

Information for Summary Instalment Order supervisors

What you need to know

Supervisors of Summary Instalment Orders under the Insolvency Act 2006 need to be approved by the Official Assignee. SIO Supervisors are approved by the Official Assignee to supervise SIOs but they are independent of the Official Assignee. Supervisors are subject to a number of duties. The Official Assignee is responsible for ensuring that SIO Supervisors carry out their role as required to by the law. Where a Supervisor fails to adequately supervise an SIO, the Official Assignee may terminate the appointment and can appoint a replacement Supervisor.

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What is a SIO Supervisor?

Summary Instalment Order (SIO) supervisors have the authority to:

- Supervise compliance with the terms of SIOs and any other orders made by the Official Assignee
- Direct employers to pay all or part of earnings to the supervisor
- Charge fixed or prescribed amounts for carrying out supervisory duties.

To supervise an SIO, approval must first be obtained from the Official Assignee.

What does a supervisor do?

Duties of SIO supervisors include:

Sending notices of SIOs to all known creditors

Providing documentation relating to property, conduct and/or dealings of the person subject to the SIO to the Official Assignee as required.

Where a supervisor fails to adequately supervise an SIO, the Official Assignee may terminate the appointment and can appoint a replacement supervisor.

Supervisors must distribute money paid under SIOs in the following order:

1. Administration costs (including supervisors' remuneration) in accordance with a prescribed scale
2. Official Assignee's costs and fees
3. Debts which have been included in the SIO
4. Any surplus back to the debtor.

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Remuneration

Supervisors may (but are not obliged to) charge for carrying out their duties. The rates are fixed by regulation and are currently 7.5% of assets recovered.

If a supervisor does not wish to charge the Official Assignee must be advised.

The Official Assignee charges remuneration in relation to administering SIOs at a current rate of 2.5% of assets recovered.

Why should I use the Official Assignee's trust account?

SIO supervisors are able to use the Official Assignee's trust account (at no additional charge) to administer SIOs. The Official Assignee prepares all distributions with the supervisor's approval. The benefits of using the Official Assignee's trust account are:

- List of your SIOs available
- Creditor web access 24/7
- Notification of missed payments
- Track changes to claims
- Fewer claim duplications
- Electronic filing of claims
- Export Excel lists of creditors
- Electronic payments
- Electronic banking
- Interest earned on account
- Data back-up
- Transparency
- Ability to deal with increased numbers
- Future-proofing
- Simplicity, consistency, professionalism
- Enhanced confidence

Electing not to use the Official Assignee's trust account has disadvantages, being:

Bond

Bank reconciliations

Bank fees

More creditor queries

More debtor queries

Postage costs

Dividend calculations

Dividend payments by cheque

More intrusive audit process

Greater reporting requirements

Remuneration payments to OA

Must notify OA of defaults

Must keep financial accounts

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Bond

The Insolvency Act 2006 s345(3) enables the Official Assignee to ask a supervisor to pay a bond to secure the performance of their obligations under the Act.

Where a supervisor chooses not to use the Official Assignee's trust account, the Official Assignee will ask for a bond. Bonds may be by way of bank bond or security, or other agreed insurance/security.

A supervisor can only provide a bond to the Official Assignee by payment of a specified sum determined by a set formula. The amount of the bond required by the Official Assignee will be determined by quantifying the estimated level of receipts into a SIO for the first 8 months of the Order.

For example a SIO supervisor consenting to act in a SIO where the forecast receipts into that SIO over the first 8 months are: instalments (only) of \$NZ100 per week, 36 weeks in the first 8 months, then the bond required to supervise that order would be \$NZ3,600.

Where assets disposals are included in an Order, case by case decisions will be made to determine the amount of the bond.

A bond must be paid for each SIO that a supervisor consents to act for using the above formula.

A supervisor is required to pay the bond to the Official Assignee at the end of the objection period, after all objections have been considered. The Official Assignee will not make the order until the bond is received and the cheque has cleared at the bank.

Bonds paid to the Official Assignee, will be held in trust by the Official Assignee in an interest bearing account.

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Replacement of supervisors

Where the Official Assignee considers a supervisor has failed to adequately supervise a Summary Instalment Order, the Official Assignee may terminate the appointment and appoint a replacement supervisor.

Complaints regarding conduct of supervisors must be in writing and detail the reasons for the complaint.

Where a supervisor is unable to complete the term of a SIO they can apply to have their appointment terminated. Consent of a replacement supervisor and the debtor should be obtained prior to application.

Applications for termination must be in writing and detail the reasons for termination, and include both the replacement supervisor's and debtor's consents.

Complaints and applications are lodged with the Official Assignee by post to:

Official Assignee
Private Bag 4714
Christchurch

or by email to:

sio@insolvency.govt.nz.



Further information

[How do I apply to become a supervisor?](#)

If you are interested in becoming a Summary Instalment Order (SIO) Supervisor, you will be required to submit an application to the Official Assignee at the time that you have a client wanting to apply for a SIO and wishing to have you as their Supervisor.

[SIO supervisor guidelines](#)

Someone intent on being a Summary Instalment Order (SIO) Supervisor is required to meet a minimum set of standards when administering SIOs. These guidelines aim to ensure that all SIOs are administered in a consistent manner.

[SIO Supervisor computer training manual \[2.8 MB PDF\]](#)

Computer training manual for SIO Supervisors.