

# Liquidations on the rise in first quarter of 2023

By [Craig Blumenthal](#)

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With South Africa's economy in turmoil, it is no surprise that businesses are under great pressure, with no thanks to the ongoing impact of load shedding. This pressure is evident by Stats SA's recently released liquidation statistics for the first quarter of 2023. So far this year, 523 companies have closed down whether compulsory or voluntarily. March saw 168 companies being liquidated and 112 in April.



Image source: fotografierende from [Pexels](#)

Finance, Insurance, Real Estate and Business Services have maintained the highest number of liquidations each month this year with a total of 204 liquidations from January to April 2023. Unclassified industries saw a total of 132 liquidations during the same period with Trade, Catering and Accommodation in 3rd position with 97. The only industries that saw zero liquidations during this time, were the Electricity, Gas and Water, Agriculture, Hunting, Forestry and Fishing, and the Mining and Quarrying sectors.

Ongoing load shedding has meant a loss of revenue and a reduction in production for many businesses that, subsequently, are unable to continue, having used every possible resource to stay afloat. This is particularly troubling as there seems to be no end in sight to our electricity woes. This week business interest group, Business Leadership South Africa (BLSA), predicted that “stage 8 load shedding is all but certain in the coming months”. Chief executive Busi Mavuso, shared with online publication [BusinessTech](#) that “not only will record load shedding hit companies’ bottom lines, but the knock-on effect on the country through business confidence and investor sentiment will also be felt for some time”.

It is obvious that businesses already harshly affected will be greatly distressed by having no access to electricity for half a day each day, which is a high probability particularly for diesel users when stage 8 comes. Even more worrying is that it does not appear as if stage 8 will be the final one, with predictions of higher stages being voiced given that a solution seems to be unattainable.



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With small to medium size businesses being particularly hard hit, Minister Stella Ndabeni-Abrahams has said the difficulties SMEs are facing and the impossibility of keeping their doors open due to intensifying load shedding has been noted and a three-pronged approach to support SMEs and co-operatives is currently being considered. These, however, are needing endorsement from National Treasury before they can be implemented.

Excessive load shedding and its implications are also a potential death knell for foreign investment as confidence wanes in the future of our economy given its direct impact on business. In addition, growth in the small business sector is going to be further stymied which affects employment rates and opportunities for those in financial stress to overcome their difficulties.

With a year-on-year increase in liquidations of 30.3% reflected in December 2022 and, our seemingly never-ending load shedding woes, who knows what December 2023 will bring for South Africa and the many businesses that hope to survive.

## ABOUT THE AUTHOR

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