

Frequently asked questions on Summary Instalment Orders

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What is a Summary Instalment Order?

A Summary Instalment Order (SIO) is a formal arrangement between a debtor (you) and your creditors (the people you owe money) that allows you to pay back all, or an agreed part, of your debts by instalments. SIOs are usually for three years, but where there are special circumstances, five years.

Where a person has assets or income an SIO may be considered as an alternative to bankruptcy. SIOs provide an opportunity to learn to live on a budget and to manage finances. These skills may prevent difficult financial positions in the future.

SIOs were made by the District Court but under the Insolvency Act 2006 the Official Assignee receives and makes SIOs.

When will a Summary Instalment Order be able to be made?

The Official Assignee may grant an SIO if:

1. Your total unsecured debts (excluding student loans, fines, penalties, and reparation orders) are less than \$NZ40,000
2. You are unable to pay those debts immediately.

Before granting an SIO, the Official Assignee will allow you and your creditors to make representations about the making of the order.

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How do I be apply for a Summary Instalment Order?

Summary Instalment Orders can be applied for online or by post. The application must include:

- Your full name and address
- A completed Statement of Affairs
- Details of goods you own
- Names and addresses of all people you owe money (your creditors)
- What your income and expenses are
- The amount you owe each creditor and what for
- A statement that you will pay your creditors in full or

- A statement saying what percent of your debts you will pay (e.g. you may say you can pay 80 cents for each dollar owed). If your creditors have agreed to accept less than full payment, be sure to put the agreement in your application.
- The total amount of the weekly or other instalments you will pay
- The name and address of your proposed Supervisor, or
- Your written reasoning explaining why you think a supervisor is not necessary.

Your application must also include:

- Whether any debts are secured and the value of the security
- Whether any debts are guaranteed by someone
- If you are employed, your employer's name and address.

What does it cost to apply for a Summary Instalment Order?

There is no initial fee to apply for a Summary Instalment Order, but the following will be deducted from funds received during the term of the Order (and should be taken into account when calculating the amount a debtor proposes to pay to their creditors under the Summary Instalment Order):

- \$NZ100 application fee
- 10% commission on amount collected and paid to creditors

How do I apply for a Summary Instalment Order from overseas?

The process to apply for a Summary Instalment Order (SIO) does not vary depending on your location. Therefore if you are currently living overseas and wish to apply for a SIO the standard process applies. Please note that your nominated Supervisor must reside in New Zealand.

To read more about how to apply refer to [How do I apply for a SIO?](#)

All outstanding debts (except those specifically excluded under the Act) should be included in an application for a SIO however only debts incurred in New Zealand are extinguished upon your discharge. The Act does not prevent overseas Creditors from seeking to enforce their overseas debt in the future.

For more information on excluded debts please refer to [What happens to my debts?](#)

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What is a SIO supervisor?

Summary Instalment Orders (SIO) are made by the Official Assignee after receipt and consideration of your application. Your SIO is then administered by an SIO Supervisor who is independent of the Official Assignee.

[Contact details of supervisors](#) can be found on our website, or at local support offices such as Citizens Advice Bureau, Budget Advisors or Community Law Centres.

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.

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.

SIO Supervisors, as the name suggests, supervise SIOs. 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.

How do I choose a supervisor?

Choose one from the [list of current supervisors](#).

What happens to existing Summary Instalment Orders?

Existing SIOs are not affected by the new legislation and continue to be overseen by the District Court.

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Will there be a public register of Summary Instalment Order debtors?

Yes. There is a public register of SIOs on the Insolvency and Trustee Service website. All post 3 December 2007 SIOs are on the register. When an SIO ends, the record is removed. SIOs are not advertised in newspapers or the Government Gazette.

How can I become a Summary Instalment Order supervisor?

To become a supervisor you must apply to the Official Assignee. The application to become a supervisor must be accompanied by a debtor's Summary Instalment Order (SIO) proposal. This means you cannot become a supervisor until someone wants you to supervise their SIO.

When the Official Assignee has received your application and consent, it will be assessed with the client's SIO application. The Official Assignee will determine your suitability and knowledge of the relevant law.

Will I need to go to a Court to file an application for Bankruptcy or to enter into a No Asset Procedure or Summary Instalment Order?

No. All applications are filed with the Official Assignee via the internet or by post. Applications filed in person need to be filed at one of the five regional Insolvency and Trustee Service offices.

Where can I obtain a copy of the new legislation?

The Insolvency Act 1967, Insolvency Act 2006, and Insolvency (Personal Insolvency) Regulations 2007 are available at www.legislation.govt.nz.

Can an application be lodged for an insolvency procedure using a Power of Attorney?

The Official Assignee will not accept applications for Bankruptcy, a No Asset Procedure or a Summary Instalment order by an individual holding a Power of Attorney over the applicant unless the authority expressly includes the power to file for an insolvency procedure. You should seek independent legal advice if you are unsure whether the Power of Attorney you hold includes this authority.

Applications can be completed by the individual holding the Power of Attorney but must be signed by the applicant themselves.