

# Recent increases in insolvencies in South Africa

## Statistics by Statistics South Africa and by Masters of the High Court (insolvency regulator)

### A Latest statistics released by Statistics South Africa

#### SUMMARY OF FINDINGS: LIQUIDATIONS AND INSOLVENCIES

##### Key findings regarding liquidations for February 2009

###### Total number of liquidations increases

The total number of liquidations recorded for the two months ended February 2009 increased by 69,5% (from 390 to 661) compared with the two months ended February 2008. The total number of liquidations recorded for February 2009 increased by 70,0% (from 230 to 391) compared with February 2008 (see Table A and Tables 14 and 15).

The 69,5% increase in the total number of liquidations for the two months ended February 2009 was due to increases of 81,8% in compulsory liquidations (from 44 to 80) and 67,9% in voluntary liquidations (from 346 to 581). When comparing February 2008 and February 2009, there were increases of 43,4% in close corporations liquidations (from 113 to 162) and 95,7% in company liquidations (from 117 to 229).

**Table A – Selected key figures regarding liquidations for February 2009**

###### Actual estimates

Number of liquidations February 2009	% change between February 2008 and February 2009	% change between January to February 2008 and January to February 2009
391	70,0	69,5

Figure 1 below shows the annual percentage change in the number of liquidations for the two months ended February for the years 2003 to 2009. The number of liquidations increased by 69,5% for the first two months of 2009, following an increase of 6,0% for the same period in 2008.

**Figure 1 – Percentage change for the two months ended February compared with the corresponding period of the previous year for the number of liquidations for the years 2003 to 2009**

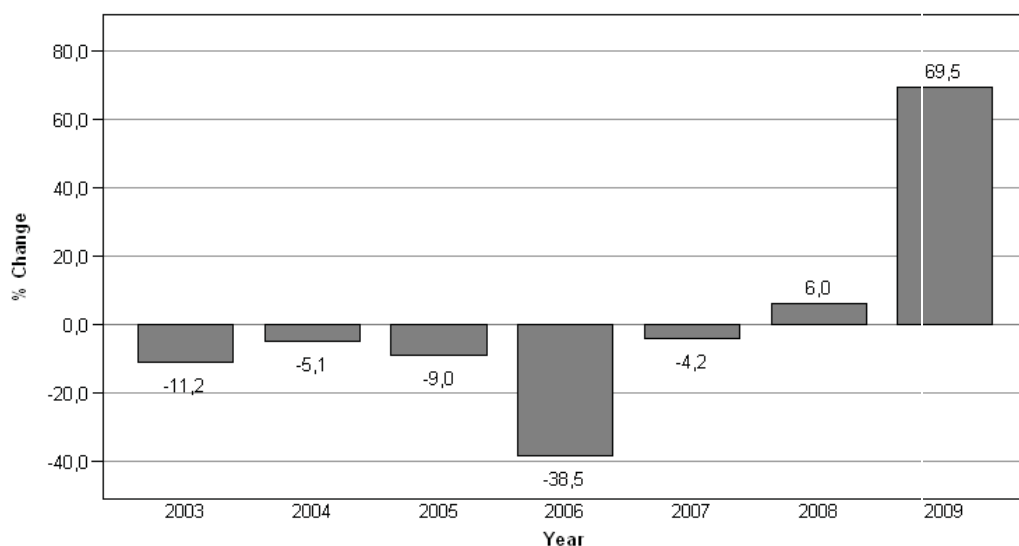
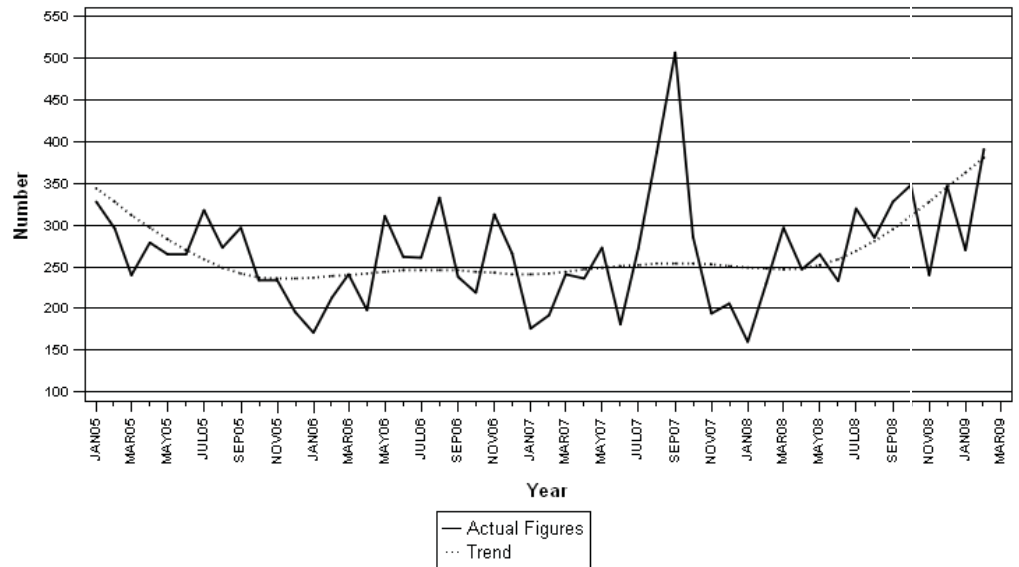


Figure 2 outlines the trend in the total number of liquidations from January 2005 to February 2009.

**Figure 2 – Total number of liquidations**



### Key findings regarding insolvencies for January 2009

#### Total number of insolvencies increases

The total number of insolvencies recorded for the three months ended January 2009 increased by 9,4% (from 609 to 666) compared with the three months ended January 2008. The total number of insolvencies recorded for January 2009 increased by 38,8% (from 103 to 143) compared with January 2008 (see Table B and Tables 16 and 17).

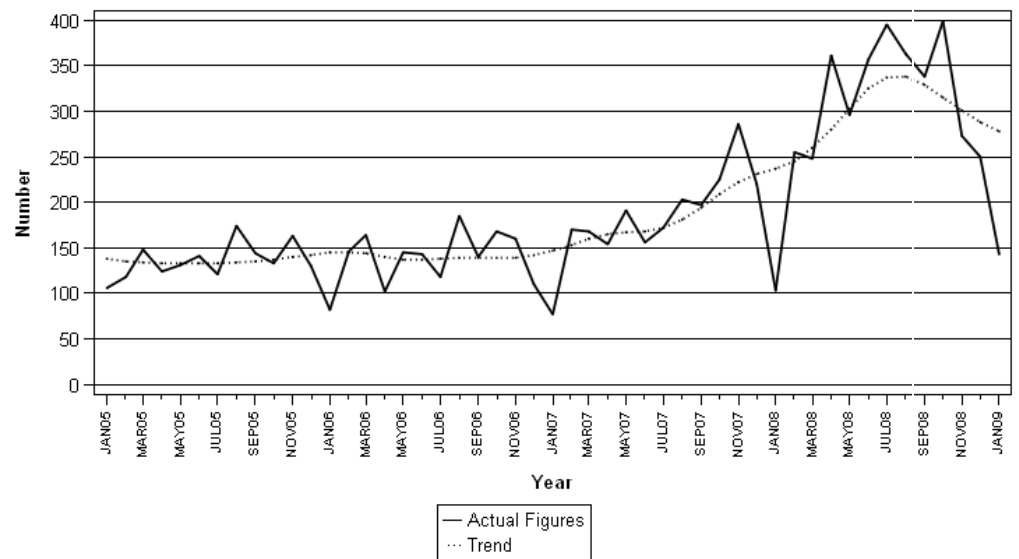
**Table B – Selected key figures regarding insolvencies for January 2009**

#### Actual estimates

Number of insolvencies January 2009	% change between January 2008 and January 2009	% change between November 2007 to January 2008 and November 2008 to January 2009
143	38,8	9,4

Figure 3 outlines the trend in the total number of insolvencies from January 2005 to January 2009.

**Figure 3 – Total number of insolvencies**



P J Lehohla  
Statistician-General

## **B Extracts from documents prepared by Monica Kriel, Deputy Master of the High Court, Chief Master's Office**

### **1. Document dated 13 August 2008**

1.1 It appears as if certain insolvency statistics were released by Statistics South Africa during 2008 which have been used by practitioners

to determine what the status is at present in relation to previous figures over the same periods.

1.2 I have been informed that these statistics are usually obtained by Statistics South Africa from what is published in the Government Gazette, although this does not seem to be a very reliable way in which to obtain information of this nature, as all insolvency matters are not published.

1.3 Subsequently, statistics in this regard have been submitted by the various Master's offices in an attempt to determine the accuracy of the figures released by Statistics South Africa. No figures have been received from Bisho, Polokwane, Thohoyandou or Umtata, who do not deal with insolvencies.

1.4 The following figures have been received in this regard reflecting the total insolvency figures for the quarter January to March of 2007 and 2008, as well as those for only March 2007 compared to March 2008 :

<b>MASTER'S OFFICES</b>	<b>Jan – March 07</b>	<b>Jan – March 08</b>	<b>March 07</b>	<b>March 08</b>
<b>Total insolvencies</b>				
Bloemfontein	31	40	6	15
Cape Town	118	137	41	35
Durban	46	43	14	23
Grahamstown	2	8	0	2
Johannesburg	No info	235	No info	91
Kimberley	6	9	5	2
Mafikeng	34	8	11	6
Pietermaritzburg	38	29	22	9
Port Elizabeth	16	20	2	5
Pretoria	526	972	195	353
<b>TOTAL INSOLVENCY MATTERS REPORTED</b>	<b>817</b>	<b>1 501 (up 83,7%)</b>	<b>296</b>	<b>541 (up 82.8%)</b>

1.5 According to the article based on figures of Statistics South Africa, during the **1<sup>st</sup> quarter** of 2008 there was an increase of **12.8%** compared

to the 1<sup>st</sup> quarter of 2007, although according to the statistics collected from the offices, the **actual increase is 83.7%**. This is **70.9% higher** than the figure which has, according to Mr Harris, been published by Statistics South Africa.

1.6 The rise seen in **March 2008 in comparison to March 2007 is 82.7%**, whilst the figure given by Mr Harris is **23.2%**, a figure which he described as a “**significant**” advance. There is a **difference here of 59.5%** between the actual figure and the published figure. This increase is ascribed to the steep rise in compulsory liquidations. Mr Harris has reflected this rise at 117.9%. Unfortunately this information cannot be verified or disputed, as statistics in respect of compulsory liquidations in particular are not kept by the Master’s Branch.

1.7 The fact that the figures for Johannesburg for 2007 are not available, should not impact heavily on these figures.

1.8 The following table reflects **the individual (personal) sequestrations** for the period of February 2007 compared to February 2008:

<b>MASTER’S OFFICES Individual insolvencies</b>	<b>February 07</b>	<b>February 08</b>
<b>Bloemfontein</b>	9	12
<b>Cape Town</b>	12	19
<b>Durban</b>	2	3
<b>Grahamstown</b>	1	2
<b>Johannesburg</b>	No info	13
<b>Kimberley</b>	0	5
<b>Mafikeng</b>	14	2
<b>Pietermaritzburg</b>	1	3
<b>Port Elizabeth</b>	1	5
<b>Pretoria</b>	121	234
<b>TOTAL INDIVIDUAL SEQUESTRATIONS</b>	<b>161</b>	<b>298</b>

1.9 Although, according to the article based on figures of Statistics South Africa, individual sequestrations have **decreased from February 2007 to February 2008 by 23.7%**, the figures received from the offices indicate a **rise of 85%**. This is a **deviation of 108.7%** from the figure released by Mr Harris on the information supplied by Stats SA.

1.10 The under mentioned figures reflect the various figures as from 2004 up to and including 2007:

<b>MASTER'S OFFICE Total insolvencies</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Bloemfontein</b>	155	138	142	140
<b>Cape Town</b>	602	548	503	576
<b>Durban</b>	286	162	136	185
<b>Grahamstown</b>	78	94	58	38
<b>Johannesburg</b>	2 800	1 471	1 302	1 442
<b>Kimberley</b>	48	43	39	28
<b>Mafikeng</b>	65	89	88	137
<b>Pietermaritzburg</b>	275	188	145	181
<b>Port Elizabeth</b>	89	49	76	85
<b>Pretoria</b>	1 584	2 015	2 154	2 960
<b>TOTAL MATTERS REGISTERED</b>	<b>5 985</b>	<b>4 797</b>	<b>4 643</b>	<b>5 772</b>

1.11 According to the above table the total annual insolvencies registered in the Master's Branch have shown the following pattern over the **past 4 years**:

1.11.1 Between **2004 and 2005** there was an overall **decrease of 24.7%**;

1.11.2 Between **2005 and 2006** there was on overall **decrease of 3.3%**; and

1.11.3 Between **2006 and 2007** there was on overall **increase of 24.3%**.

1.12 In light of the increase in the total number of insolvencies occurring annually, one can only imagine the negative impact which the rise in interest rates, petrol and food prices, the weak rand and poor economy

will have on these matters during this current year.

## 2. Document dated 17 March 2009

### INSOLVENCIES AND LIQUIDATIONS

#### 1. COMPANIES & CC'S (SPECIAL RESOLUTIONS AND COURT APPLICATIONS)

The table below contains statistics on the number of liquidations dealt with by all offices during the past three quarters:

Office	Companies and CC's for the 3 <sup>rd</sup> Quarter (Oct – Dec 2008)	Companies and CC's for the 2 <sup>nd</sup> Quarter (Jul – Sep 2008)	Companies and CC's for the 1 <sup>st</sup> Quarter (Apr – Jun 2008)
PTA	558	263	333
JHB	240	336	248
CT	171	151	141
DBN	110	63	67
PMB	31	38	21
KMB	6	5	15
PE	18	16	16
MAF	22	27	11
GHT	11	11	6
BFN	47	17	5
BISHO	0	0	0
POL	0	0	0
UMT	2	24	0
THOH	0	0	0
(40.9% increase) Total	(27.9% increase) 1 216	(10.2% increase) 951	863

**Pretoria, Durban, Bloemfontein and Umthatha have shown increases of 50% or more** between the second (2<sup>nd</sup>) and third (3<sup>rd</sup>) quarter's figures. This is in line with the **current economic position, increased prices and poor economy**. Overall there has been a **steady rise** in the liquidation of entities over the 2008/9 financial year. **Pietermaritzburg and Mafikeng** have shown **slight decreases** between the last two (2) quarters. As has been indicated previously, this service is not offered by all offices.

## 2. INDIVIDUAL SEQUESTRATIONS

The table below contains statistics on the number of cases for individuals sequestered.

Office	Individuals Sequestered for 3 <sup>rd</sup> Quarter (Oct – Dec 2008)	Individuals Sequestered for 2 <sup>nd</sup> Quarter (July to Sep 2008)	Individuals Sequestered for 1 <sup>st</sup> Quarter (April – June 2008)
PTA	1 313	1 282	470
JHB	65	95	59
CT	87	93	43
BFN	25	40	22
MAF	23	21	21
DBN	14	13	20
PMB	19	14	9
KMB	5	2	6
PE	18	11	5
GHT	2	2	3
BISHO	0	0	0
POL	0	0	0
UMT	1	2	0
THOH	1	0	0
<b>Total</b>	<b>1 573</b> <b>(0.1% decrease)</b>	<b>1 575</b> <b>(139.4% increase)</b>	<b>658</b>

Overall these figures have **remained fairly constant** with those of the previous quarter, after having shown a large rise after the first (1<sup>st</sup>) quarter. **Pretoria** has dealt with the **largest number of individual sequestrations** throughout the year.