

BWA's quarterly update on insolvencies and business health in New Zealand

"Inflation looks to have peaked after the Reserve Bank's interest rate rises, consumer spending is still reasonably strong and so is the labour market."

Bryan Williams, BWA Insolvency

Insolvencies in NZ October - December 2022

INSOLVENCIES	Q3 2022	Q4 2022	
LIQUIDATION	384	426	
RECEIVERSHIP	24	16	
VOLUNTARY ADMINISTRATION	8	15	
TOTAL	416	457	

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110%

Quarterly Trends

The final quarter of 2022 has delivered a slight increase in business failures across New Zealand.

- Insolvencies have increased by 10%, however, this number is fewer than what many had predicted.
- The majority of insolvencies relate to small businesses, with large businesses better able to weather tough conditions.
- The ongoing increase in insolvencies can still partly be attributed to the long-run effects of the Government's Covid stimulus programme. Companies that are failing now may have failed earlier without that assistance.



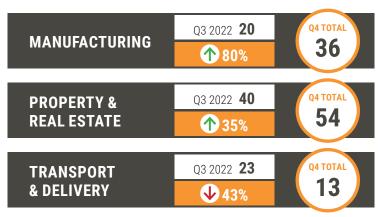
INDUSTRY SPOTLIGHT: CONSTRUCTION

What's been happening?

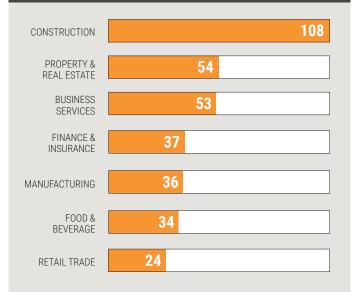
Construction has once again seen the highest overall number of liquidations. This quarter there were 108 liquidations, up by 1 from the previous quarter.

With property prices decreasing, people are holding off building because of increased material and interest costs, so the margins get squeezed. Construction is very vulnerable to these changing dynamics.

In other industries, the manufacturing sector had the most significant jump in formal insolvency proceedings in the quarter, up 80% on the previous period to 36. We expect this sharp increase is due to increasing material and labour costs and challenges with the international supply chain, although this has improved in recent months.



INSOLVENCIES BY INDUSTRY (OCT - DEC 2022)



NEED EXPERT INSOLVENCY OR BUSINESS RECALIBRATION ADVICE?

BWA Insolvency can help

TALK TO US TODAY.

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