowest levels of businesses at financial risk of failure with 58% of total businesses in the industry least likely to go through financial distress. This is followed by Mining (36%) and the Rental, Hiring and Real Estate Services Industry at 33% of total businesses least at financial risk.

Table 4
Commercial Risk by Business Turnover Size of Business

| Turnover Size | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|----------------------------|-----------------------|--|-----------------------|--|--|
| Less than \$1m | 6,321 | 1.96% | 138,342 | 42.9% | 322,311 |
| \$1m to less than \$10m | 1,317 | 1.83% | 30,856 | 43.0% | 71,792 |
| \$10m to less than \$50m | 132 | 2.29% | 2,164 | 37.6% | 5,762 |
| \$50m to less than \$100m | 25 | 1.95% | 448 | 34.9% | 1,283 |
| \$100m to less than \$500m | 25 | 3.47% | 242 | 33.6% | 721 |
| \$500m to less than \$1b | 4 | 3.31% | 33 | 27.3% | 121 |
| \$1b or more | 9 | 4.57% | 78 | 39.6% | 197 |
| Unclassified | 9,848 | 0.77% | 637,959 | 49.6% | 1,285,013 |
| Grand Total | 17,681 | 1.05% | 810,122 | 48.0% | 1,687,200 |

Table 4 above indicates that on a national basis, there are currently 9 businesses or companies that are in financial distress within the turnover size of \$1 billion or more. This is 4.6% of businesses within this turnover range that are in current financial distress.

Table 5 indicates the highest commercial risk businesses in their industries according to their turnover size.

National Commercial Risk Analysis

Table 5

National - High Commercial Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Agriculture, Forestry and Fishing | 92 | 2 | | | | | | 94 |
| Mining | 2 | 14 | 8 | | | | | 24 |
| Manufacturing | 422 | 101 | 29 | 3 | 6 | 1 | 2 | 564 |
| Electricity, Gas, Water and Waste Services | 5 | 56 | 3 | | | 1 | 1 | 66 |
| Construction | 1,566 | 343 | 29 | 6 | 4 | | | 1,948 |
| Wholesale Trade | 60 | 258 | 24 | 2 | 3 | | | 347 |
| Retail Trade | 807 | 135 | 8 | 2 | 5 | 1 | 1 | 959 |
| Accommodation and Food Services | 495 | 73 | 2 | | | | | 570 |
| Transport, Postal and Warehousing | 492 | 42 | 3 | | 1 | | 2 | 540 |
| Information Media and Telecommunications | 42 | 11 | | 1 | 2 | | 1 | 57 |
| Financial and Insurance Services | 4 | 1 | 1 | | 1 | 1 | 1 | 9 |
| Rental, Hiring and Real Estate Services | 71 | 146 | 9 | 1 | | | | 227 |
| Professional, Scientific and Technical Services | 1,005 | 68 | 5 | 6 | 2 | | 1 | 1,087 |
| Administrative and Support Services | 212 | 8 | 6 | | | | | 226 |
| Public Administration and Safety | 32 | 1 | | | | | | 33 |
| Education and Training | 82 | 5 | | | | | | 87 |
| Health Care and Social Assistance | 244 | 3 | | 3 | | | | 250 |
| Arts and Recreation Services | 90 | 11 | 1 | | | | | 102 |
| Other Services | 594 | 37 | 4 | 1 | 1 | | | 637 |
| Unclassified | 4 | 2 | | | | | | 6 |
| Grand Total | 6,321 | 1,317 | 132 | 25 | 25 | 4 | 9 | 7,833 |

It can be identified from Table 5 that there are 9 large companies within the \$1 billion or more turnover category that are currently facing financial distress. Of these, the Manufacturing and Transport, Postal & Warehousing industries are facing key companies currently at high commercial risk of failure within the next 12 months. This would impact employment figures and could have flow on effects to other sectors.

Queensland Commercial Risk Analysis



There are currently over 417,000 operational businesses in Queensland. SV Partners' Commercial Risk Outlook Report March 2016 had previously mentioned that Queensland in more recent times has seen large companies enter administration resulting in industry and economic impacts.

Table 6
Commercial Risk by Industry in Queensland

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 1,457 | 0.69% | 97,949 | 46.46% | 210,820 |
| Construction | 405 | 2.38% | 5,413 | 31.83% | 17,007 |
| Professional, Scientific and Technical Services | 219 | 1.17% | 8,215 | 43.96% | 18,687 |
| Retail Trade | 192 | 2.00% | 3,179 | 33.08% | 9,610 |
| Accommodation and Food Services | 178 | 4.67% | 880 | 23.11% | 3,808 |
| Other Services | 133 | 3.01% | 1,292 | 29.25% | 4,417 |
| Transport, Postal and Warehousing | 130 | 3.32% | 1,211 | 30.93% | 3,915 |
| Manufacturing | 115 | 1.83% | 2,526 | 40.20% | 6,283 |
| Rental, Hiring and Real Estate Services | 74 | 1.05% | 3,000 | 42.39% | 7,077 |
| Wholesale Trade | 64 | 1.64% | 1,671 | 42.82% | 3,902 |
| Health Care and Social Assistance | 58 | 0.72% | 3,602 | 44.44% | 8,105 |
| Administrative and Support Services | 57 | 2.04% | 971 | 34.79% | 2,791 |
| Financial and Insurance Services | 28 | 0.37% | 5,156 | 67.57% | 7,631 |
| Arts and Recreation Services | 26 | 1.79% | 551 | 37.90% | 1,454 |
| Education and Training | 22 | 1.33% | 591 | 35.62% | 1,659 |
| Electricity, Gas, Water and Waste Services | 18 | 4.10% | 141 | 32.12% | 439 |

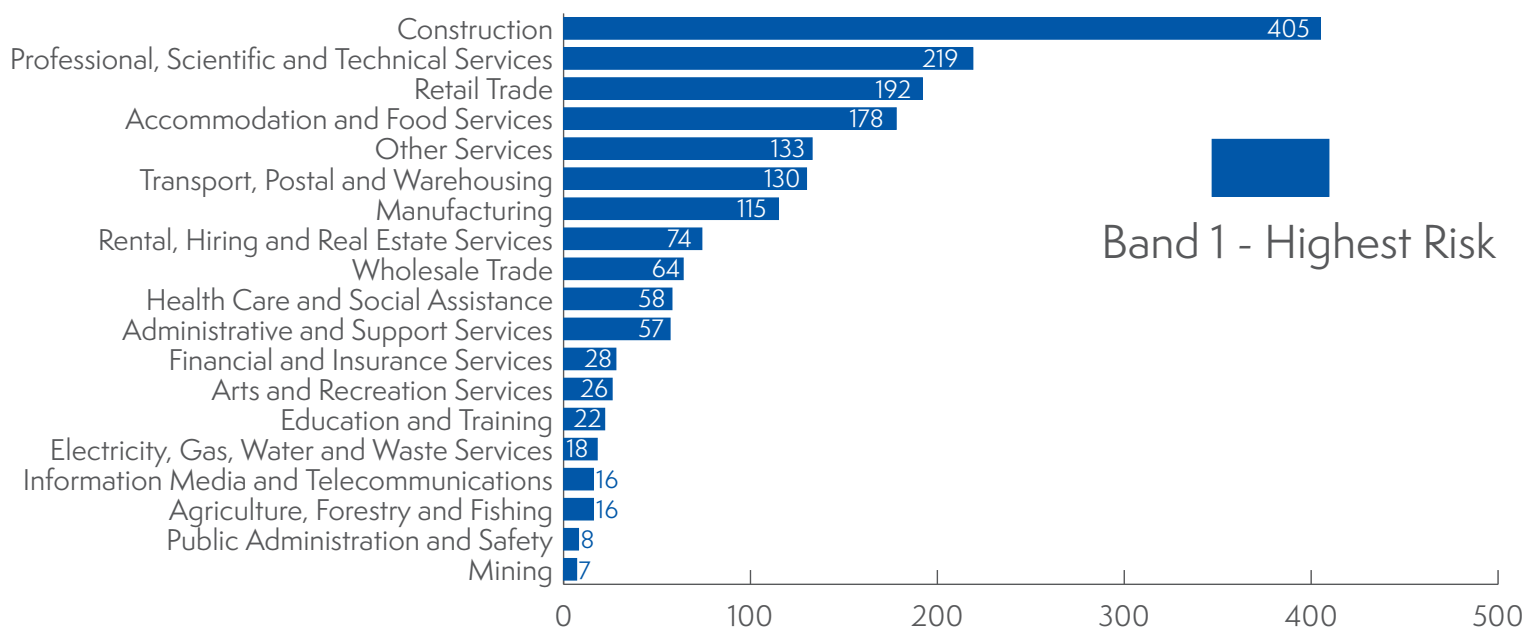
Queensland Commercial Risk Analysis

Table 6 continued

| | | | | | |
|--|--------------|--------------|----------------|---------------|----------------|
| Information Media and Telecommunications | 16 | 1.66% | 445 | 46.26% | 962 |
| Agriculture, Forestry and Fishing | 16 | 1.06% | 881 | 58.54% | 1,505 |
| Public Administration and Safety | 8 | 2.45% | 102 | 31.29% | 326 |
| Mining | 7 | 1.43% | 220 | 44.90% | 490 |
| Grand Total | 3,223 | 1.04% | 137,996 | 44.39% | 310,888 |

Graph 3

Commercial Risk by Industry in Queensland - Risk Band 1



From Table 6 above, 4.7% of Queensland businesses in the Accommodation and Food Services sector are currently in financial distress and may face adverse events within the next 12 months. Following from this, Electricity, Gas, Water & Waste Services and the Transport, Postal & Warehousing sectors have 4.1% and 3.3% of businesses within these industries at risk of financial failure within the next 12 months.

According to the Retail Trade May 2016 report released by the Queensland Government Statistician's Office within the Queensland Treasury, the retail sector has experienced a decrease in turnover by nearly \$10 million in the one month from April to May 2016. The report also indicates that the state had the lowest annual growth in retail turnover Australia wide.

Graph 3 indicates that there could be further losses by ways of business and overall turnover for Queensland in the Retail Sector, with 192 businesses currently facing possible financial failure within the next 12 months.

Queensland Commercial Risk Analysis - by region

Table 7
Queensland - Commercial Risk by Region in Queensland

| Regions | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|------------------------------|-----------------------|--|-----------------------|--|--|
| QLD: Gold Coast | 652 | 1.23% | 21,962 | 41.6% | 52,819 |
| QLD: Brisbane Inner City | 327 | 0.77% | 21,458 | 50.5% | 42,530 |
| QLD: Logan - Beaudesert | 247 | 1.71% | 5,336 | 36.8% | 14,486 |
| QLD: Brisbane - South | 242 | 0.89% | 11,467 | 42.3% | 27,082 |
| QLD: Sunshine Coast | 236 | 0.86% | 12,034 | 43.8% | 27,487 |
| QLD: Ipswich | 168 | 1.58% | 4,139 | 38.9% | 10,628 |
| QLD: Brisbane - East | 146 | 0.95% | 7,062 | 46.0% | 15,356 |
| QLD: Townsville | 128 | 1.16% | 5,243 | 47.6% | 11,026 |
| QLD: Moreton Bay - North | 127 | 1.36% | 3,593 | 38.5% | 9,332 |
| QLD: Brisbane - North | 121 | 0.96% | 5,538 | 43.9% | 12,615 |
| QLD: Cairns | 120 | 0.91% | 6,196 | 47.0% | 13,171 |
| QLD: Wide Bay | 109 | 1.02% | 4,986 | 46.8% | 10,654 |
| QLD: Mackay | 108 | 1.30% | 3,634 | 43.7% | 8,308 |
| QLD: Moreton Bay - South | 103 | 1.06% | 3,796 | 39.2% | 9,685 |
| QLD: Fitzroy | 85 | 0.96% | 3,725 | 42.2% | 8,827 |
| QLD: Toowoomba | 82 | 0.86% | 4,205 | 44.3% | 9,500 |
| QLD: Brisbane - West | 67 | 0.48% | 7,658 | 54.9% | 13,939 |
| QLD: Darling Downs - Maranoa | 65 | 1.13% | 2,687 | 46.8% | 5,740 |
| QLD: Queensland - Outback | 26 | 1.28% | 765 | 37.6% | 2,035 |
| Grand Total | 3,223 | 1.04% | 137,996 | 44.4% | 310,888 |

The Gold Coast region has the highest number of businesses (652) facing serious financial difficulties over the next 12 months. According to the Commercial Risk data, this is an area of concern nationally given the number of business facing financial difficulties. The Gold Coast region is followed by Brisbane City and Logan – Beaudesert. The area of Logan – Beaudesert has the highest level of businesses (1.7%) facing financial difficulties over the next 12 months in proportion to the number of businesses in the area.

The lowest risk region of Queensland according to the percentage of low commercially risky businesses in the area is Brisbane West (54.9%).

Queensland Commercial Risk Analysis - by region

Table 8

Brisbane (East, North, South, West, Inner City) - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 407 | 0.53% | 37,949 | 49.07% | 77,344 |
| Construction | 93 | 2.12% | 1,554 | 35.41% | 4,389 |
| Professional, Scientific and Technical Services | 80 | 1.00% | 3,787 | 47.48% | 7,976 |
| Accommodation and Food Services | 67 | 5.49% | 296 | 24.26% | 1,220 |
| Retail Trade | 55 | 1.81% | 1,133 | 37.31% | 3,037 |
| Other Services | 34 | 2.64% | 417 | 32.38% | 1,288 |
| Manufacturing | 30 | 1.65% | 844 | 46.53% | 1,814 |
| Wholesale Trade | 23 | 1.70% | 649 | 47.86% | 1,356 |
| Transport, Postal and Warehousing | 23 | 2.46% | 348 | 37.22% | 935 |
| Health Care and Social Assistance | 20 | 0.60% | 1,612 | 48.03% | 3,356 |
| Rental, Hiring and Real Estate Services | 18 | 0.68% | 1,192 | 45.29% | 2,632 |
| Administrative and Support Services | 17 | 1.85% | 355 | 38.67% | 918 |
| Arts and Recreation Services | 8 | 1.52% | 209 | 39.66% | 527 |
| Electricity, Gas, Water and Waste Services | 6 | 5.13% | 47 | 40.17% | 117 |
| Information Media and Telecommunications | 6 | 1.42% | 205 | 48.35% | 424 |
| Education and Training | 5 | 0.82% | 242 | 39.54% | 612 |
| Mining | 3 | 1.35% | 101 | 45.50% | 222 |
| Financial and Insurance Services | 3 | 0.10% | 1,985 | 67.98% | 2,920 |
| Public Administration and Safety | 3 | 2.97% | 41 | 40.59% | 101 |
| Agriculture, Forestry and Fishing | 2 | 0.60% | 217 | 64.97% | 334 |
| Grand Total | 903 | 0.81% | 53,183 | 47.69% | 111,522 |

Table 8 indicates the Construction industry in Brisbane and immediate surrounding areas is the highest risk industry (93 businesses) predicted for the next 12 months. The Accommodation & Food Services industry has the highest level of businesses facing financial distress proportionate to the number of businesses in the area (5.5%).

Queensland Commercial Risk Analysis - by region

Table 9

Brisbane (East, North, South, West, Inner City) - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Agriculture, Forestry and Fishing | 2 | | | | | | | 2 |
| Mining | | | 2 | | | | | 2 |
| Manufacturing | 14 | 2 | 1 | 2 | | | 1 | 20 |
| Electricity, Gas, Water and Waste Services | 1 | 4 | | | | 1 | | 6 |
| Construction | 45 | 13 | 1 | | 1 | | | 60 |
| Wholesale Trade | 6 | 11 | | 1 | | | | 18 |
| Retail Trade | 26 | 4 | 1 | | | | | 31 |
| Accommodation and Food Services | 37 | 4 | | | | | | 41 |
| Transport, Postal and Warehousing | 13 | 4 | | | | | | 17 |
| Information Media and Telecommunications | 3 | | | | | | | 3 |
| Financial and Insurance Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | 7 | 4 | | | | | | 11 |
| Professional, Scientific and Technical Services | 61 | 6 | 1 | 1 | | | | 69 |
| Administrative and Support Services | 13 | | 1 | | | | | 14 |
| Public Administration and Safety | 2 | | | | | | | 2 |
| Education and Training | 4 | | | | | | | 4 |
| Health Care and Social Assistance | 14 | | | | | | | 14 |
| Arts and Recreation Services | 3 | 1 | | | | | | 4 |
| Other Services | 21 | 2 | 1 | | | | | 24 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 272 | 55 | 8 | 4 | 1 | 1 | 1 | 342 |

Table 9 indicates within the Brisbane and surrounding areas, that both the Manufacturing and Electricity, Gas, Water & Waste Services industries have large companies with annual turnovers in excess of over \$500 million which are expected to face further financial distress and possible failure within the next 12 months.

Queensland Commercial Risk Analysis - by region

Table 10
Gold Coast - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 320 | 0.87% | 15,889 | 43.09% | 36,870 |
| Construction | 80 | 2.90% | 823 | 29.82% | 2,760 |
| Professional, Scientific and Technical Services | 40 | 1.25% | 1,278 | 40.01% | 3,194 |
| Retail Trade | 37 | 2.56% | 512 | 35.48% | 1,443 |
| Accommodation and Food Services | 31 | 5.14% | 160 | 26.53% | 603 |
| Other Services | 23 | 3.63% | 173 | 27.29% | 634 |
| Transport, Postal and Warehousing | 18 | 3.87% | 125 | 26.88% | 465 |
| Manufacturing | 15 | 1.49% | 406 | 40.44% | 1,004 |
| Health Care and Social Assistance | 15 | 1.31% | 439 | 38.34% | 1,145 |
| Rental, Hiring and Real Estate Services | 13 | 1.06% | 531 | 43.31% | 1,226 |
| Wholesale Trade | 12 | 1.87% | 249 | 38.79% | 642 |
| Financial and Insurance Services | 12 | 0.94% | 792 | 62.12% | 1,275 |
| Arts and Recreation Services | 7 | 2.59% | 96 | 35.56% | 270 |
| Electricity, Gas, Water and Waste Services | 6 | 8.70% | 23 | 33.33% | 69 |
| Administrative and Support Services | 6 | 1.21% | 176 | 35.48% | 496 |
| Agriculture, Forestry and Fishing | 5 | 3.05% | 86 | 52.44% | 164 |
| Information Media and Telecommunications | 5 | 2.98% | 76 | 45.24% | 168 |
| Education and Training | 4 | 1.45% | 88 | 31.88% | 276 |
| Public Administration and Safety | 2 | 3.39% | 17 | 28.81% | 59 |
| Mining | 1 | 1.79% | 23 | 41.07% | 56 |
| Grand Total | 652 | 1.23% | 21,962 | 41.58% | 52,819 |

Table 10 shows that the Gold Coast's Accommodation & Food Services industry has 5.14% of businesses in the high risk category that could face financial failure in the next 12 months.

Table 11
Gold Coast - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|--|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Agriculture, Forestry and Fishing | 4 | 1 | | | | | | 5 |
| Mining | | 1 | | | | | | 1 |
| Manufacturing | 10 | 1 | | | | | | 11 |
| Electricity, Gas, Water and Waste Services | 1 | 5 | | | | | | 6 |
| Construction | 38 | 7 | 2 | | | | | 47 |
| Wholesale Trade | 4 | 3 | 1 | | | | | 8 |
| Retail Trade | 20 | 4 | 1 | 1 | | | | 26 |

Queensland Commercial Risk Analysis - by region

Table 11 continued

| | | | | | | | | |
|---|------------|-----------|----------|----------|--|--|--|------------|
| Accommodation and Food Services | 14 | 1 | | | | | | 15 |
| Transport, Postal and Warehousing | 9 | | | | | | | 9 |
| Information Media and Telecommunications | 1 | | | | | | | 1 |
| Financial and Insurance Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | 4 | 4 | | | | | | 8 |
| Professional, Scientific and Technical Services | 31 | 2 | | | | | | 33 |
| Administrative and Support Services | 6 | | | | | | | 6 |
| Public Administration and Safety | 1 | | | | | | | 1 |
| Education and Training | 2 | | | | | | | 2 |
| Health Care and Social Assistance | 11 | | | | | | | 11 |
| Arts and Recreation Services | 1 | 1 | | | | | | 2 |
| Other Services | 19 | 1 | | | | | | 20 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 176 | 31 | 4 | 1 | | | | 212 |

According to Table 11, within the Retail sector there appears to be a large company that may face adversity within the coming 12 months. It is also noted that smaller construction businesses in the region (38 businesses) with turnover of less than \$1 million are currently facing financial pressures.

The top financial (\$50 million to \$100 million turnover) risk industries outlined for the Gold Coast region, are representative of the recent types of businesses that SV Partners has seen throughout the past 6 months, inclusive of construction, professional services and food services industries.

Although indicators may place the region in the higher risk category for business financial failures, there are higher than normal numbers of infrastructure projects underway for the Gold Coast including:

- Various sporting arenas being constructed, upgrades to roads and community areas
- Upgrade of Coolangatta Airport
- Light Rail Stage 2 (extension from Parkwood to Helensvale)
- Pacific Fair major development
- Robina Town Centre expansion
- Jewel Towers development
- Jupiters Casino expansion and development of new hotels

These projects are having a positive effect on jobs and the local economy.

Queensland Commercial Risk Analysis - by region



Table 12
Sunshine Coast - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 108 | 0.56% | 8,857 | 45.93% | 19,285 |
| Construction | 23 | 1.42% | 542 | 33.46% | 1,620 |
| Retail Trade | 20 | 2.57% | 223 | 28.66% | 778 |
| Professional, Scientific and Technical Services | 15 | 1.01% | 623 | 42.07% | 1,481 |
| Accommodation and Food Services | 13 | 3.68% | 77 | 21.81% | 353 |
| Rental, Hiring and Real Estate Services | 12 | 1.93% | 255 | 41.06% | 621 |
| Manufacturing | 10 | 2.14% | 168 | 35.97% | 467 |
| Transport, Postal and Warehousing | 8 | 3.79% | 72 | 34.12% | 211 |
| Other Services | 7 | 2.18% | 93 | 28.97% | 321 |
| Administrative and Support Services | 6 | 2.93% | 69 | 33.66% | 205 |
| Wholesale Trade | 5 | 1.83% | 117 | 42.86% | 273 |
| Health Care and Social Assistance | 3 | 0.45% | 284 | 42.58% | 667 |
| Electricity, Gas, Water and Waste Services | 2 | 5.26% | 10 | 26.32% | 38 |
| Information Media and Telecommunications | 2 | 2.70% | 34 | 45.95% | 74 |
| Mining | 1 | 4.55% | 11 | 50.00% | 22 |
| Education and Training | 1 | 0.70% | 51 | 35.92% | 142 |
| Agriculture, Forestry and Fishing | | 0.00% | 66 | 55.46% | 119 |
| Financial and Insurance Services | | 0.00% | 438 | 66.36% | 660 |
| Public Administration and Safety | | 0.00% | 2 | 8.70% | 23 |
| Arts and Recreation Services | | 0.00% | 42 | 33.07% | 127 |
| Grand Total | 236 | 0.86% | 12,034 | 43.78% | 27,487 |

Not dissimilar to other regions, the Sunshine Coast has identified Construction businesses as being affected by adverse events and are considered as a commercial risk.

Queensland Commercial Risk Analysis - by region

Table 13

Sunshine Coast - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|----------------------------------|
| Mining | | | | | | | | 0 |
| Manufacturing | 8 | 1 | | | | | | 9 |
| Electricity, Gas, Water and Waste Services | | | | | | | | 0 |
| Construction | 13 | 3 | | | | | | 16 |
| Wholesale Trade | | | | | | | | 0 |
| Retail Trade | 12 | | | | | | | 12 |
| Accommodation and Food Services | 5 | 1 | 1 | | | | | 7 |
| Transport, Postal and Warehousing | 3 | 1 | | | | | | 4 |
| Information Media and Telecommunications | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | 4 | 3 | | | | | | 7 |
| Professional, Scientific and Technical Services | 11 | | | | | | | 11 |
| Administrative and Support Services | 2 | | | | | | | 2 |
| Education and Training | | | | | | | | 0 |
| Health Care and Social Assistance | 1 | | | | | | | 1 |
| Other Services | 4 | | | | | | | 4 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 63 | 9 | 1 | | | | | 73 |

The Sunshine Coast's highest commercial risk businesses are mainly distributed across the low turnover sized businesses with less than \$1 million (Table 13).

SV Partners has recently been seeing more small construction and mining companies in financial difficulty, along with medium wholesale businesses and small professional services businesses on the Sunshine Coast.

Local retailers are also impacted by fluctuations in tourism, as the area is dependent on tourists predominantly more than residents. According to Table 13, there are 8 smaller retailers currently suffering financially and could face adverse events over the next 12 months.

In terms of positive influences on employment and business, the Sunshine Coast has also been experiencing growth in developments and construction with the University Hospital, CBD development and Aura precinct south of Caloundra and other small constructions.

Queensland Commercial Risk Analysis - by region

Table 14
Toowoomba - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 37 | 0.57% | 3,058 | 47.39% | 6,453 |
| Construction | 16 | 2.92% | 154 | 28.10% | 548 |
| Retail Trade | 6 | 2.08% | 73 | 25.26% | 289 |
| Transport, Postal and Warehousing | 6 | 3.80% | 46 | 29.11% | 158 |
| Other Services | 4 | 2.42% | 46 | 27.88% | 165 |
| Manufacturing | 3 | 1.44% | 75 | 35.89% | 209 |
| Professional, Scientific and Technical Services | 3 | 0.70% | 169 | 39.67% | 426 |
| Administrative and Support Services | 3 | 4.55% | 25 | 37.88% | 66 |
| Agriculture, Forestry and Fishing | 1 | 1.16% | 44 | 51.16% | 86 |
| Accommodation and Food Services | 1 | 1.11% | 17 | 18.89% | 90 |
| Financial and Insurance Services | 1 | 0.40% | 163 | 64.68% | 252 |
| Rental, Hiring and Real Estate Services | 1 | 0.46% | 95 | 43.38% | 219 |
| Mining | | | 6 | 42.86% | 14 |
| Electricity, Gas, Water and Waste Services | | | 2 | 22.22% | 9 |
| Wholesale Trade | | | 45 | 43.27% | 104 |
| Information Media and Telecommunications | | | 5 | 26.32% | 19 |
| Public Administration and Safety | | | 1 | 16.67% | 6 |
| Education and Training | | | 15 | 38.46% | 39 |
| Health Care and Social Assistance | | | 149 | 49.34% | 302 |
| Arts and Recreation Services | | | 17 | 36.96% | 46 |
| Grand Total | 82 | 0.86% | 4,205 | 44.26% | 9,500 |

Table 14 clearly shows that Toowoomba has high growth in various industries such as Wholesale Trade, Health Care & Social Assistance and Agriculture, Forestry & Fishing with very low levels of businesses at risk in these areas.

Queensland Commercial Risk Analysis - by region

Table 15

Toowoomba - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Agriculture, Forestry and Fishing | 1 | | | | | | | 1 |
| Manufacturing | 2 | | | | | | | 2 |
| Construction | 15 | | | | | | | 15 |
| Retail Trade | 3 | 1 | | | | | | 4 |
| Accommodation and Food Services | 1 | | | | | | | 1 |
| Transport, Postal and Warehousing | 2 | 1 | | | | | | 3 |
| Financial and Insurance Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | | 1 | | | | | | 1 |
| Professional, Scientific and Technical Services | 3 | | | | | | | 3 |
| Administrative and Support Services | 1 | | 1 | | | | | 2 |
| Other Services | 3 | | | | | | | 3 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 31 | 3 | 1 | | | | | 35 |

Small turnover (less than \$1 million) construction businesses are the highest commercial risk businesses in Toowoomba.

In the past few months, SV Partners has seen a number of businesses throughout the building & construction industry, small retailers, and personal services (such as hair salons) face financial difficulties. There are also a number of construction businesses in the area facing further financial adversity within the next few months.

Despite this, there is positive growth forecasted for Toowoomba. There are a number of projects underway that are expected to increase population and economic growth within the next decade.

Some of these projects identified are:

- Completion of the Brisbane West Wellcamp Airport
- Toowoomba Second Range Crossing
- Melbourne to Brisbane Inland Rail Project
- Redevelopment of Grand Central and Gardentown
- New Acland Mine Stage 3

Through the completion of the airport project, businesses will now be able to base themselves in Toowoomba in order to facilitate the transportation of goods across the country.

Queensland Commercial Risk Analysis - by region

Table 16
Mackay - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 55 | 1.00% | 2,631 | 47.63% | 5,524 |
| Construction | 17 | 2.94% | 160 | 27.68% | 578 |
| Rental, Hiring and Real Estate Services | 6 | 3.53% | 70 | 41.18% | 170 |
| Professional, Scientific and Technical Services | 6 | 1.34% | 169 | 37.81% | 447 |
| Manufacturing | 5 | 2.76% | 55 | 30.39% | 181 |
| Accommodation and Food Services | 5 | 3.40% | 30 | 20.41% | 147 |
| Retail Trade | 3 | 1.40% | 64 | 29.77% | 215 |
| Transport, Postal and Warehousing | 3 | 2.48% | 41 | 33.88% | 121 |
| Health Care and Social Assistance | 3 | 1.68% | 85 | 47.49% | 179 |
| Wholesale Trade | 2 | 1.69% | 42 | 35.59% | 118 |
| Other Services | 2 | 1.20% | 46 | 27.71% | 166 |
| Financial and Insurance Services | 1 | 0.50% | 147 | 73.87% | 199 |
| Agriculture, Forestry and Fishing | | | 31 | 60.78% | 51 |
| Mining | | | 9 | 39.13% | 23 |
| Electricity, Gas, Water and Waste Services | | | 3 | 50.00% | 6 |
| Information Media and Telecommunications | | | 4 | 40.00% | 10 |
| Administrative and Support Services | | | 16 | 18.39% | 87 |
| Public Administration and Safety | | | 3 | 27.27% | 11 |
| Education and Training | | | 14 | 30.43% | 46 |
| Arts and Recreation Services | | | 14 | 48.28% | 29 |
| Grand Total | 108 | 1.30% | 3,634 | 43.74% | 8,308 |

Mackay's Construction industry has the highest number of businesses facing financial distress over the next 12 months. These construction businesses are within the less than \$1 million category as seen in Table 17.

Queensland Commercial Risk Analysis - by region

Table 17

Mackay - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Manufacturing | 4 | | | | | | | 4 |
| Construction | 11 | 1 | | | | | | 12 |
| Wholesale Trade | | 1 | 1 | | | | | 2 |
| Retail Trade | 3 | | | | | | | 3 |
| Accommodation and Food Services | 2 | 1 | | | | | | 3 |
| Transport, Postal and Warehousing | 2 | 1 | | | | | | 3 |
| Financial and Insurance Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | 2 | 2 | 1 | | | | | 5 |
| Professional, Scientific and Technical Services | 5 | 1 | | | | | | 6 |
| Health Care and Social Assistance | 3 | | | | | | | 3 |
| Other Services | 1 | | | | | | | 1 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 33 | 7 | 2 | | | | | 42 |

Table 17 indicates smaller turnover sized construction businesses may face possible adversity within the next 12 months.

Queensland Commercial Risk Analysis - by region

Table 18
Rockhampton - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 12 | 0.54% | 1,045 | 47.31% | 2,209 |
| Other Services | 6 | 7.79% | 21 | 27.27% | 77 |
| Construction | 5 | 2.16% | 67 | 28.88% | 232 |
| Professional, Scientific and Technical Services | 3 | 1.72% | 73 | 41.95% | 174 |
| Manufacturing | 2 | 2.20% | 24 | 26.37% | 91 |
| Wholesale Trade | 1 | 2.70% | 10 | 27.03% | 37 |
| Retail Trade | 1 | 0.75% | 28 | 20.90% | 134 |
| Accommodation and Food Services | 1 | 1.59% | 15 | 23.81% | 63 |
| Transport, Postal and Warehousing | 1 | 1.89% | 12 | 22.64% | 53 |
| Rental, Hiring and Real Estate Services | 1 | 1.39% | 31 | 43.06% | 72 |
| Administrative and Support Services | 1 | 3.70% | 13 | 48.15% | 27 |
| Agriculture, Forestry and Fishing | | | 23 | 63.89% | 36 |
| Mining | | | 5 | 50.00% | 10 |
| Electricity, Gas, Water and Waste Services | | | 1 | 25.00% | 4 |
| Information Media and Telecommunications | | | 2 | 40.00% | 5 |
| Financial and Insurance Services | | | 79 | 73.83% | 107 |
| Public Administration and Safety | | | 1 | 16.67% | 6 |
| Education and Training | | | 6 | 37.50% | 16 |
| Health Care and Social Assistance | | | 47 | 49.47% | 95 |
| Arts and Recreation Services | | | 7 | 53.85% | 13 |
| Grand Total | 34 | 0.98% | 1,510 | 43.63% | 3,461 |

The Rockhampton region has businesses in the 'Other Services' industry that are at highest risk of financial distress, also being the highest proportion of commercial risk according to the region at 7.8%. This is also similar to Table 19 whereby 'Other Services' along with Construction businesses in the area are facing financial distress. Table 19 indicates the breakdown according to turnover size of business for Rockhampton.

Queensland Commercial Risk Analysis - by region

Table 19

Rockhampton - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Manufacturing | 2 | | | | | | | 2 |
| Construction | 3 | 1 | | | | | | 4 |
| Wholesale Trade | | 1 | | | | | | 1 |
| Retail Trade | | | | | | | | 0 |
| Accommodation and Food Services | 1 | | | | | | | 1 |
| Transport, Postal and Warehousing | 1 | | | | | | | 1 |
| Rental, Hiring and Real Estate Services | 1 | | | | | | | 1 |
| Professional, Scientific and Technical Services | 2 | | | | | | | 2 |
| Administrative and Support Services | 1 | | | | | | | 1 |
| Other Services | 6 | | | | | | | 6 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 17 | 2 | | | | | | 19 |

Queensland Commercial Risk Analysis - by region

Table 20
Gladstone - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 6 | 0.42% | 634 | 43.88% | 1,445 |
| Professional, Scientific and Technical Services | 3 | 1.90% | 63 | 39.87% | 158 |
| Construction | 2 | 1.18% | 58 | 34.32% | 169 |
| Retail Trade | 2 | 2.99% | 18 | 26.87% | 67 |
| Rental, Hiring and Real Estate Services | 1 | 1.69% | 24 | 40.68% | 59 |
| Administrative and Support Services | 1 | 4.17% | 7 | 29.17% | 24 |
| Other Services | 1 | 4.17% | 8 | 33.33% | 24 |
| Agriculture, Forestry and Fishing | | | 8 | 72.73% | 11 |
| Mining | | | 1 | 33.33% | 3 |
| Manufacturing | | | 18 | 36.00% | 50 |
| Electricity, Gas, Water and Waste Services | | | 2 | 33.33% | 6 |
| Wholesale Trade | | | 7 | 25.00% | 28 |
| Accommodation and Food Services | | | 5 | 14.71% | 34 |
| Transport, Postal and Warehousing | | | 11 | 24.44% | 45 |
| Information Media and Telecommunications | | | 2 | 100.00% | 2 |
| Financial and Insurance Services | | | 33 | 62.26% | 53 |
| Public Administration and Safety | | | | 0.00% | 1 |
| Education and Training | | | 1 | 10.00% | 10 |
| Health Care and Social Assistance | | | 17 | 32.69% | 52 |
| Arts and Recreation Services | | | 1 | 14.29% | 7 |
| Grand Total | 16 | 0.71% | 918 | 40.84% | 2,248 |

The Gladstone region, as shown in Table 20 and Table 21 has a disbursed amount of businesses that may face potential failure within the next 12 months. Table 21 suggests that one major retailer in the area will face possible financial difficulties in the next 12 months.

Table 21
Gladstone - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Construction | 1 | | | | | | | 1 |
| Retail Trade | | | | | 1 | | | 1 |
| Rental, Hiring and Real Estate Services | 1 | | | | | | | 1 |
| Professional, Scientific and Technical Services | 2 | 1 | | | | | | 3 |
| Administrative and Support Services | 1 | | | | | | | 1 |
| Other Services | 1 | | | | | | | 1 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 6 | 1 | | | 1 | | | 8 |

Queensland Commercial Risk Analysis - by region

The main commercial risk industries in Townsville are seen in the table below (Table 22). The Accommodation & Food Services sector is currently one of the highest risk industries (5.4%) proportionate to the size of the industry in the area.

Table 22
Townsville - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 45 | 0.63% | 3,705 | 51.82% | 7150 |
| Construction | 23 | 2.83% | 262 | 32.19% | 814 |
| Transport, Postal and Warehousing | 9 | 4.59% | 64 | 32.65% | 196 |
| Professional, Scientific and Technical Services | 9 | 1.75% | 221 | 42.91% | 515 |
| Accommodation and Food Services | 8 | 5.41% | 31 | 20.95% | 148 |
| Other Services | 6 | 2.84% | 53 | 25.12% | 211 |
| Manufacturing | 5 | 2.03% | 92 | 37.40% | 246 |
| Retail Trade | 5 | 1.24% | 134 | 33.17% | 404 |
| Administrative and Support Services | 5 | 5.68% | 36 | 40.91% | 88 |
| Health Care and Social Assistance | 5 | 1.65% | 132 | 43.56% | 303 |
| Wholesale Trade | 3 | 2.44% | 48 | 39.02% | 123 |
| Rental, Hiring and Real Estate Services | 2 | 0.89% | 86 | 38.22% | 225 |
| Financial and Insurance Services | 1 | 0.30% | 259 | 76.63% | 338 |
| Public Administration and Safety | 1 | 5.56% | 5 | 27.78% | 18 |
| Education and Training | 1 | 1.82% | 17 | 30.91% | 55 |
| Agriculture, Forestry and Fishing | | | 56 | 67.47% | 83 |
| Mining | | | 9 | 40.91% | 22 |
| Electricity, Gas, Water and Waste Services | | | 7 | 31.82% | 22 |
| Information Media and Telecommunications | | | 12 | 48.00% | 25 |
| Arts and Recreation Services | | | 14 | 35.00% | 40 |
| Grand Total | 128 | 1.16% | 5,243 | 47.55% | 11,026 |

Queensland Commercial Risk Analysis - by region



Table 23
Townsville - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Manufacturing | 3 | 2 | | | | | | 5 |
| Construction | 17 | 1 | | | | | | 18 |
| Wholesale Trade | 1 | 1 | | | | | | 2 |
| Retail Trade | 4 | 1 | | | | | | 5 |
| Accommodation and Food Services | 5 | 1 | | | | | | 6 |
| Transport, Postal and Warehousing | 7 | | | | | | | 7 |
| Financial and Insurance Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | 1 | 1 | | | | | | 2 |
| Professional, Scientific and Technical Services | 5 | 1 | | | | | | 6 |
| Administrative and Support Services | 3 | | | | | | | 3 |
| Public Administration and Safety | | | | | | | | 0 |
| Education and Training | 1 | | | | | | | 1 |
| Health Care and Social Assistance | 2 | | | | | | | 2 |
| Other Services | 4 | 2 | | | | | | 6 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 53 | 10 | | | | | | 63 |

Queensland Commercial Risk Analysis - by region

Table 24
Cairns - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 50 | 0.58% | 4,368 | 50.94% | 8,574 |
| Construction | 16 | 1.91% | 273 | 32.66% | 836 |
| Accommodation and Food Services | 12 | 4.08% | 67 | 22.79% | 294 |
| Retail Trade | 11 | 2.22% | 140 | 28.23% | 496 |
| Professional, Scientific and Technical Services | 10 | 1.54% | 280 | 43.21% | 648 |
| Transport, Postal and Warehousing | 7 | 3.91% | 53 | 29.61% | 179 |
| Administrative and Support Services | 3 | 1.43% | 62 | 29.52% | 210 |
| Other Services | 3 | 1.49% | 56 | 27.72% | 202 |
| Arts and Recreation Services | 2 | 2.41% | 29 | 34.94% | 83 |
| Manufacturing | 1 | 0.38% | 105 | 39.77% | 264 |
| Wholesale Trade | 1 | 0.54% | 83 | 45.11% | 184 |
| Information Media and Telecommunications | 1 | 3.03% | 18 | 54.55% | 33 |
| Financial and Insurance Services | 1 | 0.28% | 282 | 78.33% | 360 |
| Rental, Hiring and Real Estate Services | 1 | 0.34% | 126 | 42.42% | 297 |
| Education and Training | 1 | 1.33% | 26 | 34.67% | 75 |
| Agriculture, Forestry and Fishing | | | 56 | 70.00% | 80 |
| Mining | | | 8 | 44.44% | 18 |
| Electricity, Gas, Water and Waste Services | | | 6 | 31.58% | 19 |
| Public Administration and Safety | | | 3 | 18.75% | 16 |
| Health Care and Social Assistance | | | 155 | 51.16% | 303 |
| Grand Total | 120 | 0.91% | 6,196 | 47.04% | 13,171 |

According to Table 24, the Accommodation & Food Services industry in Cairns has 4.1% of businesses in the high commercial risk category. 78% of businesses in the Financial & Insurance Services industry fall in the lowest commercial risk category. Table 25 below shows there are a few larger companies in Cairns that have annual turnover of \$1 million or more, that may suffer financial distress or failure within the next 12 months.

Queensland Commercial Risk Analysis - by region

Table 25

Cairns - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Manufacturing | | | | | | | | 0 |
| Construction | 7 | 2 | | | | | | 9 |
| Wholesale Trade | | | | | | | | 0 |
| Retail Trade | 8 | 1 | | | | | | 9 |
| Accommodation and Food Services | 6 | | | | | | | 6 |
| Transport, Postal and Warehousing | 4 | 1 | | | | | | 5 |
| Information Media and Telecommunications | | | | | | | | 0 |
| Financial and Insurance Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | | 1 | | | | | | 1 |
| Professional, Scientific and Technical Services | 8 | | | | | | | 8 |
| Administrative and Support Services | 1 | | | | | | | 1 |
| Education and Training | 1 | | | | | | | 1 |
| Arts and Recreation Services | 1 | 1 | | | | | | 2 |
| Other Services | 3 | | | | | | | 3 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 39 | 6 | | | | | | 45 |

New South Wales Commercial Risk Analysis

New South Wales has just over 906,000 operational businesses of which the Professional, Scientific & Technical Services, Construction and Retail industries contribute a few of the largest sectors for the state.

On a state comparison, New South Wales has the largest number of businesses and has the lowest number of commercially risky businesses. Table 26 below indicates that over 260,000 businesses in New South Wales are in fact ranked the lowest (risk band 10) in terms of the commercial risk data. Nationally, this is over 31% of operational businesses. According to 'NSW Treasury Half Yearly Budget Review 2015 – 2016', the state is currently outperforming the national economy with forecasts of further state economic growth throughout the next 12 to 24 months.

Table 26
State vs Commercial Risk

| State | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|-------------|-----------------------|--|-----------------------|--|--|
| NSW | 6,914 | 1.22% | 263,296 | 97.44% | 270,210 |
| VIC | 4,183 | 1.63% | 252,415 | 98.37% | 256,598 |
| QLD | 3,223 | 2.28% | 137,996 | 97.72% | 141,219 |
| WA | 1,865 | 2.28% | 80,028 | 97.72% | 81,893 |
| SA | 1,004 | 1.93% | 51,118 | 98.07% | 52,122 |
| TAS | 219 | 2.11% | 10,144 | 97.89% | 10,363 |
| ACT | 159 | 1.37% | 11,460 | 98.63% | 11,619 |
| NT | 114 | 3.02% | 3,665 | 96.98% | 3,779 |
| Grand Total | 17,681 | 2.14% | 810,122 | 97.86% | 827,803 |

The state's key industries of highest commercial risk businesses are as follows (Table 27 below):

- Construction (1,140 businesses)
- Professional, Scientific & Technical Services (597)
- Retail Trade (509)

Table 27
New South Wales - Industry by Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 2,373 | 0.64% | 184,057 | 49.90% | 368,827 |
| Construction | 1,140 | 3.61% | 10,294 | 32.61% | 31,566 |
| Professional, Scientific and Technical Services | 597 | 1.42% | 19,415 | 46.26% | 41,972 |
| Retail Trade | 509 | 2.53% | 6,675 | 33.14% | 20,139 |
| Accommodation and Food Services | 388 | 4.80% | 1,752 | 21.67% | 8,084 |
| Transport, Postal and Warehousing | 338 | 4.12% | 2,777 | 33.88% | 8,196 |
| Manufacturing | 330 | 2.66% | 5,357 | 43.11% | 12,426 |
| Other Services | 321 | 3.48% | 2,616 | 28.35% | 9,226 |
| Wholesale Trade | 205 | 2.44% | 3,682 | 43.74% | 8,417 |
| Administrative and Support Services | 148 | 2.51% | 2,053 | 34.81% | 5,897 |
| Health Care and Social Assistance | 134 | 1.00% | 6,216 | 46.33% | 13,418 |
| Rental, Hiring and Real Estate Services | 115 | 0.96% | 5,151 | 43.08% | 11,958 |

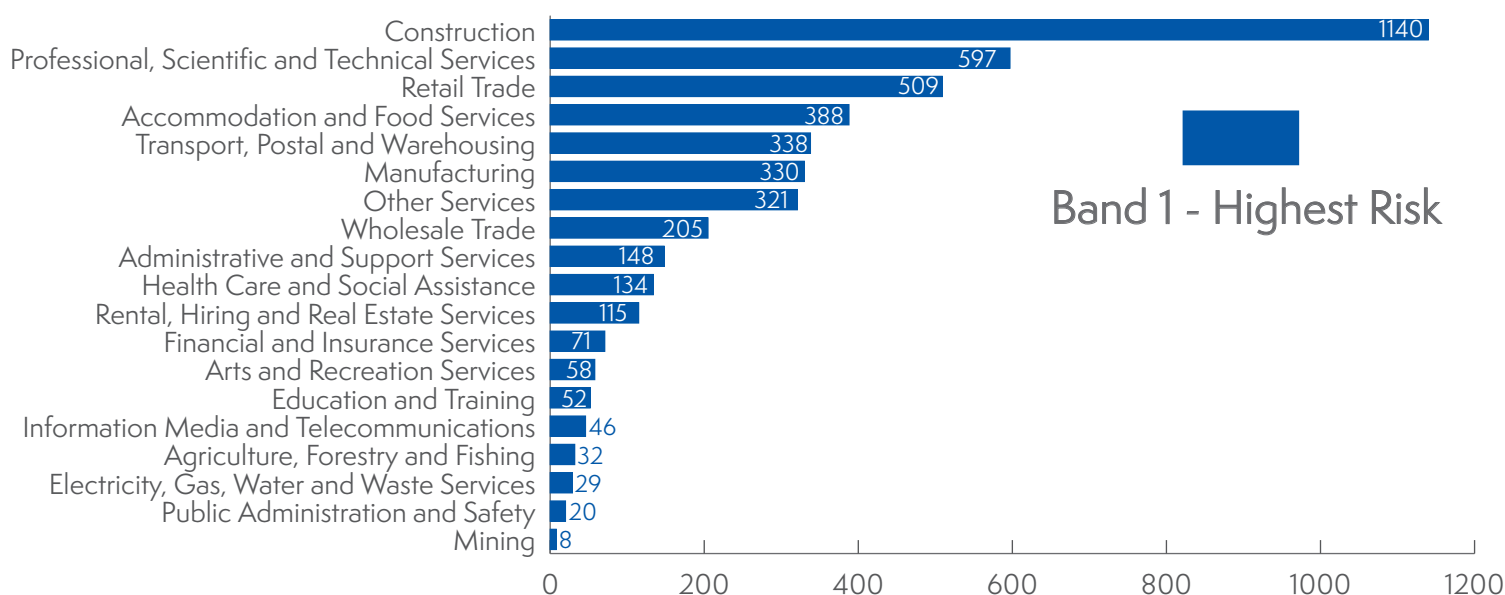
New South Wales Commercial Risk Analysis

Table 27 continued

| | | | | | |
|--|--------------|--------------|----------------|---------------|----------------|
| Financial and Insurance Services | 71 | 0.58% | 7,352 | 59.77% | 12,300 |
| Arts and Recreation Services | 58 | 1.95% | 1,126 | 37.87% | 2,973 |
| Education and Training | 52 | 1.63% | 1,147 | 35.84% | 3,200 |
| Information Media and Telecommunications | 46 | 1.67% | 1,299 | 47.17% | 2,754 |
| Agriculture, Forestry and Fishing | 32 | 1.15% | 1,571 | 56.51% | 2,780 |
| Electricity, Gas, Water and Waste Services | 29 | 3.93% | 240 | 32.56% | 737 |
| Public Administration and Safety | 20 | 2.66% | 271 | 36.04% | 752 |
| Mining | 8 | 1.52% | 245 | 46.49% | 527 |
| Grand Total | 6,914 | 1.22% | 263,296 | 46.51% | 566,149 |

Graph 4

New South Wales - Industry by Commercial Risk - Risk Band 1



New South Wales Commercial Risk Analysis

Although overall the NSW economy is currently strong, Table 28 indicates that there will be a possible group of billion dollar turnover companies in the state that are being impacted by financial difficulties and are facing potential failures within the next 12 months.

These NSW billion dollar turnover companies are within the industries of:

- Manufacturing
- Retail Trade
- Transport, Postal and Warehousing
- Information Media and Telecommunications
- Financial and Insurance Services
- Professional, Scientific and Technical Services

Table 28
New South Wales - High Risk band 1 - Industry vs Turnover size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|----------------------------------|
| Agriculture, Forestry and Fishing | 27 | | | | | | | 27 |
| Mining | | 4 | 1 | | | | | 5 |
| Manufacturing | 190 | 19 | 8 | | 3 | | 1 | 221 |
| Electricity, Gas, Water and Waste Services | 2 | 20 | 2 | | | | | 24 |
| Construction | 774 | 46 | 3 | 2 | | | | 825 |
| Wholesale Trade | 22 | 118 | 9 | | | | | 149 |
| Retail Trade | 369 | 22 | | 1 | 3 | | 1 | 396 |
| Accommodation and Food Services | 212 | 29 | | | | | | 241 |
| Transport, Postal and Warehousing | 208 | 13 | 1 | | 1 | | 1 | 224 |
| Information Media and Telecommunications | 24 | 1 | | 1 | 1 | | 1 | 28 |
| Financial and Insurance Services | 3 | | | | | 1 | 1 | 5 |
| Rental, Hiring and Real Estate Services | 19 | 52 | 1 | | | | | 72 |
| Professional, Scientific and Technical Services | 423 | 26 | 1 | 2 | 1 | | 1 | 454 |
| Administrative and Support Services | 96 | 4 | 4 | | | | | 104 |
| Public Administration and Safety | 14 | | | | | | | 14 |
| Education and Training | 39 | 2 | | | | | | 41 |
| Health Care and Social Assistance | 95 | 1 | | 3 | | | | 99 |
| Arts and Recreation Services | 39 | 2 | | | | | | 41 |
| Other Services | 260 | 9 | | | | | | 269 |
| Unclassified | 1 | | | | | | | 1 |
| Grand Total | 2,817 | 368 | 30 | 9 | 9 | 1 | 6 | 3,240 |

New South Wales Commercial Risk Analysis



Over the past 6 months, SV Partners has been seeing more SME businesses entering into external administration. Further to this, SV Partners has seen retailers suffer financial stress due to lack of consumer spending; this effectively permeates through to other industries.

Despite this, it can be suggested that the NSW economy is performing well mainly due to the state Government reaping the rewards of stamp duty resulting from the over inflated property market and record property sales along with the Government's lease of electricity assets.

Regional New South Wales Commercial Risk Analysis

Table 29 below indicates that Sydney Inner South regions are the most affected with businesses dealing with financial distress in the highest commercial risk band 1, being 722 businesses.

The region of Sydney Outer West region has in fact the highest ratio of businesses in the area at highest commercial risk being 2.4%. This is above other areas of New South Wales in terms of proportions of highest commercial risk in each location.

Table 29
NSW - Regions vs Commercial Risk Bands

| Region | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|--------------------------------|-----------------------|--|-----------------------|--|--|
| NSW: Sydney - Outer South West | 295 | 2.36% | 4,342 | 34.67% | 12,522 |
| NSW: Sydney - South West | 506 | 2.35% | 7,209 | 33.50% | 21,519 |
| NSW: Sydney - Blacktown | 299 | 2.16% | 4,135 | 29.91% | 13,825 |
| NSW: Sydney - Parramatta | 625 | 1.91% | 10,498 | 32.03% | 32,772 |
| NSW: Sydney - Inner South West | 722 | 1.85% | 13,787 | 35.31% | 39,050 |

New South Wales Commercial Risk Analysis

Table 29 continued

| | | | | | |
|---|-------|-------|---------|--------|---------|
| NSW: Sydney - Outer West and Blue Mountains | 264 | 1.81% | 5,880 | 40.23% | 14,615 |
| NSW: Mid North Coast | 134 | 1.56% | 4,467 | 52.11% | 8,573 |
| Null | 87 | 1.56% | 2,439 | 43.71% | 5,580 |
| NSW: Hunter Valley exc Newcastle | 178 | 1.55% | 5,353 | 46.50% | 11,512 |
| NSW: Central Coast | 249 | 1.51% | 7,179 | 43.40% | 16,542 |
| NSW: Far West and Orana | 65 | 1.35% | 2,388 | 49.51% | 4,823 |
| NSW: Coffs Harbour - Grafton | 77 | 1.32% | 2,929 | 50.29% | 5,824 |
| NSW: Illawarra | 187 | 1.32% | 6,541 | 46.13% | 14,180 |
| NSW: Newcastle and Lake Macquarie | 270 | 1.30% | 10,028 | 48.22% | 20,796 |
| NSW: Central West | 110 | 1.21% | 4,394 | 48.46% | 9,068 |
| NSW: Southern Highlands and Shoalhaven | 90 | 1.20% | 3,843 | 51.26% | 7,497 |
| NSW: Richmond - Tweed | 152 | 1.20% | 6,239 | 49.26% | 12,665 |
| NSW: Murray | 73 | 1.14% | 3,616 | 56.44% | 6,407 |
| NSW: New England and North West | 98 | 1.11% | 4,848 | 55.07% | 8,804 |
| NSW: Sydney - Baulkham Hills and Hawkesbury | 268 | 1.11% | 10,935 | 45.19% | 24,198 |
| NSW: Sydney - Inner West | 313 | 1.09% | 12,809 | 44.58% | 28,734 |
| NSW: Riverina | 89 | 1.07% | 4,401 | 52.89% | 8,321 |
| NSW: Sydney - Sutherland | 178 | 0.99% | 8,741 | 48.48% | 18,030 |
| NSW: Capital Region | 101 | 0.98% | 5,216 | 50.84% | 10,260 |
| NSW: Sydney - City and Inner South | 684 | 0.98% | 33,059 | 47.44% | 69,691 |
| NSW: Sydney - Ryde | 111 | 0.68% | 7,792 | 48.03% | 16,222 |
| NSW: Sydney - Northern Beaches | 198 | 0.68% | 15,597 | 53.61% | 29,096 |
| NSW: Sydney - Eastern Suburbs | 200 | 0.59% | 18,982 | 56.07% | 33,856 |
| NSW: Sydney - North Sydney and Hornsby | 291 | 0.48% | 35,649 | 58.28% | 61,167 |
| Grand Total | 6,914 | 1.22% | 263,296 | 46.51% | 566,149 |

New South Wales Commercial Risk Analysis - by region

Table 30

Sydney (City & Inner South, Inner South West, Inner West) - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 649 | 0.72% | 41,079 | 45.68% | 89,931 |
| Construction | 198 | 3.46% | 1,904 | 33.26% | 5,724 |
| Professional, Scientific and Technical Services | 187 | 1.62% | 4,830 | 41.72% | 11,576 |
| Retail Trade | 135 | 2.87% | 1,527 | 32.43% | 4,708 |
| Accommodation and Food Services | 106 | 4.79% | 436 | 19.70% | 2,213 |
| Manufacturing | 69 | 2.69% | 1,188 | 46.30% | 2,566 |
| Other Services | 65 | 3.13% | 612 | 29.47% | 2,077 |
| Transport, Postal and Warehousing | 63 | 3.94% | 542 | 33.92% | 1,598 |
| Wholesale Trade | 47 | 2.13% | 945 | 42.74% | 2,211 |
| Rental, Hiring and Real Estate Services | 38 | 1.26% | 1,309 | 43.52% | 3,008 |
| Financial and Insurance Services | 33 | 0.89% | 1,930 | 52.06% | 3,707 |
| Administrative and Support Services | 33 | 2.00% | 565 | 34.33% | 1,646 |
| Health Care and Social Assistance | 29 | 0.88% | 1,446 | 43.92% | 3,292 |
| Information Media and Telecommunications | 18 | 2.06% | 392 | 44.85% | 874 |
| Arts and Recreation Services | 17 | 2.47% | 270 | 39.30% | 687 |
| Education and Training | 12 | 1.44% | 289 | 34.61% | 835 |
| Agriculture, Forestry and Fishing | 6 | 1.72% | 207 | 59.48% | 348 |
| Public Administration and Safety | 6 | 3.41% | 60 | 34.09% | 176 |
| Electricity, Gas, Water and Waste Services | 5 | 3.97% | 36 | 28.57% | 126 |
| Mining | 3 | 1.74% | 88 | 51.16% | 172 |
| Grand Total | 1,719 | 1.25% | 59,655 | 43.39% | 137,475 |

Table 30 indicates within the central location of Sydney and Inner Surrounding areas, consistent with national and state figures, the Construction, Professional, Scientific & Technical Services and Retail Trade industries are currently highest 'at risk' industries, with businesses facing financial distress and adverse events within the next 12 months.

It is also notable that the Accommodation & Food Services industry is the highest commercial risk industry proportionate to the number of businesses with 4.8% of businesses in the industry suffering financial distress.

New South Wales Commercial Risk Analysis - by region

Table 31

Sydney (City & Inner South, Inner South West, Inner West) - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Agriculture, Forestry and Fishing | 4 | | | | | | | 4 |
| Mining | | 1 | | | | | | 1 |
| Manufacturing | 34 | 2 | | | 1 | | | 37 |
| Electricity, Gas, Water and Waste Services | | 2 | 1 | | | | | 3 |
| Construction | 118 | 8 | 1 | | | | | 127 |
| Wholesale Trade | 4 | 25 | 3 | | | | | 32 |
| Retail Trade | 89 | 10 | | 1 | 1 | | | 101 |
| Accommodation and Food Services | 55 | 5 | | | | | | 60 |
| Transport, Postal and Warehousing | 31 | 5 | | | 1 | | | 37 |
| Information Media and Telecommunications | 8 | | | | | | 1 | 9 |
| Financial and Insurance Services | 2 | | | | | 1 | | 3 |
| Rental, Hiring and Real Estate Services | 6 | 15 | 1 | | | | | 22 |
| Professional, Scientific and Technical Services | 134 | 9 | | 1 | | | | 144 |
| Administrative and Support Services | 19 | 2 | 2 | | | | | 23 |
| Public Administration and Safety | 3 | | | | | | | 3 |
| Education and Training | 8 | 1 | | | | | | 9 |
| Health Care and Social Assistance | 18 | | | 2 | | | | 20 |
| Arts and Recreation Services | 11 | 1 | | | | | | 12 |
| Other Services | 51 | 3 | | | | | | 54 |
| Unclassified | 1 | | | | | | | 1 |
| Grand Total | 596 | 89 | 8 | 4 | 3 | 1 | 1 | 702 |

Whilst Table 31 shows that approximately 85% of companies are small turnover sized, some concerns in this Sydney region are the larger turnover businesses that could impact employment within the Information Media & Telecommunications and Financial & Insurance Services sectors.

New South Wales Commercial Risk Analysis - by region

Table 32
Southern Highlands & Shoalhaven - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Agriculture, Forestry and Fishing | 1 | 1.61% | 25 | 40.32% | 62 |
| Mining | | | 1 | 16.67% | 6 |
| Manufacturing | 4 | 2.26% | 70 | 39.55% | 177 |
| Electricity, Gas, Water and Waste Services | | | 3 | 25.00% | 12 |
| Construction | 15 | 2.92% | 178 | 34.63% | 514 |
| Wholesale Trade | 2 | 1.82% | 56 | 50.91% | 110 |
| Retail Trade | 9 | 2.69% | 113 | 33.83% | 334 |
| Accommodation and Food Services | 7 | 4.40% | 34 | 21.38% | 159 |
| Transport, Postal and Warehousing | 3 | 2.33% | 48 | 37.21% | 129 |
| Information Media and Telecommunications | 1 | 2.56% | 16 | 41.03% | 39 |
| Financial and Insurance Services | 1 | 0.70% | 98 | 68.53% | 143 |
| Rental, Hiring and Real Estate Services | 1 | 0.54% | 86 | 46.49% | 185 |
| Professional, Scientific and Technical Services | 10 | 2.26% | 221 | 49.89% | 443 |
| Administrative and Support Services | 4 | 4.65% | 27 | 31.40% | 86 |
| Public Administration and Safety | | | 1 | 16.67% | 6 |
| Education and Training | 1 | 3.03% | 12 | 36.36% | 33 |
| Health Care and Social Assistance | | | 97 | 53.01% | 183 |
| Arts and Recreation Services | | | 24 | 47.06% | 51 |
| Other Services | 3 | 2.17% | 38 | 27.54% | 138 |
| Unclassified | 28 | 0.60% | 2,695 | 57.50% | 4687 |
| Grand Total | 90 | 1.20% | 3,843 | 51.26% | 7,497 |

Table 32 and 33 outline the industries and turnover size of businesses in financial distress within the Southern Highlands & Shoalhaven areas. The key concerns for these areas are:

- Construction (15)
- Professional, Scientific and Technical Services (10)

However, the Financial & Insurance Services sector is showing a positive sign (68.5%) of low commercial risk with businesses in the region.

New South Wales Commercial Risk Analysis - by region

Table 33

Southern Highlands & Shoalhaven - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Agriculture, Forestry and Fishing | 1 | | | | | | | 1 |
| Manufacturing | 3 | | | | | | | 3 |
| Construction | 10 | | | | | | | 10 |
| Wholesale Trade | | 1 | | | | | | 1 |
| Retail Trade | 6 | | | | | | | 6 |
| Accommodation and Food Services | 7 | | | | | | | 7 |
| Transport, Postal and Warehousing | | 1 | | | | | | 1 |
| Information Media and Telecommunications | 1 | | | | | | | 1 |
| Financial and Insurance Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | | 1 | | | | | | 1 |
| Professional, Scientific and Technical Services | 9 | 1 | | | | | | 10 |
| Administrative and Support Services | 4 | | | | | | | 4 |
| Education and Training | 1 | | | | | | | 1 |
| Other Services | 3 | | | | | | | 3 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 45 | 4 | | | | | | 49 |

New South Wales Commercial Risk Analysis - by region

Table 34
Sutherland - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 57 | 0.50% | 5,865 | 50.97% | 11,506 |
| Construction | 38 | 2.85% | 484 | 36.31% | 1,333 |
| Professional, Scientific and Technical Services | 14 | 1.02% | 691 | 50.59% | 1,366 |
| Other Services | 13 | 4.42% | 87 | 29.59% | 294 |
| Manufacturing | 11 | 2.20% | 281 | 56.09% | 501 |
| Retail Trade | 11 | 1.85% | 234 | 39.46% | 593 |
| Accommodation and Food Services | 8 | 3.94% | 52 | 25.62% | 203 |
| Transport, Postal and Warehousing | 8 | 3.38% | 94 | 39.66% | 237 |
| Arts and Recreation Services | 4 | 3.57% | 38 | 33.93% | 112 |
| Wholesale Trade | 3 | 1.21% | 125 | 50.61% | 247 |
| Education and Training | 3 | 3.03% | 38 | 38.38% | 99 |
| Financial and Insurance Services | 2 | 0.53% | 233 | 61.32% | 380 |
| Rental, Hiring and Real Estate Services | 2 | 0.49% | 185 | 44.90% | 412 |
| Public Administration and Safety | 2 | 5.26% | 15 | 39.47% | 38 |
| Administrative and Support Services | 1 | 0.53% | 69 | 36.51% | 189 |
| Health Care and Social Assistance | 1 | 0.26% | 178 | 46.72% | 381 |
| Agriculture, Forestry and Fishing | | 0.00% | 28 | 57.14% | 49 |
| Mining | | 0.00% | 4 | 57.14% | 7 |
| Electricity, Gas, Water and Waste Services | | 0.00% | 12 | 41.38% | 29 |
| Information Media and Telecommunications | | 0.00% | 28 | 51.85% | 54 |
| Grand Total | 178 | 0.99% | 8,741 | 48.48% | 18,030 |

The area of Sutherland shows positive signs with high portions of businesses within the low commercial risk categories (Table 34), mainly within the Financial and Services and Mining Industries according to the proportion of businesses in each category. The Sutherland region has over 18,000 risk classified businesses, 83 of those in the area are high risk in the small business (less than \$1 million in turnover) category (Table 35).

In more recent times, SV Partners has seen smaller businesses funded by the owners primarily from mortgage or property finance facing financial stress. There has been a general consensus amongst business owners that there are less bad debts and customers seem to be paying within acceptable terms. Furthermore, with the increase in property values in these regions, business owners can more easily access cash to inject into their business should a cash flow issue arise.

Within the area, SV Partners has also seen a downshift in certain retail businesses, restaurants or cafes, in particular where excessive rents and the requirement for refurbishment have made it difficult if not impossible to continue operations in the future.

New South Wales Commercial Risk Analysis - by region

Table 35
Sutherland - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Manufacturing | 7 | | 1 | | | | | 8 |
| Construction | 28 | 1 | | | | | | 29 |
| Wholesale Trade | 1 | 2 | | | | | | 3 |
| Retail Trade | 10 | 1 | | | | | | 11 |
| Accommodation and Food Services | 6 | | | | | | | 6 |
| Transport, Postal and Warehousing | 5 | | | | | | | 5 |
| Financial and Insurance Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | | | | | | | | 0 |
| Professional, Scientific and Technical Services | 8 | 1 | | | | | | 9 |
| Administrative and Support Services | 1 | | | | | | | 1 |
| Public Administration and Safety | 2 | | | | | | | 2 |
| Education and Training | 2 | | | | | | | 2 |
| Health Care and Social Assistance | 1 | | | | | | | 1 |
| Arts and Recreation Services | 4 | | | | | | | 4 |
| Other Services | 8 | | | | | | | 8 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 83 | 5 | 1 | | | | | 89 |

New South Wales Commercial Risk Analysis - by region

Table 36
Newcastle & Lake Macquarie - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 99 | 0.72% | 7,087 | 51.60% | 13,735 |
| Construction | 44 | 3.55% | 451 | 36.34% | 1,241 |
| Professional, Scientific and Technical Services | 24 | 1.80% | 643 | 48.09% | 1,337 |
| Accommodation and Food Services | 21 | 7.87% | 55 | 20.60% | 267 |
| Retail Trade | 20 | 2.97% | 214 | 31.80% | 673 |
| Wholesale Trade | 13 | 4.81% | 116 | 42.96% | 270 |
| Manufacturing | 10 | 2.03% | 230 | 46.65% | 493 |
| Other Services | 10 | 3.03% | 84 | 25.45% | 330 |
| Transport, Postal and Warehousing | 9 | 3.54% | 95 | 37.40% | 254 |
| Administrative and Support Services | 6 | 3.37% | 64 | 35.96% | 178 |
| Health Care and Social Assistance | 5 | 0.85% | 291 | 49.57% | 587 |
| Arts and Recreation Services | 4 | 3.60% | 28 | 25.23% | 111 |
| Financial and Insurance Services | 2 | 0.44% | 292 | 64.18% | 455 |
| Agriculture, Forestry and Fishing | 1 | 1.04% | 50 | 52.08% | 96 |
| Rental, Hiring and Real Estate Services | 1 | 0.19% | 237 | 45.66% | 519 |
| Education and Training | 1 | 0.83% | 47 | 39.17% | 120 |
| Mining | | | 10 | 34.48% | 29 |
| Electricity, Gas, Water and Waste Services | | | 8 | 30.77% | 26 |
| Information Media and Telecommunications | | | 19 | 38.78% | 49 |
| Public Administration and Safety | | | 7 | 26.92% | 26 |
| Grand Total | 270 | 1.30% | 10,028 | 48.22% | 20,796 |

Within the area of Newcastle and Lake Macquarie, the key factors from the Commercial Risk data are:

- Accommodation & Food Services has the highest portion (7.9%) of businesses within this industry at high risk of potential failure within the next 12 months
- Construction continues to be the industry of concern with 27 smaller businesses (\$1 million or less in turnover) are at high commercial risk (Table 37)
- Not dissimilar to other regions, the Financial & Insurance Services industry is showing encouraging growth indicators with 64.1% of businesses in the industry at lowest risk of commercial risk

SV Partners has been experiencing small businesses in the Newcastle region suffering financial difficulties and adverse events. Most of these businesses have been through the food services industry consistent with the Commercial Risk data for the area. These businesses suffering adverse events have been finding it harder to meet financial obligations.

New South Wales Commercial Risk Analysis - by region

Table 37

Newcastle & Lake Macquarie - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Agriculture, Forestry and Fishing | | | | | | | | 0 |
| Manufacturing | 6 | | 1 | | | | | 7 |
| Construction | 27 | 1 | | | | | | 28 |
| Wholesale Trade | | 10 | 2 | | | | | 12 |
| Retail Trade | 17 | | | | | | | 17 |
| Accommodation and Food Services | 7 | 1 | | | | | | 8 |
| Transport, Postal and Warehousing | 5 | 2 | | | | | | 7 |
| Financial and Insurance Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | | 1 | | | | | | 1 |
| Professional, Scientific and Technical Services | 19 | | | | | | 1 | 20 |
| Administrative and Support Services | 4 | | | | | | | 4 |
| Education and Training | 1 | | | | | | | 1 |
| Health Care and Social Assistance | 4 | | | | | | | 4 |
| Arts and Recreation Services | 4 | | | | | | | 4 |
| Other Services | 4 | | | | | | | 4 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 98 | 15 | 3 | | | | 1 | 117 |

New South Wales Commercial Risk Analysis - by region

Table 38
Dubbo - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 15 | 0.78% | 1,123 | 58.10% | 1,933 |
| Construction | 8 | 5.10% | 31 | 19.75% | 157 |
| Professional, Scientific and Technical Services | 2 | 1.87% | 46 | 42.99% | 107 |
| Other Services | 2 | 4.35% | 8 | 17.39% | 46 |
| Manufacturing | 1 | 1.43% | 23 | 32.86% | 70 |
| Accommodation and Food Services | 1 | 2.00% | 9 | 18.00% | 50 |
| Transport, Postal and Warehousing | 1 | 1.96% | 18 | 35.29% | 51 |
| Health Care and Social Assistance | 1 | 2.08% | 22 | 45.83% | 48 |
| Agriculture, Forestry and Fishing | | | 27 | 56.25% | 48 |
| Mining | | | | 0.00% | 1 |
| Electricity, Gas, Water and Waste Services | | | | 0.00% | 7 |
| Wholesale Trade | | | 14 | 30.43% | 46 |
| Retail Trade | | | 32 | 32.00% | 100 |
| Information Media and Telecommunications | | | 1 | 25.00% | 4 |
| Financial and Insurance Services | | | 39 | 60.94% | 64 |
| Rental, Hiring and Real Estate Services | | | 29 | 43.94% | 66 |
| Administrative and Support Services | | | 5 | 21.74% | 23 |
| Public Administration and Safety | | | | 0.00% | 1 |
| Education and Training | | | 2 | 20.00% | 10 |
| Arts and Recreation Services | | | 2 | 28.57% | 7 |
| Grand Total | 31 | 1.09% | 1,431 | 50.41% | 2,839 |

The main considerations in Dubbo with regards to commercial risk in industries and businesses are:

- Construction Industry at 5.1% at high commercial risk within the sector
- Financial & Insurance Services and Agriculture, Forestry & Fishing businesses indicating low commercial risk and areas of potential growth according to the statistics in Tables 38 & 39

New South Wales Commercial Risk Analysis - by region

Table 39

Dubbo - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Manufacturing | | | | | | | | 0 |
| Construction | 6 | 1 | | | | | | 7 |
| Accommodation and Food Services | 1 | | | | | | | 1 |
| Transport, Postal and Warehousing | | | | | | | | 0 |
| Professional, Scientific and Technical Services | 1 | | | | | | | 1 |
| Health Care and Social Assistance | 1 | | | | | | | 1 |
| Other Services | 1 | | | | | | | 1 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 10 | 1 | | | | | | 11 |

New South Wales Commercial Risk Analysis - by region

Table 40
Tamworth - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 8 | 0.49% | 953 | 58.18% | 1,638 |
| Manufacturing | 5 | 7.46% | 25 | 37.31% | 67 |
| Construction | 5 | 2.58% | 44 | 22.68% | 194 |
| Administrative and Support Services | 3 | 10.71% | 5 | 17.86% | 28 |
| Accommodation and Food Services | 2 | 4.35% | 14 | 30.43% | 46 |
| Professional, Scientific and Technical Services | 2 | 2.02% | 45 | 45.45% | 99 |
| Other Services | 2 | 3.13% | 11 | 17.19% | 64 |
| Wholesale Trade | 1 | 2.56% | 14 | 35.90% | 39 |
| Rental, Hiring and Real Estate Services | 1 | 1.61% | 26 | 41.94% | 62 |
| Health Care and Social Assistance | 1 | 1.56% | 26 | 40.63% | 64 |
| Agriculture, Forestry and Fishing | | | 19 | 65.52% | 29 |
| Mining | | | 2 | 100.00% | 2 |
| Electricity, Gas, Water and Waste Services | | | 1 | 14.29% | 7 |
| Retail Trade | | | 26 | 27.66% | 94 |
| Transport, Postal and Warehousing | | | 25 | 31.65% | 79 |
| Information Media and Telecommunications | | | 2 | 25.00% | 8 |
| Financial and Insurance Services | | | 38 | 70.37% | 54 |
| Public Administration and Safety | | | 1 | 16.67% | 6 |
| Education and Training | | | 2 | 22.22% | 9 |
| Arts and Recreation Services | | | 8 | 40.00% | 20 |
| Grand Total | 30 | 1.15% | 1,287 | 49.33% | 2,609 |

Overall, Tamworth is indicating encouraging potential growth industries throughout Financial & Insurance Services and the Agriculture, Forestry & Fishing as seen in Table 40 with businesses that are the lowest 'at risk' of financial failure. Of the businesses that are facing risk of financial distress within the next 12 months, these are smaller turnover sized businesses mainly throughout the Manufacturing and Construction industries.

New South Wales Commercial Risk Analysis - by region

Table 41

Tamworth - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|----------------------------------|
| Manufacturing | 3 | | | | | | | 3 |
| Construction | 5 | | | | | | | 5 |
| Wholesale Trade | | 1 | | | | | | 1 |
| Accommodation and Food Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | | 1 | | | | | | 1 |
| Professional, Scientific and Technical Services | 2 | | | | | | | 2 |
| Administrative and Support Services | 3 | | | | | | | 3 |
| Health Care and Social Assistance | 1 | | | | | | | 1 |
| Other Services | 2 | | | | | | | 2 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 16 | 2 | | | | | | 18 |

Victoria Commercial Risk Analysis



Currently Victoria has over 635,000 operating businesses making it the second largest state economy in Australia.

The table below displays the industries of high and low risk businesses that are trading in Victoria. From the data it can be seen that:

- Construction industry has the highest quantity of businesses in the state at the most risk of financial failure within the next 12 months (609 businesses)
- In terms of proportion relative to individual industry, the Electricity, Gas & Water Services industry has 3.8% of businesses that are at most risk of failure and continuous financial pressure
- Proportionate to industry classification, the lowest risk businesses fall within the Financial & Insurance Services (73.8%), Agriculture, Forestry & Fishing (56.9%) and Mining (51.09%).

Table 42
Victoria - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 1,602 | 0.48% | 180,493 | 54.19% | 333,076 |
| Construction | 609 | 2.44% | 9,212 | 36.94% | 24,935 |
| Retail Trade | 341 | 2.11% | 5,880 | 36.30% | 16,198 |
| Professional, Scientific and Technical Services | 329 | 1.02% | 15,586 | 48.52% | 32,126 |
| Accommodation and Food Services | 207 | 3.10% | 1,698 | 25.47% | 6,667 |
| Other Services | 192 | 2.54% | 2,669 | 35.26% | 7,569 |
| Manufacturing | 190 | 1.73% | 5,342 | 48.74% | 10,960 |
| Transport, Postal and Warehousing | 182 | 2.70% | 2,653 | 39.39% | 6,736 |
| Wholesale Trade | 105 | 1.53% | 3,153 | 46.02% | 6,851 |
| Health Care and Social Assistance | 93 | 0.90% | 4,867 | 47.32% | 10,285 |
| Rental, Hiring and Real Estate Services | 70 | 0.75% | 4,680 | 49.93% | 9,374 |
| Administrative and Support Services | 63 | 1.41% | 1,678 | 37.60% | 4,463 |

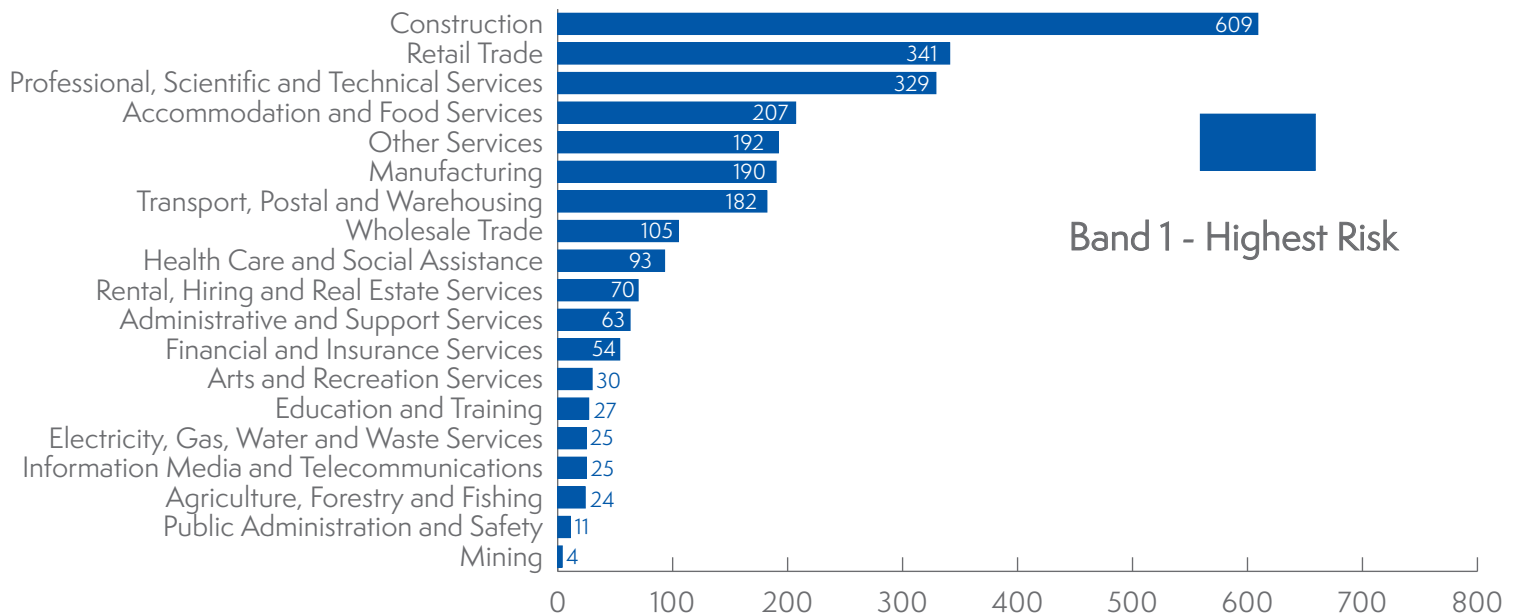
Victoria Commercial Risk Analysis

Table 42 continued

| | | | | | |
|--|--------------|--------------|----------------|---------------|----------------|
| Financial and Insurance Services | 54 | 0.41% | 9,712 | 73.76% | 13,167 |
| Arts and Recreation Services | 30 | 1.29% | 881 | 37.89% | 2,325 |
| Education and Training | 27 | 1.11% | 876 | 36.15% | 2,423 |
| Electricity, Gas, Water and Waste Services | 25 | 3.77% | 206 | 31.07% | 663 |
| Information Media and Telecommunications | 25 | 1.37% | 851 | 46.78% | 1,819 |
| Agriculture, Forestry and Fishing | 24 | 0.86% | 1,586 | 56.91% | 2,787 |
| Public Administration and Safety | 11 | 1.94% | 228 | 40.14% | 568 |
| Mining | 4 | 1.25% | 164 | 51.09% | 321 |
| Grand Total | 4,183 | 0.85% | 252,415 | 51.17% | 493,313 |

Graph 5

Victoria - Industry vs Commercial Risk - Risk Band 1



Victoria Commercial Risk Analysis

In terms of Victoria's major industry traders, it can be seen from the below Table 43 that the main concerns regarding large business are in the following areas:

- Electricity, Gas Water & Waste Services (\$1 billion or more in turnover size)
- Transport, Postal & Warehousing (\$1 billion or more in turnover size)
- In terms of smaller trading businesses in the less than \$1 million category that are in highest risk of failure, are in the Construction (418 businesses), Professional, Scientific & Technical Services (263 businesses) and Retail Trade (239 businesses).

Over the past few months, SV Partners have working with a number of industries in the area being:

- Medium to large commercial construction companies and contractors for commercial builders
- Medium Wholesale businesses
- Small Food Services businesses including cafés and restaurants

It can be seen that during the previous financial quarter, the insolvency landscape has remained fairly stagnant. One factor to this may be as a result of the political landscape and the recent federal election. Although the result of the coalition returning to Government was delayed, this may have attributed to the political uncertainty in the minds of constituents. As is often in the case of an election year, and more so in the months leading up to an election, statutory authorities such as the ATO and the State Revenue Office appear to slow down recovery action activities. SV Partners has seen an increase in recovery action by statutory authorities following the outcome of the federal election and this is predicted to continue for the remainder for the year.

Table 43
Victoria - Industry vs Turnover size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------|--|
| Agriculture, Forestry and Fishing | 23 | | | | | | 23 |
| Mining | | 1 | 3 | | | | 4 |
| Manufacturing | 109 | 21 | 4 | | | | 134 |
| Electricity, Gas, Water and Waste Services | 1 | 16 | 1 | | | 1 | 19 |
| Construction | 418 | 37 | 3 | | 2 | | 460 |
| Wholesale Trade | 15 | 57 | 8 | 1 | 2 | | 83 |
| Retail Trade | 239 | 13 | 1 | | 1 | | 254 |
| Accommodation and Food Services | 97 | 19 | | | | | 116 |
| Transport, Postal and Warehousing | 110 | 9 | 1 | | | 1 | 121 |
| Information Media and Telecommunications | 6 | 8 | | | | | 14 |
| Financial and Insurance Services | | | 1 | | 1 | | 2 |
| Rental, Hiring and Real Estate Services | 15 | 35 | 3 | | | | 53 |
| Professional, Scientific and Technical Services | 263 | 13 | 1 | 3 | 1 | | 281 |
| Administrative and Support Services | 38 | 2 | | | | | 40 |
| Public Administration and Safety | 8 | | | | | | 8 |
| Education and Training | 15 | 3 | | | | | 18 |
| Health Care and Social Assistance | 66 | 1 | | | | | 67 |
| Arts and Recreation Services | 19 | 3 | | | | | 22 |
| Other Services | 128 | 8 | 1 | | 1 | | 138 |
| Unclassified | | | | | | | 0 |
| Grand Total | 1,570 | 246 | 27 | 4 | 8 | 2 | 1,857 |

Victoria Commercial Risk Analysis - by region

Table 44 below indicates those businesses in Victoria that are classified in risk bands within their trading area of business.

Melbourne North West (1.3%) is the highest commercial risk region of businesses for the state proportionate to business size. Melbourne's Inner South (58.6%) has the lowest risk categorized businesses proportionate to the

Table 44
Victoria - Region vs Commercial Risk

| Region | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---------------------------------|-----------------------|--|-----------------------|--|--|
| Null | 37 | 1.14% | 1,601 | 49.51% | 3,234 |
| VIC: Ballarat | 81 | 0.94% | 4,490 | 52.00% | 8,634 |
| VIC: Bendigo | 81 | 1.06% | 4,007 | 52.24% | 7,671 |
| VIC: Geelong | 159 | 0.89% | 9,488 | 53.25% | 17,818 |
| VIC: Hume | 78 | 0.96% | 4,345 | 53.34% | 8,146 |
| VIC: Latrobe - Gippsland | 101 | 0.79% | 6,888 | 53.56% | 12,860 |
| VIC: Melbourne - Inner | 816 | 0.75% | 58,878 | 54.44% | 108,162 |
| VIC: Melbourne - Inner East | 229 | 0.46% | 28,549 | 57.33% | 49,796 |
| VIC: Melbourne - Inner South | 272 | 0.53% | 30,176 | 58.57% | 51,523 |
| VIC: Melbourne - North East | 288 | 0.88% | 15,817 | 48.59% | 32,555 |
| VIC: Melbourne - North West | 309 | 1.34% | 10,069 | 43.59% | 23,099 |
| VIC: Melbourne - Outer East | 269 | 0.73% | 18,805 | 50.85% | 36,980 |
| VIC: Melbourne - South East | 578 | 1.13% | 21,672 | 42.23% | 51,323 |
| VIC: Melbourne - West | 483 | 1.30% | 13,699 | 36.89% | 37,130 |
| VIC: Mornington Peninsula | 191 | 0.94% | 10,343 | 50.88% | 20,330 |
| VIC: North West | 82 | 0.94% | 5,001 | 57.20% | 8,743 |
| VIC: Shepparton | 86 | 0.94% | 5,067 | 55.53% | 9,124 |
| VIC: Warrnambool and South West | 43 | 0.70% | 3,520 | 56.91% | 6,185 |
| Grand Total | 4,183 | 0.85% | 252,415 | 51.17% | 493,313 |

Victoria Commercial Risk Analysis - by region

The regional areas of Victoria regarding low and high commercial risk businesses are in the tables below.

The data throughout Melbourne's Inner regions state that the Professional, Scientific & Technical Services industry has businesses at most risk of financial failure (132 businesses) just outweighing the construction industry (129) in the high risk by region. (Table 45)

Industry of low commercial risk in Melbourne's Inner regions are throughout the Financial & Insurance Services (73.2%) followed by the Agriculture, Forestry & Fishing Industry (66.2%).

Table 45

Melbourne (Inner, Inner East, Inner South) - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Agriculture, Forestry and Fishing | 2 | 0.29% | 456 | 66.18% | 689 |
| Mining | 1 | 0.69% | 73 | 50.34% | 145 |
| Manufacturing | 44 | 1.47% | 1,655 | 55.43% | 2,986 |
| Electricity, Gas, Water and Waste Services | 4 | 2.60% | 58 | 37.66% | 154 |
| Construction | 129 | 2.36% | 2,389 | 43.71% | 5,465 |
| Wholesale Trade | 33 | 1.35% | 1,234 | 50.49% | 2,444 |
| Retail Trade | 97 | 1.69% | 2,315 | 40.44% | 5,725 |
| Accommodation and Food Services | 86 | 3.00% | 787 | 27.47% | 2,865 |
| Transport, Postal and Warehousing | 24 | 2.32% | 458 | 44.21% | 1,036 |
| Information Media and Telecommunications | 19 | 1.89% | 496 | 49.26% | 1,007 |
| Financial and Insurance Services | 30 | 0.46% | 4,804 | 73.32% | 6,552 |
| Rental, Hiring and Real Estate Services | 33 | 0.81% | 2,101 | 51.52% | 4,078 |
| Professional, Scientific and Technical Services | 132 | 0.87% | 7,918 | 52.33% | 15,131 |
| Administrative and Support Services | 22 | 1.22% | 762 | 42.10% | 1,810 |
| Public Administration and Safety | 4 | 2.20% | 85 | 46.70% | 182 |
| Education and Training | 8 | 0.74% | 451 | 41.80% | 1,079 |
| Health Care and Social Assistance | 35 | 0.71% | 2,448 | 49.96% | 4,900 |
| Arts and Recreation Services | 14 | 1.34% | 428 | 41.11% | 1,041 |
| Other Services | 46 | 2.05% | 930 | 41.41% | 2,246 |
| Unclassified | 554 | 0.37% | 87,755 | 58.52% | 149,946 |
| Grand Total | 1,317 | 0.63% | 117,603 | 56.14% | 209,481 |

Victoria Commercial Risk Analysis - by region

Table 46 below shows that one key billion dollar turnover company in the Melbourne Inner region is at high risk of financially failing in the next 12 months within the Transport, Postal and Warehousing sector.

Table 46
Melbourne (Inner, Inner East, Inner South) - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|----------------------------------|
| Agriculture, Forestry and Fishing | 2 | | | | | | | 2 |
| Mining | | | 1 | | | | | 1 |
| Manufacturing | 24 | 5 | 1 | | | | | 30 |
| Electricity, Gas, Water and Waste Services | | 4 | | | | | | 4 |
| Construction | 80 | 10 | 1 | | | | | 91 |
| Wholesale Trade | 4 | 18 | 4 | | 2 | | | 28 |
| Retail Trade | 57 | 8 | | | | | | 65 |
| Accommodation and Food Services | 39 | 8 | | | | | | 47 |
| Transport, Postal and Warehousing | 10 | 2 | | | | | 1 | 13 |
| Information Media and Telecommunications | 5 | 7 | | | | | | 12 |
| Financial and Insurance Services | | | 1 | | 1 | | | 2 |
| Rental, Hiring and Real Estate Services | 5 | 20 | 1 | | | | | 26 |
| Professional, Scientific and Technical Services | 104 | 5 | | 2 | 1 | | | 112 |
| Administrative and Support Services | 14 | 1 | | | | | | 15 |
| Public Administration and Safety | 2 | | | | | | | 2 |
| Education and Training | 2 | 1 | | | | | | 3 |
| Health Care and Social Assistance | 26 | | | | | | | 26 |
| Arts and Recreation Services | 9 | 1 | | | | | | 10 |
| Other Services | 30 | 2 | 1 | | 1 | | | 34 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 413 | 92 | 10 | 2 | 5 | | 1 | 523 |

Victoria Commercial Risk Analysis - by region

The Commercial Risk data outlines within Table 47, that throughout Ballarat, although Construction has the highest number of businesses currently in default (11), the Transport, Postal & Warehousing has the highest proportion of businesses defaulting with 5.2%.

Table 48 shows that these businesses are mainly within the smaller turnover size of \$1 million or less.

Table 47
Ballarat - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Agriculture, Forestry and Fishing | 1 | 1.04% | 43 | 44.79% | 96 |
| Mining | | 0.00% | 8 | 47.06% | 17 |
| Manufacturing | 5 | 2.69% | 88 | 47.31% | 186 |
| Electricity, Gas, Water and Waste Services | | 0.00% | 5 | 45.45% | 11 |
| Construction | 11 | 2.20% | 166 | 33.20% | 500 |
| Wholesale Trade | 1 | 1.14% | 41 | 46.59% | 88 |
| Retail Trade | 2 | 0.61% | 121 | 36.89% | 328 |
| Accommodation and Food Services | 6 | 3.66% | 33 | 20.12% | 164 |
| Transport, Postal and Warehousing | 7 | 5.19% | 60 | 44.44% | 135 |
| Information Media and Telecommunications | | 0.00% | 7 | 31.82% | 22 |
| Financial and Insurance Services | 1 | 0.38% | 206 | 79.23% | 260 |
| Rental, Hiring and Real Estate Services | 1 | 0.65% | 69 | 44.81% | 154 |
| Professional, Scientific and Technical Services | 3 | 0.72% | 213 | 50.84% | 419 |
| Administrative and Support Services | 1 | 1.56% | 19 | 29.69% | 64 |
| Public Administration and Safety | | 0.00% | 1 | 14.29% | 7 |
| Education and Training | 1 | 2.86% | 14 | 40.00% | 35 |
| Health Care and Social Assistance | 1 | 0.52% | 102 | 52.58% | 194 |
| Arts and Recreation Services | 2 | 4.76% | 13 | 30.95% | 42 |
| Other Services | 1 | 0.86% | 39 | 33.62% | 116 |
| Unclassified | 37 | 0.64% | 3,242 | 55.94% | 5,796 |
| Grand Total | 81 | 0.94% | 4,490 | 52.00% | 8,634 |

Victoria Commercial Risk Analysis - by region

Table 48
Ballarat - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Agriculture, Forestry and Fishing | 1 | | | | | | | 1 |
| Manufacturing | 3 | | | | | | | 3 |
| Construction | 6 | 1 | | | | | | 7 |
| Wholesale Trade | | 1 | | | | | | 1 |
| Retail Trade | 2 | | | | | | | 2 |
| Accommodation and Food Services | 2 | 1 | | | | | | 3 |
| Transport, Postal and Warehousing | 4 | 1 | | | | | | 5 |
| Financial and Insurance Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | | 1 | | | | | | 1 |
| Professional, Scientific and Technical Services | 2 | | | | | | | 2 |
| Administrative and Support Services | 1 | | | | | | | 1 |
| Education and Training | 1 | | | | | | | 1 |
| Health Care and Social Assistance | 1 | | | | | | | 1 |
| Arts and Recreation Services | 2 | | | | | | | 2 |
| Other Services | | | | | | | | 0 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 25 | 5 | | | | | | 30 |

Victoria Commercial Risk Analysis - by region

According to the data, Geelong's industries proportionate to size of trading businesses within each sector that are of concern are throughout:

- Other Services (3.0%)
- Administrative & Support Services (3.0%)
- Electricity, Gas, Water & Waste Services (2.9%)

It can also be seen through Table 50, that Geelong's highest risk businesses are small (\$1 million turnover or less), however there are larger businesses within the Wholesale Trade and Professional, Scientific & Technical Services that are facing financial distress and possible failure within the next 12 months.

Table 49
Geelong - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 63 | 0.53% | 6,801 | 56.86% | 11,961 |
| Construction | 28 | 2.47% | 411 | 36.21% | 1,135 |
| Retail Trade | 15 | 2.49% | 212 | 35.22% | 602 |
| Professional, Scientific and Technical Services | 10 | 1.04% | 515 | 53.42% | 964 |
| Other Services | 9 | 3.01% | 96 | 32.11% | 299 |
| Manufacturing | 7 | 1.85% | 166 | 43.92% | 378 |
| Accommodation and Food Services | 6 | 2.41% | 74 | 29.72% | 249 |
| Transport, Postal and Warehousing | 6 | 2.67% | 84 | 37.33% | 225 |
| Administrative and Support Services | 4 | 2.99% | 56 | 41.79% | 134 |
| Health Care and Social Assistance | 4 | 1.05% | 202 | 52.88% | 382 |
| Education and Training | 2 | 2.67% | 25 | 33.33% | 75 |
| Agriculture, Forestry and Fishing | 1 | 0.79% | 61 | 48.41% | 126 |
| Electricity, Gas, Water and Waste Services | 1 | 2.86% | 8 | 22.86% | 35 |
| Wholesale Trade | 1 | 0.46% | 100 | 46.30% | 216 |
| Financial and Insurance Services | 1 | 0.20% | 405 | 81.65% | 496 |
| Rental, Hiring and Real Estate Services | 1 | 0.27% | 201 | 54.92% | 366 |
| Mining | | | 7 | 77.78% | 9 |
| Information Media and Telecommunications | | | 22 | 48.89% | 45 |
| Public Administration and Safety | | | 11 | 52.38% | 21 |
| Arts and Recreation Services | | | 31 | 31.00% | 100 |
| Grand Total | 159 | 0.89% | 9,488 | 53.25% | 17,818 |

Victoria Commercial Risk Analysis - by region

Table 50
Geelong - Highest Risk Band 1 - Industry vs Turnover Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Agriculture, Forestry and Fishing | 1 | | | | | | | 1 |
| Manufacturing | 4 | | | | | | | 4 |
| Electricity, Gas, Water and Waste Services | | 1 | | | | | | 1 |
| Construction | 21 | 2 | | | | | | 23 |
| Wholesale Trade | | | 1 | | | | | 1 |
| Retail Trade | 12 | 1 | | | | | | 13 |
| Accommodation and Food Services | 3 | 1 | | | | | | 4 |
| Transport, Postal and Warehousing | 5 | | | | | | | 5 |
| Financial and Insurance Services | | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | | | | | | | | 0 |
| Professional, Scientific and Technical Services | 7 | 1 | 1 | | | | | 9 |
| Administrative and Support Services | 4 | | | | | | | 4 |
| Education and Training | 1 | | | | | | | 1 |
| Health Care and Social Assistance | 3 | | | | | | | 3 |
| Other Services | 9 | | | | | | | 9 |
| Unclassified | | | | | | | | 0 |
| Grand Total | 70 | 6 | 2 | | | | | 78 |

Tasmania Commercial Risk Analysis

The industries with businesses at the highest risk of financial failure in Tasmania (seen in Table 51 below) are:

- Construction (33 businesses)
- Retail Trade (17 businesses)
- Accommodation & Food Services (14 businesses) and Transport, Postal & Warehousing (14 businesses)

Table 51
Tasmania - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 90 | 0.73% | 6,746 | 54.95% | 12,277 |
| Construction | 33 | 2.63% | 445 | 35.40% | 1,257 |
| Retail Trade | 17 | 1.81% | 289 | 30.78% | 939 |
| Accommodation and Food Services | 14 | 2.72% | 121 | 23.54% | 514 |
| Transport, Postal and Warehousing | 14 | 4.15% | 137 | 40.65% | 337 |
| Manufacturing | 9 | 1.47% | 285 | 46.57% | 612 |
| Professional, Scientific and Technical Services | 9 | 0.79% | 583 | 51.37% | 1135 |
| Wholesale Trade | 7 | 2.14% | 133 | 40.67% | 327 |
| Other Services | 7 | 1.90% | 111 | 30.08% | 369 |
| Rental, Hiring and Real Estate Services | 5 | 1.14% | 204 | 46.47% | 439 |
| Agriculture, Forestry and Fishing | 2 | 0.84% | 143 | 60.08% | 238 |
| Electricity, Gas, Water and Waste Services | 2 | 4.88% | 17 | 41.46% | 41 |
| Information Media and Telecommunications | 2 | 2.67% | 37 | 49.33% | 75 |
| Financial and Insurance Services | 2 | 0.43% | 328 | 70.54% | 465 |
| Administrative and Support Services | 2 | 0.88% | 88 | 38.77% | 227 |
| Health Care and Social Assistance | 2 | 0.31% | 344 | 54.09% | 636 |
| Education and Training | 1 | 1.35% | 39 | 52.70% | 74 |
| Arts and Recreation Services | 1 | 0.74% | 63 | 46.67% | 135 |
| Mining | | | 13 | 81.25% | 16 |
| Public Administration and Safety | | | 18 | 41.86% | 43 |
| Grand Total | 219 | 1.09% | 10,144 | 50.33% | 20,156 |

Tasmania Commercial Risk Analysis

In terms of turnover size of business in the state of Tasmania, referring to the table below, there is one large Wholesale company at risk of financial failure in the next 12 months.

Table 52

Tasmania - Industry via Turnover size of business - Highest Risk Band 1

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------|--|
| Agriculture, Forestry and Fishing | 2 | | | | | | 2 |
| Manufacturing | 5 | | | | | | 5 |
| Electricity, Gas, Water and Waste Services | | 1 | | | | | 1 |
| Construction | 24 | 3 | | | | | 27 |
| Wholesale Trade | 3 | 1 | 1 | | 1 | | 6 |
| Retail Trade | 14 | 1 | | | | | 15 |
| Accommodation and Food Services | 9 | 1 | | | | | 10 |
| Transport, Postal and Warehousing | 10 | | | | | | 10 |
| Information Media and Telecommunications | | 1 | | | | | 1 |
| Financial and Insurance Services | | | | | | | 0 |
| Rental, Hiring and Real Estate Services | 3 | | | | | | 3 |
| Professional, Scientific and Technical Services | 2 | 1 | | | | | 3 |
| Administrative and Support Services | 1 | | | | | | 1 |
| Education and Training | 1 | | | | | | 1 |
| Health Care and Social Assistance | 2 | | | | | | 2 |
| Arts and Recreation Services | | | | | | | 0 |
| Other Services | 5 | | 1 | | | | 6 |
| Unclassified | | | | | | | 0 |
| Grand Total | 81 | 9 | 2 | | 1 | | 93 |

Tasmania Commercial Risk Analysis - by region

Hobart's industries with businesses that fall into the high commercial risk category are:

- Construction (15)
- Accommodation & Food Services (7)
- Wholesale Trade (5) and Retail Trade (5)

In terms of the low commercial risk industries based on the proportion of businesses within each industry for Hobart, these can be seen in the table below:

- Mining (85.7%)
- Financial & Insurance Services (65.5%)
- Professional, Scientific & Technical Services (55.1%)

Table 53
Hobart - Industry vs Commercial Risk

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Unclassified | 44 | 0.84% | 2,834 | 54.30% | 5,219 |
| Construction | 15 | 2.62% | 194 | 33.86% | 573 |
| Accommodation and Food Services | 7 | 3.14% | 53 | 23.77% | 223 |
| Wholesale Trade | 5 | 3.50% | 45 | 31.47% | 143 |
| Retail Trade | 5 | 1.23% | 118 | 28.92% | 408 |
| Other Services | 4 | 2.92% | 36 | 26.28% | 137 |
| Rental, Hiring and Real Estate Services | 3 | 1.38% | 98 | 44.95% | 218 |
| Manufacturing | 2 | 0.74% | 136 | 50.37% | 270 |
| Electricity, Gas, Water and Waste Services | 2 | 13.33% | 5 | 33.33% | 15 |
| Transport, Postal and Warehousing | 2 | 2.04% | 36 | 36.73% | 98 |
| Professional, Scientific and Technical Services | 2 | 0.34% | 321 | 55.06% | 583 |
| Health Care and Social Assistance | 2 | 0.60% | 178 | 53.29% | 334 |
| Agriculture, Forestry and Fishing | 1 | 1.35% | 39 | 52.70% | 74 |
| Administrative and Support Services | 1 | 0.88% | 46 | 40.35% | 114 |
| Education and Training | 1 | 2.27% | 20 | 45.45% | 44 |
| Mining | | | 6 | 85.71% | 7 |
| Information Media and Telecommunications | | | 24 | 53.33% | 45 |
| Financial and Insurance Services | | | 135 | 65.53% | 206 |
| Public Administration and Safety | | | 11 | 55.00% | 20 |
| Arts and Recreation Services | | | 24 | 42.11% | 57 |
| Grand Total | 96 | 1.09% | 4,359 | 49.60% | 8,788 |

Tasmania Commercial Risk Analysis - by region

Table 54 below for Hobart indicates the highest commercial risk industries by their business turnover size. From this, it can be seen that consistent with the Tasmanian data, Wholesale Trade industry has one large company that is facing financial distress. The majority of businesses within the high risk category for Hobart are smaller turnover sized businesses.

Table 54
Hobart - Highest Risk Band 1 vs Business Turnover Size

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------|--|
| Agriculture, Forestry and Fishing | 1 | | | | | | 1 |
| Manufacturing | 1 | | | | | | 1 |
| Electricity, Gas, Water and Waste Services | | 1 | | | | | 1 |
| Construction | 12 | | | | | | 12 |
| Wholesale Trade | 2 | | 1 | | 1 | | 4 |
| Retail Trade | 3 | 1 | | | | | 4 |
| Accommodation and Food Services | 5 | 1 | | | | | 6 |
| Transport, Postal and Warehousing | 1 | | | | | | 1 |
| Rental, Hiring and Real Estate Services | 2 | | | | | | 2 |
| Professional, Scientific and Technical Services | 1 | | | | | | 1 |
| Administrative and Support Services | | | | | | | 0 |
| Education and Training | 1 | | | | | | 1 |
| Health Care and Social Assistance | 2 | | | | | | 2 |
| Other Services | 2 | | 1 | | | | 3 |
| Unclassified | | | | | | | 0 |
| Grand Total | 33 | 3 | 2 | | 1 | | 39 |

Table 55
National Regions vs Commercial Risk

| Regions | Band 1 - High Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Low Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|--------------------|--|--------------------|--|--|
| VIC: Melbourne - Inner | 816 | 0.75% | 58,878 | 54.44% | 108,162 |
| NSW: Sydney - Inner South West | 722 | 1.85% | 13,787 | 35.31% | 39,050 |
| NSW: Sydney - City and Inner South | 684 | 0.98% | 33,059 | 47.44% | 69,691 |
| QLD: Gold Coast | 652 | 1.23% | 21,962 | 41.58% | 52,819 |
| NSW: Sydney - Parramatta | 625 | 1.91% | 10,498 | 32.03% | 32,772 |
| VIC: Melbourne - South East | 578 | 1.13% | 21,672 | 42.23% | 51,323 |
| NSW: Sydney - South West | 506 | 2.35% | 7,209 | 33.50% | 21,519 |
| VIC: Melbourne - West | 483 | 1.30% | 13,699 | 36.89% | 37,130 |
| WA: Perth - North West | 398 | 1.18% | 14,653 | 43.47% | 33,708 |
| WA: Perth - South East | 375 | 1.28% | 12,707 | 43.37% | 29,301 |
| QLD: Brisbane Inner City | 327 | 0.77% | 21,458 | 50.45% | 42,530 |
| NSW: Sydney - Inner West | 313 | 1.09% | 12,809 | 44.58% | 28,734 |
| VIC: Melbourne - North West | 309 | 1.34% | 10,069 | 43.59% | 23,099 |
| NSW: Sydney - Blacktown | 299 | 2.16% | 4,135 | 29.91% | 13,825 |
| SA: Adelaide - Central and Hills | 296 | 0.70% | 24,779 | 58.38% | 42,441 |
| NSW: Sydney - Outer South West | 295 | 2.36% | 4,342 | 34.67% | 12,522 |
| NSW: Sydney - North Sydney and Hornsby | 291 | 0.48% | 35,649 | 58.28% | 61,167 |
| VIC: Melbourne - North East | 288 | 0.88% | 15,817 | 48.59% | 32,555 |
| WA: Perth - Inner | 279 | 0.73% | 21,807 | 57.22% | 38,113 |
| VIC: Melbourne - Inner South | 272 | 0.53% | 30,176 | 58.57% | 51,523 |
| NSW: Newcastle and Lake Macquarie | 270 | 1.30% | 10,028 | 48.22% | 20,796 |
| VIC: Melbourne - Outer East | 269 | 0.73% | 18,805 | 50.85% | 36,980 |
| NSW: Sydney - Baulkham Hills and Hawkesbury | 268 | 1.11% | 10,935 | 45.19% | 24,198 |
| NSW: Sydney - Outer West and Blue Mountains | 264 | 1.81% | 5,880 | 40.23% | 14,615 |
| NSW: Central Coast | 249 | 1.51% | 7,179 | 43.40% | 16,542 |
| WA: Perth - South West | 248 | 1.01% | 11,633 | 47.54% | 24,468 |
| QLD: Logan - Beaudesert | 247 | 1.71% | 5,336 | 36.84% | 14,486 |
| QLD: Brisbane - South | 242 | 0.89% | 11,467 | 42.34% | 27,082 |
| QLD: Sunshine Coast | 236 | 0.86% | 12,034 | 43.78% | 27,487 |
| Null | 229 | 1.29% | 8,112 | 45.75% | 17,730 |
| VIC: Melbourne - Inner East | 229 | 0.46% | 28,549 | 57.33% | 49,796 |
| WA: Perth - North East | 224 | 1.66% | 5,498 | 40.79% | 13,479 |
| SA: Adelaide - North | 203 | 1.72% | 4,833 | 41.04% | 11,775 |
| NSW: Sydney - Eastern Suburbs | 200 | 0.59% | 18,982 | 56.07% | 33,856 |
| NSW: Sydney - Northern Beaches | 198 | 0.68% | 15,597 | 53.61% | 29,096 |
| SA: Adelaide - West | 193 | 1.37% | 6,835 | 48.40% | 14,121 |
| VIC: Mornington Peninsula | 191 | 0.94% | 10,343 | 50.88% | 20,330 |
| NSW: Illawarra | 187 | 1.32% | 6,541 | 46.13% | 14,180 |
| NSW: Hunter Valley exc Newcastle | 178 | 1.55% | 5,353 | 46.50% | 11,512 |
| NSW: Sydney - Sutherland | 178 | 0.99% | 8,741 | 48.48% | 18,030 |
| SA: Adelaide - South | 169 | 1.15% | 7,224 | 49.14% | 14,701 |
| QLD: Ipswich | 168 | 1.58% | 4,139 | 38.94% | 10,628 |

Additional Information

Table 55 continued
National Regions vs Commercial Risk

| | | | | | |
|--|--------|-------|---------|--------|-----------|
| VIC: Geelong | 159 | 0.89% | 9,488 | 53.25% | 17,818 |
| ACT: Australian Capital Territory | 155 | 0.69% | 11,411 | 50.66% | 22,526 |
| NSW: Richmond - Tweed | 152 | 1.20% | 6,239 | 49.26% | 12,665 |
| QLD: Brisbane - East | 146 | 0.95% | 7,062 | 45.99% | 15,356 |
| WA: Western Australia - Outback | 135 | 1.54% | 4,040 | 45.97% | 8,789 |
| NSW: Mid North Coast | 134 | 1.56% | 4,467 | 52.11% | 8,573 |
| QLD: Townsville | 128 | 1.16% | 5,243 | 47.55% | 11,026 |
| QLD: Moreton Bay - North | 127 | 1.36% | 3,593 | 38.50% | 9,332 |
| QLD: Brisbane - North | 121 | 0.96% | 5,538 | 43.90% | 12,615 |
| QLD: Cairns | 120 | 0.91% | 6,196 | 47.04% | 13,171 |
| NSW: Sydney - Ryde | 111 | 0.68% | 7,792 | 48.03% | 16,222 |
| NSW: Central West | 110 | 1.21% | 4,394 | 48.46% | 9,068 |
| QLD: Wide Bay | 109 | 1.02% | 4,986 | 46.80% | 10,654 |
| QLD: Mackay | 108 | 1.30% | 3,634 | 43.74% | 8,308 |
| QLD: Moreton Bay - South | 103 | 1.06% | 3,796 | 39.19% | 9,685 |
| NSW: Capital Region | 101 | 0.98% | 5,216 | 50.84% | 10,260 |
| VIC: Latrobe - Gippsland | 101 | 0.79% | 6,888 | 53.56% | 12,860 |
| NSW: New England and North West | 98 | 1.11% | 4,848 | 55.07% | 8,804 |
| TAS: Hobart | 96 | 1.09% | 4,359 | 49.60% | 8,788 |
| NT: Darwin | 94 | 1.34% | 3,004 | 42.85% | 7,011 |
| NSW: Southern Highlands and Shoalhaven | 90 | 1.20% | 3,843 | 51.26% | 7,497 |
| NSW: Riverina | 89 | 1.07% | 4,401 | 52.89% | 8,321 |
| VIC: Shepparton | 86 | 0.94% | 5,067 | 55.53% | 9,124 |
| QLD: Fitzroy | 85 | 0.96% | 3,725 | 42.20% | 8,827 |
| WA: Bunbury | 83 | 0.99% | 3,882 | 46.31% | 8,383 |
| QLD: Toowoomba | 82 | 0.86% | 4,205 | 44.26% | 9,500 |
| VIC: North West | 82 | 0.94% | 5,001 | 57.20% | 8,743 |
| VIC: Ballarat | 81 | 0.94% | 4,490 | 52.00% | 8,634 |
| VIC: Bendigo | 81 | 1.06% | 4,007 | 52.24% | 7,671 |
| VIC: Hume | 78 | 0.96% | 4,345 | 53.34% | 8,146 |
| NSW: Coffs Harbour - Grafton | 77 | 1.32% | 2,929 | 50.29% | 5,824 |
| NSW: Murray | 73 | 1.14% | 3,616 | 56.44% | 6,407 |
| QLD: Brisbane - West | 67 | 0.48% | 7,658 | 54.94% | 13,939 |
| NSW: Far West and Orana | 65 | 1.35% | 2,388 | 49.51% | 4,823 |
| QLD: Darling Downs - Maranoa | 65 | 1.13% | 2,687 | 46.81% | 5,740 |
| TAS: Launceston and North East | 65 | 1.06% | 3,147 | 51.45% | 6,117 |
| WA: Western Australia - Wheat Belt | 59 | 0.88% | 3,559 | 53.05% | 6,709 |
| SA: South Australia - South East | 53 | 0.79% | 3,581 | 53.23% | 6,727 |
| WA: Mandurah | 49 | 1.25% | 1,703 | 43.54% | 3,911 |
| TAS: West and North West | 48 | 1.17% | 2,094 | 51.11% | 4,097 |
| VIC: Warrnambool and South West | 43 | 0.70% | 3,520 | 56.91% | 6,185 |
| SA: Barossa - Yorke - Mid North | 39 | 1.24% | 1,505 | 47.98% | 3,137 |
| SA: South Australia - Outback | 33 | 1.15% | 1,553 | 54.17% | 2,867 |
| QLD: Queensland - Outback | 26 | 1.28% | 765 | 37.59% | 2,035 |
| NT: Northern Territory - Outback | 18 | 1.23% | 598 | 40.96% | 1,460 |
| TAS: South East | 8 | 0.82% | 450 | 46.25% | 973 |
| Grand Total | 17,681 | 1.05% | 810,122 | 48.02% | 1,687,200 |

Additional Information

Table 56

Tamworth - Highest Risk Band 1 vs Turnover Size of Business

| Admin and Support Services Sector | Less than \$1m | Grand Total |
|---|----------------|-------------|
| Building and Other Industrial Cleaning Services | 2 | 2 |
| Gardening Services | 1 | 1 |
| Grand Total | 3 | 3 |

Table 57

Gladstone - Highest Risk Band 1 vs Turnover Size of Business

| Other Services' Sub Industries | Less than \$1m | Grand Total |
|----------------------------------|----------------|-------------|
| Hairdressing and Beauty Services | 1 | 1 |
| Grand Total | 1 | 1 |

Additional Information

Table 58
National Retail - Industry Retail Sectors by Turnover Size of Business for Highest Risk Band 1

| Sub Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$50m to less than \$100m | \$100m to less than \$500m | \$500m to less than \$1b | \$1b or more | Grand Total of Businesses (minus unclassified) |
|---|----------------|-------------------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------|--|
| Computer and Computer Peripheral Retailing | 48 | 8 | 1 | | 1 | | 1 | 59 |
| Car Retailing | 20 | 5 | | 1 | | | | 26 |
| Motor Cycle Retailing | 10 | 2 | | | | | | 12 |
| Trailer and Other Motor Vehicle Retailing | 1 | 2 | | | | | | 3 |
| Motor Vehicle Parts Retailing | 30 | 5 | | | | | | 35 |
| Tyre Retailing | 23 | 1 | | | | | | 24 |
| Fuel Retailing | 13 | 2 | | | | | | 15 |
| Supermarket and Grocery Stores | 69 | 9 | | | | 1 | | 79 |
| Fresh Meat, Fish and Poultry Retailing | 53 | 5 | | | | | | 58 |
| Fruit and Vegetable Retailing | 7 | 1 | | | | | | 8 |
| Liquor Retailing | 8 | 3 | | | | | | 11 |
| Other Specialised Food Retailing | 13 | 4 | 1 | | 1 | | | 19 |
| Furniture Retailing | 32 | 6 | 1 | | | | | 39 |
| Floor Coverings Retailing | 8 | 3 | | | | | | 11 |
| Houseware Retailing | 32 | 2 | | | | | | 34 |
| Manchester and Other Textile Goods Retailing | 11 | | | | | | | 11 |
| Electrical, Electronic and Gas Appliance Retailing | 31 | 3 | 2 | | | | | 36 |
| Other Electrical and Electronic Goods Retailing | 2 | 3 | | | | | | 5 |
| Hardware and Building Supplies Retailing | 35 | 10 | 1 | | | | | 46 |
| Garden Supplies Retailing | 14 | 2 | 1 | | | | | 17 |
| Sport and Camping Equipment Retailing | 14 | 4 | | | | | | 18 |
| Entertainment Media Retailing | 1 | | | | | | | 1 |
| Toy and Game Retailing | 4 | 1 | | | | | | 5 |
| Newspaper and Book Retailing | 23 | 1 | | | 1 | | | 25 |
| Marine Equipment Retailing | 7 | 2 | | | | | | 9 |
| Clothing Retailing | 74 | 15 | | 1 | 1 | | | 91 |
| Footwear Retailing | 7 | | | | | | | 7 |
| Watch and Jewellery Retailing | 9 | | | | | | | 9 |
| Other Personal Accessory Retailing | 3 | | | | | | | 3 |
| Department Stores | 5 | | | | | | | 5 |
| Pharmaceutical, Cosmetic and Toiletry Goods Retailing | 29 | 6 | | | | | | 35 |
| Stationery Goods Retailing | 3 | 1 | | | | | | 4 |
| Antique and Used Goods Retailing | 10 | 1 | | | | | | 11 |
| Flower Retailing | 23 | 3 | | | | | | 26 |
| Other Store-Based Retailing n.e.c. | 132 | 24 | 1 | | 1 | | | 158 |
| Non-Store Retailing | 1 | 1 | | | | | | 2 |
| Retail Commission-Based Buying and/or Selling | 2 | | | | | | | 2 |
| Grand Total | 807 | 135 | 8 | 2 | 5 | 1 | 1 | 959 |

Additional Information

Table 59

Sunshine Coast - Electricity, Gas, Water & Waste Services - Commercial Risk by Turnover Size of Business

| Commercial Risk | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | \$100m to less than \$500m | Unclassified | Grand Total |
|--|----------------|-------------------------|--------------------------|----------------------------|--------------|-------------|
| Band 1 - High Risk | | | | | 2 | 2 |
| Band 10 - Low Risk | | 7 | | | 3 | 10 |
| Grand Total of Businesses (minus unclassified) | 0 | 25 | 1 | 1 | 11 | 38 |

Table 60

Toowoomba - Transport, Postal & Warehousing - Highest Commercial Risk Band 1 by Size of Business

| Industry | Less than \$1m | \$1m to less than \$10m | \$10m to less than \$50m | Unclassified | Grand Total |
|--|----------------|-------------------------|--------------------------|--------------|-------------|
| Prawn Fishing | 1 | | | | 1 |
| Iron Smelting and Steel Manufacturing | | | | 1 | 1 |
| Other Fabricated Metal Product Manufacturing n.e.c | 1 | | | | 1 |
| Boat building and Repair Services | 1 | | | | 1 |
| House Construction | 4 | | | 1 | 5 |
| Road and Bridge Construction | 1 | | | | 1 |
| Site Preparation Services | 1 | | | | 1 |
| Concreting Services | 2 | | | | 2 |
| Plumbing Services | 2 | | | | 2 |
| Electrical Services | 3 | | | | 3 |
| Carpentry Services | 1 | | | | 1 |
| Painting and Decorating Services | 1 | | | | 1 |
| Tyre Retailing | 1 | | | | 1 |
| Fresh Meat, Fish and Poultry Retailing | 1 | | | | 1 |
| Other Specialised Food Retailing | | | | 1 | 1 |
| Other Electrical and Electronic Goods Retailing | | | | 1 | 1 |
| Garden Supplies Retailing | | 1 | | | 1 |
| Clothing Retailing | 1 | | | | 1 |
| Pubs, Taverns and Bars | 1 | | | | 1 |
| Road Freight Transport | | 1 | | 2 | 3 |
| Other Transport n.e.c. | 1 | | | | 1 |
| Other Transport Support Services n.e.c. | 1 | | | 1 | 2 |
| Other Auxiliary Finance and Investment Services | | | | 1 | 1 |
| Real Estate Services | | 1 | | | 1 |
| Advertising Services | 1 | | | | 1 |
| Market Research and Statistical Services | 1 | | | | 1 |
| Computer System Design and Related Services | 1 | | | | 1 |
| Building and Other Industrial Cleaning Services | | | 1 | | 1 |
| Building Pest Control Services | 1 | | | | 1 |
| Gardening Services | | | | 1 | 1 |
| Automotive Electrical Services | 1 | | | 1 | 2 |
| Other Automotive Repair and Maintenance | 2 | | | | 2 |
| Unclassified | | | | 37 | 37 |
| Grand Total | 31 | 3 | 1 | 47 | 82 |

Additional Information

Table 61
Illawarra - Industry vs Commercial Risk of Business

| Industry | Band 1 - Highest Risk | % Highest Risk of Grand Total (minus unclassified) | Band 10 - Lowest Risk | % of Lowest Risk of Grand Total (minus unclassified) | Grand Total of Businesses (minus unclassified) |
|---|-----------------------|--|-----------------------|--|--|
| Construction | 49 | 4.95% | 335 | 33.87% | 989 |
| Unclassified | 48 | 0.53% | 4,593 | 50.73% | 9,053 |
| Retail Trade | 18 | 3.54% | 156 | 30.65% | 509 |
| Other Services | 16 | 5.42% | 78 | 26.44% | 295 |
| Accommodation and Food Services | 12 | 4.78% | 53 | 21.12% | 251 |
| Wholesale Trade | 10 | 5.95% | 68 | 40.48% | 168 |
| Professional, Scientific and Technical Services | 7 | 0.80% | 407 | 46.78% | 870 |
| Manufacturing | 6 | 1.80% | 129 | 38.62% | 334 |
| Transport, Postal and Warehousing | 5 | 2.48% | 70 | 34.65% | 202 |
| Administrative and Support Services | 4 | 2.68% | 50 | 33.56% | 149 |
| Agriculture, Forestry and Fishing | 3 | 4.76% | 30 | 47.62% | 63 |
| Health Care and Social Assistance | 3 | 0.77% | 183 | 47.16% | 388 |
| Arts and Recreation Services | 3 | 2.88% | 30 | 28.85% | 104 |
| Financial and Insurance Services | 2 | 0.69% | 168 | 57.93% | 290 |
| Mining | 1 | 5.26% | 11 | 57.89% | 19 |
| Electricity, Gas, Water and Waste Services | | | 7 | 35.00% | 20 |
| Information Media and Telecommunications | | | 14 | 31.82% | 44 |
| Rental, Hiring and Real Estate Services | | | 119 | 37.42% | 318 |
| Public Administration and Safety | | | 6 | 26.09% | 23 |
| Education and Training | | | 34 | 37.36% | 91 |
| Grand Total | 187 | 1.32% | 6,541 | 46.13% | 14,180 |

Additional Information

Table 62
Illawarra - Industry vs Commercial Risk of Business

| Industry | \$1m to less than \$10m | \$10m to less than \$50m | \$100m to less than \$500m | Less than \$1m | Grand Total (minus unclassified) |
|---|-------------------------|--------------------------|----------------------------|----------------|----------------------------------|
| Agriculture, Forestry and Fishing | | | | 3 | 3 |
| Mining | | | | | 0 |
| Manufacturing | | | | 5 | 5 |
| Construction | 2 | 1 | | 35 | 38 |
| Wholesale Trade | 8 | | | 2 | 10 |
| Retail Trade | 1 | | | 17 | 18 |
| Accommodation and Food Services | 2 | | | 5 | 7 |
| Transport, Postal and Warehousing | | | | 5 | 5 |
| Financial and Insurance Services | | | | | 0 |
| Professional, Scientific and Technical Services | | | 1 | 5 | 6 |
| Administrative and Support Services | | | | 2 | 2 |
| Health Care and Social Assistance | | | | 2 | 2 |
| Arts and Recreation Services | | | | 3 | 3 |
| Other Services | | | | 16 | 16 |
| Unclassified | | | | | 0 |
| Grand Total | 13 | 1 | 1 | 100 | 115 |

Conclusion



The SV Partners Commercial Risk Outlook Report for August 2016 identifies and analyses the overall economic conditions of business activity based on industry, location and size of business from commercial bureau data.

Strong results in the Financial & Insurance Services industry, as well as the continuing strength of the property market are the main drivers behind the Australian economy at present, with the report showing 33% of Rental, Hiring & Real Estate businesses considered to be low risk.

Those main industries that have influence on the Australian economy including Construction, Professional, Scientific & Technical Services and Retail sectors are currently outlined as the highest risk categories from the quantity of businesses facing adverse events within the next 12 months. On a national basis, there are 9 businesses in financial distress with annual turnover of more than \$1 billion, with companies in the Manufacturing and Transport, Postal & Warehousing considered to be most at risk.

The main reasons for financial failure according to the ASIC External Administrator's Reports are inadequate cash flow, poor strategic management and trading losses. If your business is encountering financial difficulty, remember to seek professional advice in a timely manner and prioritise activities such as reviewing your business plan, stress testing your budget and communicating with key stakeholders.

Glossary of key terms

Bureau - Organisation specialising in collating and analysing credit related information within Australia.

Bureau Data - Data is sourced from over 20 million commercial sourced records and data assets on Australian Individuals and businesses. Data sources include the Australian Securities Investments Commission, Business Directories, the Australian Bureau of Statistics, Business Directories, Consumer/Commercial Credit Bureau, Australian Post Office, Australian Business Register, Telephone Directories, Business Research.

Business Age Classification - as defined by Australian Business Register

Less than 1 year
1-4 years
5-9 years
10-19 years
20 years or more

Business Location - Business locations are the physical place of trade or operations.

Business Size Classification - as defined by Commercial Credit Bureau

SOHO - Small Office/Home Office
Micro
Small
Medium/Large

Commercial Risk - A behavioural scorecard for each commercial entity is based on bureau data from the past 5 years, taking into consideration enquiries or financial default. The commercial risk data attempts to predict financial failure based on the likelihood of adverse events including external administrations, trade payment history from the past 2 years, petitions to wind up, Mercantile enquiries, defaults, bankruptcies, court writs and default judgements within the next 12 months.

Default - Failure to meet financial obligations.

Operating Business - Business registered on the Australian Business Register, and are actively trading.

Region and Industry - Industry and Regional definitions are based upon the Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.

Risk Bands - Ranks each business on a scale of 1 (high risk) to 10 (low risk) based upon their likelihood to default within the next 12 months.

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