

# Commercial Risk Outlook Report

## March 2017



# Contents

2	.....	Contents
3	.....	Highlights
4	.....	Executive Summary
5	.....	Operating Environment
6	.....	Insolvency - Australian Securities & Investments Commission
8	.....	About Commercial Risk
12	.....	National Commercial Risk Analysis
17	.....	State Commercial Risk Analysis
18	.....	Queensland Commercial Risk Analysis
42	.....	New South Wales Commercial Risk Analysis
61	.....	Victoria Commercial Risk Analysis
72	.....	Tasmania Commercial Risk Analysis
77	.....	Additional Information Commercial Risk Analysis
81	.....	Conclusion
82	.....	Glossary of Key Terms
83	.....	Your Trusted Partner

## Top 5 areas where businesses are at risk of default



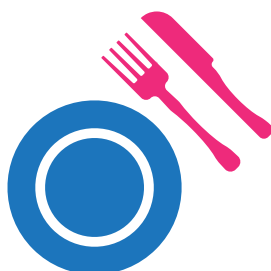
- 1 Melbourne - Inner - 927 businesses at risk (2.4%)
- 2 Sydney - City & Inner South - 808 businesses at risk (2.5%)
- 3 Parramatta- 638 businesses at risk (4.1%)
- 4 Brisbane - Inner City - 594 businesses at risk (3.3%)
- 5 Gold Coast - 527 businesses at risk (3.6%)

## Top 5 Industries that are most at risk of default

- 1 Construction



- 2 Accommodation and Food Service



- 3 Retail Trade



- 4 Professional, Scientific and Technical Services



- 5 Manufacturing



# Executive Summary

SV Partners has released the key findings within the Commercial Risk Outlook Report for March 2017, providing an analysis of the current state of Australian businesses from an insolvency and prognostic perspective based on commercial risk data.

This Report analyses industries and regions within Australia where incorporated operating businesses are predicted to face financial distress within the next 12 months. This Report also expands on the drivers behind commercial risk and impacts 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, defaults, wind up petitions, Mercantile enquiries, bankruptcies, court writs, default judgements, poor trade payment behavior and seeking legal relief from creditors. The commercial risk data is comprised of the most comprehensive and latest bureau information available.

## Key Findings - Table 2

Nationally, the top 5 industries with businesses at financial risk (in order of number of businesses) are:

1. Construction (1854, 3.0%)
2. Accommodation and Food Services (1681, 6.7%)
3. Retail Trade (1412, 3.0%)
4. Professional, Scientific and Technical Services (1385, 1.5%)
5. Manufacturing (844, 2.0%)

The 3 states/territories with the highest proportion of total businesses in Australia that are at risk of financial failure based on percentage (Table 5) are:

1. Tasmania (396, 5.4%)
2. Queensland (2687, 2.9%)
3. Australian Capital Territory (ACT) (193, 2.8%)

The top 5 regions throughout Queensland, New South Wales and Victoria where businesses are most at risk of financial failure within the next 12 months, according to the number of businesses are (Table 57):

1. Melbourne Inner (927, 2.4%)
2. Sydney City and Inner South (808, 2.5%)
3. Parramatta (638, 4.1%)
4. Brisbane Inner City (594, 3.3%)
5. Gold Coast (527, 3.6%)

The top 5 regions where businesses are at least risk of financial failure within the next 12 months, proportionate to areas are (Table 57):

1. North West, Victoria (2810, 86.7%)
2. Shepperton, Victoria (2876, 86.2%)
3. Warrnambool and South West, Victoria (2203, 86.0%)
4. Latrobe – Gippsland, Victoria (3763, 85.6%)
5. Hume, Victoria (3114, 85.0%)

# Operating Environment

A business is likely to face many financial and non-financial challenges during the business life cycle. Although most businesses will work through and overcome major challenges, 12.3% of businesses have exited trading in the market sector. (Australian Bureau of Statistics, 8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016)

Our SV Strategic Solutions business experts have outlined the following actions required by businesses to overcome various degrees of risk of possible failure and essentially prosper throughout the business life cycle.

Level of Risk of Possible Failure	Action Required	Explanatory note
High to Severe Risk	Stabilisation	The chances of successfully bringing a businesses out of its distressed position are low, unless there are only one to two specific issues to be addressed and sufficient time frame to execute required stabilisation strategies. These businesses need a rapid assessment of options and only quick win strategies are likely to have any effect. Effecting stabilisation is likely to be much more achievable. These businesses should undergo a full situational analysis and needs assessment to identify and prioritise strategies and associated action plans.
Average to Moderate Risk	Business Improvement	Businesses should be looking to adopt improvement strategies to ensure that they do not slip into lower risk bands and are able to position themselves for future growth. These businesses generally have a few operational inefficiencies, technology or people challenges and could also be missing out on market opportunities. This is the greatest scope to add value to these businesses to bring them into the most effective performers amongst their peers.
Minimal to Low Risk	Efficiency, Growth and Value Enhancement	Businesses need to look at opportunities to further enhance operational efficiencies, generally through technology advancements, and develop strategies to grow into new markets or geographies. The focus of a business in this risk band will generally be external – looking for M&A opportunities to further growth, new markets or products/services to increase revenues and profitability or structuring the business ready for a founder/CEO to exit.

Business assessments need to be broken down to consider five key areas individually, and then prioritised into a sum of their parts to produce effective recommendations for diminishing current and future risk:

1. Market position, market performance and direction
2. Products and services – customer fit
3. Internal operational efficiency
4. Financial performance and working capital
5. Culture and organisational structure/performance

# Insolvencies - Australian Securities & Investments Commission

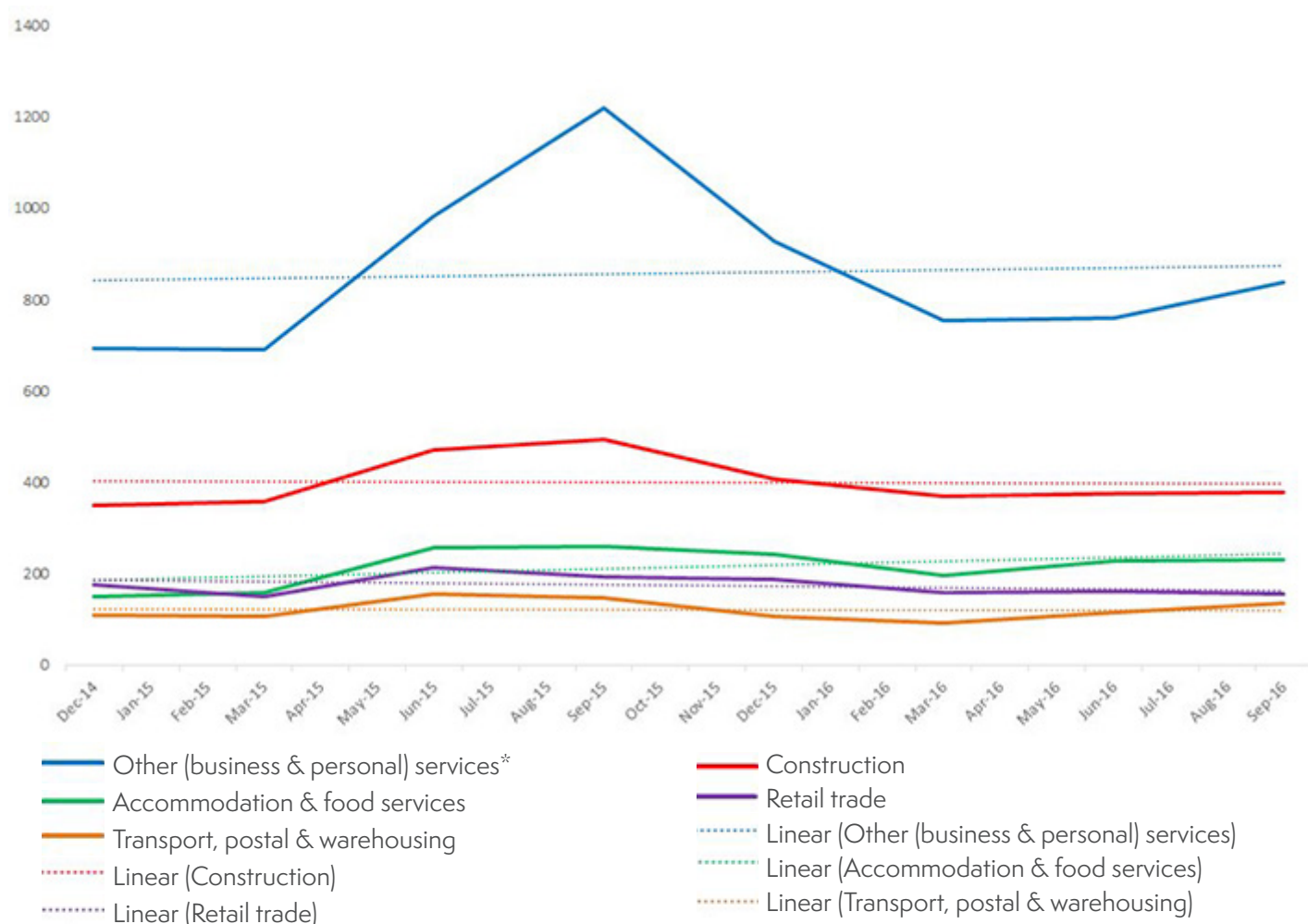
## Insolvency Trends and Analysis

The Australian Securities and Investments Commission (ASIC) Insolvency Statistics Series 1A, records the number of external administrations by industry. According to ASIC, the 5 industries with the highest number of recorded external administrations from the December 2015 to September 2016 period are:

1. Other (business and personal) Services\*, 3281
2. Construction, 1530
3. Accommodation and Food Services, 896
4. Retail Trade, 664
5. Transport, Postal and Warehousing, 447

The below graph indicates the trend of these top 5 industries according to the records of external administrations per quarter since December 2014.

Graph 1:  
Companies Entering External Administration by Industry (Dec14 Qtr to Sept16 Qtr)



\*'Other services' industry as 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.

The above graph indicates a steady trend of insolvencies throughout these industries despite the higher than average increase during the 2015 period.

# Insolvencies - Australian Securities & Investments Commission

Table 1:  
ASIC Insolvency Statistics Series 1A, Companies Entering External Administration by Industry (Dec15 Qtr to Sept16 Qtr)

Industry	Dec-15	Mar-16	Jun-16	Sep-16	Year to Year Total	% Change since Dec-15
Other (business & personal) services	928	755	761	837	3,281	-9.8%
Construction	407	369	376	378	1,530	-7.1%
Accommodation & food services	241	197	228	230	896	-4.6%
Retail trade	188	159	162	155	664	-17.6%
Transport, postal & warehousing	106	93	114	134	447	26.4%
Manufacturing	69	98	106	86	359	24.6%
Mining	54	51	129	54	288	0%
Rental, hiring & real estate services	69	44	46	76	235	10.10%
Electricity, gas, water & waste services	63	39	40	41	183	-34.9%
Finance	65	32	38	39	174	-40%
Professional, scientific & technical services	39	50	38	41	168	5.1%
Information media & telecommunications	44	30	42	43	159	-2.3%
Education & training	48	64	23	14	149	-70.8%
Wholesale trade	51	29	36	33	149	-35.3%
Agriculture, forestry & fishing	41	27	52	26	146	-36.6%
Unknown	36	33	34	41	144	13.9%
Health care & social assistance	14	16	24	35	89	150%
Arts & recreation services	15	16	15	19	65	26.7%
Administrative & support services	15	1	12	16	44	6.7%
Public administration	6	3	7	1	17	-83.3%
<b>Total</b>	<b>2,499</b>	<b>2,106</b>	<b>2,283</b>	<b>2,299</b>	<b>9,187</b>	<b>-8%</b>

# About Commercial Risk

The commercial risk data within this Report is based on active trading incorporated entities. These entities are ASIC registered companies. The data also includes significant unincorporated entities such as large law firms which can often be structured as an unincorporated partnership.

By focusing on incorporated entities for this commercial risk data, this Report takes a sharper analysis on the most relevant trends from a broader market.

Although the Australian Bureau of Statistics indicate there are over 2.1 million businesses in Australia as of June 2016, many of these are simply registered businesses (not operating), and could be comprised of part time sole traders, contractors or trust entities. As a result, this March 2017 Report, analyses data that is based on trading incorporated entities that are formed for the purpose of conducting business (buying/selling/trading), they employ staff, generate revenue and are therefore relevant with the macro ability to sway economic commercial risk.

The commercial risk score of a business is contingent on various factors and may be impacted by the behaviour of a business. This behaviour is based on a range of bureau data, including Mercantile enquires, debt amounts, age of debt, financial defaults and trade payment history. This data is designed to predict the likelihood of business failure within the next 12 months.

## Types of Risk

There are 3 main types of commercial risk that a business is categorised within this Report. The types of risk are:

1. High to Severe – Businesses that fall within risk bands 1 - 3
2. Average to Moderate – Businesses that fall within risk bands 4 - 5
3. Minimal to Low – Businesses that fall within risk bands 6 – 8

Throughout this Report, businesses within the high to severe risk category, are expected to have minimal life expectancy as they are currently in financial distress. A business within this category is extremely likely to undergo a serious adverse event within the next 12 months of trading. An adverse event may be an external administration, petition to wind up, court judgement, court writ, payment default or mercantile enquiry.

## What makes Risk

Key contributing factors (not limited to) that frame a risk score are as follows:

- The type and frequency of credit enquiries
- The time since a business/company made or changed its registration
- Credit activities including credit enquiries or adverse information of the business proprietor
- Existence of default information on a company file
- Credit source enquiries that a company makes may impact its trade history
- Serious adverse event information recorded such as a previous external administration or other serious adverse events on file
- Industry based enquiry patterns
- Director information and credit activity of a company director such as credit enquiries or adverse events

# About Commercial Risk

## Ranking Risk Bands 1-8

The risk bands rank each business on a scale of 1 - 3 (severe to high risk), 4 - 5 (average to moderate risk) and 6 - 8 (low to minimal risk) based upon their likelihood to default within the next 12 months.

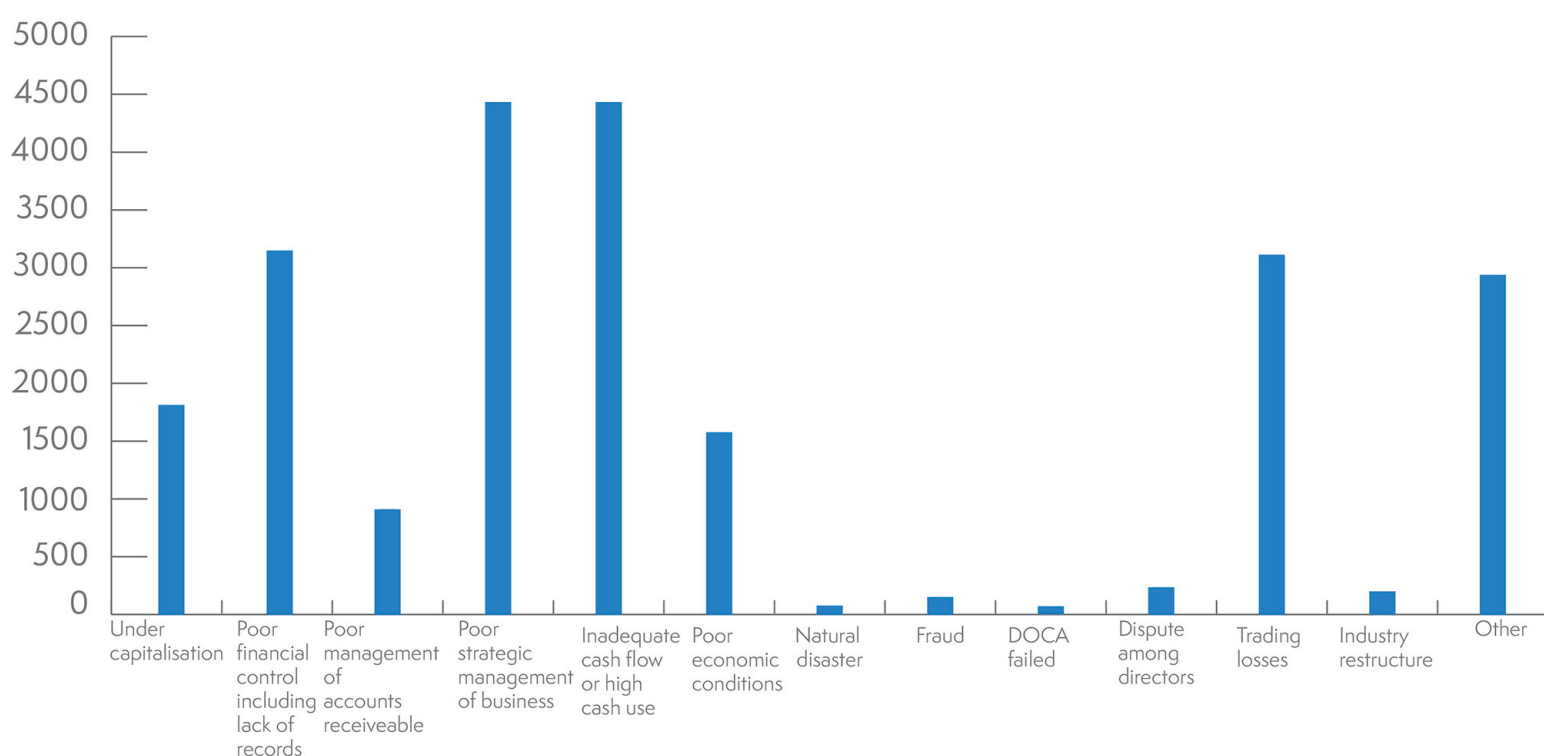


## Key Causes of Business Failure

ASIC's recorded reasons for business failure are seen throughout 'Figure 3.1.3.1 - Initial external administrators' reports—Nominated causes of failure by industry (1 July 2015–30 June 2016)'. Referring to this table, the top 3 causes for business failure nationally are:

1. Inadequate cash flow or high cash use (4318, 18.8%)
2. Poor strategic management of business (4315, 18.8%)
3. Poor financial control including lack of records (3183, 13.9%)

Figure 3.1.3.1 - Initial external administrators' reports—Nominated causes of failure by industry (1 July 2015–30 June 2016)



ASIC Table 3.1.3.1 - Initial external administrators' reports—Nominated causes of failure by industry  
(1 July 2015–30 June 2016)

Industry	Under capitalisation	Poor financial control including lack of records	Poor management of accounts receivable	Poor strategic management of business	Inadequate cash flow or high cash use	Poor economic conditions	Natural disaster	Fraud	DOCA failed	Dispute among directors	Trading losses	Industry restructuring	Other	Nominated causes of failure
Accommodation & Food Services	209	293	30	435	479	171	5	17	1	25	404	13	234	2316
Administrative & Support Services	27	22	11	42	44	9	2	1	1	4	37	2	26	228
Agriculture, Forestry & Fishing	44	54	15	74	61	38	11	5	0	7	57	4	45	415
Arts & Recreation Services	19	36	7	54	44	12	0	5	2	4	43	2	26	254
Construction	389	670	308	894	868	337	5	22	8	52	620	34	660	4867
Education & Training	20	22	21	46	40	7	0	0	0	0	32	13	32	233
Electricity, Gas, Water & Waste Services	47	60	34	87	89	22	1	4	0	0	56	10	43	453
Finance & Insurance Services	47	77	15	96	76	28	0	14	0	10	51	3	91	508
Health Care & Social Assistance	16	35	13	41	52	5	1	2	1	4	28	1	30	229
Information Media & Telecommunications	49	59	36	106	112	30	0	4	2	15	82	11	68	574
Manufacturing	90	83	46	174	189	103	3	1	0	17	163	11	108	988
Mining	54	50	15	108	106	100	3	4	1	10	70	10	56	587
Other (business & personal) Services	462	1112	233	1190	1188	307	6	32	5	52	739	43	979	6348
Professional, Scientific & Technical Services	42	40	16	90	92	39	0	3	0	9	58	5	63	457
Public Administration & Safety	27	10	5	34	36	24	0	0	0	0	33	0	4	173
Rental, Hiring & Real Estate Services	33	59	18	102	96	37	3	14	2	7	57	4	65	497
Retail Trade	163	248	48	362	385	155	3	12	0	26	329	20	194	1945
Transport, Postal & Warehousing	93	191	52	285	267	88	3	11	0	11	187	10	169	1367
Wholesale Trade	37	62	30	95	94	33	3	4	0	7	79	6	67	517
<b>Total</b>	<b>1868</b>	<b>3183</b>	<b>953</b>	<b>4315</b>	<b>4318</b>	<b>1545</b>	<b>49</b>	<b>155</b>	<b>23</b>	<b>260</b>	<b>3125</b>	<b>202</b>	<b>2960</b>	<b>22956</b>

## Insolvency Indicators

SV Partners' specialists outline the indicators that are key contributors that may lead to insolvency. These are considered to be warning signs and should be addressed with a professional as soon as possible:

- Lack of control of the business
- Overdue taxes
- Continuing losses
- Poor relationships with financial institutes or lenders 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

## Dealing with Debt and Impact on Stakeholders

There are several options for an entity dealing with debt. It is vital to seek professional advice as soon as possible if a business is experiencing financial difficulty.

Some options outlined by our specialists on dealing with debt include:

1. Paying the debt in full – continue with current repayment arrangements, investigate refinancing options (with professional advice), lump sum payments through other sources such as family/friends or superannuation through hardship provisions
2. Compromise with creditors – either through informal or formal arrangement (Bankruptcy Act / Corporations Act)
3. Communicate to the Australian Taxation Office (ATO), Creditors and Bankers the status of debt and repayments. Non-communication makes the situation worse and can often impact future negotiations with these stakeholders

There are other immediate avenues on how a business can address financial distress (alongside seeking professional advice):

1. Review significant changes in existing market share, pricing and demand for services/products
2. Retest the assumptions underlying the current business plan
3. Review the arguments for remaining in the existing vs new market sectors
4. Initiate a review of major projects (infrastructure, resources) with respect to timing and funding effects on the market and local economic conditions
5. Determine where the business should be positioning itself in the market
6. Reviewing the business cost structures regarding labour, suppliers and overheads
7. Assessing balance sheet efficiency and allocation of working capital
8. Exploring avenues to find new customers and maintain existing customers

# National Commercial Risk Analysis

According to the commercial risk data (Table 2), 2.5% of total businesses are currently in the high to severe category of financial failure within the next 12 months. This is approximately 12,633 businesses across Australia throughout all industries.

21.2% of Australian businesses are within the average to moderate category of risk of financial failure, whilst 76.3% are in the minimal to low category of risk of financial failure.

According to the Australian Industry Report 2016 written by the Chief Economist for the Department of Industry, Innovation and Science, industry performance indicates a mixed economic picture including:

- Poor business investment and confidence
- Slow wage growth
- Increase in part time employees
- The Manufacturing and Agriculture industries mixed performance

The Australian Industry Report 2016, also states that overall:

- Construction growth is strong, despite decreased demand from Mining
- Services sector continues to grow, however growth is variant between sub-industries
- Manufacturing output and employment decreased, although export values increased
- Agriculture output constricted and value of major exports decreased
- Mining output is strong despite price decreases, while the mining sector shifts into the production phase

The commercial risk data (Table 2), identifies that the top 5 industries at highest risk of financial failure proportionate to the number of businesses in each industry are:

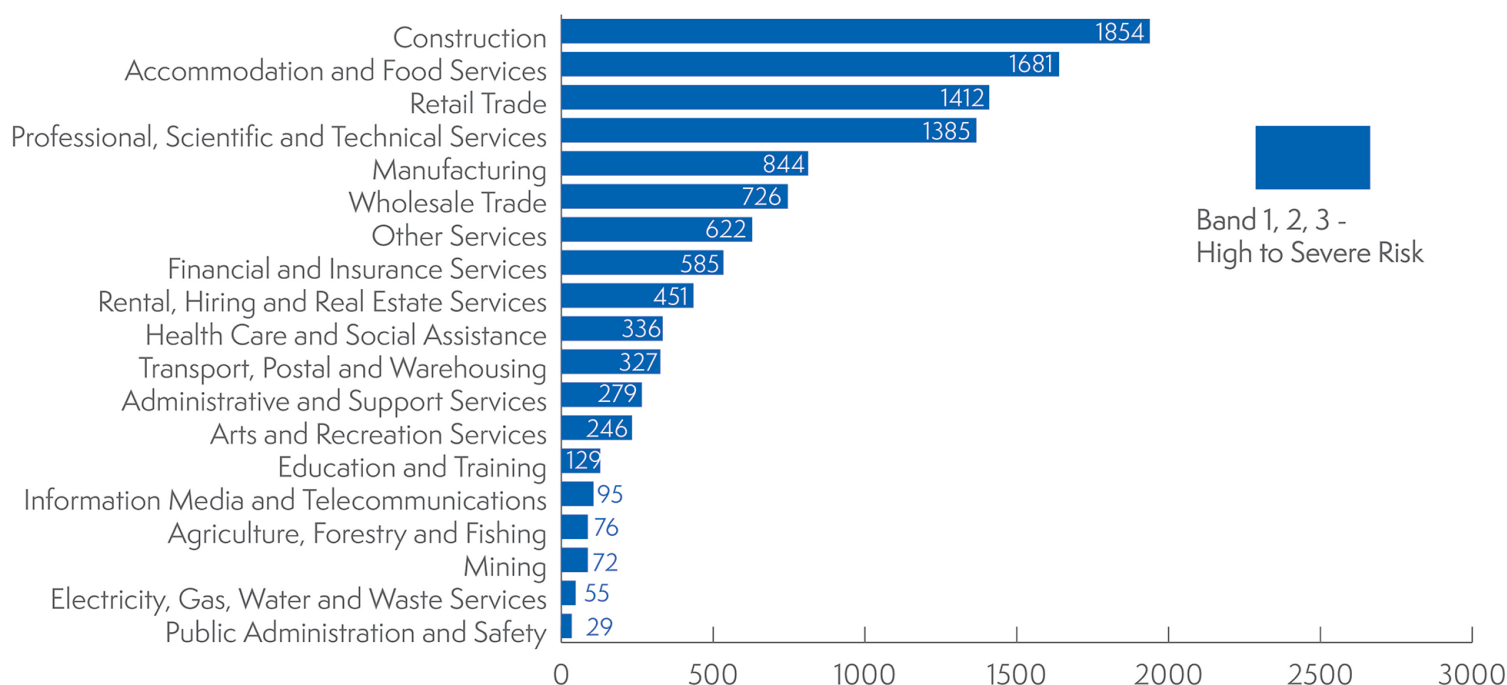
1. Accommodation and Food Services (1681, 6.7%)
2. Public Administration and Safety (29, 3.1%)
3. Retail Trade (1412, 3.0%)
4. Construction (1854, 3.0%)
5. Arts and Recreation Services (246, 2.7%)

However, nationally the 5 highest risk industries by number of businesses in each industry are:

1. Construction (1854, 3.0%)
2. Accommodation and Food Services (1681, 6.7%)
3. Retail Trade (1412, 3.0%)
4. Professional, Scientific and Technical Services (1385, 1.5%)
5. Manufacturing (844, 2.0%)

# National Commercial Risk Analysis

Graph 2:  
National - Industry vs Commercial Risk - High to Severe Risk



It is important to note from the above national data that Construction, Accommodation and Food Services and Retail Trade are at highest commercial risk of financial failure by proportion and number of businesses. These key findings are also relevant to the SV Partners Commercial Risk Outlook Report August 2016.

As indicated in Table 1, these same 3 major sectors are also ranked within the top 5 industries of external administrations from year to year totals (Quarterly statistics - December 2015 to September 2016).

The Table 3 illustrates the high to severe risk industries against the turnover size of business on a national perspective. This table shows that there are 7 companies in the \$1 billion turnover category throughout various industries that are at highest risk of financial failure within the next 12 months. The previous SV Partners Commercial Risk Outlook Report for August 2016 reported 9 companies within this turnover category at highest risk of failure.

Since this Report, Australia has seen a number of large entities fall into administration, particularly within the retail sector.

According to the commercial risk data outlined in Table 2, the industries at lowest risk proportionate to numbers of businesses are:

1. Agriculture, Forestry and Fishing (6406, 85.8%)
2. Financial and Insurance Services (50664, 84.9%)
3. Public Administration and Safety (753, 80.7%)
4. Manufacturing (34380, 80.5%)
5. Mining (3086, 80.5%)

# National Commercial Risk Analysis

Table 2:  
National - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Construction	303	695	856	4317	9271	20403	14810	12122	62777	1854	3.0%	21.6%	75.4%
Accommodation and Food Services	327	723	631	2743	5558	7384	4029	3843	25238	1681	6.7%	32.9%	60.4%
Unclassified	180	469	779	3332	4218	1463	612	346	11399	1428	12.5%	66.2%	21.2%
Retail Trade	215	561	637	3424	7457	15583	9670	9666	47213	1413	3.0%	23.0%	74.0%
Professional, Scientific and Technical Services	128	456	801	5952	12493	39640	19570	13312	92352	1385	1.5%	20.0%	78.5%
Manufacturing	120	343	381	2008	5452	12949	9306	12125	42684	844	2.0%	17.5%	80.5%
Wholesale Trade	98	327	301	1629	4759	11322	7921	9254	35611	726	2.0%	17.9%	80.0%
Other Services	104	229	289	1641	3379	9127	5958	5338	26065	622	2.4%	19.3%	78.4%
Financial and Insurance Services	50	202	333	2108	6344	21555	14929	14180	59701	585	1.0%	14.2%	84.9%
Rental, Hiring and Real Estate Services	70	172	209	1365	3206	7565	4465	3891	20943	451	2.2%	21.8%	76.0%
Health Care and Social Assistance	30	111	195	1733	3616	11681	6139	4311	27816	336	1.2%	19.2%	79.6%
Transport, Postal and Warehousing	72	121	134	789	1860	4215	2824	2929	12944	327	2.5%	20.5%	77.0%
Administrative and Support Services	33	99	147	914	1923	4945	2554	1924	12539	279	2.2%	22.6%	75.1%
Arts and Recreation Services	31	112	103	758	1543	3186	1564	1863	9160	246	2.7%	25.1%	72.2%
Education and Training	17	39	73	471	987	2259	1008	1013	5867	129	2.2%	24.9%	73.0%
Information Media and Telecommunications	15	30	50	332	812	2001	1034	906	5180	95	1.8%	22.1%	76.1%
Agriculture, Forestry and Fishing	10	30	36	253	730	2092	1917	2397	7465	76	1.0%	13.2%	85.8%
Mining	11	29	32	137	539	1029	709	1348	3834	72	1.9%	17.6%	80.5%
Electricity, Gas, Water and Waste Services	7	21	27	145	377	692	489	612	2370	55	2.3%	22.0%	75.7%
Public Administration and Safety	5	11	13	58	93	258	123	372	933	29	3.1%	16.2%	80.7%
Total	1826	4780	6027	34109	74617	179349	109631	101752	512091	12633	2.5%	21.2%	76.3%

# National Commercial Risk Analysis

Table 3:  
National - Turnover Size of Business vs Commercial Risk

Turnover Size of Business	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1, 2, 3)	% Medium Risk Band (4, 5)	% Low Risk Band (6, 7, 8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Less than \$1m	176	783	1331	8720	20894	110553	57399	29920	229776	2290	1.0%	12.9%	86.1%
\$1m to less than \$10m	1034	2574	2130	7890	28776	53648	43354	50389	189795	5738	3.0%	19.3%	77.7%
\$10m to less than \$50m	225	307	236	651	3271	5859	4691	12302	27542	768	2.8%	14.2%	83.0%
\$50m to less than \$100m	5	16	10	50	287	748	669	2182	3967	31	0.8%	8.5%	90.7%
\$100m to less than \$500m	0	4	10	47	307	662	632	2423	4085	14	0.3%	8.7%	91.0%
\$500m to less than \$1b	0	1	1	10	96	199	209	701	1217	2	0.2%	8.7%	91.1%
\$1b or more	1	2	4	22	198	483	470	1724	2904	7	0.2%	7.6%	92.2%
Unclassified	385	1093	2305	16719	20788	7197	2207	2111	52805	3783	7.2%	71.0%	21.8%
Total	1826	4780	6027	34109	74617	179349	109631	101752	512091	12633	2.5%	21.2%	76.3%

# National Commercial Risk Analysis

Table 4:  
National - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Construction	527	423	795	104	5	0	0	0	1854
Accommodation and Food Services	261	283	1052	84	0	0	0	1	1681
Unclassified	880	69	437	42	0	0	0	0	1428
Retail Trade	339	189	694	181	7	3	0	0	1413
Professional, Scientific and Technical Services	476	329	516	62	1	0	0	1	1385
Manufacturing	159	167	449	64	4	1	0	0	844
Wholesale Trade	157	49	415	97	7	1	0	0	726
Other Services	143	120	352	7	0	0	0	0	622
Financial and Insurance Services	229	212	118	20	3	2	0	1	585
Rental, Hiring and Real Estate Services	127	99	201	21	0	2	0	1	451
Health Care and Social Assistance	117	65	140	13	0	0	1	0	336
Transport, Postal and Warehousing	75	76	149	25	1	0	0	1	327
Administrative and Support Services	100	55	112	10	1	1	0	0	279
Arts and Recreation Services	62	68	112	4	0	0	0	0	246
Education and Training	39	15	65	10	0	0	0	0	129
Information Media and Telecommunications	38	16	32	6	0	2	0	1	95
Agriculture, Forestry and Fishing	15	18	38	5	0	0	0	0	76
Mining	14	30	20	6	0	1	1	0	72
Electricity, Gas, Water and Waste Services	17	3	25	6	2	1	0	1	55
Public Administration and Safety	8	4	16	1	0	0	0	0	29
Total	3783	2290	5738	768	31	14	2	7	12633

# State Commercial Risk Analysis



Table 5:  
State/Territory - State/Territory vs Commercial Risk

State	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	← Severe to High →			Moderate to Average		← Low to Minimal →							
NSW	777	1857	2290	13222	26011	63688	37537	34434	179816	4924	2.7%	21.8%	75.4%
VIC	424	1136	1394	8231	19348	50483	31693	31216	143925	2954	2.1%	19.2%	78.8%
QLD	337	944	1406	8348	15935	40397	15415	8908	91690	2687	2.9%	26.5%	70.6%
WA	168	451	409	1803	6574	10920	12281	14612	47218	1028	2.2%	17.7%	80.1%
TAS	28	139	229	673	1676	2559	1222	843	7369	396	5.4%	31.9%	62.7%
SA	53	152	151	1053	3328	7056	8925	9471	30189	356	1.2%	14.5%	84.3%
ACT	26	71	96	525	1021	2538	1423	1200	6900	193	2.8%	22.4%	74.8%
NT	11	20	42	202	536	1207	867	903	3788	73	1.9%	19.5%	78.6%
Total	1824	4770	6017	34057	74429	178848	109363	101587	510895	12611	2.5%	21.2%	76.3%

\* The totals above are excluding businesses with no state/territory registrations.

The next section of the Report will outline Queensland's highest risk industries and key factors impacting the state's economy from an insolvency perspective.

# Queensland Commercial Risk Analysis



Table 6:  
Queensland - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	← Severe to High →			Moderate to Average		← Low to Minimal →							
Construction	52	141	200	1114	2170	5082	2586	1358	12703	393	3.1%	25.9%	71.1%
Professional, Scientific and Technical Services	27	111	194	1409	2551	8191	2122	929	15534	332	2.1%	25.5%	72.4%
Unclassified	34	86	206	729	647	228	99	40	2069	326	15.8%	66.5%	17.7%
Accommodation and Food Services	42	129	131	629	1055	1553	638	394	4571	302	6.6%	36.8%	56.6%
Retail Trade	33	87	129	749	1457	3526	1512	839	8332	249	3.0%	26.5%	70.5%
Financial and Insurance Services	15	57	104	526	1503	4766	1412	1070	9453	176	1.9%	21.5%	76.7%
Wholesale Trade	19	70	65	381	1001	2454	1123	780	5893	154	2.6%	23.5%	73.9%
Manufacturing	27	46	73	479	1148	2826	1422	1094	7115	146	2.1%	22.9%	75.1%
Rental, Hiring and Real Estate Services	24	43	61	410	768	2015	750	314	4385	128	2.9%	26.9%	70.2%
Other Services	18	43	66	408	768	2184	904	462	4853	127	2.6%	24.2%	73.2%
Health Care and Social Assistance	5	25	46	491	845	2855	896	308	5471	76	1.4%	24.4%	74.2%
Transport, Postal and Warehousing	15	24	32	216	464	1004	468	306	2529	71	2.8%	26.9%	70.3%
Arts and Recreation Services	8	24	21	214	328	683	239	152	1669	53	3.2%	32.5%	64.3%
Administrative and Support Services	4	15	29	227	411	1055	338	133	2212	48	2.2%	28.8%	69.0%
Education and Training	3	11	18	121	230	567	155	119	1224	32	2.6%	28.7%	68.7%
Mining	3	12	14	53	167	332	149	183	913	29	3.2%	24.1%	72.7%
Information Media and Telecommunications	3	8	7	62	131	303	96	47	657	18	2.7%	29.4%	67.9%
Electricity, Gas, Water and Waste Services	3	3	5	37	88	160	78	51	425	11	2.6%	29.4%	68.0%
Agriculture, Forestry and Fishing	1	6	3	81	189	568	409	255	1512	10	0.7%	17.9%	81.5%
Public Administration and Safety	1	3	2	12	14	45	19	74	170	6	3.5%	15.3%	81.2%
Total	337	944	1406	8348	15935	40397	15415	8908	91690	2687	2.9%	26.5%	70.6%

# Queensland Commercial Risk Analysis

Table 7:  
Queensland - Industry vs Turnover Size of Business - High to Severe Risk

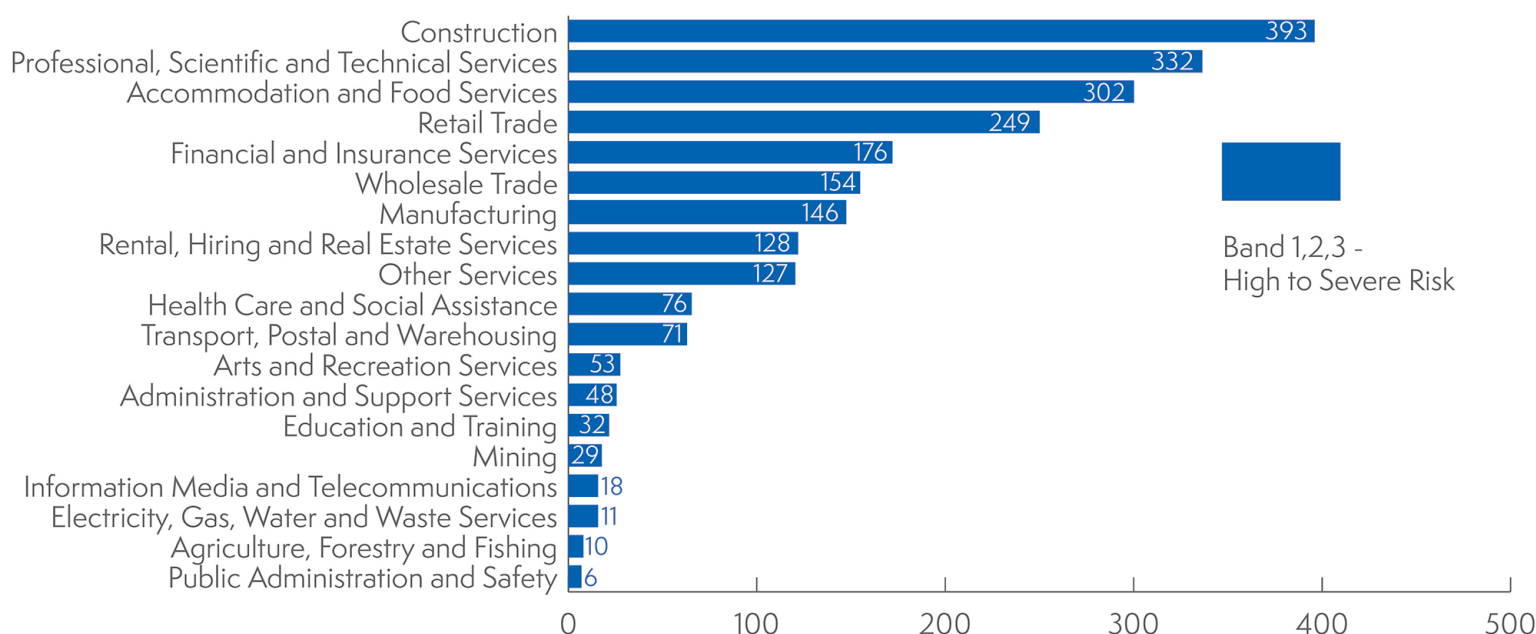
Industry	Unclassified	Less than \$1m	\$1m to less than \$10m	\$10m to less than \$50m	\$50m to less than \$100m	\$100m to less than \$500m	\$500m to less than \$1b	\$1b or more	Total
Construction	121	86	161	23	2	0	0	0	393
Professional, Scientific and Technical Services	124	69	128	11	0	0	0	0	332
Unclassified	229	11	82	4	0	0	0	0	326
Accommodation and Food Services	52	57	178	15	0	0	0	0	302
Retail Trade	54	29	131	32	2	1	0	0	249
Financial and Insurance Services	83	60	26	4	1	1	0	1	176
Wholesale Trade	31	11	92	20	0	0	0	0	154
Manufacturing	30	35	71	10	0	0	0	0	146
Rental, Hiring and Real Estate Services	35	35	53	4	0	1	0	0	128
Other Services	30	24	71	2	0	0	0	0	127
Health Care and Social Assistance	21	10	43	1	0	0	1	0	76
Transport, Postal and Warehousing	20	15	32	4	0	0	0	0	71
Arts and Recreation Services	15	13	25	0	0	0	0	0	53
Administrative and Support Services	21	8	17	2	0	0	0	0	48
Education and Training	11	5	14	2	0	0	0	0	32
Mining	6	11	7	4	0	1	0	0	29
Information Media and Telecommunications	6	1	9	0	0	1	0	1	18
Electricity, Gas, Water and Waste Services	3	1	5	1	0	0	0	1	11
Agriculture, Forestry and Fishing	1	4	4	1	0	0	0	0	10
Public Administration and Safety	1	2	3	0	0	0	0	0	6
<b>Total</b>	<b>894</b>	<b>487</b>	<b>1152</b>	<b>140</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>2687</b>

# Queensland Commercial Risk Analysis

As seen in Table 6, 6.6% of Queensland businesses operating in the Accommodation and Food Service sector are at highest risk of financial failure within the next 12 months, proportionate to number of businesses in the industry. This is concerning as this sector is also within the top 3 industries at highest risk of financial failure within the state and nationally.

According to ASIC's 'Table 3.1.3.1 - Initial external administrators' reports - Nominated causes of failure by industry (1 July 2015 - 30 June 2016)', the top cause for businesses that have entered external administration within the Accommodation and Food Services sector is inadequate cash flow or high cash use. Table 58 of the commercial risk data, indicates that the main sub-industry contributing to the Accommodation and Food Services falling in the high to severe risk category in Queensland are restaurants and cafes. Restaurants and cafes form 80.5% (or 243 businesses) within this industry in Queensland at high to severe risk of financial failure within the next 12 months.

Graph 3:  
Queensland - Industry vs Commercial Risk - High to Severe Risk



The recent decision handed down by the Fair Work Commission to reduce penalty rates for employees working weekends and public holidays within hospitality, food retailing, retail and pharmacies, may provide some relief to businesses' employment costs within the Accommodation and Food Services sector. These changes will take effect to the early/late night work loadings in late March 2017, then onto public holiday rates from 1 July 2017. (Fair Work Commission, 'Summary of Decision – 4 yearly review of modern awards – Penalty Rates', February 2017)

The industries that fall within the high to severe risk of financial failure category in Queensland (by number of businesses) are:

1. Construction (393, 3.1%)
2. Professional, Scientific and Technical Services (332, 2.1%)
3. Accommodation and Food Services (302, 6.6%)
4. Retail Trade (249, 3.0%)
5. Financial and Insurance Services (176, 1.9%)

# Queensland Commercial Risk Analysis

Table 8:  
Queensland - Region vs Commercial Risk

Region	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Brisbane - Inner City	68	193	333	1611	3517	8026	2603	1885	18236	594	3.3%	28.1%	68.6%
Gold Coast	95	187	245	1467	2610	6239	2683	1281	14807	527	3.6%	27.5%	68.9%
Brisbane - South	52	138	236	1088	2216	5165	1516	1054	11465	426	3.7%	28.8%	67.5%
Logan - Beaudesert	28	64	109	504	1032	2556	849	481	5623	201	3.6%	27.3%	69.1%
Brisbane - East	20	53	102	483	960	2459	716	465	5258	175	3.3%	27.4%	69.2%
Ipswich	17	49	105	485	948	2497	862	561	5524	171	3.1%	25.9%	71.0%
Sunshine Coast	23	61	85	658	1158	3286	1370	568	7209	169	2.3%	25.2%	72.5%
Brisbane - West	12	53	103	566	1098	3233	743	451	6259	168	2.7%	26.6%	70.7%
Brisbane - North	19	52	86	431	884	2304	727	500	5003	157	3.1%	26.3%	70.6%
Moreton Bay - South	7	41	63	346	594	1765	423	207	3446	111	3.2%	27.3%	69.5%
Cairns	9	46	42	421	696	1979	967	585	4745	97	2.0%	23.5%	74.4%
Moreton Bay - North	11	29	55	327	606	1677	468	239	3412	95	2.8%	27.3%	69.9%
Darling Downs - Maranoa	7	31	49	442	818	2318	1091	564	5320	87	1.6%	23.7%	74.7%
Wide Bay	7	32	46	338	643	1927	914	441	4348	85	2.0%	22.6%	75.5%
Fitzroy	12	30	38	280	493	1217	645	364	3079	80	2.6%	25.1%	72.3%
Mackay	6	33	36	272	492	1202	646	348	3035	75	2.5%	25.2%	72.4%
Townsville	9	28	25	269	495	1430	784	452	3492	62	1.8%	21.9%	76.3%
Toowoomba	4	19	25	263	434	1265	560	291	2861	48	1.7%	24.4%	74.0%
Queensland Outback	1	17	12	125	214	526	303	200	1398	30	2.1%	24.2%	73.6%
Total	407	1156	1795	10376	19908	51071	18870	10937	114520	3358	2.9%	26.4%	70.6%

Table 8 indicates the Queensland areas that are in the high to severe risk of financial failure within the next 12 months, in order of number of businesses are:

- Brisbane Inner City (594, 3.3%)
- Gold Coast (527, 3.6%)
- Brisbane South (426, 3.7%)
- Logan – Beaudesert (201, 3.6%)
- Brisbane – East (175, 3.3%)

These above regions are also relative to proportion of businesses in each area at financial risk of failure.

Across the state there are key Government infrastructure projects that have been positively impacting local economies, including the completion of the Airport Link M7 and 111 William Street. With the new Queens Wharf Brisbane development, local and state economy is projected to benefit with:

- \$1.69 billion annual increase in tourism
- \$4 billion to the Gross State Product (GSP)
- 50 new restaurants, cafes and bars
- A guarantee of \$880 million in casino taxes for the first ten years of operation

# Queensland Commercial Risk Analysis

The Queensland Government's Department of State Development indicate that the Queens Wharf project will boost the Queensland economy, creating over 2000 construction jobs and 8000 jobs when the resort is in operation around 2022.

SV Partners has seen a number of businesses across various industries in Queensland such as construction, mining, retail, hospitality and professional services seeking insolvency advice or entering administration. There has been a steady flow of construction, property and mining insolvency matters over the past 12 months, as these industries have been suffering throughout the past 5 years.

SV Partners has also seen a noticeable spike in insolvency matters with retail and solar installation businesses throughout 2016. It is likely that retailers have been impacted by current general economic conditions causing a disruption in consumer confidence and therefore reducing consumer expenditure. Bricks and mortar retailers have been increasingly volatile as consumer behaviour continues to be driven by online purchasing adding to an already competitive industry.

The reduction of Government rebates within the last few years have added strain to solar installation businesses with an increase of businesses succumbing to financial pressures. With solar rebates coming to an end and current imposed restrictions on solar bonus schemes in various states, solar installation businesses may face further financial distress and possible external administrations.

# Queensland Commercial Risk Analysis

Table 9:  
Brisbane (East, North, South, West, Inner City) - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Professional, Scientific and Technical Services	11	51	103	637	1333	3883	916	475	7409	165	2.2%	26.6%	71.2%
Unclassified	15	40	106	302	272	94	42	24	895	161	18.0%	64.1%	17.9%
Construction	21	54	75	337	663	1591	639	358	3738	150	4.0%	26.8%	69.2%
Accommodation and Food Services	20	57	62	211	363	469	159	119	1460	139	9.5%	39.3%	51.2%
Retail Trade	15	25	59	268	549	1223	399	213	2751	99	3.6%	29.7%	66.7%
Financial and Insurance Services	9	22	52	222	688	2034	510	485	4022	83	2.1%	22.6%	75.3%
Wholesale Trade	9	31	33	156	444	1035	380	342	2430	73	3.0%	24.7%	72.3%
Other Services	3	17	31	126	284	830	268	156	1715	51	3.0%	23.9%	73.1%
Manufacturing	9	13	27	161	436	973	426	376	2421	49	2.0%	24.7%	73.3%
Rental, Hiring and Real Estate Services	5	15	26	154	332	782	239	141	1694	46	2.7%	28.7%	68.6%
Health Care and Social Assistance	2	17	22	187	401	1261	303	144	2337	41	1.8%	25.2%	73.1%
Transport, Postal and Warehousing	4	7	13	73	149	321	104	101	772	24	3.1%	28.8%	68.1%
Arts and Recreation Services	1	8	13	70	135	259	67	56	609	22	3.6%	33.7%	62.7%
Administrative and Support Services	0	3	12	77	185	442	102	55	876	15	1.7%	29.9%	68.4%
Agriculture, Forestry and Fishing	0	1	1	12	18	68	36	19	155	2	1.3%	19.4%	79.4%
Mining	1	6	7	29	112	185	90	138	568	14	2.5%	24.8%	72.7%
Education and Training	2	4	7	65	98	253	59	51	539	13	2.4%	30.2%	67.3%
Information Media and Telecommunications	2	3	4	34	73	138	36	25	315	9	2.9%	34.0%	63.2%
Electricity, Gas, Water and Waste Services	1	1	1	15	41	64	28	28	179	3	1.7%	31.3%	67.0%
Public Administration and Safety	0	0	0	3	4	13	7	28	55	0	0.0%	12.7%	87.3%
Total	130	375	654	3139	6580	15918	4810	3334	34940	1159	3.3%	27.8%	68.9%

Table 9 (above) indicates that the Accommodation and Food Services industry (9.5%) is most at financial risk, proportionate to number of businesses in the industry. This is representative of SV Partners' insolvency observations in Brisbane and surrounding regions, with businesses in the hospitality sector being impacted by high rental expenses, high labour costs, an increase of competition and a lack of consumer spending.

# Queensland Commercial Risk Analysis

The Australian Bureau of Statistics stated that businesses operating in the Accommodation and Food Services sector were least likely to survive during the period from June 2012 to June 2016. The survival rate for businesses in this industry during this period was 53.3%. (8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016) Contrary to this, Health Care and Social Assistance businesses were the most likely to survive during the same period, with a survival rate of 74.2% across these years.

**Table 10:**  
Brisbane (East, North, South, West, Inner City) -  
Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Professional, Scientific and Technical Services	65	33	58	9	0	0	0	0	165
Unclassified	122	5	33	1	0	0	0	0	161
Construction	54	30	54	11	1	0	0	0	150
Accommodation and Food Services	22	18	91	8	0	0	0	0	139
Retail Trade	25	8	50	14	1	1	0	0	99
Financial and Insurance Services	40	26	12	3	1	0	0	1	83
Wholesale Trade	16	5	44	8	0	0	0	0	73
Other Services	12	9	28	2	0	0	0	0	51
Manufacturing	12	11	23	3	0	0	0	0	49
Rental, Hiring and Real Estate Services	18	11	16	1	0	0	0	0	46
Health Care and Social Assistance	12	4	23	1	0	0	1	0	41
Transport, Postal and Warehousing	4	6	12	2	0	0	0	0	24
Arts and Recreation Services	7	5	10	0	0	0	0	0	22
Administrative and Support Services	8	2	4	1	0	0	0	0	15
Mining	4	4	3	2	0	1	0	0	14
Education and Training	5	2	5	1	0	0	0	0	13
Information Media and Telecommunications	3	0	4	0	0	1	0	1	9
Electricity, Gas, Water and Waste Services	0	0	2	0	0	0	0	1	3
Agriculture, Forestry and Fishing	0	1	1	0	0	0	0	0	2
Public Administration and Safety	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>429</b>	<b>180</b>	<b>473</b>	<b>67</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>1159</b>

Table 10 (above) indicates there are a number of large companies within the \$1 billion turnover category within Financial and Insurance Services, Information, Media and Telecommunications and the Electricity, Gas, Water and Waste Services sectors that are currently in financial distress and are at high to severe risk of financial failure within the next 12 months.

# Queensland Commercial Risk Analysis

Table 11:  
Gold Coast - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	← Severe to High →			Moderate to Average		← Low to Minimal →							
Construction	11	27	35	200	391	807	466	251	2188	73	3.3%	27.0%	69.7%
Professional, Scientific and Technical Services	7	18	40	239	406	1298	343	125	2476	65	2.6%	26.1%	71.3%
Unclassified	9	14	42	153	125	41	18	5	407	65	16.0%	68.3%	15.7%
Accommodation and Food Services	9	24	24	118	178	239	106	80	778	57	7.3%	38.0%	54.6%
Retail Trade	9	21	26	122	254	499	236	97	1264	56	4.4%	29.7%	65.8%
Financial and Insurance Services	5	14	15	102	252	801	269	199	1657	34	2.1%	21.4%	76.6%
Manufacturing	8	14	11	88	203	498	303	173	1298	33	2.5%	22.4%	75.0%
Wholesale Trade	4	19	10	72	172	430	213	85	1005	33	3.3%	24.3%	72.4%
Rental, Hiring and Real Estate Services	9	10	10	75	138	325	155	51	773	29	3.8%	27.6%	68.7%
Other Services	7	7	5	60	125	319	143	51	717	19	2.6%	25.8%	71.5%
Administrative and Support Services	1	4	7	46	60	167	68	20	373	12	3.2%	28.4%	68.4%
Health Care and Social Assistance	2	4	6	81	115	357	166	43	774	12	1.6%	25.3%	73.1%
Arts and Recreation Services	5	5	1	40	57	130	57	29	324	11	3.4%	29.9%	66.7%
Transport, Postal and Warehousing	7	0	4	26	53	100	57	30	277	11	4.0%	28.5%	67.5%
Education and Training	0	3	2	15	43	103	36	14	216	5	2.3%	26.9%	70.8%
Mining	1	1	3	3	7	11	3	4	33	5	15.2%	30.3%	54.5%
Information Media and Telecommunications	0	2	2	10	16	54	21	3	108	4	3.7%	24.1%	72.2%
Electricity, Gas, Water and Waste Services	0	0	2	8	5	23	8	4	50	2	4.0%	26.0%	70.0%
Public Administration and Safety	1	0	0	2	3	10	2	5	23	1	4.3%	21.7%	73.9%
Agriculture, Forestry and Fishing	0	0	0	7	7	27	13	12	66	0	0.0%	21.2%	78.8%
Total	95	187	245	1467	2610	6239	2683	1281	14807	527	3.6%	27.5%	68.9%

According to Table 11 (above), businesses on the Gold Coast within the Construction (73), Professional, Scientific and Technical Services (65), Accommodation and Food Services (57) and Retail Trade (56) are within the high to severe financial risk category of financial failure within the next 12 months.

SV Partners has seen predominately construction businesses in financial distress on the Gold Coast. Some notable construction companies that have recently collapsed include: Cullen Group (Dec 16, \$30mil owing), Batir Pty Ltd (Jan 17, \$2.1mil owing), Bluestone Constructions (Feb17), Bloomer Constructions. These have all substantially impacted the construction industry. Table 12 shows another 3 large construction companies on the Gold Coast at high risk of financial failure within the next 12 months.

# Queensland Commercial Risk Analysis

Despite this, the local economy on the Gold Coast is steady with the major development of the Commonwealth Games Village and venues. The Queensland Government's Department of State Development indicates that this major project will inject approximately \$550 million into the local economy and create 1500 jobs throughout the initial design and construction, with a further 10,000 jobs throughout peak construction. The project will essentially foresee a spike in tourism and a much needed boost to accommodation and food retailers in the area. This project is set to be completed by October 2017.

After this major project completion and post Commonwealth Games, locals will undoubtedly remain cautious. There have been numerous private construction projects commencing (or in the planning approvals stage) which will flow into those seeking employment post Commonwealth Games projects.

**Table 12:**  
**Gold Coast - Industry vs Turnover Size of Business - High to Severe Risk**

Industry	Unclassified	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	Total
Construction	23	19	28	3	0	0	0	0	73
Professional, Scientific and Technical Services	26	9	29	1	0	0	0	0	65
Unclassified	43	4	17	1	0	0	0	0	65
Accommodation and Food Services	10	13	30	4	0	0	0	0	57
Retail Trade	9	8	28	11	0	0	0	0	56
Financial and Insurance Services	19	12	3	0	0	0	0	0	34
Manufacturing	5	5	20	3	0	0	0	0	33
Wholesale Trade	3	2	23	5	0	0	0	0	33
Rental, Hiring and Real Estate Services	8	11	9	1	0	0	0	0	29
Other Services	6	1	12	0	0	0	0	0	19
Administrative and Support Services	6	2	3	1	0	0	0	0	12
Health Care and Social Assistance	5	1	6	0	0	0	0	0	12
Arts and Recreation Services	3	2	6	0	0	0	0	0	11
Transport, Postal and Warehousing	3	2	5	1	0	0	0	0	11
Education and Training	2	1	2	0	0	0	0	0	5
Mining	1	2	1	1	0	0	0	0	5
Information Media and Telecommunications	1	0	3	0	0	0	0	0	4
Electricity, Gas, Water and Waste Services	1	0	1	0	0	0	0	0	2
Public Administration and Safety	0	0	1	0	0	0	0	0	1
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>174</b>	<b>94</b>	<b>227</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>527</b>

The majority (227) of businesses within the high to severe commercial risk category of financial failure fall in the \$1 million to \$10 million turnover size category.

# Queensland Commercial Risk Analysis

Table 13:  
Sunshine Coast - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Construction	3	6	18	98	178	453	267	122	1145	27	2.4%	24.1%	73.5%
Accommodation and Food Services	7	9	8	48	89	165	74	26	426	24	5.6%	32.2%	62.2%
Professional, Scientific and Technical Services	2	9	13	118	147	639	161	47	1136	24	2.1%	23.3%	74.6%
Unclassified	3	9	7	70	59	19	4	2	173	19	11.0%	74.6%	14.5%
Retail Trade	1	7	7	62	104	297	153	57	688	15	2.2%	24.1%	73.7%
Financial and Insurance Services	0	5	8	37	127	405	129	85	796	13	1.6%	20.6%	77.8%
Other Services	3	1	7	35	53	131	67	26	323	11	3.4%	27.2%	69.3%
Rental, Hiring and Real Estate Services	2	3	4	22	61	168	73	21	354	9	2.5%	23.4%	74.0%
Manufacturing	0	2	6	30	65	241	108	59	511	8	1.6%	18.6%	79.8%
Wholesale Trade	1	3	2	38	82	182	94	42	444	6	1.4%	27.0%	71.6%
Administrative and Support Services	1	0	1	13	29	79	30	5	158	2	1.3%	26.6%	72.2%
Arts and Recreation Services	0	2	0	12	24	66	29	11	144	2	1.4%	25.0%	73.6%
Health Care and Social Assistance	0	0	2	45	59	251	110	23	490	2	0.4%	21.2%	78.4%
Public Administration and Safety	0	1	1	2	2	3	3	4	16	2	12.5%	25.0%	62.5%
Transport, Postal and Warehousing	0	1	1	7	27	55	24	13	128	2	1.6%	26.6%	71.9%
Education and Training	0	1	0	8	17	48	13	8	95	1	1.1%	26.3%	72.6%
Information Media and Telecommunications	0	1	0	5	12	20	8	3	49	1	2.0%	34.7%	63.3%
Mining	0	1	0	1	1	13	1	2	19	1	5.3%	10.5%	84.2%
Agriculture, Forestry and Fishing	0	0	0	5	11	39	18	9	82	0	0.0%	19.5%	80.5%
Electricity, Gas, Water and Waste Services	0	0	0	2	11	12	4	3	32	0	0.0%	40.6%	59.4%
Total	23	61	85	658	1158	3286	1370	568	7209	169	2.3%	25.2%	72.5%

Those industries at highest risk of financial failure based on number of businesses within the Sunshine Coast region are:

- Construction (27, 2.4%)
- Accommodation and Food Services (24, 5.6%)
- Professional, Scientific and Technical Services (24, 2.1%)
- Retail Trade (15, 2.2%)
- Financial and Insurances Services (13, 1.6%)

# Queensland Commercial Risk Analysis

According to the commercial risk data, it is highly probable that a number of major companies with turnover of more than \$10 million within the construction, financial and insurances services, retail and wholesale trade industries may face adverse financial events such as insolvency over the next 12 months.

Table 14:

## Sunshine Coast - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Construction	7	9	9	1	1	0	0	0	27
Accommodation and Food Services	8	8	8	0	0	0	0	0	24
Professional, Scientific and Technical Services	9	6	9	0	0	0	0	0	24
Unclassified	12	0	7	0	0	0	0	0	19
Retail Trade	5	3	6	1	0	0	0	0	15
Financial and Insurance Services	7	4	1	0	0	1	0	0	13
Other Services	3	5	3	0	0	0	0	0	11
Rental, Hiring and Real Estate Services	0	5	4	0	0	0	0	0	9
Manufacturing	3	1	4	0	0	0	0	0	8
Wholesale Trade	1	0	2	3	0	0	0	0	6
Administrative and Support Services	1	0	1	0	0	0	0	0	2
Arts and Recreation Services	0	1	1	0	0	0	0	0	2
Health Care and Social Assistance	1	0	1	0	0	0	0	0	2
Public Administration and Safety	1	1	0	0	0	0	0	0	2
Transport, Postal and Warehousing	2	0	0	0	0	0	0	0	2
Education and Training	0	0	1	0	0	0	0	0	1
Information Media and Telecommunications	1	0	0	0	0	0	0	0	1
Mining	0	1	0	0	0	0	0	0	1
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Total	61	44	57	5	1	1	0	0	169

According to the Sunshine Coast Council's 'Sunshine Coast Regional Economic Development Strategy 2013 – 2033', there are major projects that plan to boost employment, the local economy and infrastructure improvements and developments.

Some key projects are:

- New Sunshine Coast Public University Hospital – to create 6,000 jobs after construction by 2021
- Major city centre development in Maroochydhore
- An expanded University of the Sunshine Coast
- Sunshine Coast Airport expansion – providing domestic and international gateway
- Bruce Highway upgrade

# Queensland Commercial Risk Analysis

Table 15:  
Toowoomba - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Construction	1	4	3	60	66	153	103	46	436	8	1.8%	28.9%	69.3%
Retail Trade	0	5	3	18	42	139	54	28	289	8	2.8%	20.8%	76.5%
Manufacturing	2	3	2	12	34	86	54	36	229	7	3.1%	20.1%	76.9%
Accommodation and Food Services	0	1	4	19	27	48	13	9	121	5	4.1%	38.0%	57.9%
Professional, Scientific and Technical Services	0	2	2	36	56	218	69	21	404	4	1.0%	22.8%	76.2%
Unclassified	1	1	2	18	15	6	5	1	49	4	8.2%	67.3%	24.5%
Administrative and Support Services	0	1	1	4	14	35	5	7	67	2	3.0%	26.9%	70.1%
Arts and Recreation Services	0	0	2	8	8	17	2	1	38	2	5.3%	42.1%	52.6%
Health Care and Social Assistance	0	0	2	18	34	81	35	9	179	2	1.1%	29.1%	69.8%
Other Services	0	1	1	20	21	77	32	25	177	2	1.1%	23.2%	75.7%
Agriculture, Forestry and Fishing	0	0	1	4	12	34	29	18	98	1	1.0%	16.3%	82.7%
Rental, Hiring and Real Estate Services	0	0	1	7	18	66	20	4	116	1	0.9%	21.6%	77.6%
Transport, Postal and Warehousing	0	1	0	11	16	44	30	11	113	1	0.9%	23.9%	75.2%
Wholesale Trade	0	0	1	10	26	70	38	32	177	1	0.6%	20.3%	79.1%
Education and Training	0	0	0	1	5	9	5	5	25	0	0.0%	24.0%	76.0%
Electricity, Gas, Water and Waste Services	0	0	0	0	2	5	3	3	13	0	0.0%	15.4%	84.6%
Financial and Insurance Services	0	0	0	8	34	156	57	25	280	0	0.0%	15.0%	85.0%
Information Media and Telecommunications	0	0	0	6	2	9	4	2	23	0	0.0%	34.8%	65.2%
Mining	0	0	0	3	2	11	2	3	21	0	0.0%	23.8%	76.2%
Public Administration and Safety	0	0	0	0	0	1	0	5	6	0	0.0%	0.0%	100.0%
Total	4	19	25	263	434	1265	560	291	2861	48	1.7%	24.4%	74.0%

Of the 2861 businesses profiled for the Toowoomba region, only 48 fell in the high to severe commercial risk range, equating to just over 1%.

74% of the businesses reviewed were classified as being at very low commercial risk of failure, with 24% in the medium to average risk range.

The higher risk industries continue to include construction, retail trade and manufacturing and within the \$1 million to \$10 million annual turnover bracket.

However, Toowoomba's economy when compared with other Queensland regions (Gold Coast and Sunshine Coast particularly) appears positive.

# Queensland Commercial Risk Analysis

Table 16:  
Toowoomba - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Construction	4	1	3	0	0	0	0	0	8
Retail Trade	1	2	5	0	0	0	0	0	8
Manufacturing	0	2	4	1	0	0	0	0	7
Accommodation and Food Services	1	3	1	0	0	0	0	0	5
Professional, Scientific and Technical Services	1	1	2	0	0	0	0	0	4
Unclassified	1	0	2	1	0	0	0	0	4
Administrative and Support Services	1	0	1	0	0	0	0	0	2
Arts and Recreation Services	2	0	0	0	0	0	0	0	2
Health Care and Social Assistance	0	2	0	0	0	0	0	0	2
Other Services	1	0	1	0	0	0	0	0	2
Agriculture, Forestry and Fishing	0	0	1	0	0	0	0	0	1
Rental, Hiring and Real Estate Services	0	0	1	0	0	0	0	0	1
Transport, Postal and Warehousing	0	0	1	0	0	0	0	0	1
Wholesale Trade	1	0	0	0	0	0	0	0	1
Education and Training	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Financial and Insurance Services	0	0	0	0	0	0	0	0	0
Information Media and Telecommunications	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
Total	13	11	22	2	0	0	0	0	48

# Queensland Commercial Risk Analysis

Toowoomba has been highlighted nationally as an area experiencing high growth, largely due to the number of development and infrastructure projects which are currently being undertaken or are scheduled to commence in the near future.

Of the projects recently completed in the last 12 months, the largest include the reconstruction of flood affected roads within the Darling Downs and Lockyer Valley area and the Wellcamp Airport.

Current construction projects according to the Toowoomba City Council include:

- Wellcamp Business Park
- Rollout of the National Broadband Network in Toowoomba
- Redevelopment of the Grand Central Shopping Centre scheduled for completion in 2017
- Palm Lakes Resort adding 322 new homes in the retirement village resort scheduled for completion in 2017
- The Avenues of Highfields - 534 Lot Residential Subdivision scheduled for completion in 2021

A number of additional projects have been approved or proposed for the future, most notably are:

- Toowoomba Second Range Crossing - estimated completion date late 2018
- Warrago Highway Upgrade – construction to commence in 2017
- New Acland Coal Mine Stage 3 – estimated completion date 2018/2019
- Melbourne to Brisbane Inland Rail Project – estimated completion date 2020

With a large number of projects currently on foot and a continued focus on sustainable growth through large infrastructure projects, the region's economy appears strong which is reflected in the low percentage of high risk businesses.

# Queensland Commercial Risk Analysis

Table 17:  
Mackay - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Construction	2	3	8	39	92	179	113	50	486	13	2.7%	27.0%	70.4%
Professional, Scientific and Technical Services	0	4	4	41	49	202	81	28	409	8	2.0%	22.0%	76.0%
Unclassified	1	3	4	23	14	4	2	1	52	8	15.4%	71.2%	13.5%
Manufacturing	1	4	2	13	28	58	37	29	172	7	4.1%	23.8%	72.1%
Other Services	0	2	4	17	28	90	46	25	212	6	2.8%	21.2%	75.9%
Rental, Hiring and Real Estate Services	0	4	2	12	25	51	33	9	136	6	4.4%	27.2%	68.4%
Accommodation and Food Services	0	3	2	31	31	70	30	19	186	5	2.7%	33.3%	64.0%
Wholesale Trade	1	4	0	8	21	49	24	27	134	5	3.7%	21.6%	74.6%
Transport, Postal and Warehousing	0	2	2	13	25	47	41	19	149	4	2.7%	25.5%	71.8%
Retail Trade	1	1	1	22	40	121	75	49	310	3	1.0%	20.0%	79.0%
Arts and Recreation Services	0	1	1	7	14	26	10	5	64	2	3.1%	32.8%	64.1%
Education and Training	0	0	2	2	6	12	3	7	32	2	6.3%	25.0%	68.8%
Administrative and Support Services	0	0	1	8	21	29	12	9	80	1	1.3%	36.3%	62.5%
Agriculture, Forestry and Fishing	0	1	0	4	13	34	40	19	111	1	0.9%	15.3%	83.8%
Electricity, Gas, Water and Waste Services	0	0	1	1	2	4	4	1	13	1	7.7%	23.1%	69.2%
Financial and Insurance Services	0	1	0	14	43	121	58	33	270	1	0.4%	21.1%	78.5%
Health Care and Social Assistance	0	0	1	11	28	66	24	6	136	1	0.7%	28.7%	70.6%
Information Media and Telecommunications	0	0	1	0	3	10	2	1	17	1	5.9%	17.6%	76.5%
Mining	0	0	0	6	9	26	10	9	60	0	0.0%	25.0%	75.0%
Public Administration and Safety	0	0	0	0	0	3	1	2	6	0	0.0%	0.0%	100.0%
Total	6	33	36	272	492	1202	646	348	3035	75	2.5%	25.2%	72.4%

Mackay's key industry concerns are within the construction industry, similar to key findings in the previous SV Partners Commercial Risk Report August 2016. Being one of the largest industries in the area by way of number of businesses, there are 13 construction businesses (2.7%) in immediate financial distress.

# Queensland Commercial Risk Analysis

Table 18:  
Mackay - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Construction	1	7	4	1	0	0	0	0	13
Professional, Scientific and Technical Services	3	1	4	0	0	0	0	0	8
Unclassified	7	0	1	0	0	0	0	0	8
Manufacturing	2	0	5	0	0	0	0	0	7
Other Services	0	2	4	0	0	0	0	0	6
Rental, Hiring and Real Estate Services	1	1	3	0	0	1	0	0	6
Accommodation and Food Services	2	0	3	0	0	0	0	0	5
Wholesale Trade	0	0	5	0	0	0	0	0	5
Transport, Postal and Warehousing	1	1	2	0	0	0	0	0	4
Retail Trade	1	1	1	0	0	0	0	0	3
Arts and Recreation Services	0	1	1	0	0	0	0	0	2
Education and Training	1	0	1	0	0	0	0	0	2
Administrative and Support Services	1	0	0	0	0	0	0	0	1
Agriculture, Forestry and Fishing	0	1	0	0	0	0	0	0	1
Electricity, Gas, Water and Waste Services	1	0	0	0	0	0	0	0	1
Financial and Insurance Services	1	0	0	0	0	0	0	0	1
Health Care and Social Assistance	0	1	0	0	0	0	0	0	1
Information Media and Telecommunications	1	0	0	0	0	0	0	0	1
Mining	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
Total	23	16	34	1	0	1	0	0	75

There is one business within the Rental, Hiring and Real Estate Services industry in the \$100 million or less than \$500 million turnover category that is currently in financial distress and may face adverse events such as insolvency within the next 12 months.

# Queensland Commercial Risk Analysis

Table 19:  
Rockhampton - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	← Severe to High →			Moderate to Average		← Low to Minimal →							
Construction	0	3	2	15	25	53	40	24	162	5	3.1%	24.7%	72.2%
Accommodation and Food Services	1	2	1	5	11	23	18	7	68	4	5.9%	23.5%	70.6%
Professional, Scientific and Technical Services	0	2	2	15	25	77	22	6	149	4	2.7%	26.8%	70.5%
Other Services	2	1	0	3	6	18	16	12	58	3	5.2%	15.5%	79.3%
Retail Trade	1	1	1	8	10	44	25	16	106	3	2.8%	17.0%	80.2%
Rental, Hiring and Real Estate Services	0	0	2	3	5	20	12	4	46	2	4.3%	17.4%	78.3%
Information Media and Telecommunications	0	1	0	0	0	3	3	2	9	1	11.1%	0.0%	88.9%
Unclassified	0	0	1	1	5	2	2	0	11	1	9.1%	54.5%	36.4%
Administrative and Support Services	0	0	0	3	3	6	10	0	22	0	0.0%	27.3%	72.7%
Agriculture, Forestry and Fishing	0	0	0	0	2	3	0	8	13	0	0.0%	15.4%	84.6%
Arts and Recreation Services	0	0	0	1	3	6	4	3	17	0	0.0%	23.5%	76.5%
Education and Training	0	0	0	0	1	6	1	2	10	0	0.0%	10.0%	90.0%
Electricity, Gas, Water and Waste Services	0	0	0	0	1	2	2	1	6	0	0.0%	16.7%	83.3%
Financial and Insurance Services	0	0	0	4	22	37	24	7	94	0	0.0%	27.7%	72.3%
Health Care and Social Assistance	0	0	0	7	8	48	15	3	81	0	0.0%	18.5%	81.5%
Manufacturing	0	0	0	5	4	17	6	7	39	0	0.0%	23.1%	76.9%
Mining	0	0	0	0	0	2	0	0	2	0	0.0%	0.0%	100.0%
Public Administration and Safety	0	0	0	0	0	2	0	0	2	0	0.0%	0.0%	100.0%
Transport, Postal and Warehousing	0	0	0	1	2	9	1	4	17	0	0.0%	17.6%	82.4%
Wholesale Trade	0	0	0	2	8	17	14	8	49	0	0.0%	20.4%	79.6%
Total	4	10	9	73	141	395	215	114	961	23	2.4%	22.3%	75.3%

# Queensland Commercial Risk Analysis

Table 20:  
Rockhampton - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Construction	1	0	4	0	0	0	0	0	5
Accommodation and Food Services	0	0	4	0	0	0	0	0	4
Professional, Scientific and Technical Services	0	3	1	0	0	0	0	0	4
Other Services	0	0	3	0	0	0	0	0	3
Retail Trade	0	0	2	1	0	0	0	0	3
Rental, Hiring and Real Estate Services	1	0	1	0	0	0	0	0	2
Information Media and Telecommunications	0	1	0	0	0	0	0	0	1
Unclassified	1	0	0	0	0	0	0	0	1
Administrative and Support Services	0	0	0	0	0	0	0	0	0
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Arts and Recreation Services	0	0	0	0	0	0	0	0	0
Education and Training	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Financial and Insurance Services	0	0	0	0	0	0	0	0	0
Health Care and Social Assistance	0	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
Transport, Postal and Warehousing	0	0	0	0	0	0	0	0	0
Wholesale Trade	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>4</b>	<b>15</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23</b>

Rockhampton, according to Table 19 and 20, has one major retailer in the \$10 million to less than \$50 million turnover category that is currently in financial distress and is likely to suffer an adverse event within the next 12 months.

Rockhampton's key focus by way of infrastructure and development is predominantly based on the Riverbank Revitalisation construction works consisting of 6 milestone stages. Development has already commenced and projects are estimated for completion toward September 2017. Rockhampton Regional Council states that this \$30 million project will have economic gains to local retailers and commercial and community stakeholders.

# Queensland Commercial Risk Analysis

Table 21:  
Gladstone - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		----- Low to Minimal -----→							
Construction	0	3	1	4	20	43	33	27	131	4	3.1%	18.3%	78.6%
Professional, Scientific and Technical Services	0	0	4	10	17	50	21	5	107	4	3.7%	25.2%	71.0%
Education and Training	0	0	2	2	3	2	1	3	13	2	15.4%	38.5%	46.2%
Financial and Insurance Services	0	0	2	3	6	27	15	5	58	2	3.4%	15.5%	81.0%
Rental, Hiring and Real Estate Services	1	1	0	6	4	24	10	5	51	2	3.9%	19.6%	76.5%
Unclassified	0	1	1	4	5	1	0	0	12	2	16.7%	75.0%	8.3%
Accommodation and Food Services	0	0	1	5	16	11	9	3	45	1	2.2%	46.7%	51.1%
Manufacturing	0	1	0	3	8	13	6	6	37	1	2.7%	29.7%	67.6%
Administrative and Support Services	0	0	0	2	3	4	7	1	17	0	0.0%	29.4%	70.6%
Agriculture, Forestry and Fishing	0	0	0	0	0	2	0	1	3	0	0.0%	0.0%	100.0%
Arts and Recreation Services	0	0	0	2	1	5	0	1	9	0	0.0%	33.3%	66.7%
Electricity, Gas, Water and Waste Services	0	0	0	0	0	1	1	2	4	0	0.0%	0.0%	100.0%
Health Care and Social Assistance	0	0	0	6	6	20	7	4	43	0	0.0%	27.9%	72.1%
Information Media and Telecommunications	0	0	0	1	1	0	0	1	3	0	0.0%	66.7%	33.3%
Mining	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%
Other Services	0	0	0	3	7	10	10	8	38	0	0.0%	26.3%	73.7%
Public Administration and Safety	0	0	0	0	0	0	0	3	3	0	0.0%	0.0%	100.0%
Retail Trade	0	0	0	6	15	33	15	15	84	0	0.0%	25.0%	75.0%
Transport, Postal and Warehousing	0	0	0	2	6	9	6	6	29	0	0.0%	27.6%	72.4%
Wholesale Trade	0	0	0	3	4	11	9	3	30	0	0.0%	23.3%	76.7%
Total	1	6	11	62	122	266	150	99	717	18	2.5%	25.7%	71.8%

There are 18 (2.5%) businesses within Gladstone that are facing possible financial failure within the next 12 months. 7 of these businesses in financial distress are within the \$1 million to less than \$10 million turnover size category.

# Queensland Commercial Risk Analysis

Table 22:  
Gladstone - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Construction	2	1	1	0	0	0	0	0	4
Professional, Scientific and Technical Services	3	0	1	0	0	0	0	0	4
Education and Training	1	0	1	0	0	0	0	0	2
Financial and Insurance Services	0	2	0	0	0	0	0	0	2
Rental, Hiring and Real Estate Services	0	0	2	0	0	0	0	0	2
Unclassified	0	0	1	1	0	0	0	0	2
Accommodation and Food Services	0	0	1	0	0	0	0	0	1
Manufacturing	0	1	0	0	0	0	0	0	1
Administrative and Support Services	0	0	0	0	0	0	0	0	0
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Arts and Recreation Services	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Health Care and Social Assistance	0	0	0	0	0	0	0	0	0
Information Media and Telecommunications	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Other Services	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
Retail Trade	0	0	0	0	0	0	0	0	0
Transport, Postal and Warehousing	0	0	0	0	0	0	0	0	0
Wholesale Trade	0	0	0	0	0	0	0	0	0
Total	6	4	7	1	0	0	0	0	18

# Queensland Commercial Risk Analysis

Table 23:  
Townsville - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	← Severe to High →			Moderate to Average		← Low to Minimal →							
Construction	2	4	6	49	79	239	148	109	636	12	1.9%	20.1%	78.0%
Professional, Scientific and Technical Services	2	4	3	39	59	240	86	34	467	9	1.9%	21.0%	77.1%
Accommodation and Food Services	0	4	4	22	47	72	43	17	209	8	3.8%	33.0%	63.2%
Retail Trade	1	2	3	18	57	128	93	58	360	6	1.7%	20.8%	77.5%
Wholesale Trade	0	3	1	8	19	63	40	32	166	4	2.4%	16.3%	81.3%
Financial and Insurance Services	0	3	1	10	47	168	73	29	331	4	1.2%	17.2%	81.6%
Transport, Postal and Warehousing	0	1	2	10	20	43	26	26	128	3	2.3%	23.4%	74.2%
Other Services	1	1	1	21	28	85	51	26	214	3	1.4%	22.9%	75.7%
Unclassified	0	1	1	11	19	8	3	0	43	2	4.7%	69.8%	25.6%
Rental, Hiring and Real Estate Services	1	0	1	17	25	74	38	16	172	2	1.2%	24.4%	74.4%
Mining	0	2	0	0	5	10	5	3	25	2	8.0%	20.0%	72.0%
Manufacturing	1	0	1	12	30	69	54	54	221	2	0.9%	19.0%	80.1%
Health Care and Social Assistance	0	1	1	25	13	118	46	7	211	2	0.9%	18.0%	81.0%
Arts and Recreation Services	1	1	0	10	15	25	11	5	68	2	2.9%	36.8%	60.3%
Education and Training	0	1	0	6	8	22	7	2	46	1	2.2%	30.4%	67.4%
Public Administration and Safety	0	0	0	0	1	3	0	5	9	0	0.0%	11.1%	88.9%
Information Media and Telecommunications	0	0	0	0	4	8	4	0	16	0	0.0%	25.0%	75.0%
Electricity, Gas, Water and Waste Services	0	0	0	1	3	6	7	2	19	0	0.0%	21.1%	78.9%
Agriculture, Forestry and Fishing	0	0	0	5	8	26	38	21	98	0	0.0%	13.3%	86.7%
Administrative and Support Services	0	0	0	5	8	23	11	6	53	0	0.0%	24.5%	75.5%
Total	9	28	25	269	495	1430	784	452	3492	62	1.8%	21.9%	76.3%

According to the commercial risk data illustrated in Table 23, 62 businesses are within the high to severe commercial risk bands of possible failure within the next 12 months in Townsville. The construction industry is at highest risk with 12 businesses, followed by the Professional, Scientific and Technical Services industry with 9 businesses.

# Queensland Commercial Risk Analysis

Table 24:  
Townsville - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Construction	1	1	10	0	0	0	0	0	12
Professional, Scientific and Technical Services	1	3	5	0	0	0	0	0	9
Accommodation and Food Services	1	3	4	0	0	0	0	0	8
Retail Trade	0	1	3	2	0	0	0	0	6
Financial and Insurance Services	0	2	2	0	0	0	0	0	4
Wholesale Trade	0	0	4	0	0	0	0	0	4
Other Services	0	0	3	0	0	0	0	0	3
Transport, Postal and Warehousing	2	0	1	0	0	0	0	0	3
Arts and Recreation Services	0	1	1	0	0	0	0	0	2
Health Care and Social Assistance	0	0	2	0	0	0	0	0	2
Manufacturing	0	1	0	1	0	0	0	0	2
Mining	0	1	1	0	0	0	0	0	2
Rental, Hiring and Real Estate Services	0	0	2	0	0	0	0	0	2
Unclassified	1	0	1	0	0	0	0	0	2
Education and Training	0	1	0	0	0	0	0	0	1
Administrative and Support Services	0	0	0	0	0	0	0	0	0
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Information Media and Telecommunications	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>14</b>	<b>39</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62</b>

Although construction continues to be a concern for Townsville, the current North Queensland Stadium Project is expected to generate up to 750 jobs throughout the design and construction stages. This should see positive impacts for the local economy.

# Queensland Commercial Risk Analysis

Table 25:  
Cairns - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Accommodation and Food Services	2	9	8	58	99	131	58	46	411	19	4.6%	38.2%	57.2%
Construction	1	9	5	51	103	241	161	97	668	15	2.2%	23.1%	74.7%
Retail Trade	2	5	4	39	82	215	100	69	516	11	2.1%	23.4%	74.4%
Professional, Scientific and Technical Services	0	4	5	59	66	323	119	45	621	9	1.4%	20.1%	78.4%
Unclassified	0	5	2	22	27	6	4	3	69	7	10.1%	71.0%	18.8%
Financial and Insurance Services	0	1	4	28	63	216	71	48	431	5	1.2%	21.1%	77.7%
Other Services	0	1	4	22	32	102	58	41	260	5	1.9%	20.8%	77.3%
Rental, Hiring and Real Estate Services	0	2	2	21	28	95	60	22	230	4	1.7%	21.3%	77.0%
Administrative and Support Services	1	1	1	26	23	79	34	13	178	3	1.7%	27.5%	70.8%
Health Care and Social Assistance	0	2	1	19	27	122	43	15	229	3	1.3%	20.1%	78.6%
Manufacturing	1	1	1	15	34	101	68	46	267	3	1.1%	18.4%	80.5%
Mining	0	1	2	3	4	24	5	3	42	3	7.1%	16.7%	76.2%
Transport, Postal and Warehousing	1	2	0	9	30	59	29	29	159	3	1.9%	24.5%	73.6%
Wholesale Trade	1	1	1	11	23	89	62	36	224	3	1.3%	15.2%	83.5%
Arts and Recreation Services	0	2	0	17	16	46	14	16	111	2	1.8%	29.7%	68.5%
Education and Training	0	0	2	4	9	29	10	7	61	2	3.3%	21.3%	75.4%
Agriculture, Forestry and Fishing	0	0	0	14	25	76	59	37	211	0	0.0%	18.5%	81.5%
Electricity, Gas, Water and Waste Services	0	0	0	1	3	9	4	0	17	0	0.0%	23.5%	76.5%
Information Media and Telecommunications	0	0	0	0	1	14	7	3	25	0	0.0%	4.0%	96.0%
Public Administration and Safety	0	0	0	2	1	3	2	9	17	0	0.0%	17.6%	82.4%
Total	9	46	42	421	696	1980	968	585	4747	97	2.0%	23.5%	74.4%

Cairns' Accommodation and Food Services (19), Construction (15) and Retail Trade (11) industries have the highest number of businesses at financial risk of failure within the next 12 months. This is comparable to the SV Partners Commercial Risk Outlook Report August 2016 release, with minimal difference to individual numbers within these sectors.

# Queensland Commercial Risk Analysis

Table 26:  
Cairns - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Accommodation and Food Services	2	6	9	2	0	0	0	0	19
Construction	4	4	5	2	0	0	0	0	15
Retail Trade	2	3	6	0	0	0	0	0	11
Professional, Scientific and Technical Services	3	4	2	0	0	0	0	0	9
Unclassified	2	1	4	0	0	0	0	0	7
Financial and Insurance Services	4	1	0	0	0	0	0	0	5
Other Services	2	0	3	0	0	0	0	0	5
Rental, Hiring and Real Estate Services	0	2	2	0	0	0	0	0	4
Administrative and Support Services	0	1	2	0	0	0	0	0	3
Health Care and Social Assistance	0	0	3	0	0	0	0	0	3
Manufacturing	0	2	1	0	0	0	0	0	3
Mining	1	0	2	0	0	0	0	0	3
Transport, Postal and Warehousing	2	0	1	0	0	0	0	0	3
Wholesale Trade	1	0	1	1	0	0	0	0	3
Arts and Recreation Services	0	0	2	0	0	0	0	0	2
Education and Training	0	0	2	0	0	0	0	0	2
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Information Media and Telecommunications	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>23</b>	<b>24</b>	<b>45</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>97</b>



According to the New South Wales Treasury 2016 – 17 Budget Report, the State has the strongest economy in Australia with the NSW Government having a significant surplus of \$3.7 billion in its budget and strong investment on infrastructure. With the State Government's infrastructure program, a record \$73.3 billion will be invested over the next 4 years toward critical infrastructure projects within key service delivery areas such as transport, education and energy.

The NSW State Budget is set to fund and support the acceleration of new residential construction in Sydney's priority precincts and priority growth areas by investing \$262 million.

Overall, with Sydney having the second largest number of cranes in the air of any city in the world, the New South Wales economy remains strong. Contrary to this however, are weak consumer confidence figures with retail spending growth on a decline.

Although New South Wales has the highest number of businesses (4924) within the high to severe risk band of financial failure, the state ranks fourth in terms of proportion of total businesses (2.7%) at risk across Australia. (Table 5)

From the period of December 2015 to September 2016, New South Wales contributed to 32.6% or 2994 external administrations, the highest records of insolvencies nationally for the period. (ASIC Insolvency 'Table 1.1 - Companies entering EXAD – Region summary, Annual, Quarterly')

According to the number of businesses in high to severe commercial risk bands (Table 27), the top 5 industries at risk within the state are:

1. Construction (709, 3.5%)
2. Accommodation and Food Services (653, 7.5%)
3. Retail Trade (603, 3.7%)
4. Professional, Scientific and Technical Services (564, 1.6%)
5. Manufacturing (346, 2.4%)

This also reflects on a national level the industries within the high to severe commercial risk category.

# New South Wales Commercial Risk Analysis

Table 27:  
New South Wales - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Construction	128	246	335	1640	3031	6483	4802	3797	20462	709	3.5%	22.8%	73.7%
Accommodation and Food Services	148	276	229	1074	1942	2476	1289	1222	8656	653	7.5%	34.8%	57.6%
Retail Trade	99	240	264	1351	2735	5346	3253	3135	16423	603	3.7%	24.9%	71.4%
Unclassified	73	202	294	1348	1434	488	194	98	4131	569	13.8%	67.3%	18.9%
Professional, Scientific and Technical Services	61	187	316	2427	4539	15370	7018	4753	34671	564	1.6%	20.1%	78.3%
Manufacturing	45	146	155	745	1859	4402	2981	3808	14141	346	2.4%	18.4%	79.1%
Wholesale Trade	41	130	120	637	1728	4069	2833	3217	12775	291	2.3%	18.5%	79.2%
Other Services	52	97	108	631	1063	3265	2088	2018	9322	257	2.8%	18.2%	79.1%
Financial and Insurance Services	15	58	107	714	2262	7362	5070	4742	20330	180	0.9%	14.6%	84.5%
Rental, Hiring and Real Estate Services	17	63	61	473	1108	2674	1602	1428	7426	141	1.9%	21.3%	76.8%
Transport, Postal and Warehousing	28	49	48	311	610	1434	934	878	4292	125	2.9%	21.5%	75.6%
Health Care and Social Assistance	16	32	74	689	1229	4334	2318	1664	10356	122	1.2%	18.5%	80.3%
Administrative and Support Services	16	36	68	369	712	1901	921	712	4735	120	2.5%	22.8%	74.6%
Arts and Recreation Services	14	48	33	287	547	1202	548	1009	3688	95	2.6%	22.6%	74.8%
Education and Training	6	17	28	204	369	829	379	383	2215	51	2.3%	25.9%	71.8%
Information Media and Telecommunications	7	9	20	144	377	921	478	403	2359	36	1.5%	22.1%	76.4%
Agriculture, Forestry and Fishing	3	5	12	66	204	581	511	582	1964	20	1.0%	13.7%	85.2%
Electricity, Gas, Water and Waste Services	4	7	8	50	122	220	161	160	732	19	2.6%	23.5%	73.9%
Public Administration and Safety	1	6	5	33	36	102	37	123	343	12	3.5%	20.1%	76.4%
Mining	3	3	5	29	104	229	120	302	795	11	1.4%	16.7%	81.9%
Total	777	1857	2290	13222	26011	63688	37537	34434	179816	4924	2.7%	21.8%	75.4%

It is also notable that the Agriculture, Forestry and Fishing (85.2%) and the Financial and Insurance Services (84.5%) industries are ranked within the minimal to lowest commercial risk of financial failure in NSW.

# New South Wales Commercial Risk Analysis

Table 28:  
New South Wales - Industry vs Turnover Size of Business- High to Severe Risk

Industry	Unclassified	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	Total
Construction	206	193	270	39	1	0	0	0	709
Accommodation and Food Services	103	107	409	33	0	0	0	1	653
Retail Trade	159	74	289	77	3	1	0	0	603
Unclassified	352	28	169	20	0	0	0	0	569
Professional, Scientific and Technical Services	200	138	202	24	0	0	0	0	564
Manufacturing	73	69	182	21	1	0	0	0	346
Wholesale Trade	56	18	168	44	4	1	0	0	291
Other Services	65	54	135	3	0	0	0	0	257
Financial and Insurance Services	72	62	38	7	1	0	0	0	180
Rental, Hiring and Real Estate Services	42	31	56	10	0	1	0	1	141
Transport, Postal and Warehousing	30	32	54	8	0	0	0	1	125
Health Care and Social Assistance	48	23	44	7	0	0	0	0	122
Administrative and Support Services	39	23	55	3	0	0	0	0	120
Arts and Recreation Services	21	30	43	1	0	0	0	0	95
Education and Training	18	7	23	3	0	0	0	0	51
Information Media and Telecommunications	17	6	9	3	0	1	0	0	36
Agriculture, Forestry and Fishing	5	7	7	1	0	0	0	0	20
Electricity, Gas, Water and Waste Services	5	1	11	2	0	0	0	0	19
Public Administration and Safety	5	1	6	0	0	0	0	0	12
Mining	4	5	2	0	0	0	0	0	11
Total	1520	909	2172	306	10	4	0	3	4924

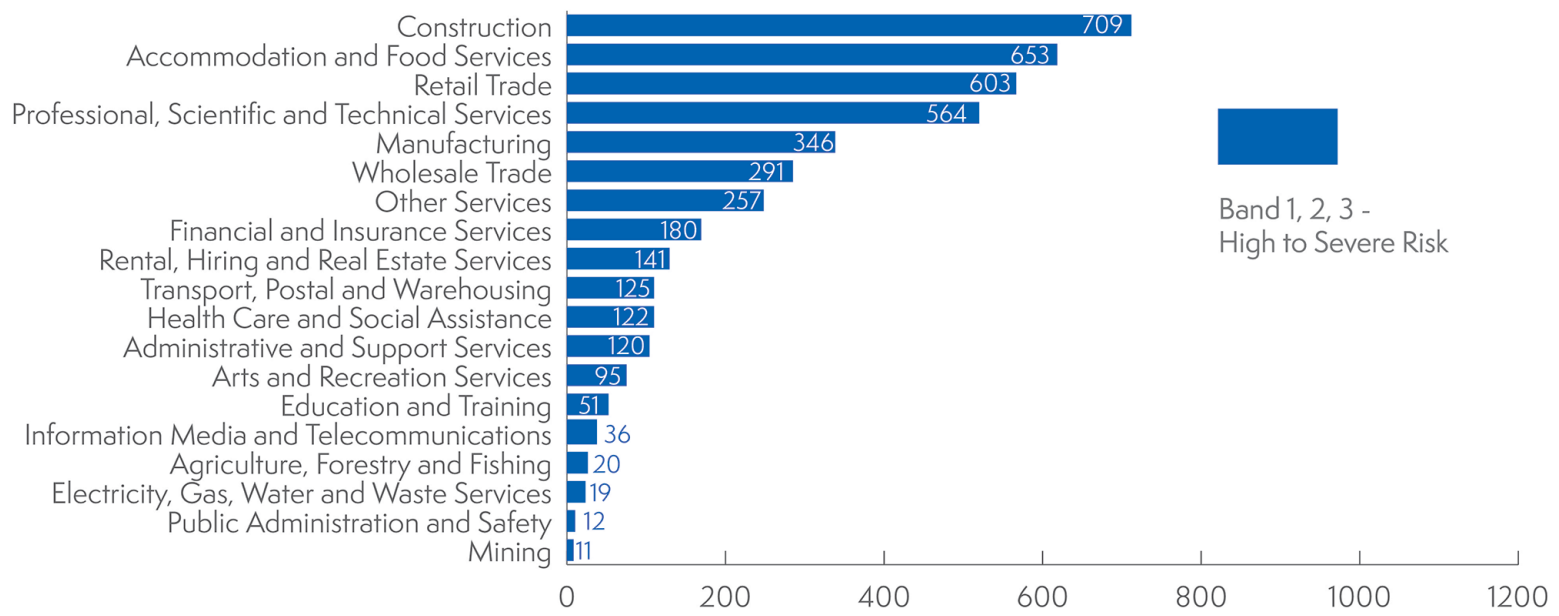
According to the Table 28, there are three \$1 billion turnover size businesses currently in financial distress that may financially fail within the next 12 months. These are seen within the Accommodation and Food Services, Rental, Hiring and Real Estate Services and Transport, Postal and Warehousing industries.

Since the previous SV Partners Commercial Risk Outlook Report August 2016, and as reported in the news, a number of major retailers have entered into administration. Table 28 indicates there are more large retailers with over \$50 million in turnover that are currently in financial distress and could face financial failure over the next 12 months.

SV Partners has seen a number of small to medium businesses entering administration or seeking professional insolvency advice. Retail businesses particularly in the clothing/fashion sector are clearly financially suffering at present.

# New South Wales Commercial Risk Analysis

Graph 4:  
New South Wales - Industry vs Commercial Risk - High to Severe Risk



# New South Wales Commercial Risk Analysis

Table 29:  
New South Wales - Region vs Commercial Risk

Region	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Sydney, City and Inner South	114	311	383	2460	5281	11033	5380	7144	32106	808	2.5%	24.1%	73.4%
Parramatta	89	265	284	1374	2479	5215	2928	2774	15408	638	4.1%	25.0%	70.9%
Inner South West	94	200	222	1108	1789	4418	2266	1970	12067	516	4.3%	24.0%	71.7%
South West	57	150	158	689	1253	2625	1734	1540	8206	365	4.4%	23.7%	71.9%
Sydney, North Sydney and Hornsby	42	116	166	1127	2547	6712	3911	3098	17719	324	1.8%	20.7%	77.4%
Sydney, Inner West	54	110	136	839	1373	3396	1764	1401	9073	300	3.3%	24.4%	72.3%
Sydney, Northern Beaches	54	110	136	839	1373	3396	1764	1401	9073	300	3.3%	24.4%	72.3%
Blacktown	46	107	133	680	1282	2978	1724	1639	8589	286	3.3%	22.8%	73.8%
Sydney, Eastern Suburbs	30	81	128	615	1122	2861	1646	1128	7611	239	3.1%	22.8%	74.0%
Sydney, Baulkham Hills and Hawkesbury	36	89	104	608	1209	3170	1990	1535	8741	229	2.6%	20.8%	76.6%
Newcastle and Lake Macquarie	47	78	91	616	1111	3157	1783	1631	8514	216	2.5%	20.3%	77.2%
Outer West and Blue Mountains	34	69	84	427	885	2347	1615	1293	6754	187	2.8%	19.4%	77.8%
Hunter Valley exc Newcastle	36	59	76	451	916	2435	1562	1454	6989	171	2.4%	19.6%	78.0%
Outer South West	32	50	75	331	592	1447	850	737	4114	157	3.8%	22.4%	73.7%
Central Coast	24	53	71	434	705	2005	1175	917	5384	148	2.7%	21.2%	76.1%
Illawarra	30	48	70	414	776	2027	1314	1034	5713	148	2.6%	20.8%	76.6%
Sydney, Sutherland	19	47	69	407	726	1912	1129	866	5175	135	2.6%	21.9%	75.5%
Sydney, Ryde	11	43	68	358	743	1846	1125	1032	5226	122	2.3%	21.1%	76.6%
Capital Region	14	24	52	244	577	1459	1047	980	4397	90	2.0%	18.7%	79.3%
Richmond, Tweed	16	37	35	292	533	1327	878	664	3782	88	2.3%	21.8%	75.9%
Southern Highlands and Shoalhaven	10	38	36	216	441	1267	891	685	3584	84	2.3%	18.3%	79.3%
Central West	13	28	41	258	558	1435	1106	1059	4498	82	1.8%	18.1%	80.0%
Riverina	5	30	30	227	508	1318	1030	1073	4221	65	1.5%	17.4%	81.0%
Mid North Coast	10	29	23	205	420	1290	819	761	3557	62	1.7%	17.6%	80.7%
Murray	9	25	27	204	415	1116	922	879	3597	61	1.7%	17.2%	81.1%
Coffs Harbour and Grafton	13	19	27	154	305	772	583	484	2357	59	2.5%	19.5%	78.0%
New England and North West	8	18	30	160	408	1023	821	858	3326	56	1.7%	17.1%	81.2%
Far West and Orana	7	15	17	121	317	733	624	636	2470	39	1.6	17.7	80.7
Total	954	2249	2772	15858	30644	74720	44381	40673	212251	5975	2.8%	21.9%	75.3%

Table 29 above indicates that Sydney City and Inner South (808) and Parramatta (638) regions are most affected by businesses in high to severe financial risk of failure within the next 12 months.

# New South Wales Commercial Risk Analysis

Table 30:  
Sydney (City & Inner South, Inner South West, Inner West) - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Accommodation and Food Services	58	110	81	346	625	719	308	363	2610	249	9.5%	37.2%	53.3%
Professional, Scientific and Technical Services	18	73	116	912	1768	4869	2027	1885	11668	207	1.8%	23.0%	75.3%
Unclassified	23	57	106	469	502	170	68	50	1445	186	12.9%	67.2%	19.9%
Retail Trade	32	70	76	409	700	1357	672	686	4002	178	4.4%	27.7%	67.8%
Construction	34	60	57	338	616	1224	739	659	3727	151	4.1%	25.6%	70.4%
Manufacturing	14	48	42	218	510	1083	640	874	3429	104	3.0%	21.2%	75.7%
Other Services	9	30	26	179	267	788	421	480	2200	65	3.0%	20.3%	76.8%
Financial and Insurance Services	4	22	38	247	894	2255	1319	1951	6730	64	1.0%	17.0%	82.1%
Wholesale Trade	12	28	24	178	487	1148	716	828	3421	64	1.9%	19.4%	78.7%
Rental, Hiring and Real Estate Services	3	22	25	149	340	747	384	501	2171	50	2.3%	22.5%	75.2%
Transport, Postal and Warehousing	13	15	14	80	152	341	219	228	1062	42	4.0%	21.8%	74.2%
Administrative and Support Services	8	12	20	127	260	681	262	280	1650	40	2.4%	23.5%	74.1%
Health Care and Social Assistance	3	7	22	190	275	987	463	405	2352	32	1.4%	19.8%	78.9%
Arts and Recreation Services	3	9	11	85	147	301	104	177	837	23	2.7%	27.7%	69.5%
Education and Training	5	3	10	64	134	274	107	122	719	18	2.5%	27.5%	70.0%
Information Media and Telecommunications	3	3	10	57	168	341	150	149	881	16	1.8%	25.5%	72.6%
Mining	0	3	3	7	50	91	45	147	346	6	1.7%	16.5%	81.8%
Electricity, Gas, Water and Waste Services	0	2	3	8	42	46	54	60	215	5	2.3%	23.3%	74.4%
Public Administration and Safety	1	1	3	11	10	26	10	48	110	5	4.5%	19.1%	76.4%
Agriculture, Forestry and Fishing	1	0	1	6	9	30	21	26	94	2	2.1%	16.0%	81.9%
Total	244	575	688	4080	7956	17478	8729	9919	49669	1507	3.0%	24.2%	72.7%

Similar to the August 2016 commercial risk results, the Accommodation and Food Services industry is the highest at risk proportionate to the number of businesses, with 9.5% suffering financial distress in Sydney. It is also the highest at risk industry by number of businesses (249) within the Sydney Inner regions.

# New South Wales Commercial Risk Analysis

Table 31:  
Sydney (City & Inner South, Inner South West, Inner West) -  
Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Accommodation and Food Services	34	43	155	17	0	0	0	0	249
Professional, Scientific and Technical Services	77	35	83	12	0	0	0	0	207
Unclassified	128	6	47	5	0	0	0	0	186
Retail Trade	56	17	79	26	0	0	0	0	178
Construction	42	36	64	9	0	0	0	0	151
Manufacturing	31	17	53	3	0	0	0	0	104
Other Services	18	14	32	1	0	0	0	0	65
Financial and Insurance Services	29	14	18	2	1	0	0	0	64
Wholesale Trade	12	1	39	11	1	0	0	0	64
Rental, Hiring and Real Estate Services	15	11	17	5	0	1	0	1	50
Transport, Postal and Warehousing	16	4	20	1	0	0	0	1	42
Administrative and Support Services	16	7	17	0	0	0	0	0	40
Health Care and Social Assistance	14	5	11	2	0	0	0	0	32
Arts and Recreation Services	7	4	12	0	0	0	0	0	23
Education and Training	5	2	8	3	0	0	0	0	18
Information Media and Telecommunications	7	1	7	1	0	0	0	0	16
Mining	2	3	1	0	0	0	0	0	6
Electricity, Gas, Water and Waste Services	2	1	2	0	0	0	0	0	5
Public Administration and Safety	2	0	3	0	0	0	0	0	5
Agriculture, Forestry and Fishing	1	1	0	0	0	0	0	0	2
<b>Total</b>	<b>514</b>	<b>222</b>	<b>668</b>	<b>98</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>1507</b>

# New South Wales Commercial Risk Analysis

Table 32:  
Southern Highlands & Shoalhaven - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Accommodation and Food Services	1	10	6	19	53	90	48	40	267	17	6.4%	27.0%	66.7%
Construction	1	6	6	38	70	152	132	115	520	13	2.5%	20.8%	76.7%
Retail Trade	3	7	1	31	74	139	85	93	433	11	2.5%	24.2%	73.2%
Manufacturing	3	2	4	6	22	84	75	76	272	9	3.3%	10.3%	86.4%
Professional, Scientific and Technical Services	1	3	4	31	51	247	123	52	512	8	1.6%	16.0%	82.4%
Other Services	0	1	5	10	22	55	57	44	194	6	3.1%	16.5%	80.4%
Unclassified	1	1	3	12	16	4	3	2	42	5	11.9%	66.7%	21.4%
Wholesale Trade	0	2	3	10	23	53	50	34	175	5	2.9%	18.9%	78.3%
Financial and Insurance Services	0	2	1	12	20	132	95	62	324	3	0.9%	9.9%	89.2%
Administrative and Support Services	0	2	0	3	7	32	18	10	72	2	2.8%	13.9%	83.3%
Health Care and Social Assistance	0	1	1	12	19	82	66	31	212	2	0.9%	14.6%	84.4%
Transport, Postal and Warehousing	0	1	1	7	11	40	23	26	109	2	1.8%	16.5%	81.7%
Arts and Recreation Services	0	0	1	7	14	34	14	40	110	1	0.9%	19.1%	80.0%
Agriculture, Forestry and Fishing	0	0	0	2	8	25	11	16	62	0	0.0%	16.1%	83.9%
Education and Training	0	0	0	4	5	13	9	10	41	0	0.0%	22.0%	78.0%
Electricity, Gas, Water and Waste Services	0	0	0	2	1	10	5	0	18	0	0.0%	16.7%	83.3%
Information Media and Telecommunications	0	0	0	0	3	4	7	5	19	0	0.0%	15.8%	84.2%
Mining	0	0	0	1	0	4	4	2	11	0	0.0%	9.1%	90.9%
Public Administration and Safety	0	0	0	2	0	1	0	1	4	0	0.0%	50.0%	50.0%
Rental, Hiring and Real Estate Services	0	0	0	7	22	66	66	26	187	0	0.0%	15.5%	84.5%
Total	10	38	36	216	441	1267	891	685	3584	84	2.3%	18.3%	79.3%

Tables 31 & 32 indicate key concerns for the Southern Highlands & Shoalhaven regions are comparable with national high risk industries being Accommodation and Food (17, 6.4%), Construction (13, 2.5%) and Retail Trade (11, 2.5%).

# New South Wales Commercial Risk Analysis

Table 33:  
Southern Highlands & Shoalhaven - Industry vs Turnover Size of Business - High to Severe

Industry	Unclassified	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	Total
Accommodation and Food Services	1	3	13	0	0	0	0	0	17
Construction	3	3	7	0	0	0	0	0	13
Retail Trade	3	2	5	1	0	0	0	0	11
Manufacturing	2	2	4	1	0	0	0	0	9
Professional, Scientific and Technical Services	4	2	2	0	0	0	0	0	8
Other Services	0	3	3	0	0	0	0	0	6
Unclassified	3	0	1	1	0	0	0	0	5
Wholesale Trade	1	0	4	0	0	0	0	0	5
Financial and Insurance Services	0	2	1	0	0	0	0	0	3
Administrative and Support Services	0	2	0	0	0	0	0	0	2
Health Care and Social Assistance	0	1	1	0	0	0	0	0	2
Transport, Postal and Warehousing	1	0	1	0	0	0	0	0	2
Arts and Recreation Services	0	1	0	0	0	0	0	0	1
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Education and Training	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Information Media and Telecommunications	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
Rental, Hiring and Real Estate Services	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>18</b>	<b>21</b>	<b>42</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>84</b>

The Shoalhaven Business Chamber identify top priorities that attribute to local economic and employment outcomes including (not limited to):

- Some key infrastructure projects such as the Marina development, Fleet Air Arm Development and Private and Public Health Care Development
- Transport infrastructure for the South Coast such as Albion Park By-Pass, completion of Main Road 92 and a 3rd crossing of the Shoalhaven River
- CBD Revitalisation and Promotion throughout Nowra and Ulladulla
- Waterfront Developments with the construction of the Ulladulla Harbor, Nowra Riverfront and other marina developments such as Jervis Bay
- Encouragement of business investment in the Shoalhaven region to support growth within the manufacturing, Defence, Government Service, Aquaculture and tourism sectors

These projects are avenues that are continuing to add growth to the region.

# New South Wales Commercial Risk Analysis

Table 34:  
Sutherland Shire - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Construction	6	9	17	74	135	298	217	153	909	32	3.5%	23.0%	73.5%
Accommodation and Food Services	5	7	7	35	44	48	32	27	205	19	9.3%	38.5%	52.2%
Professional, Scientific and Technical Services	1	3	11	66	104	417	186	93	881	15	1.7%	19.3%	79.0%
Retail Trade	3	5	7	41	69	160	98	76	459	15	3.3%	24.0%	72.8%
Unclassified	1	6	6	45	34	17	2	1	112	13	11.6%	70.5%	17.9%
Wholesale Trade	1	6	5	20	50	134	85	78	379	12	3.2%	18.5%	78.4%
Manufacturing	0	3	7	25	57	152	106	121	471	10	2.1%	17.4%	80.5%
Arts and Recreation Services	1	2	1	8	22	39	16	25	114	4	3.5%	26.3%	70.2%
Financial and Insurance Services	0	2	2	16	59	189	135	94	497	4	0.8%	15.1%	84.1%
Other Services	0	0	3	18	26	109	68	65	289	3	1.0%	15.2%	83.7%
Administrative and Support Services	0	2	0	12	19	53	24	25	135	2	1.5%	23.0%	75.6%
Health Care and Social Assistance	0	0	2	19	38	139	63	43	304	2	0.7%	18.8%	80.6%
Rental, Hiring and Real Estate Services	1	1	0	6	25	77	43	26	179	2	1.1%	17.3%	81.6%
Education and Training	0	0	1	6	8	18	9	3	45	1	2.2%	31.1%	66.7%
Transport, Postal and Warehousing	0	1	0	7	18	35	29	21	111	1	0.9%	22.5%	76.6%
Agriculture, Forestry and Fishing	0	0	0	0	3	3	4	2	12	0	0.0%	25.0%	75.0%
Electricity, Gas, Water and Waste Services	0	0	0	4	6	6	5	2	23	0	0.0%	43.5%	56.5%
Information Media and Telecommunications	0	0	0	3	8	14	7	8	40	0	0.0%	27.5%	72.5%
Mining	0	0	0	0	0	1	0	0	1	0	0.0%	0.0%	100.0%
Public Administration and Safety	0	0	0	2	1	3	0	3	9	0	0.0%	33.3%	66.7%
Total	19	47	69	407	726	1912	1129	866	5175	135	2.6%	21.9%	75.5%

Table 34 & 35 relate to the Sutherland Shire region and the number of businesses within various risk bands of financial failure predicted for the next 12 months.

The most at risk industries that fall within the high to severe category of commercial risk are Construction (32 businesses), Accommodation and Food Services (19 businesses), Professional, Scientific and Technical Services (15 businesses) and Retail Trade (15 businesses).

From Table 35, it has been identified that there are a few larger turnover size retail businesses (within the \$10 million to less than \$50 million turnover range), that are currently in financial distress and may face insolvency in the next 12 months.

# New South Wales Commercial Risk Analysis

Table 35:  
Sutherland Shire - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Construction	10	9	13	0	0	0	0	0	32
Accommodation and Food Services	2	2	14	1	0	0	0	0	19
Professional, Scientific and Technical Services	7	5	3	0	0	0	0	0	15
Retail Trade	3	0	9	3	0	0	0	0	15
Unclassified	8	1	3	1	0	0	0	0	13
Wholesale Trade	3	1	5	3	0	0	0	0	12
Manufacturing	3	1	6	0	0	0	0	0	10
Arts and Recreation Services	0	2	2	0	0	0	0	0	4
Financial and Insurance Services	1	2	1	0	0	0	0	0	4
Other Services	2	1	0	0	0	0	0	0	3
Administrative and Support Services	0	0	2	0	0	0	0	0	2
Health Care and Social Assistance	2	0	0	0	0	0	0	0	2
Rental, Hiring and Real Estate Services	0	0	2	0	0	0	0	0	2
Education and Training	0	0	1	0	0	0	0	0	1
Transport, Postal and Warehousing	0	0	1	0	0	0	0	0	1
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Information Media and Telecommunications	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>41</b>	<b>24</b>	<b>62</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>135</b>

SV Partners has recently been engaged with a number of business services, construction and retail small and family owned businesses within the region in need of specialist insolvency advice. These businesses have been facing cash flow issues and the inability to source working capital, causing financial distress.

Furthermore, SV Partners have had recent discussions with local retail experts suggesting that some retail businesses are on the verge of collapse as they are experiencing little or no growth in sales or margins, therefore making operations unsustainable.

# New South Wales Commercial Risk Analysis

Table 36:  
Illawarra - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Accommodation and Food Services	4	12	8	34	79	77	57	41	312	24	7.7%	36.2%	56.1%
Retail Trade	4	7	10	39	102	181	133	107	583	21	3.6%	24.2%	72.2%
Construction	6	2	12	62	121	246	185	156	790	20	2.5%	23.2%	74.3%
Unclassified	1	4	9	25	26	6	5	4	80	14	17.5%	63.8%	18.8%
Manufacturing	1	4	7	19	44	146	99	94	414	12	2.9%	15.2%	81.9%
Professional, Scientific and Technical Services	0	4	8	79	103	418	207	117	936	12	1.3%	19.4%	79.3%
Other Services	5	4	1	27	42	128	92	93	392	10	2.6%	17.6%	79.8%
Health Care and Social Assistance	2	3	3	27	40	185	120	82	462	8	1.7%	14.5%	83.8%
Wholesale Trade	2	1	3	15	43	109	72	74	319	6	1.9%	18.2%	79.9%
Arts and Recreation Services	2	2	1	8	28	49	27	46	163	5	3.1%	22.1%	74.8%
Transport, Postal and Warehousing	0	2	3	8	20	49	30	33	145	5	3.4%	19.3%	77.2%
Administrative and Support Services	1	1	1	15	18	58	33	16	143	3	2.1%	23.1%	74.8%
Rental, Hiring and Real Estate Services	0	1	2	19	30	88	68	33	241	3	1.2%	20.3%	78.4%
Electricity, Gas, Water and Waste Services	1	0	1	3	3	7	4	3	22	2	9.1%	27.3%	63.6%
Financial and Insurance Services	1	0	1	23	56	217	148	94	540	2	0.4%	14.6%	85.0%
Information Media and Telecommunications	0	1	0	2	7	15	9	10	44	1	2.3%	20.5%	77.3%
Agriculture, Forestry and Fishing	0	0	0	0	3	14	10	8	35	0	0.0%	8.6%	91.4%
Education and Training	0	0	0	5	7	25	12	18	67	0	0.0%	17.9%	82.1%
Mining	0	0	0	3	2	7	3	4	19	0	0.0%	26.3%	73.7%
Public Administration and Safety	0	0	0	1	2	2	0	1	6	0	0.0%	50.0%	50.0%
Total	30	48	70	414	776	2027	1314	1034	5713	148	2.6%	20.8%	76.6%

SV Partners has been working with Construction, Retail and Manufacturers in the Illawarra area that are mainly dealing with cash flow issues.

Despite this, projects within the Wollongong region are set to provide stimulus in the local economy, strengthening employment and improving consumer expenditure for local businesses.

# New South Wales Commercial Risk Analysis

Table 37:  
Illawarra - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Accommodation and Food Services	2	4	17	1	0	0	0	0	24
Retail Trade	3	2	13	3	0	0	0	0	21
Construction	6	11	3	0	0	0	0	0	20
Unclassified	11	1	2	0	0	0	0	0	14
Manufacturing	3	3	3	3	0	0	0	0	12
Professional, Scientific and Technical Services	6	1	4	1	0	0	0	0	12
Other Services	2	2	6	0	0	0	0	0	10
Health Care and Social Assistance	2	3	3	0	0	0	0	0	8
Wholesale Trade	0	0	6	0	0	0	0	0	6
Arts and Recreation Services	0	1	4	0	0	0	0	0	5
Transport, Postal and Warehousing	2	0	2	1	0	0	0	0	5
Administrative and Support Services	0	1	1	1	0	0	0	0	3
Rental, Hiring and Real Estate Services	1	1	0	1	0	0	0	0	3
Electricity, Gas, Water and Waste Services	0	0	2	0	0	0	0	0	2
Financial and Insurance Services	1	0	1	0	0	0	0	0	2
Information Media and Telecommunications	1	0	0	0	0	0	0	0	1
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Education and Training	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
Total	40	30	67	11	0	0	0	0	148

Several major new developments in Wollongong include:

- CBD Revitalisation with an estimated \$1.3 billion worth of city investment in the past 4 years, with \$300 million allocated in the pipeline
- University of Wollongong's Innovation Campus, a \$600 million site that encourages productive partnerships between industry and academia
- Port Kembla upgrade, with the site contributing to 5,200 jobs and a \$760 million contribution to NSW GSP

# New South Wales Commercial Risk Analysis

Table 38:  
Newcastle & Lake Macquarie - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Construction	7	16	7	88	165	397	289	245	1214	30	2.5%	20.8%	76.7%
Accommodation and Food Services	10	9	10	48	77	100	58	58	370	29	7.8%	33.8%	58.4%
Professional, Scientific and Technical Services	5	7	15	101	174	686	298	199	1485	27	1.8%	18.5%	79.7%
Other Services	5	10	10	37	56	179	106	101	504	25	5.0%	18.5%	76.6%
Retail Trade	3	9	12	70	105	300	179	149	827	24	2.9%	21.2%	75.9%
Manufacturing	3	6	6	38	70	189	147	205	664	15	2.3%	16.3%	81.5%
Wholesale Trade	1	6	8	21	52	162	111	125	486	15	3.1%	15.0%	81.9%
Unclassified	7	2	3	41	54	18	7	2	134	12	9.0%	70.9%	20.1%
Financial and Insurance Services	2	1	7	30	92	349	215	192	888	10	1.1%	13.7%	85.1%
Transport, Postal and Warehousing	1	3	3	14	35	81	44	49	230	7	3.0%	21.3%	75.7%
Arts and Recreation Services	1	3	2	15	33	67	23	48	192	6	3.1%	25.0%	71.9%
Health Care and Social Assistance	0	3	2	49	66	251	149	93	613	5	0.8%	18.8%	80.4%
Rental, Hiring and Real Estate Services	1	1	2	27	54	162	65	63	375	4	1.1%	21.6%	77.3%
Administrative and Support Services	0	1	2	19	37	95	42	33	229	3	1.3%	24.5%	74.2%
Education and Training	0	1	2	4	15	44	17	27	110	3	2.7%	17.3%	80.0%
Electricity, Gas, Water and Waste Services	1	0	0	3	3	15	7	7	36	1	2.8%	16.7%	80.6%
Agriculture, Forestry and Fishing	0	0	0	3	5	17	4	8	37	0	0.0%	21.6%	78.4%
Information Media and Telecommunications	0	0	0	3	7	22	10	4	46	0	0.0%	21.7%	78.3%
Mining	0	0	0	4	11	18	10	17	60	0	0.0%	25.0%	75.0%
Public Administration and Safety	0	0	0	1	0	5	2	6	14	0	0.0%	7.1%	92.9%
Total	47	78	91	616	1111	3157	1783	1631	8514	216	2.5%	20.3%	77.2%

The key issues for the Newcastle and Lake Macquarie regions are through:

- Accommodation and Food Services (7.8%) proportionate to number of businesses in the industry in the area, facing possible failure within the next 12 months. This is relative to August 2016's commercial risk data with 7.9% within the same industry in financial distress
- Construction businesses in the area continue to be of high concern, with 30 businesses facing potential adverse events within the next 12 months

# New South Wales Commercial Risk Analysis

Table 39:  
Newcastle & Lake Macquarie - Industry vs Turnover Size of Business - High to Severe

Industry	Unclassified	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	Total
Construction	8	12	8	2	0	0	0	0	30
Accommodation and Food Services	5	4	20	0	0	0	0	0	29
Professional, Scientific and Technical Services	10	7	7	3	0	0	0	0	27
Other Services	8	4	11	2	0	0	0	0	25
Retail Trade	5	5	10	4	0	0	0	0	24
Manufacturing	5	4	6	0	0	0	0	0	15
Wholesale Trade	3	1	9	1	1	0	0	0	15
Unclassified	7	0	5	0	0	0	0	0	12
Financial and Insurance Services	2	8	0	0	0	0	0	0	10
Transport, Postal and Warehousing	2	3	2	0	0	0	0	0	7
Arts and Recreation Services	0	4	2	0	0	0	0	0	6
Health Care and Social Assistance	3	1	0	1	0	0	0	0	5
Rental, Hiring and Real Estate Services	1	1	2	0	0	0	0	0	4
Administrative and Support Services	0	0	3	0	0	0	0	0	3
Education and Training	0	2	1	0	0	0	0	0	3
Electricity, Gas, Water and Waste Services	0	0	1	0	0	0	0	0	1
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Information Media and Telecommunications	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
Total	59	56	87	13	1	0	0	0	216

# New South Wales Commercial Risk Analysis

Table 40:  
Dubbo - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Construction	1	2	0	6	18	37	33	22	119	3	2.5%	20.2%	77.3%
Professional, Scientific and Technical Services	1	1	1	15	9	44	25	18	114	3	2.6%	21.1%	76.3%
Accommodation and Food Services	0	1	1	5	9	21	9	6	52	2	3.8%	26.9%	69.2%
Transport, Postal and Warehousing	1	1	0	4	7	7	16	7	43	2	4.7%	25.6%	69.8%
Unclassified	1	1	0	3	2	2	0	0	9	2	22.2%	55.6%	22.2%
Wholesale Trade	0	0	2	1	7	8	12	24	54	2	3.7%	14.8%	81.5%
Financial and Insurance Services	0	0	1	2	8	31	21	21	84	1	1.2%	11.9%	86.9%
Health Care and Social Assistance	0	0	1	4	7	18	11	7	48	1	2.1%	22.9%	75.0%
Retail Trade	0	0	1	4	21	29	27	35	117	1	0.9%	21.4%	77.8%
Administrative and Support Services	0	0	0	0	1	4	4	2	11	0	0.0%	9.1%	90.9%
Agriculture, Forestry and Fishing	0	0	0	0	4	10	5	6	25	0	0.0%	16.0%	84.0%
Arts and Recreation Services	0	0	0	0	1	4	1	6	12	0	0.0%	8.3%	91.7%
Education and Training	0	0	0	0	2	3	0	3	8	0	0.0%	25.0%	75.0%
Electricity, Gas, Water and Waste Services	0	0	0	1	0	2	0	0	3	0	0.0%	33.3%	66.7%
Information Media and Telecommunications	0	0	0	0	1	1	0	1	3	0	0.0%	33.3%	66.7%
Manufacturing	0	0	0	0	4	11	16	18	49	0	0.0%	8.2%	91.8%
Mining	0	0	0	0	0	1	0	0	1	0	0.0%	0.0%	100.0%
Other Services	0	0	0	2	7	15	17	13	54	0	0.0%	16.7%	83.3%
Public Administration and Safety	0	0	0	0	0	0	1	0	1	0	0.0%	0.0%	100.0%
Rental, Hiring and Real Estate Services	0	0	0	0	5	10	9	11	35	0	0.0%	14.3%	85.7%
Total	4	6	7	47	113	258	207	200	842	17	2.0%	19.0%	79.0%

# New South Wales Commercial Risk Analysis

Table 41:  
Dubbo - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Construction	1	1	1	0	0	0	0	0	3
Professional, Scientific and Technical Services	2	0	1	0	0	0	0	0	3
Accommodation and Food Services	0	2	0	0	0	0	0	0	2
Transport, Postal and Warehousing	1	1	0	0	0	0	0	0	2
Unclassified	0	0	2	0	0	0	0	0	2
Wholesale Trade	1	0	1	0	0	0	0	0	2
Financial and Insurance Services	0	1	0	0	0	0	0	0	1
Health Care and Social Assistance	0	0	1	0	0	0	0	0	1
Retail Trade	0	1	0	0	0	0	0	0	1
Administrative and Support Services	0	0	0	0	0	0	0	0	0
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Arts and Recreation Services	0	0	0	0	0	0	0	0	0
Education and Training	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Information Media and Telecommunications	0	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Other Services	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
Rental, Hiring and Real Estate Services	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>

According to the commercial risk data, Dubbo's outlook is positive, with 79% of businesses falling in the minimal to low risk category. This is a very encouraging sign for local businesses, with only 17 falling within the high to severe financial failure risk category.

# New South Wales Commercial Risk Analysis

Table 42:  
Tamworth - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Construction	0	1	2	9	20	40	37	33	142	3	2.1%	20.4%	77.5%
Professional, Scientific and Technical Services	0	1	2	3	12	63	36	23	140	3	2.1%	10.7%	87.1%
Wholesale Trade	1	1	0	2	4	23	11	18	60	2	3.3%	10.0%	86.7%
Accommodation and Food Services	0	0	1	7	17	11	14	11	61	1	1.6%	39.3%	59.0%
Education and Training	0	0	1	1	0	1	1	3	7	1	14.3%	14.3%	71.4%
Financial and Insurance Services	0	0	1	3	5	40	25	21	95	1	1.1%	8.4%	90.5%
Health Care and Social Assistance	0	0	1	5	10	26	14	5	61	1	1.6%	24.6%	73.8%
Other Services	0	1	0	2	4	18	14	21	60	1	1.7%	10.0%	88.3%
Retail Trade	0	0	1	6	14	26	24	34	105	1	1.0%	19.0%	80.0%
Unclassified	0	1	0	4	3	2	1	0	11	1	9.1%	63.6%	27.3%
Administrative and Support Services	0	0	0	3	3	7	7	2	22	0	0.0%	27.3%	72.7%
Agriculture, Forestry and Fishing	0	0	0	0	1	8	5	6	20	0	0.0%	5.0%	95.0%
Arts and Recreation Services	0	0	0	1	1	5	3	7	17	0	0.0%	11.8%	88.2%
Electricity, Gas, Water and Waste Services	0	0	0	0	0	1	1	0	2	0	0.0%	0.0%	100.0%
Information Media and Telecommunications	0	0	0	0	2	0	1	2	5	0	0.0%	40.0%	60.0%
Manufacturing	0	0	0	3	8	21	17	23	72	0	0.0%	15.3%	84.7%
Mining	0	0	0	0	0	0	0	2	2	0	0.0%	0.0%	100.0%
Public Administration and Safety	0	0	0	0	0	0	1	0	1	0	0.0%	0.0%	100.0%
Rental, Hiring and Real Estate Services	0	0	0	2	4	12	9	15	42	0	0.0%	14.3%	85.7%
Transport, Postal and Warehousing	0	0	0	2	7	18	11	11	49	0	0.0%	18.4%	81.6%
Total	1	5	9	53	115	322	232	237	974	15	1.5%	17.2%	81.2%

Overall, Tamworth businesses are predominantly within the minimal to low commercial financial risk category, proving positive for local business growth. There are 81.2% or 791 businesses collectively in the lowest risk categories, indicating that Tamworth's local economy will remain optimistic over the next 12 months.

# New South Wales Commercial Risk Analysis

Table 43:  
Tamworth - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Construction	0	2	1	0	0	0	0	0	3
Professional, Scientific and Technical Services	0	2	1	0	0	0	0	0	3
Wholesale Trade	0	0	2	0	0	0	0	0	2
Accommodation and Food Services	0	0	1	0	0	0	0	0	1
Education and Training	0	1	0	0	0	0	0	0	1
Financial and Insurance Services	0	0	1	0	0	0	0	0	1
Health Care and Social Assistance	0	1	0	0	0	0	0	0	1
Other Services	0	0	1	0	0	0	0	0	1
Retail Trade	1	0	0	0	0	0	0	0	1
Unclassified	1	0	0	0	0	0	0	0	1
Administrative and Support Services	0	0	0	0	0	0	0	0	0
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Arts and Recreation Services	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Information Media and Telecommunications	0	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
Rental, Hiring and Real Estate Services	0	0	0	0	0	0	0	0	0
Transport, Postal and Warehousing	0	0	0	0	0	0	0	0	0
Total	2	6	7	0	0	0	0	0	15

Tamworth's Regional Council is planning for a Northern Inland Centre of Sporting Excellence. This will add to local business and employment growth levels encouraging major sporting events and tourism.



The 2016-17 Victorian State Budget indicated that the State economy continues to grow and strengthen with a \$2.9 billion surplus. The State Government is investing an average of \$7.4 billion per year over the next 4 years on infrastructure projects throughout urban and regional transport, health and education. Overall, the Victorian Government remains positive that the state economy will continue to strengthen and unemployment figures are predicted to decrease.

This section of the report will focus on insolvency levels and commercial risk figures for Victoria.

As seen in ASIC Insolvency 'Table 1.1 - Companies entering EXAD – Region summary, Annual, Quarterly' regarding the number of insolvencies recorded by ASIC from December 2015 to September 2016, Victoria contributes to 28.3% of company external administrations. This is the second highest proportion of insolvencies following New South Wales. These insolvency records are moderate in comparison to previous years for Victoria.

## ASIC Insolvency

'Table 1.1 - Companies entering EXAD – Region summary, Annual, Quarterly'

Quarter	Australia	Queensland	New South Wales	Victoria	Tasmania
December 2015	2499	572	793	723	18
March 2016	2106	444	658	594	13
June 2016	2283	453	767	679	16
September 2016	2299	504	776	608	12
Total	9187	1973	2994	2604	59

# Victoria Commercial Risk Analysis

Table 44:  
Victoria - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Accommodation and Food Services	89	183	158	684	1538	2090	1155	1072	6969	430	6.2%	31.9%	61.9%
Construction	61	162	185	962	2302	5758	4431	3675	17536	408	2.3%	18.6%	79.1%
Retail Trade	49	145	149	896	2033	4475	2701	2935	13383	343	2.6%	21.9%	75.6%
Unclassified	51	110	168	872	1139	393	147	110	2990	329	11.0%	67.3%	21.7%
Professional, Scientific and Technical Services	24	83	179	1440	3253	11104	5543	4042	25668	286	1.1%	18.3%	80.6%
Manufacturing	29	93	101	518	1545	3958	2986	4161	13391	223	1.7%	15.4%	82.9%
Wholesale Trade	24	90	81	420	1318	3426	2361	3060	10780	195	1.8%	16.1%	82.1%
Other Services	22	64	68	402	878	2525	1787	1620	7366	154	2.1%	17.4%	80.5%
Financial and Insurance Services	12	46	75	565	1585	6419	4788	4559	18049	133	0.7%	11.9%	87.4%
Rental, Hiring and Real Estate Services	10	23	49	267	774	1825	1045	985	4978	82	1.6%	20.9%	77.4%
Health Care and Social Assistance	8	32	40	359	849	3025	1546	1294	7153	80	1.1%	16.9%	82.0%
Arts and Recreation Services	5	27	39	182	400	911	442	441	2447	71	2.9%	23.8%	73.3%
Transport, Postal and Warehousing	17	25	27	144	467	1161	798	982	3621	69	1.9%	16.9%	81.2%
Administrative and Support Services	6	25	23	213	478	1380	740	588	3453	54	1.6%	20.0%	78.4%
Information Media and Telecommunications	3	8	17	94	222	580	258	284	1466	28	1.9%	21.6%	76.5%
Education and Training	6	6	14	104	229	573	263	332	1527	26	1.7%	21.8%	76.5%
Agriculture, Forestry and Fishing	5	6	8	57	158	527	477	658	1896	19	1.0%	11.3%	87.7%
Electricity, Gas, Water and Waste Services	0	6	8	38	86	185	127	206	656	14	2.1%	18.9%	79.0%
Public Administration and Safety	3	1	4	9	21	71	26	86	221	8	3.6%	13.6%	82.8%
Mining	0	1	1	5	73	97	72	126	375	2	0.5%	20.8%	78.7%
Total	424	1136	1394	8231	19348	50483	31693	31216	143925	2954	2.1%	19.2%	78.8%

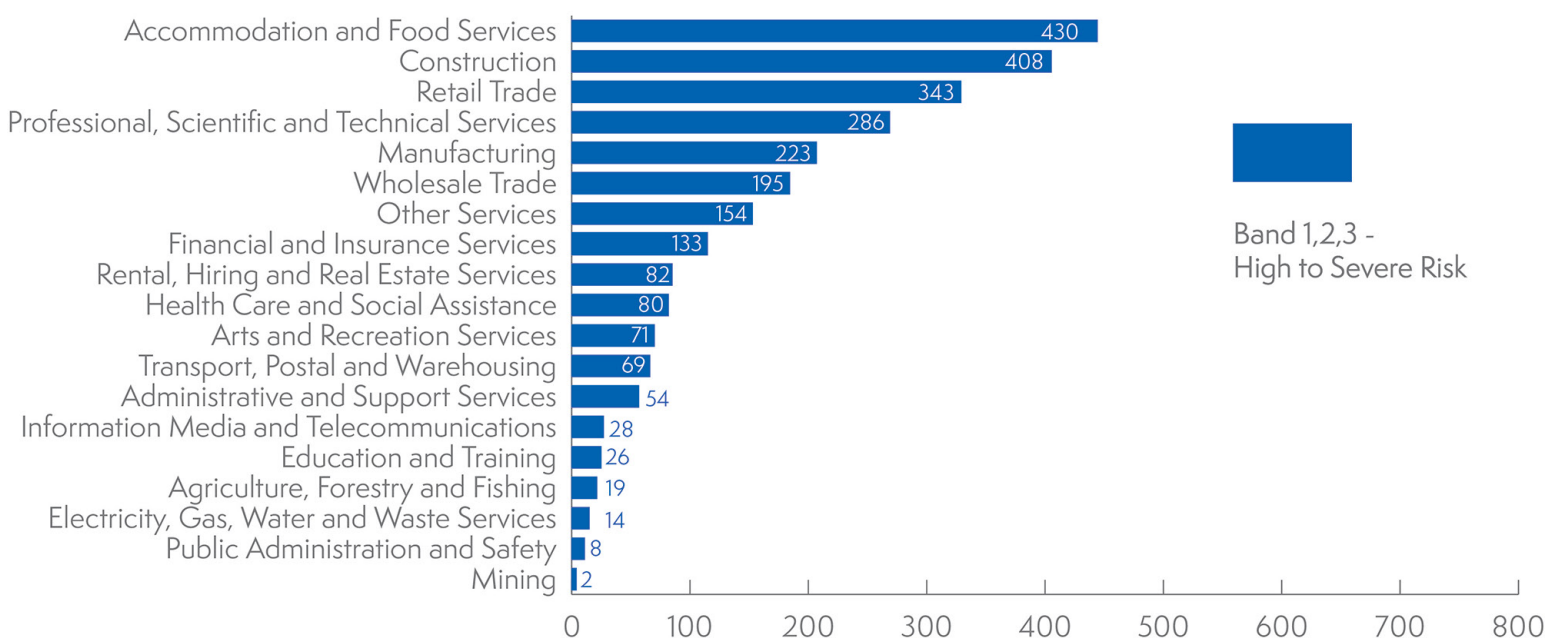
# Victoria Commercial Risk Analysis

Table 45:  
Victoria - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Accommodation and Food Services	52	66	291	21	0	0	0	0	430
Construction	117	82	189	19	1	0	0	0	408
Retail Trade	73	53	171	45	0	1	0	0	343
Unclassified	188	18	114	9	0	0	0	0	329
Professional, Scientific and Technical Services	97	66	105	16	1	0	0	1	286
Manufacturing	33	43	120	23	3	1	0	0	223
Wholesale Trade	40	12	115	26	2	0	0	0	195
Other Services	33	22	97	2	0	0	0	0	154
Financial and Insurance Services	41	60	27	5	0	0	0	0	133
Rental, Hiring and Real Estate Services	29	13	36	4	0	0	0	0	82
Health Care and Social Assistance	26	14	36	4	0	0	0	0	80
Arts and Recreation Services	19	21	29	2	0	0	0	0	71
Transport, Postal and Warehousing	12	14	33	9	1	0	0	0	69
Administrative and Support Services	24	7	18	3	1	1	0	0	54
Information Media and Telecommunications	11	6	8	3	0	0	0	0	28
Education and Training	6	2	16	2	0	0	0	0	26
Agriculture, Forestry and Fishing	3	2	12	2	0	0	0	0	19
Electricity, Gas, Water and Waste Services	7	1	2	2	1	1	0	0	14
Public Administration and Safety	2	1	4	1	0	0	0	0	8
Mining	0	1	1	0	0	0	0	0	2
<b>Total</b>	<b>813</b>	<b>504</b>	<b>1424</b>	<b>198</b>	<b>10</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>2954</b>

# Victoria Commercial Risk Analysis

Graph 5:  
Victoria - Industry vs Commercial Risk - High to Severe Risk



According to the commercial risk data for Victoria, the industries with the highest number of businesses currently in financial distress and possible failure over the next 12 months are:

- Accommodation and Food Services (430, 6.2%)
- Construction (408, 2.3%)
- Retail Trade (343, 2.6%)
- Professional Scientific and Technical Services (286, 1.1%)
- Manufacturing (223, 1.7%)

The lowest commercial risk industries according to proportion of businesses in each industry are Agriculture, Forestry and Fishing (87.7%) and Financial and Insurance Services (87.4%) sectors.

Referring to Table 45 regarding industries most at financial risk according to turnover size of business, it can be seen that one Professional, Scientific and Technical Services company within the \$1 billion turnover or more category is at possible brink of financial failure within the next 12 months.

The Australian Bureau of Statistics defines the Professional, Scientific and Technical Services sector as businesses practicing scientific research, architecture, engineering, computer systems design, law, accountancy, advertising, market research, management and other consultancy, veterinary science and professional photography.

The data also shows that a large retailer (\$100 to \$500 million turnover) is currently in financial distress and will likely be at risk of financial failure within the next 12 months.

# Victoria Commercial Risk Analysis

Table 46 refers to the regions in Victoria with regards to the number of businesses throughout various commercial risk bands. This data indicates that Melbourne West has the highest portion of businesses (3.4%) at high to severe financial risk of failure throughout the next 12 months.

The lowest risk area is in the North West of Victoria with 86.7%.

**Table 46:**  
**Victoria - Region vs Commercial Risk**

Region	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Melbourne - Inner	123	343	461	2713	5873	13298	7507	8411	38729	927	2.4%	22.2%	75.4%
Melbourne - Inner South	46	154	203	1115	2337	6417	4159	3415	17846	403	2.3%	19.3%	78.4%
Melbourne - South East	52	138	170	1030	2447	6247	3917	3858	17859	360	2.0%	19.5%	78.5%
Melbourne - West	50	140	148	781	1492	3396	2107	1826	9940	338	3.4%	22.9%	73.7%
Melbourne - North West	48	104	124	561	1292	3298	1997	2012	9436	276	2.9%	19.6%	77.4%
Melbourne - North East	42	92	120	647	1336	3839	2334	2002	10412	254	2.4%	19.0%	78.5%
Melbourne - Outer East	35	95	110	678	1513	4724	3037	2536	12728	240	1.9%	17.2%	80.9%
Melbourne - Inner East	38	79	109	761	1624	4564	3068	2231	12474	226	1.8%	19.1%	79.1%
Melbourne - Peninsula	15	45	50	336	898	2486	1612	1374	6816	110	1.6%	18.1%	80.3%
Geelong	9	20	27	181	694	2082	1381	1386	5780	56	1.0%	15.1%	83.9%
Ballarat	4	18	22	106	440	1342	953	1030	3915	44	1.1%	13.9%	84.9%
Hume	4	20	15	77	432	1262	852	1000	3662	39	1.1%	13.9%	85.0%
Latrobe - Gippsland	2	18	16	121	476	1595	1043	1125	4396	36	0.8%	13.6%	85.6%
Shepperton	7	12	12	85	346	1024	850	1002	3338	31	0.9%	12.9%	86.2%
Bendigo	3	8	17	96	357	1062	747	869	3159	28	0.9%	14.3%	84.8%
North West	6	10	10	80	326	992	788	1030	3242	26	0.8%	12.5%	86.7%
Warrnambool and South West	3	11	12	61	271	849	646	708	2561	26	1.0%	13.0%	86.0%
Total	487	1307	1626	9429	22154	58477	36998	35815	166293	3420	2.1%	19.0%	79.0%

The following tables are relating to the regions of Victoria regarding all categories of business risk within each industry.

# Victoria Commercial Risk Analysis

Table 47:  
Melbourne (Inner, Inner East, Inner South) - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Accommodation and Food Services	50	119	102	402	787	951	484	457	3352	271	8.1%	35.5%	56.4%
Professional, Scientific and Technical Services	15	52	130	973	2014	6335	3088	2409	15016	197	1.3%	19.9%	78.8%
Retail Trade	28	70	71	456	907	1793	976	992	5293	169	3.2%	25.8%	71.1%
Unclassified	17	52	99	480	583	209	71	62	1573	168	10.7%	67.6%	21.7%
Construction	24	45	60	286	705	1514	1119	865	4618	129	2.8%	21.5%	75.7%
Manufacturing	14	40	36	221	597	1429	1002	1341	4680	90	1.9%	17.5%	80.6%
Wholesale Trade	12	39	34	187	578	1484	992	1174	4500	85	1.9%	17.0%	81.1%
Other Services	9	29	34	201	349	946	662	642	2872	72	2.5%	19.2%	78.3%
Financial and Insurance Services	6	23	40	336	992	3425	2766	2710	10298	69	0.7%	12.9%	86.4%
Rental, Hiring and Real Estate Services	4	16	34	168	433	907	519	524	2605	54	2.1%	23.1%	74.9%
Health Care and Social Assistance	1	14	21	191	379	1401	722	660	3389	36	1.1%	16.8%	82.1%
Arts and Recreation Services	1	14	20	98	213	440	213	227	1226	35	2.9%	25.4%	71.8%
Administrative and Support Services	4	12	11	116	251	627	356	302	1679	27	1.6%	21.9%	76.5%
Information Media and Telecommunications	2	4	16	69	157	382	176	206	1012	22	2.2%	22.3%	75.5%
Transport, Postal and Warehousing	4	11	7	44	141	287	161	248	903	22	2.4%	20.5%	77.1%
Education and Training	3	3	6	63	133	314	149	181	852	12	1.4%	23.0%	75.6%
Electricity, Gas, Water and Waste Services	0	1	4	16	40	60	39	113	273	5	1.8%	20.5%	77.7%
Public Administration and Safety	2	0	3	4	9	25	12	48	103	5	4.9%	12.6%	82.5%
Agriculture, Forestry and Fishing	1	1	1	7	19	51	47	48	175	3	1.7%	14.9%	83.4%
Mining			1	3	38	54	40	87	223	1	0.4%	18.4%	81.2%
Total	197	545	730	4321	9325	22634	13594	13296	64642	1472	2.3%	21.1%	76.6%

# Victoria Commercial Risk Analysis

Table 48:  
Melbourne (Inner, Inner East, Inner South) -  
Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Accommodation and Food Services	39	31	185	16	0	0	0	0	271
Professional, Scientific and Technical Services	70	43	70	12	1	0	0	1	197
Retail Trade	31	25	87	25	0	1	0	0	169
Unclassified	108	10	45	5	0	0	0	0	168
Construction	36	31	56	6	0	0	0	0	129
Manufacturing	18	14	48	7	3	0	0	0	90
Wholesale Trade	19	6	52	8	0	0	0	0	85
Other Services	20	11	41	0	0	0	0	0	72
Financial and Insurance Services	22	31	12	4	0	0	0	0	69
Rental, Hiring and Real Estate Services	24	5	23	2	0	0	0	0	54
Health Care and Social Assistance	13	8	13	2	0	0	0	0	36
Arts and Recreation Services	10	11	14	0	0	0	0	0	35
Administrative and Support Services	12	4	8	1	1	1	0	0	27
Information Media and Telecommunications	9	4	6	3	0	0	0	0	22
Transport, Postal and Warehousing	5	4	10	3	0	0	0	0	22
Education and Training	2	1	8	1	0	0	0	0	12
Public Administration and Safety	1	1	2	1	0	0	0	0	5
Electricity, Gas, Water and Waste Services	2	1	0	0	1	1	0	0	5
Agriculture, Forestry and Fishing	0	1	2	0	0	0	0	0	3
Mining	0	0	1	0	0	0	0	0	1
<b>Total</b>	<b>441</b>	<b>242</b>	<b>683</b>	<b>96</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>1472</b>

Although Table 48 indicates that the majority (46.4%) of businesses within the high to severe risk bands are within \$1 million to less than \$10 million turnover bracket, there are a few larger \$50 million in turnover and more businesses facing current financial distress and potential failure within the next 12 months within Melbourne and Inner Melbourne areas.

# Victoria Commercial Risk Analysis

Table 49:  
Ballarat - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Accommodation and Food Services	3	0	4	10	41	75	56	61	250	7	2.8%	20.4%	76.8%
Retail Trade	0	2	4	8	44	142	94	166	460	6	1.3%	11.3%	87.4%
Construction	0	2	3	31	65	211	154	151	617	5	0.8%	15.6%	83.6%
Wholesale Trade	0	3	2	1	26	63	53	71	219	5	2.3%	12.3%	85.4%
Manufacturing	0	2	2	6	35	82	85	123	335	4	1.2%	12.2%	86.6%
Unclassified	0	3	1	9	22	8	1	1	45	4	8.9%	68.9%	22.2%
Arts and Recreation Services	0	1	2	3	13	33	8	7	67	3	4.5%	23.9%	71.6%
Professional, Scientific and Technical Services	0	1	2	9	59	233	97	79	480	3	0.6%	14.2%	85.2%
Agriculture, Forestry and Fishing	0	1	1	4	16	48	40	51	161	2	1.2%	12.4%	86.3%
Education and Training	0	1	1	2	3	18	10	12	47	2	4.3%	10.6%	85.1%
Transport, Postal and Warehousing	0	2	0	2	21	39	61	40	165	2	1.2%	13.9%	84.8%
Financial and Insurance Services	1	0	0	6	20	159	91	118	395	1	0.3%	6.6%	93.2%
Administrative and Support Services	0	0	0	2	11	26	33	8	80	0	0.0%	16.3%	83.8%
Electricity, Gas, Water and Waste Services	0	0	0	0	2	9	8	5	24	0	0.0%	8.3%	91.7%
Health Care and Social Assistance	0	0	0	1	21	58	51	38	169	0	0.0%	13.0%	87.0%
Information Media and Telecommunications	0	0	0	1	5	10	4	6	26	0	0.0%	23.1%	76.9%
Mining	0	0	0	0	0	3	3	6	12	0	0.0%	0.0%	100.0%
Other Services	0	0	0	4	24	66	70	56	220	0	0.0%	12.7%	87.3%
Public Administration and Safety	0	0	0	0	0	2	0	4	6	0	0.0%	0.0%	100.0%
Rental, Hiring and Real Estate Services	0	0	0	7	12	57	34	27	137	0	0.0%	13.9%	86.1%
Total	4	18	22	106	440	1342	953	1030	3915	44	1.1%	13.9%	84.9%

Ballarat, according to Tables 49 & 50, indicate a fairly positive result with nearly 85% of businesses in the region at minimal to low risk of financial failure. This in comparison to other regions is encouraging.

# Victoria Commercial Risk Analysis

Table 50:  
Ballarat - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Accommodation and Food Services	0	2	5	0	0	0	0	0	7
Retail Trade	1	2	2	1	0	0	0	0	6
Construction	1	2	2	0	0	0	0	0	5
Wholesale Trade	1	2	1	1	0	0	0	0	5
Manufacturing	2	2	0	0	0	0	0	0	4
Unclassified	2	0	2	0	0	0	0	0	4
Arts and Recreation Services	1	2	0	0	0	0	0	0	3
Professional, Scientific and Technical Services	0	0	3	0	0	0	0	0	3
Agriculture, Forestry and Fishing	0	0	2	0	0	0	0	0	2
Education and Training	0	1	1	0	0	0	0	0	2
Transport, Postal and Warehousing	0	1	1	0	0	0	0	0	2
Financial and Insurance Services	0	0	1	0	0	0	0	0	1
Administrative and Support Services	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Health Care and Social Assistance	0	0	0	0	0	0	0	0	0
Information Media and Telecommunications	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Other Services	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
Rental, Hiring and Real Estate Services	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>14</b>	<b>20</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44</b>

Table 51:  
Geelong - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Accommodation and Food Services	5	4	5	16	61	119	76	68	354	14	4.0%	21.8%	74.3%
Construction	0	4	5	39	121	343	263	195	970	9	0.9%	16.5%	82.6%
Administrative and Support Services	1	3	0	4	16	48	31	28	131	4	3.1%	15.3%	81.7%
Arts and Recreation Services	0	1	3	4	14	40	16	18	96	4	4.2%	18.8%	77.1%
Health Care and Social Assistance	1	1	1	4	54	136	93	49	339	3	0.9%	17.1%	82.0%
Rental, Hiring and Real Estate Services	0	0	3	6	22	97	51	35	214	3	1.4%	13.1%	85.5%
Retail Trade	0	2	1	20	57	197	119	165	561	3	0.5%	13.7%	85.7%
Wholesale Trade	0	2	1	7	44	109	80	113	356	3	0.8%	14.3%	84.8%
Financial and Insurance Services	0	0	2	6	31	246	133	189	607	2	0.3%	6.1%	93.6%
Manufacturing	1	1	0	12	45	114	103	148	424	2	0.5%	13.4%	86.1%
Other Services	0	0	2	7	41	96	93	85	324	2	0.6%	14.8%	84.6%
Transport, Postal and Warehousing	0	2	0	6	19	43	58	59	187	2	1.1%	13.4%	85.6%
Unclassified	1	0	1	22	38	13	7	5	87	2	2.3%	69.0%	28.7%
Education and Training	0	0	1	1	6	25	12	16	61	1	1.6%	11.5%	86.9%
Information Media and Telecommunications	0	0	1	2	5	21	5	5	39	1	2.6%	17.9%	79.5%
Professional, Scientific and Technical Services	0	0	1	18	99	381	197	148	844	1	0.1%	13.9%	86.0%
Agriculture, Forestry and Fishing	0	0	0	5	14	46	36	40	141	0	0.0%	13.5%	86.5%
Electricity, Gas, Water and Waste Services	0	0	0	2	4	6	6	11	29	0	0.0%	20.7%	79.3%
Mining	0	0	0	0	2	0	2	3	7	0	0.0%	28.6%	71.4%
Public Administration and Safety	0	0	0	0	1	2	0	6	9	0	0.0%	11.1%	88.9%
Total	9	20	27	181	694	2082	1381	1386	5780	56	1.0%	15.1%	83.9%

# Victoria Commercial Risk Analysis

Table 52:  
Geelong - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Accommodation and Food Services	3	3	7	1	0	0	0	0	14
Construction	0	1	8	0	0	0	0	0	9
Administrative and Support Services	0	0	4	0	0	0	0	0	4
Arts and Recreation Services	2	2	0	0	0	0	0	0	4
Health Care and Social Assistance	3	0	0	0	0	0	0	0	3
Rental, Hiring and Real Estate Services	1	2	0	0	0	0	0	0	3
Retail Trade	0	1	2	0	0	0	0	0	3
Wholesale Trade	0	1	2	0	0	0	0	0	3
Financial and Insurance Services	1	0	1	0	0	0	0	0	2
Manufacturing	0	0	2	0	0	0	0	0	2
Other Services	0	0	2	0	0	0	0	0	2
Transport, Postal and Warehousing	1	0	1	0	0	0	0	0	2
Unclassified	2	0	0	0	0	0	0	0	2
Education and Training	1	0	0	0	0	0	0	0	1
Information Media and Telecommunications	0	1	0	0	0	0	0	0	1
Professional, Scientific and Technical Services	0	0	1	0	0	0	0	0	1
Agriculture, Forestry and Fishing	0	0	0	0	0	0	0	0	0
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>14</b>	<b>11</b>	<b>30</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56</b>

Geelong's highest risk industries according to proportion of number of businesses within each industry are:

- Arts and Recreational Services (4, 4.2%)
- Accommodation and Food Services (14, 4.0%)
- Administrative and Support Services (4, 3.1%)

Geelong's minimal to low risk categories are collectively nearly 84% of businesses in the area, showing positive signs.



The top 5 industries with businesses within the high to severe risk of financial failure category for Tasmania are (Table 53):

- Retail Trade (64, 7.1%)
- Professional, Scientific and Technical Services (50, 4.6%)
- Accommodation and Food Services (45, 8.3%)
- Construction (39, 4.5%)
- Manufacturing (20, 3.2%)

# Tasmania Commercial Risk Analysis

Table 53:  
Tasmania - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Retail Trade	3	26	35	94	202	316	136	91	903	64	7.1%	32.8%	60.1%
Professional, Scientific and Technical Services	2	13	35	90	214	449	173	118	1094	50	4.6%	27.8%	67.6%
Accommodation and Food Services	5	21	19	73	139	167	75	42	541	45	8.3%	39.2%	52.5%
Unclassified	2	8	31	39	22	10	3	2	117	41	35.0%	52.1%	12.8%
Construction	4	14	21	75	193	266	169	119	861	39	4.5%	31.1%	64.3%
Manufacturing	5	7	8	47	162	201	107	90	627	20	3.2%	33.3%	63.5%
Health Care and Social Assistance	0	6	13	19	111	193	89	47	478	19	4.0%	27.2%	68.8%
Transport, Postal and Warehousing	2	9	8	30	57	93	43	18	260	19	7.3%	33.5%	59.2%
Agriculture, Forestry and Fishing	1	7	9	29	67	93	50	29	285	17	6.0%	33.7%	60.4%
Other Services	0	2	13	33	79	126	54	37	344	15	4.4%	32.6%	63.1%
Wholesale Trade	2	3	10	28	115	171	79	55	463	15	3.2%	30.9%	65.9%
Financial and Insurance Services	0	7	7	41	145	218	124	91	633	14	2.2%	29.4%	68.4%
Administrative and Support Services	0	7	3	15	36	45	30	24	160	10	6.3%	31.9%	61.9%
Rental, Hiring and Real Estate Services	1	2	7	31	59	93	43	25	261	10	3.8%	34.5%	61.7%
Arts and Recreation Services	0	2	4	12	27	42	18	21	126	6	4.8%	31.0%	64.3%
Education and Training	0	1	3	6	13	28	7	9	67	4	6.0%	28.4%	65.7%
Information Media and Telecommunications	0	3	1	3	7	21	11	7	53	4	7.5%	18.9%	73.6%
Mining	1	1	1	5	13	8	4	5	38	3	7.9%	47.4%	44.7%
Electricity, Gas, Water and Waste Services	0	0	1	3	10	14	4	9	41	1	2.4%	31.7%	65.9%
Public Administration and Safety	0	0	0	0	5	5	3	4	17	0	0.0%	29.4%	70.6%
Total	28	139	229	673	1676	2559	1222	843	7369	396	5.4%	31.9%	62.7%

# Tasmania Commercial Risk Analysis

Table 54:  
Tasmania - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Retail Trade	23	13	21	7	0	0	0	0	64
Professional, Scientific and Technical Services	17	25	8	0	0	0	0	0	50
Accommodation and Food Services	12	12	21	0	0	0	0	0	45
Unclassified	28	4	8	1	0	0	0	0	41
Construction	15	7	17	0	0	0	0	0	39
Manufacturing	4	6	9	1	0	0	0	0	20
Health Care and Social Assistance	8	11	0	0	0	0	0	0	19
Transport, Postal and Warehousing	5	3	11	0	0	0	0	0	19
Agriculture, Forestry and Fishing	5	4	8	0	0	0	0	0	17
Other Services	2	9	4	0	0	0	0	0	15
Wholesale Trade	8	1	4	2	0	0	0	0	15
Financial and Insurance Services	8	6	0	0	0	0	0	0	14
Administrative and Support Services	3	4	3	0	0	0	0	0	10
Rental, Hiring and Real Estate Services	3	5	2	0	0	0	0	0	10
Arts and Recreation Services	3	2	1	0	0	0	0	0	6
Education and Training	2	0	2	0	0	0	0	0	4
Information Media and Telecommunications	1	2	1	0	0	0	0	0	4
Mining	1	1	1	0	0	0	0	0	3
Electricity, Gas, Water and Waste Services	0	0	1	0	0	0	0	0	1
Public Administration and Safety	0	0	0	0	0	0	0	0	0
Total	148	115	122	11	0	0	0	0	396

The Retail industry is clearly a concern for Tasmania according to these commercial risk numbers. Table 54 indicates that 7 of these businesses have turnover sizes of \$10 million to less than \$50 million.

Table 55:  
Hobart - Industry vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Retail Trade	3	5	7	27	54	151	57	79	383	15	3.9%	21.1%	74.9%
Accommodation and Food Services	1	9	2	27	54	83	40	36	252	12	4.8%	32.1%	63.1%
Construction	3	2	6	26	59	137	79	97	409	11	2.7%	20.8%	76.5%
Professional, Scientific and Technical Services	0	3	7	47	68	257	104	100	586	10	1.7%	19.6%	78.7%
Unclassified	0	0	8	20	10	4	3	2	47	8	17.0%	63.8%	19.1%
Manufacturing	3	2	1	12	54	104	52	71	299	6	2.0%	22.1%	75.9%
Transport, Postal and Warehousing	0	3	3	3	16	29	15	10	79	6	7.6%	24.1%	68.4%
Financial and Insurance Services	0	2	3	11	29	107	77	61	290	5	1.7%	13.8%	84.5%
Wholesale Trade	2	0	3	11	36	77	32	45	206	5	2.4%	22.8%	74.8%
Administrative and Support Services	0	1	1	6	16	24	18	19	85	2	2.4%	25.9%	71.8%
Arts and Recreation Services	0	1	1	6	7	29	13	19	76	2	2.6%	17.1%	80.3%
Health Care and Social Assistance	0	1	1	7	39	110	43	42	243	2	0.8%	18.9%	80.2%
Rental, Hiring and Real Estate Services	0	0	2	10	12	47	26	23	120	2	1.7%	18.3%	80.0%
Agriculture, Forestry and Fishing	0	1	0	4	11	23	16	17	72	1	1.4%	20.8%	77.8%
Education and Training	0	1	0	1	4	16	4	9	35	1	2.9%	14.3%	82.9%
Information Media and Telecommunications	0	1	0	1	0	10	7	7	26	1	3.8%	3.8%	92.3%
Other Services	0	1	0	12	20	68	26	32	159	1	0.6%	20.1%	79.2%
Electricity, Gas, Water and Waste Services	0	0	0	1	3	8	2	5	19	0	0.0%	21.1%	78.9%
Mining	0	0	0	2	2	1	1	2	8	0	0.0%	50.0%	50.0%
Public Administration and Safety	0	0	0	0	2	1	0	2	5	0	0.0%	40.0%	60.0%
Total	12	33	45	234	496	1286	615	678	3399	90	2.6%	21.5%	75.9%

Hobart's industries that are ranked within the high to severe risk categories according to proportion of businesses in each industry are (Table 55):

- Transport, Postal and Warehousing (6, 7.6%)
- Accommodation and Food Services (12, 4.8%)
- Retail Trade (15, 3.9%)

# Tasmania Commercial Risk Analysis

Table 56:  
Hobart - Industry vs Turnover Size of Business - High to Severe Risk

Industry	Unclassified	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	Total
Retail Trade	3	3	5	4	0	0	0	0	15
Accommodation and Food Services	1	2	9	0	0	0	0	0	12
Construction	5	1	5	0	0	0	0	0	11
Professional, Scientific and Technical Services	1	6	3	0	0	0	0	0	10
Unclassified	6	0	2	0	0	0	0	0	8
Manufacturing	0	1	4	1	0	0	0	0	6
Transport, Postal and Warehousing	2	2	2	0	0	0	0	0	6
Financial and Insurance Services	4	1	0	0	0	0	0	0	5
Wholesale Trade	2	1	1	1	0	0	0	0	5
Administrative and Support Services	1	1	0	0	0	0	0	0	2
Arts and Recreation Services	1	0	1	0	0	0	0	0	2
Health Care and Social Assistance	1	1	0	0	0	0	0	0	2
Rental, Hiring and Real Estate Services	0	2	0	0	0	0	0	0	2
Agriculture, Forestry and Fishing	0	1	0	0	0	0	0	0	1
Education and Training	0	0	1	0	0	0	0	0	1
Information Media and Telecommunications	0	0	1	0	0	0	0	0	1
Other Services	1	0	0	0	0	0	0	0	1
Electricity, Gas, Water and Waste Services	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Public Administration and Safety	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>28</b>	<b>22</b>	<b>34</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>90</b>

Retail (4), Manufacturing (1) and Wholesale Trade (1) have businesses within the \$10 million turnover and more category at risk of adverse event/s within the next 12 months.

# Additional Data Commercial Risk Analysis

Table 57:  
All QLD, NSW, VIC - Regions vs Commercial Risk

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	← Severe to High →			Moderate to Average		← Low to Minimal →							
VIC: Melbourne - Inner	123	343	461	2713	5873	13298	7507	8411	38729	927	2.4%	22.2%	75.4%
NSW - Sydney, City and Inner South	114	311	383	2460	5281	11033	5380	7144	32106	808	2.5%	24.1%	73.4%
NSW - Parramatta	89	265	284	1374	2479	5215	2928	2774	15408	638	4.1%	25.0%	70.9%
QLD: Brisbane - Inner City	68	193	333	1611	3617	8026	2603	1885	18236	594	3.3%	28.1%	68.6%
QLD: Gold Coast	95	187	245	1467	2610	6239	2683	1281	14807	527	3.6%	27.5%	68.9%
NSW - Inner South West	94	200	222	1108	1789	4418	2266	1970	12067	516	4.3%	24.0%	71.7%
QLD: Brisbane - South	52	138	236	1088	2216	5165	1516	1054	11465	426	3.7%	28.8%	67.5%
VIC: Melbourne - Inner South	46	154	203	1115	2337	6417	4159	3415	17846	403	2.3%	19.3%	78.4%
NSW - South West	57	150	158	689	1253	2625	1734	1540	8206	365	4.4%	23.7%	71.9%
VIC: Melbourne - South East	52	138	170	1030	2447	6247	3917	3858	17859	360	2.0%	19.5%	78.5%
VIC: Melbourne - West	50	140	148	781	1492	3396	2107	1826	9940	338	3.4%	22.9%	73.7%
NSW - Sydney, North Sydney and Hornsby	42	116	166	1127	2547	6712	3911	3098	17719	324	1.8%	20.7%	77.4%
NSW - Sydney, Inner West	54	110	136	839	1373	3396	1764	1401	9073	300	3.3%	24.4%	72.3%
NSW - Sydney, Northern Beaches	54	110	136	839	1373	3396	1764	1401	9073	300	3.3%	24.4%	72.3%
NSW - Blacktown	46	107	133	680	1282	2978	1724	1639	8589	286	3.3%	22.8%	73.8%
VIC: Melbourne - North West	48	104	124	561	1292	3298	1997	2012	9436	276	2.9%	19.6%	77.4%
VIC: Melbourne - North East	42	92	120	647	1336	3839	2334	2002	10412	254	2.4%	19.0%	78.5%
VIC: Melbourne - Outer East	35	95	110	678	1513	4724	3037	2536	12728	240	1.9%	17.2	80.9%
NSW - Sydney, Eastern Suburbs	30	81	128	615	1122	2861	1646	1128	7611	239	3.1%	22.8%	74.0%
NSW - Sydney, Baulkham Hills and Hawkesbury	36	89	104	608	1209	3170	1990	1535	8741	229	2.6%	20.8%	76.6%
VIC: Melbourne - Inner East	38	79	109	761	1624	4564	3068	2231	12474	226	1.8%	19.1%	79.1%
NSW - Newcastle and Lake Macquarie	47	78	91	616	1111	3157	1783	1631	8514	216	2.5%	20.3%	77.2%
QLD: Logan - Beaudesert	28	64	109	504	1032	2556	849	481	5623	201	3.6%	27.3%	69.1%
NSW - Outer West and Blue Mountains	34	69	84	427	885	2347	1615	1293	6754	187	2.8%	19.4%	77.8%
QLD: Brisbane - East	20	53	102	483	960	2459	716	465	5258	175	3.3%	27.4%	69.2%
NSW - Hunter Valley exc Newcastle	36	59	76	451	916	2435	1562	1454	6989	171	2.4%	19.6%	78.0%
QLD: Ipswich	17	49	105	485	948	2497	862	561	5524	171	3.1%	25.9%	71.0%

# Additional Data Commercial Risk Analysis

Table 57:  
All QLD, NSW, VIC - Regions vs Commercial Risk (continued)

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	← Severe to High →			Moderate to Average		← Low to Minimal →							
QLD: Sunshine Coast	23	61	85	658	1158	3286	1370	568	7209	169	2.3%	25.2%	72.5%
QLD: Brisbane - West	12	53	103	566	1098	3233	743	451	6259	168	2.7%	26.6%	70.7%
NSW - Outer South West	32	50	75	331	592	1447	850	737	4114	157	3.8%	22.4%	73.7%
QLD: Brisbane - North	19	52	86	431	884	2304	727	500	5003	157	3.1%	26.3%	70.6%
NSW - Illawarra	30	48	70	414	776	2027	1314	1034	5713	148	2.6%	20.8%	76.6%
NSW - Central Coast	24	53	71	434	705	2005	1175	917	5384	148	2.7%	21.2%	76.1%
NSW - Sydney, Sutherland	19	47	69	407	726	1912	1129	866	5175	135	2.6%	21.9%	75.5%
NSW - Sydney, Ryde	11	43	68	358	743	1846	1125	1032	5226	122	2.3%	21.1%	76.6%
QLD: Moreton Bay - South	7	41	63	346	594	1765	423	207	3446	111	3.2%	27.3%	69.5%
VIC: Melbourne - Peninsula	15	45	50	336	898	2486	1612	1374	6816	110	1.6%	18.1%	80.3%
QLD: Cairns	9	46	42	421	696	1979	967	585	4745	97	2.0%	23.5%	74.4%
QLD: Moreton Bay - North	11	29	55	327	606	1677	468	239	3412	95	2.8%	27.3%	69.9%
NSW - Capital Region	14	24	52	244	577	1459	1047	980	4397	90	2.0%	18.7%	79.3%
NSW - Richmond, Tweed	16	37	35	292	533	1327	878	664	3782	88	2.3%	21.8%	75.9%
QLD: Darling Downs - Maranoa	7	31	49	442	818	2318	1091	564	5320	87	1.6%	23.7%	74.7%
QLD: Wide Bay	7	32	46	338	643	1927	914	441	4348	85	2.0%	22.6%	75.5%
NSW - Southern Highlands and Shoalhaven	10	38	36	216	441	1267	891	685	3584	84	2.3%	18.3%	79.3%
NSW - Central West	13	28	41	258	558	1435	1106	1059	4498	82	1.8%	18.1%	80.0%
QLD: Fitzroy	12	30	38	280	493	1217	645	364	3079	80	2.6%	25.1%	72.3%
QLD: Mackay	6	33	36	272	492	1202	646	348	3035	75	2.5%	25.2%	72.4%
NSW - Riverina	5	30	30	227	508	1318	1030	1073	4221	65	1.5%	17.4%	81.0%
NSW - Mid North Coast	10	29	23	205	420	1290	819	761	3557	62	1.7%	17.6%	80.7%
QLD: Townsville	9	28	25	269	495	1430	784	452	3492	62	1.8%	21.9%	76.3%
NSW - Murray	9	25	27	204	415	1116	922	879	3597	61	1.7%	17.2%	81.1%
NSW - Coffs Harbour and Grafton	13	19	27	154	305	772	583	484	2357	59	2.5%	19.5%	78.0%
VIC: Geelong	9	20	27	181	694	2082	1381	1386	5780	56	1.0%	15.1%	83.9%
NSW - New England and North West	8	18	30	160	408	1023	821	858	3326	56	1.7%	17.1%	81.2%
QLD: Toowoomba	4	19	25	263	434	1265	560	291	2861	48	1.7%	24.4%	74.0%
VIC: Ballarat	4	18	22	106	440	1342	953	1030	3915	44	1.1%	13.9%	84.9%

# Additional Data Commercial Risk Analysis

Table 57:  
All QLD, NSW, VIC - Regions vs Commercial Risk (continued)

Industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
VIC: Hume	4	20	15	77	432	1262	852	1000	3662	39	1.1%	13.9%	85.0%
NSW - Far West and Orana	7	15	17	121	317	733	624	636	2470	39	1.6%	17.7%	80.7%
VIC: Latrobe - Gippsland	2	18	16	121	476	1595	1043	1125	4396	36	0.8%	13.6%	85.6%
VIC: Shepperton	7	12	12	85	346	1024	850	1002	3338	31	0.9%	12.9%	86.2%
QLD: Queensland Outback	1	17	12	125	214	526	303	200	1398	30	2.1%	24.2%	73.6%
VIC: Bendigo	3	8	17	96	357	1062	747	869	3159	28	0.9%	14.3%	84.8%
VIC: North West	6	10	10	80	326	992	788	1030	3242	26	0.8%	12.5%	86.7%
VIC: Warrnambool and South West	3	11	12	61	271	849	646	708	2561	26	1.0%	13.0%	86.0%

## Additional Data Commercial Risk Analysis

Table 58:  
Accommodation and Food Services - Sub-industries vs Commercial Risk - Queensland

Sub-industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Cafes and Restaurants	40	103	100	455	694	828	308	142	2670	243	9.1%	43.0%	47.9%
Accommodation	1	20	25	155	315	669	297	220	1702	46	2.7%	27.6%	69.7%
Pubs, Taverns and Bars	1	6	6	19	46	56	33	32	199	13	6.5%	32.7%	60.8%
Total	42	129	131	629	1055	1553	638	394	4571	302	6.6%	36.8%	56.6%

Table 59:  
Accommodation and Food Services - Sub-industries vs Commercial Risk - New South Wales

Sub-industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Cafes and Restaurants	134	238	195	895	1422	1545	708	433	5570	567	10.2%	41.6%	48.2%
Accommodation	11	26	22	138	435	822	529	690	2673	59	2.2%	21.4%	76.4%
Pubs, Taverns and Bars	3	12	12	41	85	109	52	99	413	27	6.5%	30.5%	63.0%
Total	148	276	229	1074	1942	2476	1289	1222	8656	653	7.5%	34.8%	57.6%

Table 60:  
Accommodation and Food Services - Sub-industries vs Commercial Risk - Victoria

Sub-industry	Risk Band 1	Risk Band 2	Risk Band 3	Risk Band 4	Risk Band 5	Risk Band 6	Risk Band 7	Risk Band 8	Total	Total High Risk (Band 1,2,3)	% High Risk Band (1,2,3)	% Medium Risk Band (4,5)	% Low Risk Band (6,7,8)
	←----- Severe to High -----→			Moderate to Average		←----- Low to Minimal -----→							
Cafes and Restaurants	77	156	137	596	1232	1459	719	510	4886	370	7.6%	37.4%	55.0%
Accommodation	6	18	12	62	239	546	367	487	1737	36	2.1%	17.3%	80.6%
Pubs, Taverns and Bars	6	9	9	26	67	85	69	75	346	24	6.9%	26.9%	66.2%
Total	89	183	158	684	1538	2090	1155	1072	6969	430	6.2%	31.9%	61.9%

# Conclusion

The SV Partners Commercial Risk Outlook Report for March 2017, identifies and analyses the overall economic conditions of industries with businesses categorised according to their commercial risk over the next 12 months.

Overall, the commercial risk data indicates that the Accommodation and Food Services industry has businesses most likely to face insolvency or experience an adverse event within the next 12 months, being highest at risk of financial failure. This is consistent from a national and state perspective with also the Australian Bureau of Statistics reporting that businesses within this industry have a very low survival rate.

As the construction industry can be influenced by economic factors including population growth, consumer confidence, interest rates and inflation, this sector being one of the largest in Australia has undergone difficult times throughout the past few years. Although the national commercial risk data depicts construction as one of the top 5 industries at high to severe risk of financial failure, positive signs of growth and a strong Government infrastructure investment focus is forecast to improve the outlook for the industry.

The Retail Trade sector remains cautious as the commercial risk data shows that it is one of the commercial riskiest industries along with steady insolvency levels and volatile consumer confidence. This Report shows that there are a number of high turnover retail businesses on a national and state level that are likely to face adverse events within the next 12 months.

According to data within this Report, the Agriculture, Forestry and Fishing, Financial and Insurance Services and Public Administration and Safety are the lowest risk industries in Australia. Furthermore regional areas of Victoria such as North West, Shepperton, Warrnambool and South West are the lowest commercial risk areas within Australia.

According to ASIC, the key causes of business failure in Australia are inadequate cash flow or high cash use, poor strategic management and poor financial control including lack of records.

This Report outlines the indicators of insolvency that businesses should be aware of.

If your business is encountering financial difficulty, remember it is vital to seek professional advice as promptly as possible.

# Glossary of Key Terms

## **Bureau**

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

## **Bureau Data**

Data is sourced from over 50 variables, providing the most comprehensive latest bureau information and records on Australian Individuals and businesses. Data sources include the Australian Securities Investments Commission, Business Directories, the Australian Bureau of Statistics, 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**

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

## **Commercial Risk**

The commercial risk score of a business is contingent on various factors and may be impacted by the behaviour of a business. This behaviour is based on a range of bureau data, including Mercantile enquires, debt amounts, age of debt, financial defaults and trade payment history. This data is designed to predict the likelihood of business failure within the next 12 months.

## **Default**

Failure to meet financial obligations.

## **Incorporated Entity/Company**

An incorporated entity/company registered with the relevant state or territory authority. An incorporated entity/company is a legal entity separate from its individual members. It can hold property, sue and be sued. Entities/companies are incorporated under state and territory associations incorporation legislation. By focusing on incorporated entities for this commercial risk data, this Report takes a sharper analysis on the most relevant trends from a broader market.

## **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 - 8. This Report categorises the risk band into three sections; 1 - 3 (severe to high risk), 4 - 5 (average to moderate risk) and 6 - 8 (low to minimal risk) based upon their likelihood to default within the next 12 months.

## **Disclaimer**

The information contained within this publication is provided and copyright by SV Partners and for the purpose of general advice only. The material in this publication is provided for information purposes and should not be construed as legal advice. It should not be used as a substitute for consultation with a professional specialist accountant or advisor. This material should not be accepted as authoritative advice and you should consult with an SV Partners professional.

SV Partners, or any representative or affiliate of the practice takes no legal responsibility in respect to its content or any action taken from the general information provided in this publication without first consulting a professional of SV Partners. We attempt to ensure that the content within this publication is current but we do not guarantee currency.

## Your Trusted Partner



SV Partners is an expert accounting and specialist advisory firm focused on supporting professionals and their clients.

We provide professional corporate and personal insolvency accounting, turnaround strategy advice, forensic and advisory services to accountants, financial institutions, corporations, financial and legal advisors, and their clients. SV Partners are the professional's proven partner.

SV Partners is represented throughout Australia, predominantly along the Eastern Seaboard, with offices in the metropolitan and regional areas of each state.

The objective of the firm is to provide a suite of professional services to other professionals allowing them to enhance their services to their clients and concentrate on their core business.

[svpartners.com.au](http://svpartners.com.au)

1800 246 801

## Executive Team



**Terry van der Velde**

Managing Director

[terry.vandervelde@svp.com.au](mailto:terry.vandervelde@svp.com.au)

07 3310 2007



**David Stimpson**

Executive Director, Queensland

[david.stimpson@svp.com.au](mailto:david.stimpson@svp.com.au)

07 3310 2002



**Ian Purchas**

Executive Director, New South Wales

[ian.purchas@svp.com.au](mailto:ian.purchas@svp.com.au)

02 8986 8977



**Michael Carrafa**

Executive Director, Victoria

[michael.carrafa@svp.com.au](mailto:michael.carrafa@svp.com.au)

03 9669 1100