

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into corporate insolvency

2022 - 2023

Division: Market Conduct Division
Topic: World business rankings - insolvency
Reference: Spoken 13 December 2022
Member: Daniel Mulino

Question:

Mr Dickson: There are international comparisons where Australia is ranked against other countries in terms of ease of doing business. The World Bank ease of doing business ranking puts Australia 14th out of about 190 countries. That would take into account the rule of law and things like the ability for creditors to enforce their rights. That would be a part of that. There's also the IMD world competitiveness ranking, which puts Australia at around 19th out of a large basket of countries—60 or 70 countries, I think. We do, when compared to other countries, perform quite well in terms of metrics that include elements of Australia's insolvency system.

Dr MULINO: Those two rankings are overarching rankings, aren't they? How do we perform on the subcategories of insolvency? Do they break it down?

Mr Dickson: I believe it may be possible to break some of that down. I'm happy to take that question on notice and look into that further.

Dr MULINO: That would be useful. Thanks.

Answer:

The World Bank Ease of Doing Business report was last published in 2019. For the 'resolving insolvency' category Australia ranked 20th out of 190 countries. The data is available from this page - <https://www.worldbank.org/en/programs/business-enabling-environment/doing-business-legacy>.

In the 2022 International Institute for Management Development World Competitiveness Ranking, Australia rates 26th out of 63 in the 'business efficiency' category. This rating does not reference insolvency specifically, but is an overall measurement of the extent to which enterprises are performing in an innovative, profitable and responsible manner. The specific criteria that comprise the business efficiency rating are: productivity and efficiency; labour market; finance; management practices; attitudes and values. More information is available on this page <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness/>.