



**NEW ZEALAND  
INSOLVENCY AND  
TRUSTEE SERVICE**

# Insolvency Statistics and Debtor Profile Report

▶ 1 JULY 2013 TO 30 JUNE 2014



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI



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## **Introduction**

This report is divided into the following six sections:

### **Annual Statistics**

For further comparative data on previous financial years please refer to the Insolvency and Trustee Service website, [www.insolvency.govt.nz](http://www.insolvency.govt.nz).

### **Key Characteristics of Debtors 2012 to 2014**

Information regarding the key characteristics of debtors has been obtained through various sources, predominantly the Statement of Affairs form which debtors are required to complete upon entering into an insolvency procedure. Other sources of information include public registers and information provided by creditors and other third parties.

### **Summary Instalment Orders**

A Summary Instalment Order (SIO) is a formal arrangement between a debtor and their creditors which allows the debtor to pay back all, or an agreed part, of their debts by way of instalments. A Summary Instalment Order may be entered into if total unsecured debts are less than \$NZ40,000 and the debtor is unable to pay those debts immediately. Summary Instalment Orders can last for up to five years.

### **No Asset Procedures**

A debtor who is unable to pay their debts may have an alternative to bankruptcy through the No Asset Procedure (NAP). Unlike bankruptcy, the No Asset Procedure lasts for one year and is designed for debtors who have between \$NZ1,000 and \$NZ40,000 of debt with no realisable assets and no means of repaying their debt. Upon discharge the debtor is released from their provable debts and they are no longer liable to repay any part of them.

### **Bankruptcies**

Bankruptcy is a legal process which allows people who cannot pay their bills relief from the burden of their debt. The right of a debtor to apply for bankruptcy is provided by the Insolvency Act 2006. Alternatively creditors can apply to the High Court to make a debtor bankrupt.

Once a debtor is adjudicated bankrupt this stops all creditors from seeking to collect debts from the bankrupt, the bankrupt's assets then vest in the Official Assignee. Bankruptcy lasts for three years following receipt by the Official Assignee of a completed Statement of Affairs from the debtor. Upon discharge the debtor is released from the debts provable in their bankruptcy.

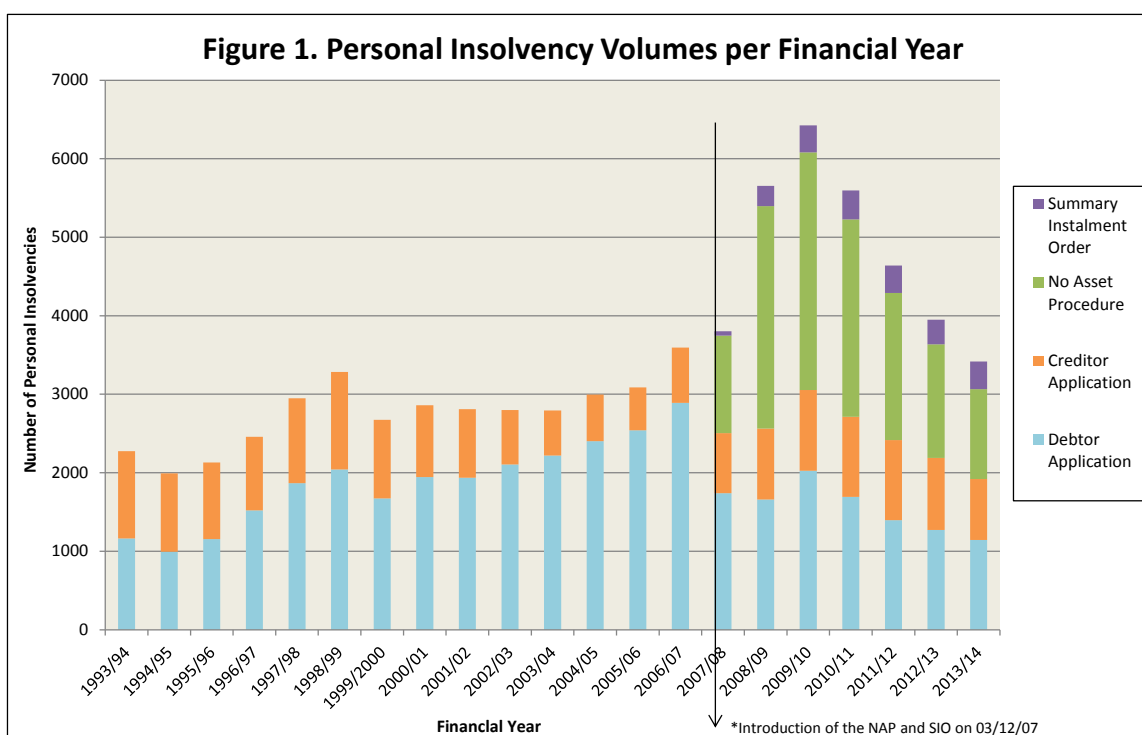
### **Corporate Insolvencies**

Liquidation is the process by which a company is brought to an end and the assets of the company distributed to creditors by the liquidator. The Insolvency and Trustee Service administers liquidations where the Official Assignee has been appointed the liquidator. Upon completion of the liquidation process the company is then removed from the Companies Register.

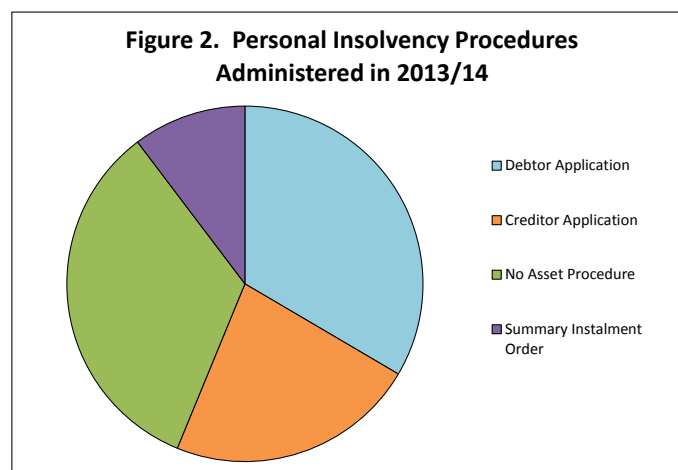
## Annual Statistics – Personal Insolvency Volumes

Table 1. Personal Insolvency Volumes per Financial Year					
Financial Year	Total	Debtor Application	Creditor Application	No Asset Procedure	Summary Instalment Order
1993/94	2274	1164	1110		
1994/95	1991	994	997		
1995/96	2130	1154	976		
1996/97	2458	1521	937		
1997/98	2949	1867	1082		
1998/99	3285	2041	1244		
1999/2000	2673	1672	1001		
2000/01	2859	1946	913		
2001/02	2811	1937	874		
2002/03	2800	2107	693		
2003/04	2792	2220	572		
2004/05	2995	2403	592		
2005/06	3087	2540	547		
2006/07	3594	2890	704		
2007/08	3802	1741	763	1244	54
2008/09	5654	1660	904	2833	257
2009/10	6426	2026	1028	3026	346
2010/11	5596	1694	1020	2514	368
2011/12	4640	1397	1020	1872	351
2012/13	3950	1270	918	1448	314
2013/14	3418	1144	777	1145	352

In 2013/14 the Insolvency and Trustee Service administered 3,418 new personal insolvency procedures, being a decrease of 13.5% against the previous financial year. The total personal insolvency volume is made up of Summary Instalment Orders (SIOs), No Asset Procedures (NAPs) and Bankruptcies (both debtor and creditor applications).

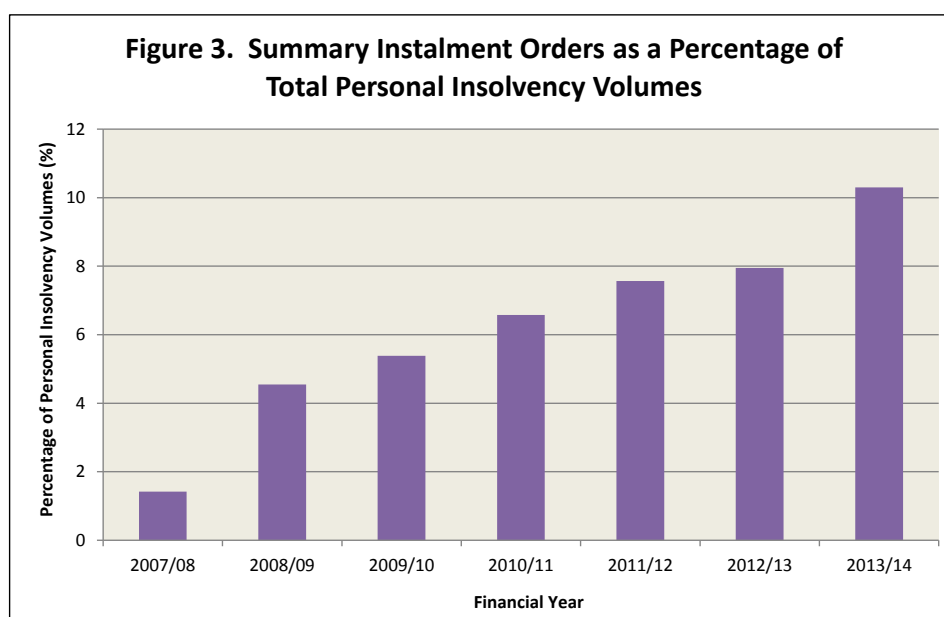


The Summary Instalment Order and No Asset Procedure were introduced into the New Zealand insolvency regime on 3 December 2007. From 2007/08 to 2009/10 both Summary Instalment Order and No Asset Procedure volumes increased dramatically. Since then, Summary Instalment Order volumes have remained consistently between 300 and 400 each financial year, while No Asset Procedure volumes have decreased significantly over the same period. Bankruptcy volumes have also been declining since 2009/10, however not at the same rate as No Asset Procedures. As a result of the rapid decline in No Asset Procedure volumes in the last four years, 2013/14 saw No Asset Procedure volumes on par with Debtor application volumes for the first time. In 2013/14, 1,145 No Asset Procedures were accepted, which is only 38% of the volume of No Asset Procedures that were accepted in 2009/10.



Debtor applications accounted for 33% of total personal insolvency volumes received in 2013/14, with creditor applications making up 23%. No Asset Procedures accounted for 34% of the total personal insolvency volume, while Summary Instalment Orders made up the remaining 10%.

Summary Instalment Orders as a percentage of total personal insolvency volumes has risen steadily over the last six years, from 1% of total personal insolvency volumes in 2007/08 to 10% in 2013/14.



<b>Table 2. Annual Rate of Personal Insolvency</b>			
<b>Financial Year 1 July - 30 June</b>	<b>Estimated Population*</b>	<b>Personal Insolvencies</b>	<b>Rate of Personal Insolvencies**</b>
2006/07	3,321,200	3,594	0.11%
2007/08	3,362,100	3,802	0.11%
2008/09	3,402,400	5,654	0.17%
2009/10	3,452,500	6,426	0.19%
2010/11	3,495,900	5,596	0.16%
2011/12	3,528,300	4,640	0.13%
2012/13	3,579,900	3,950	0.11%
2013/14	3,592,900	3,418	0.10%

\*Estimated resident population aged 15+

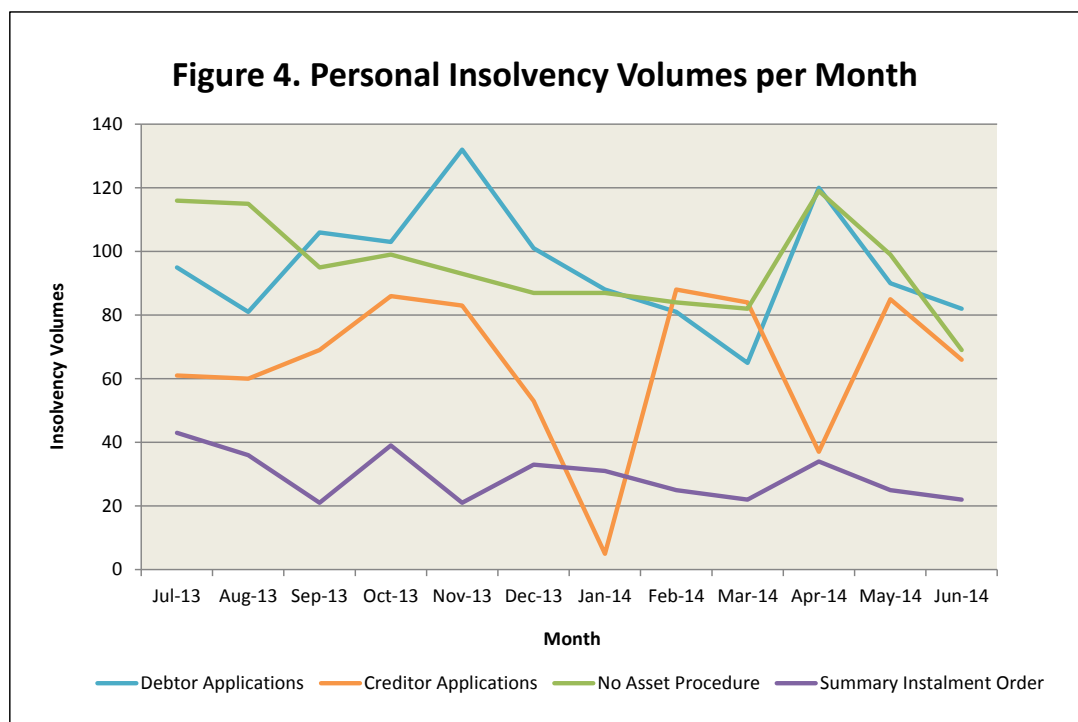
\*\*Rate of personal insolvencies for population aged 15+

In 2013/14, 0.10% of the New Zealand population aged 15 and over entered into a personal insolvency procedure<sup>1</sup>. Table 2. shows the rate of personal insolvency within New Zealand over the last eight years.

<b>Table 3. Monthly Personal Insolvency Volumes</b>					
<b>Month</b>	<b>Total</b>	<b>Debtor Applications</b>	<b>Creditor Applications</b>	<b>No Asset Procedure</b>	<b>Summary Instalment Order</b>
Jul-13	315	95	61	116	43
Aug-13	292	81	60	115	36
Sep-13	291	106	69	95	21
Oct-13	327	103	86	99	39
Nov-13	329	132	83	93	21
Dec-13	274	101	53	87	33
Jan-14	211	88	5	87	31
Feb-14	278	81	88	84	25
Mar-14	253	65	84	82	22
Apr-14	310	120	37	119	34
May-14	299	90	85	99	25
Jun-14	239	82	66	69	22
<b>Total</b>	<b>3418</b>	<b>1144</b>	<b>777</b>	<b>1145</b>	<b>352</b>

During 2013/14 the Insolvency and Trustee Service received an average of 29 Summary Instalment Orders per month, 95 No Asset Procedures and 160 Bankruptcies. The lowest number of new personal insolvencies was received in the month of January, followed by June and then March, whilst the highest volume was received in November.

<sup>1</sup> Population estimates from 2006/07 to 2013/14 sourced from Statistics New Zealand (2014), *National Population Estimates and Projections: At June 2014*. Wellington: Statistics New Zealand.



In 2013/14, debtors from the Auckland region accounted for 29% of personal insolvencies nationwide. In the 2013 National Census the Auckland Region made up 33% of the residential population of New Zealand<sup>2</sup>.

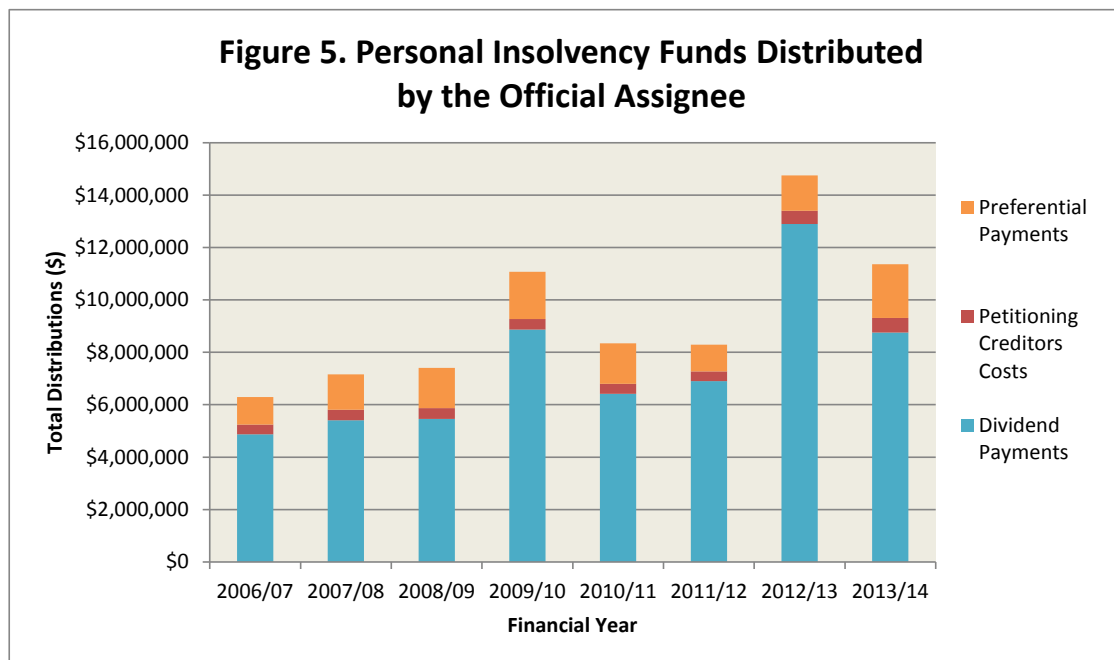
<b>Court Region</b>	<b>%</b>	<b>Total</b>	<b>Debtor Applications</b>	<b>Creditor Applications</b>	<b>No Asset Procedure</b>	<b>Summary Instalment Order</b>
Auckland	29%	991	295	342	309	45
Blenheim	1%	28	10	8	8	2
Christchurch	10%	353	112	67	122	52
Dunedin	3%	112	38	24	45	5
Gisborne	1%	44	13	15	13	3
Greymouth	1%	26	6	8	10	2
Hamilton	6%	211	85	47	66	13
Invercargill	4%	148	24	28	38	58
Masterton	1%	28	8	8	11	1
Napier	5%	159	57	16	58	28
Nelson	2%	83	25	6	32	20
New Plymouth	2%	57	23	6	23	5
Palmerston North	3%	117	31	17	55	14
Rotorua	4%	151	51	39	41	20
Tauranga	5%	157	56	30	62	9
Timaru	3%	113	24	6	43	40
Wanganui	1%	49	10	9	28	2
Wellington	8%	257	79	61	95	22
Whangarei	4%	138	39	40	54	5
Overseas	6%	196	158		32	6
		<b>3418</b>	<b>1144</b>	<b>777</b>	<b>1145</b>	<b>352</b>

<sup>2</sup> Information regarding geographical population statistics are sourced from Statistics New Zealand (2014), *2013 Census; Quickstats*. Wellington: Statistics New Zealand.



The Christchurch and Wellington regions were the second and third most represented regions, accounting for 10% and 8% respectively of total personal insolvency volumes nationwide. The Canterbury region accounted for 13% of the New Zealand residential population as at the 2013 National Census, while the Wellington region made up 11%.

Blenheim, Gisborne, Greymouth, Masterton and Wanganui received the lowest volume of personal insolvencies in 2013/14 making up 1% of total personal insolvency volumes each.



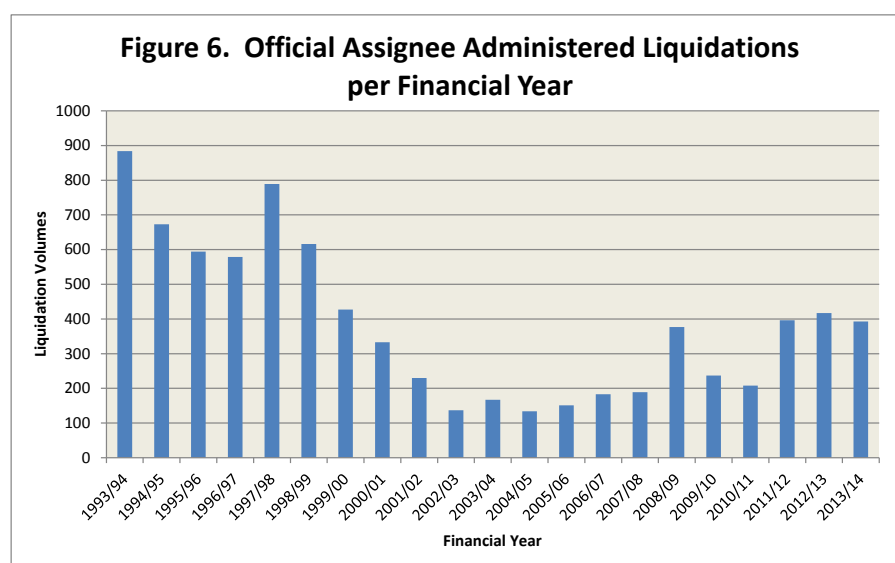
In the 2013/14 financial year the Official Assignee paid out \$11,367,354.99 in distributions to creditors. 77% of these funds were dividend payments to unsecured creditors, 18% were preferential payments and 5% were distributions towards petitioning creditor's costs.

## Corporate Insolvency Volumes

The Official Assignee can be appointed the liquidator of a company by the Court, or if a special resolution is passed by reason of the Official Assignee exercising voting rights attaching to shares in the company of a person who has been adjudged bankrupt; or another company of which the Official Assignee is liquidator. The number of companies registered in New Zealand as at 30 June 2014 was 545,533<sup>3</sup>.

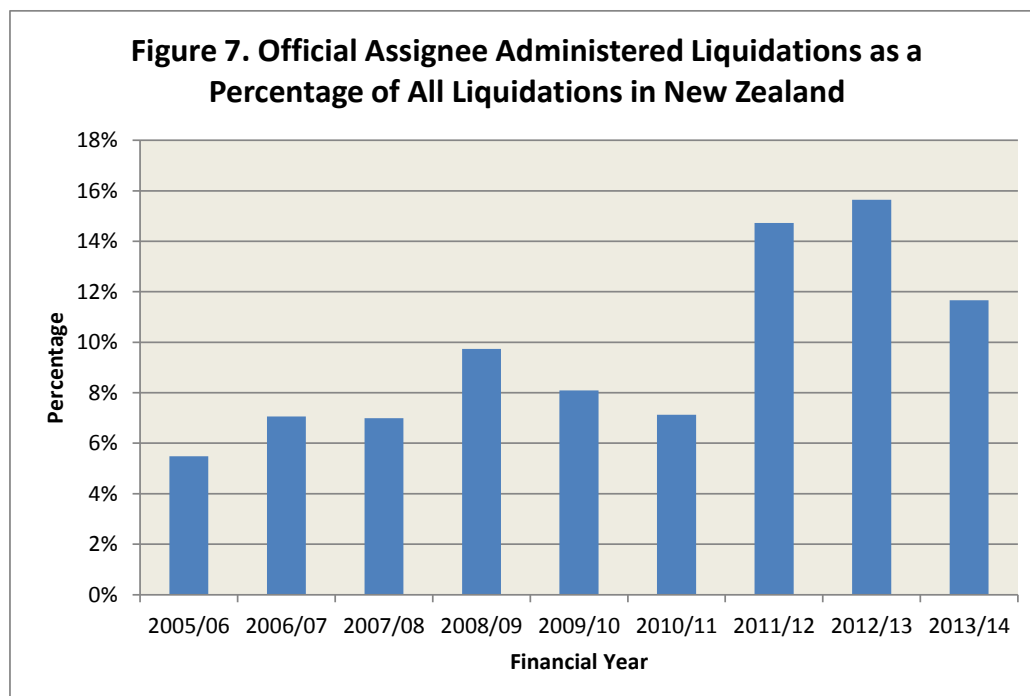
<b>Table 5. Corporate Insolvency Volumes per Financial Year</b>	
<b>Financial Year 1 July - 30 June</b>	<b>Corporate Insolvency Volumes</b>
1993/94	884
1994/95	673
1995/96	594
1996/97	579
1997/98	789
1998/99	616
1999/00	427
2000/01	333
2001/02	230
2002/03	137
2003/04	167
2004/05	134
2005/06	151
2006/07	183
2007/08	189
2008/09	377
2009/10	237
2010/11	208
2011/12	396
2012/13	417
<b>2013/14</b>	<b>393</b>

In 2013/14 the Official Assignee was appointed the liquidator of 393 companies which represented a 6% decrease in corporate insolvency volumes administered by the Official Assignee compared to the previous financial year.

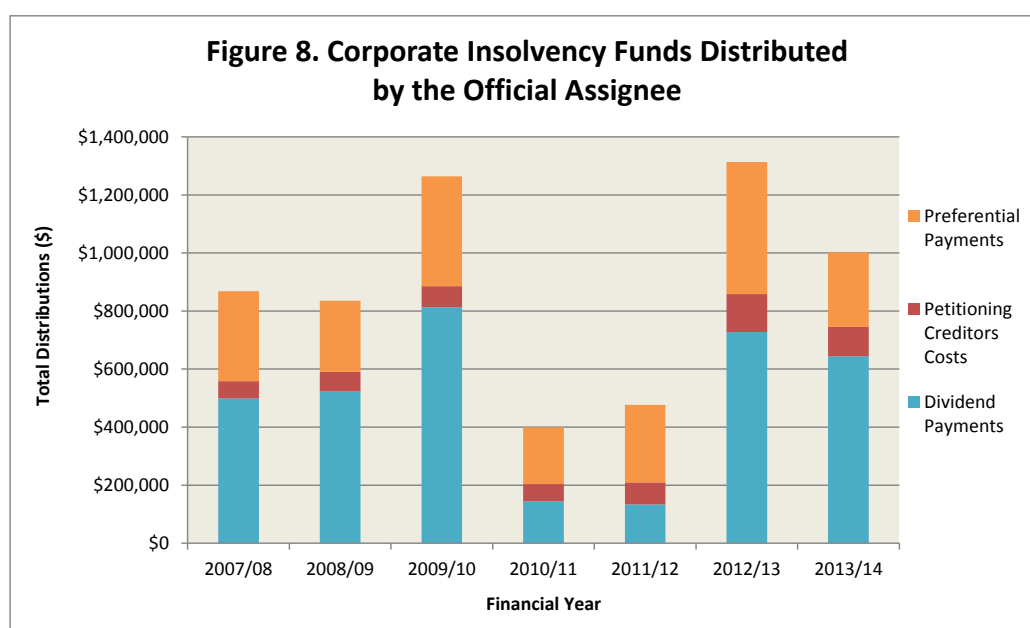


<sup>3</sup> Registered Company statistics sourced from the Companies Office; <http://www.business.govt.nz/companies/about-us/statistics>.

In 2013/14, 3,369 companies were placed into liquidation within New Zealand<sup>4</sup>. The Official Assignee was appointed the liquidator of 12% of these liquidations. The appointment rate for 2013/14 was down 4% from the previous year, but remained higher than between the years 2005/06 to 2010/11, during which time the Official Assignee appointment rate did not rise above 10%.



The Official Assignee distributed \$1,002,299.56 in corporate insolvency distributions in 2013/14. Of these funds, 64% were paid out as dividend payments, 10% were distributed towards petitioning creditor's costs and 26% were preferential payments.



<sup>4</sup> Registered Company statistics sourced from the Companies Office; <http://www.business.govt.nz/companies/>.

The Auckland region accounted for 51% of liquidations administered by the Official Assignee in 2013/14, Hamilton was the next most represented region accounting for 12% of liquidations, followed by Wellington which made up 8% of liquidations.

<b>Table 6. Corporate Insolvency Volumes 2013/14</b>		
<b>Court Region</b>	<b>%</b>	<b>Number of liquidations</b>
Auckland	51%	201
Hamilton	12%	47
Wellington	8%	32
Tauranga	5%	18
Palmerston North	4%	16
Voluntary Liquidation	4%	14
Rotorua	3%	12
Napier	3%	11
Whangarei	2%	9
Christchurch	2%	9
Nelson	2%	7
New Plymouth	1%	5
Gisborne	1%	4
Wanganui	1%	3
Masterton	1%	2
Dunedin	0%	1
Blenheim	0%	1
Timaru	0%	1
Invercargill	0%	0
Greymouth	0%	0
Interim Liquidation	0%	0
		<b>393</b>

## Key Characteristics of Debtors 2012 to 2014

Debtor Characteristics 2012 to 2014	Bankrupts		NAP Debtors		SIO Debtors	
	2013/14	2011/12	2013/14	2011/12	2013/14	2011/12
Number	1921	2417	1145	1872	352	351
Gender % male	62%	62%	40%	41%	39%	39%
Age (most represented)	40-44 (17%)	40-44 (16%)	25-29 (16%)	25-29 (16%)	25-29 (14%)	20-24 (16%)
Ethnicity (most represented)	NZ European (53%)	NZ European (55%)	NZ European (60%)	NZ European (60%)	NZ European (68%)	NZ European (66%)
% not employed	55%	48%	80%	82%	41%	47%
Debt < \$20,000	9%	9%	64%	65%	68%	73%

The key characteristics of insolvent debtors have remained fairly consistent between 2012 and 2014. Men are more likely than women to become bankrupt, while women are more likely than men to enter into a Summary Instalment Order or the No Asset Procedure.

It has become more common for debtors between the ages of 20-29 to enter the No Asset Procedure or the Summary Instalment Order than any other age-group; bankrupt debtors are most likely to be between the ages of 40-49.

The majority of debtors who enter insolvency procedures within New Zealand identify as being New Zealand European.

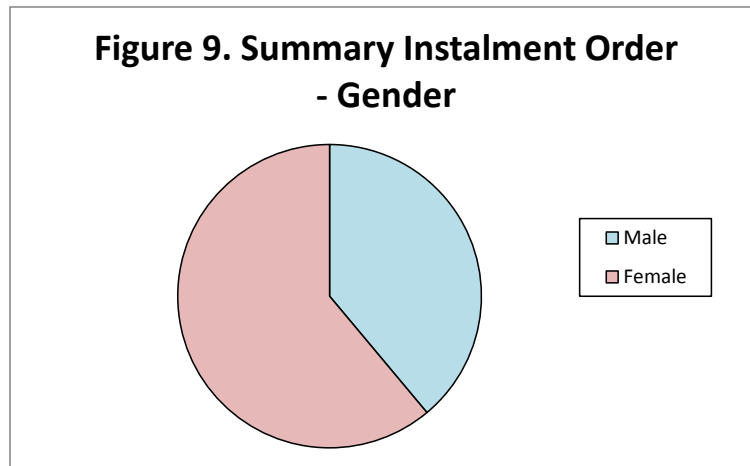
55% of bankrupts and 41% of Summary Instalment Order debtors in 2013/14 were unemployed, while No Asset Procedure debtors represented a higher unemployment rate of 80% as at the date they were admitted into the procedure.

The majority of debtors who enter into a No Asset Procedure or a Summary Instalment Order had debts under \$20,000, whereas only 9% of bankrupts in both 2012 and 2014 had debt levels under \$20,000.

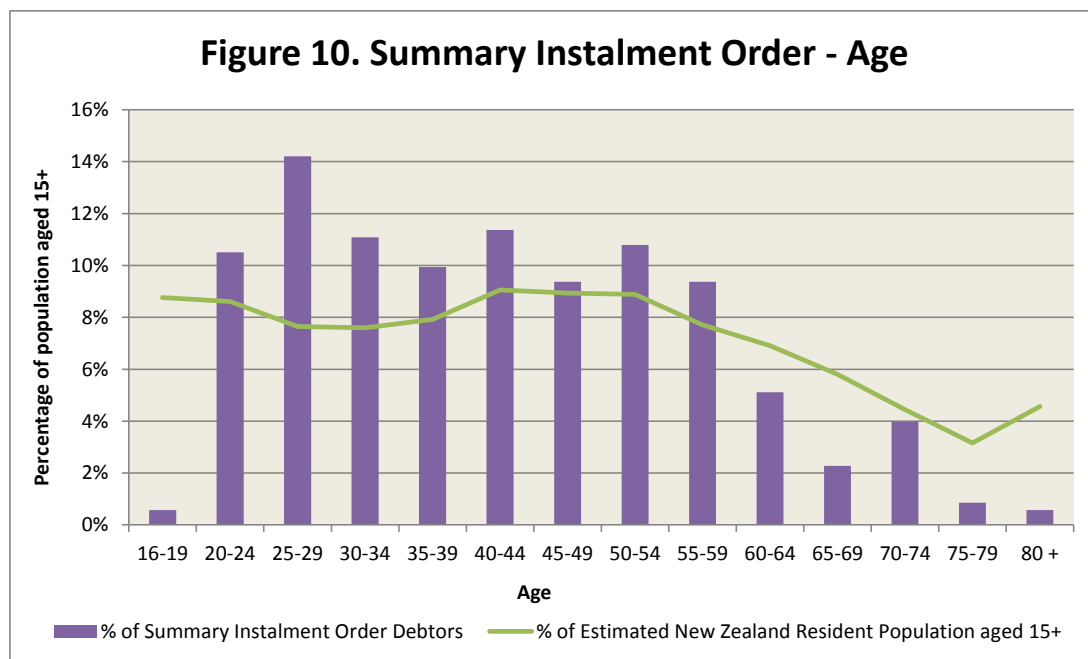
## Summary Instalment Orders

### Age and Gender

A total of 352 debtors entered into a Summary Instalment Order in 2013/14. Of those who did, 39% were male and 61% were female.



Amongst Summary Instalment Order debtors the age groups most represented were 25-29 (14%) followed by 40-44 (11%). The corresponding percentages of the estimated New Zealand residential population aged over 15 for those age groups are 8% and 9% respectively<sup>5</sup>.

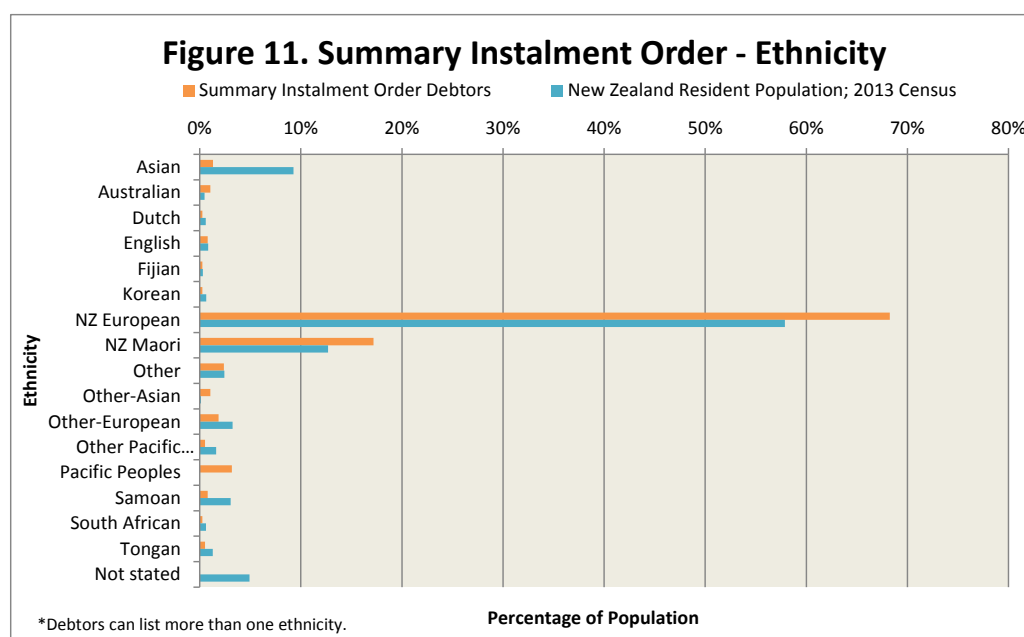


The average age of those who entered into a Summary Instalment Order in 2013/14 was 43 years old.

<sup>5</sup> The New Zealand residential population statistics are sourced from Statistics New Zealand (2014), *Census regional summary tables – Part 1*. Wellington: Statistics New Zealand.

## Ethnicity

On the Statement of Affairs form debtors are asked to tick as many boxes as they need to show which ethnic group(s) they belong to. Ethnicity is self-perceived and people can belong to more than one ethnic group. 68% of debtors who entered into Summary Instalment Orders in 2013/14 identified as being of New Zealand European descent compared to 58% of the New Zealand population<sup>6</sup>. The second most represented ethnicity amongst Summary Instalment Order debtors was New Zealand Maori who accounted for 17% of debtors, as against 13% of the New Zealand residential population.

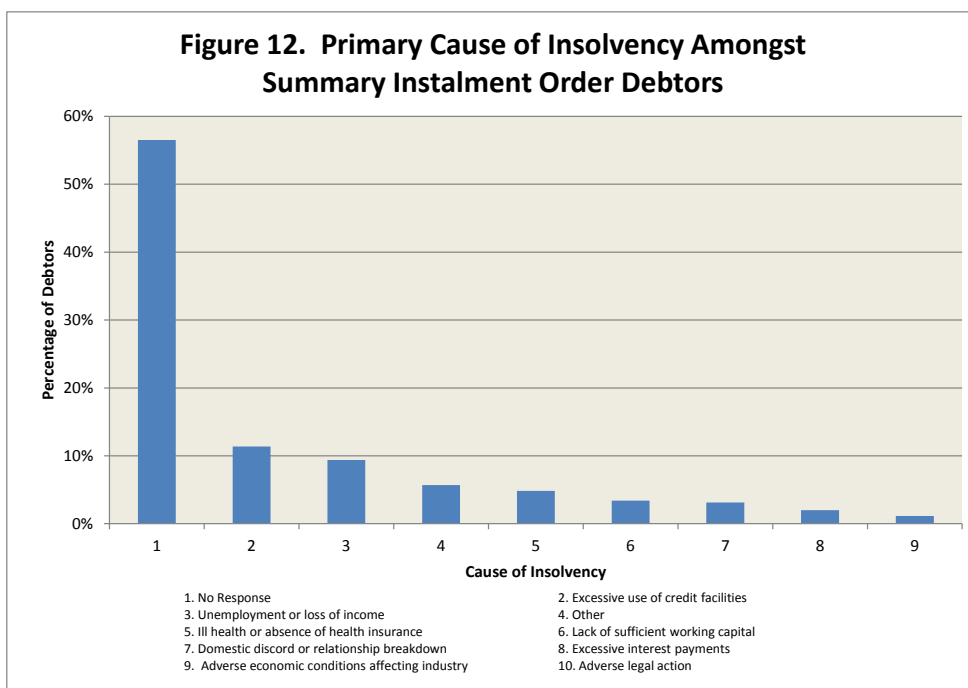


## Cause of Insolvency

Debtors are asked to choose a 'main' cause of their insolvency from a selection in the Statement of Affairs with the option of selecting 'other' and specifying their primary cause. Debtors are then given the option of selecting additional contributing causes in the following question.

57% of debtors who entered Summary Instalment Orders in 2013/14 did not provide details as to the cause of their insolvency, of those who did, 'excessive use of credit facilities' was identified as the most significant cause (11%), followed by 'unemployment or loss of income' (9%).

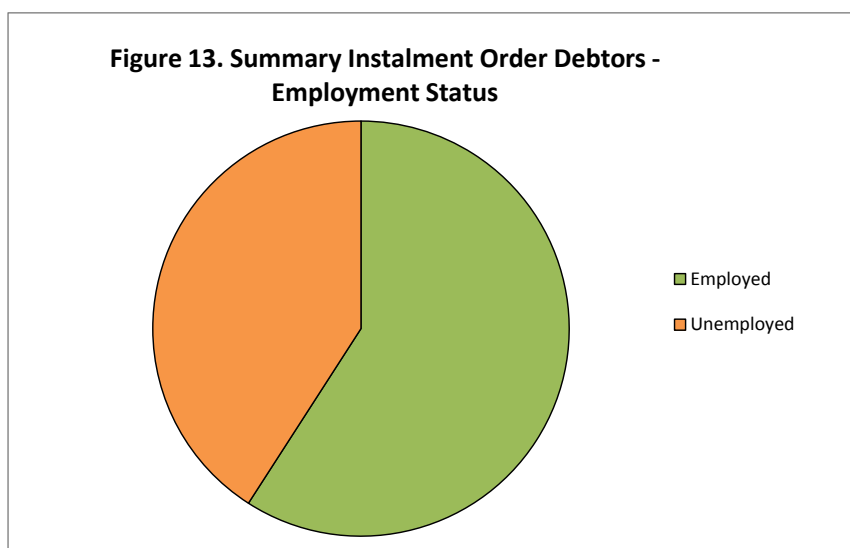
<sup>6</sup> The New Zealand resident population statistics are sourced from Statistics New Zealand (2014), *2013 Census Data*. Wellington: Statistics New Zealand.



## Employment

59% of Summary Instalment Order debtors were employed at the date they entered into the Summary Instalment Order; 53% of female debtors and 68% of male debtors. Most were employed by third parties with only 3% trading on their own account or as a director/shareholder.

41% were recorded as being unemployed, this includes beneficiaries, students, and retirees. The seasonally adjusted national unemployment rate for the March 2014 quarter was 6%<sup>7</sup>.

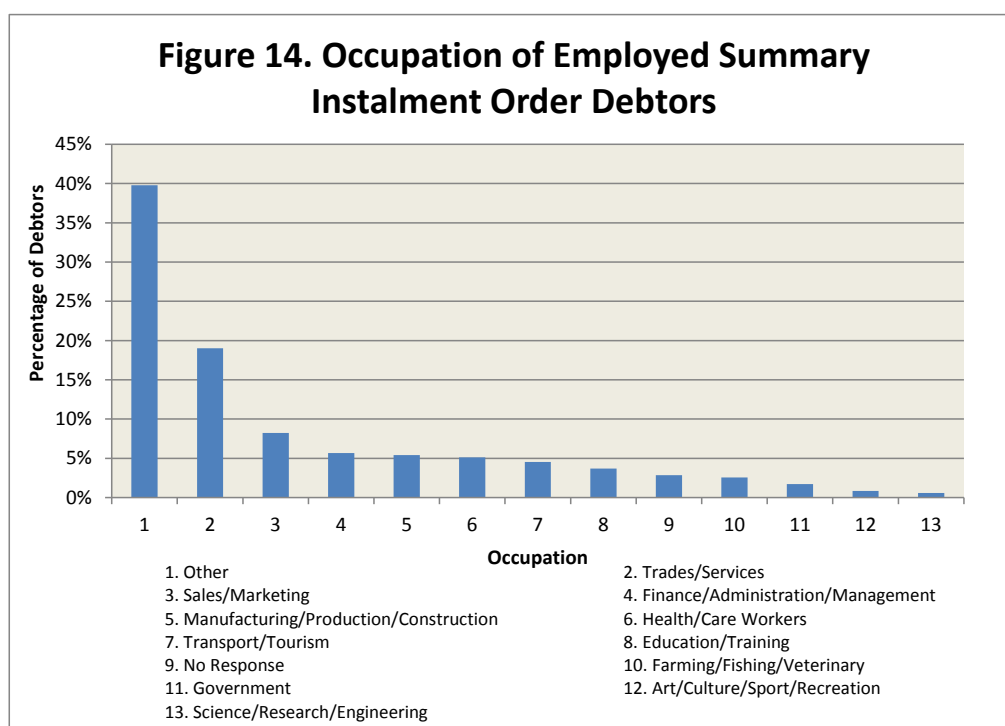


<sup>7</sup> The New Zealand unemployment rate is sourced from Statistics New Zealand (2014), *Household Labour Force Survey; March 2014 quarter*. Wellington: Statistics New Zealand.

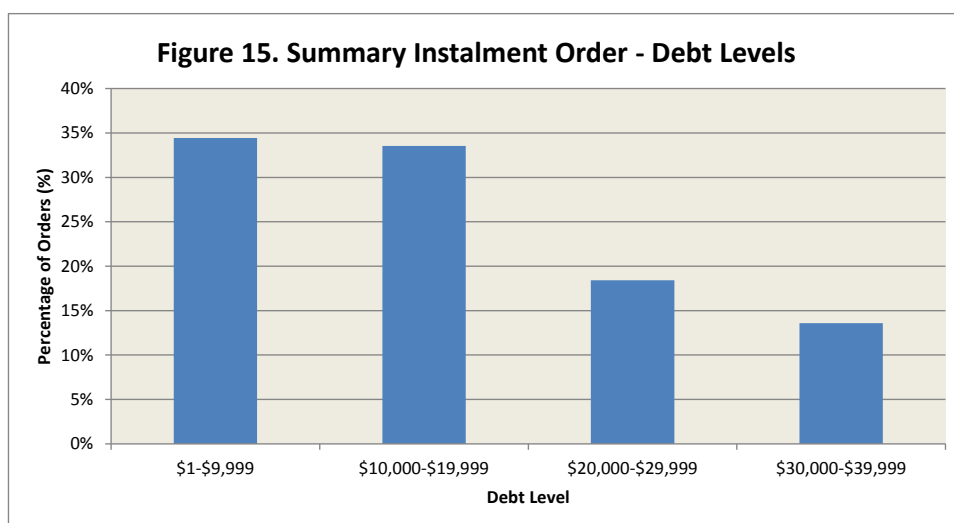


Table 8. Employment Status of Summary Instalment Order Debtors			
Description	Male	Female	Total %
Currently employed	61%	40%	49%
Unemployment Benefit	9%	16%	13%
Employed part-time with benefit	2%	12%	8%
Other benefit	2%	11%	8%
Retired	9%	6%	7%
Sickness Benefit/ACC	1%	5%	3%
Other	4%	3%	3%
Student	1%	2%	2%
Sickness Benefit	2%	2%	2%
Trading on own account	4%	0%	2%
Unpaid family worker	0%	2%	1%
Trading as director/shareholder	1%	0%	1%
Unemployed no benefit	1%	0%	1%

Debtors are asked to list their main occupation in their Statement of Affairs. Of those who entered into a Summary Instalment Order in 2013/14, 19% identified that they were involved in 'trades/services' and 8% were involved in 'sales/marketing'. 40% of debtors were involved in 'other' employment not identified in the listed group classifications.



## Debt Levels

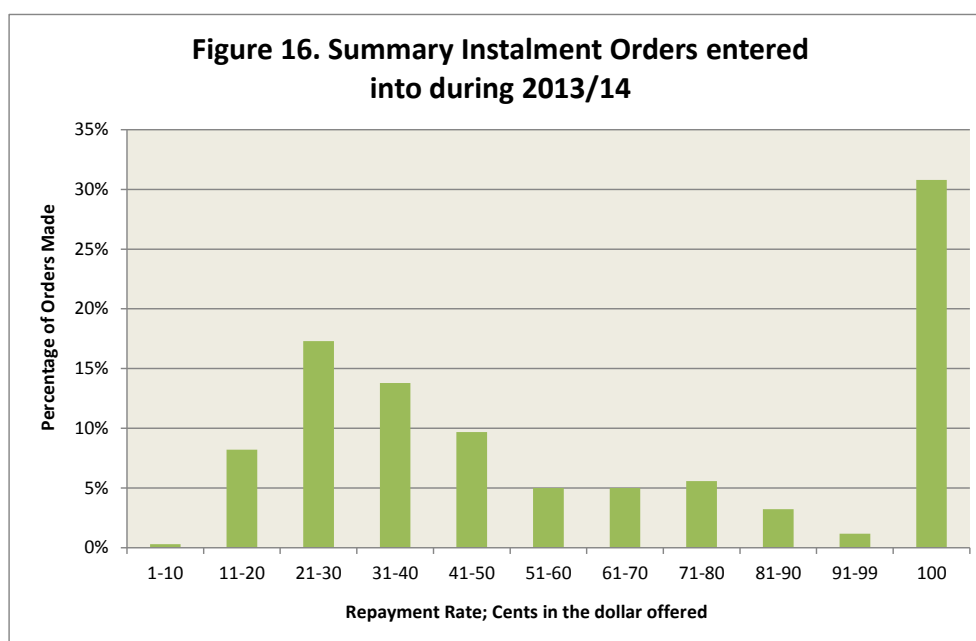


The Official Assignee may grant a Summary Instalment Order if a debtors total unsecured debts (excluding student loans, fines, penalties, and reparation orders) are less than \$NZ40,000. In 2013/14, 34% of Summary Instalment Order debtors had debt levels of less than \$10,000, 34% had debt levels between \$10,000-\$19,999 and 32% had debt levels over \$20,000.

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## Repayment Rate

In 2013/14, 31% of all Summary Instalment Orders entered into were for the repayment of 100 cents in the dollar. In 51% of cases more than 50 cents in the dollar is being repaid to creditors, the average repayment rate was 61 cents in the dollar.



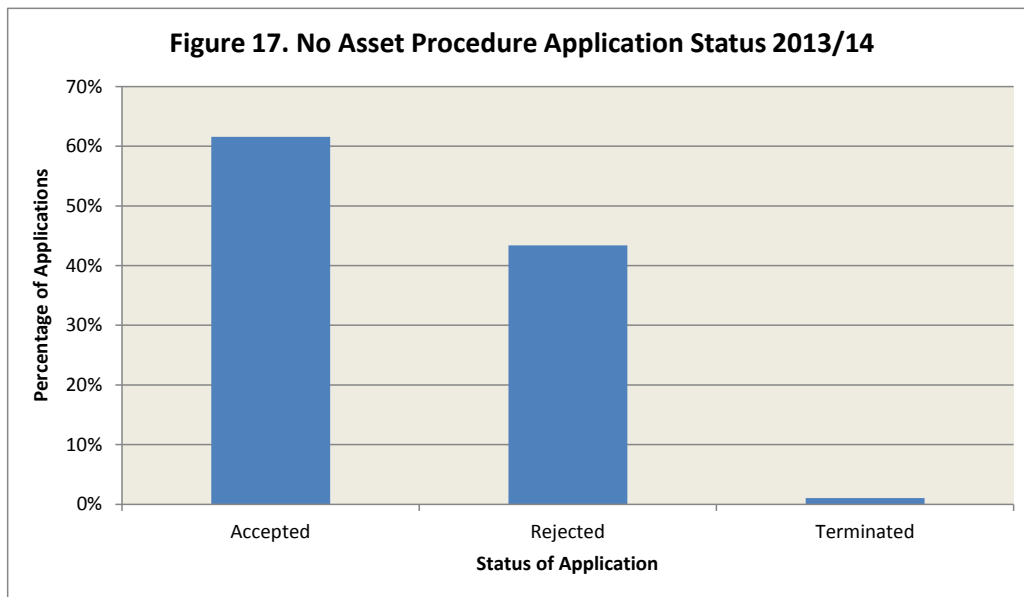
## No Asset Procedures

### Applications – Rejections and Terminations

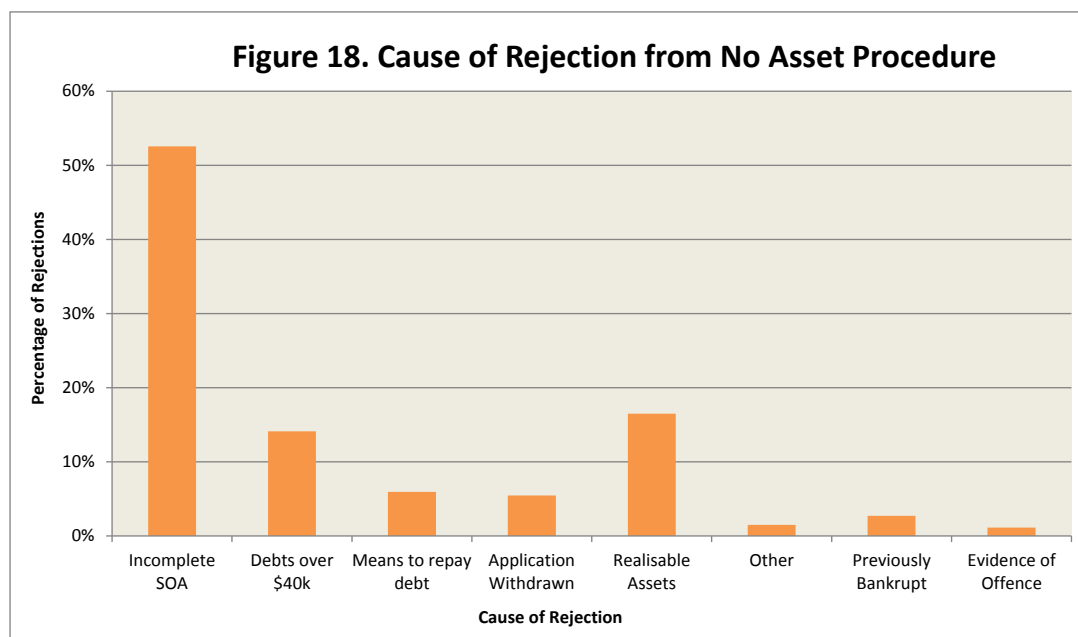
In 2013/14, 1,860 applications were received for entry into the No Asset Procedure. Of these, 1,145 were accepted.

<b>Table 9. No Asset Procedure Applications</b>				
	Received	Accepted	Rejected	Terminated
2007/08	1654	1244	383	8
2008/09	4310	2833	1432	106
2009/10	4200	3026	1341	68
2010/11	3337	2514	928	53
2011/12	2832	1872	1025	43
2012/13	2290	1448	976	30
2013/14	1860	1145	807	19

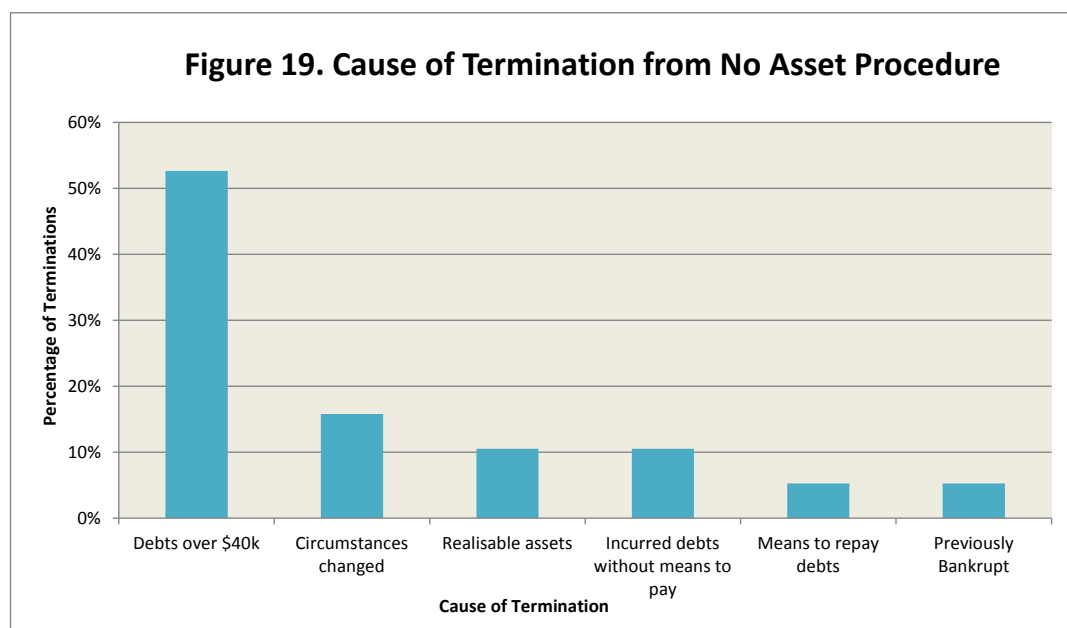
An application that has been rejected from entry into the No Asset Procedure can be resubmitted depending on the reason for the rejection, for example submitting an 'incomplete Statement of Affairs'. In such instances, certain applications may be counted as having been both rejected and accepted; likewise an application which has been accepted can then be terminated. For this reason the percentages in Figure 17. do not add to 100%.



In 2013/14, 62% of No Asset Procedure applications were accepted, 43% were rejected and 1% were ultimately terminated.

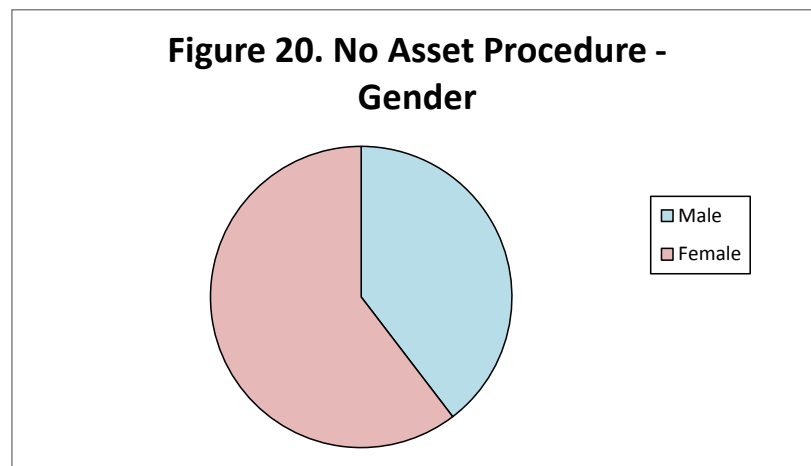


The most common cause of rejection of a No Asset Procedure application in 2013/14 was an 'incomplete Statement of Affairs' which accounted for 53% of rejections. Having 'realisable assets' was the second most common cause, making up 16% of rejections and 'debts over \$40,000', making up a further 14%.



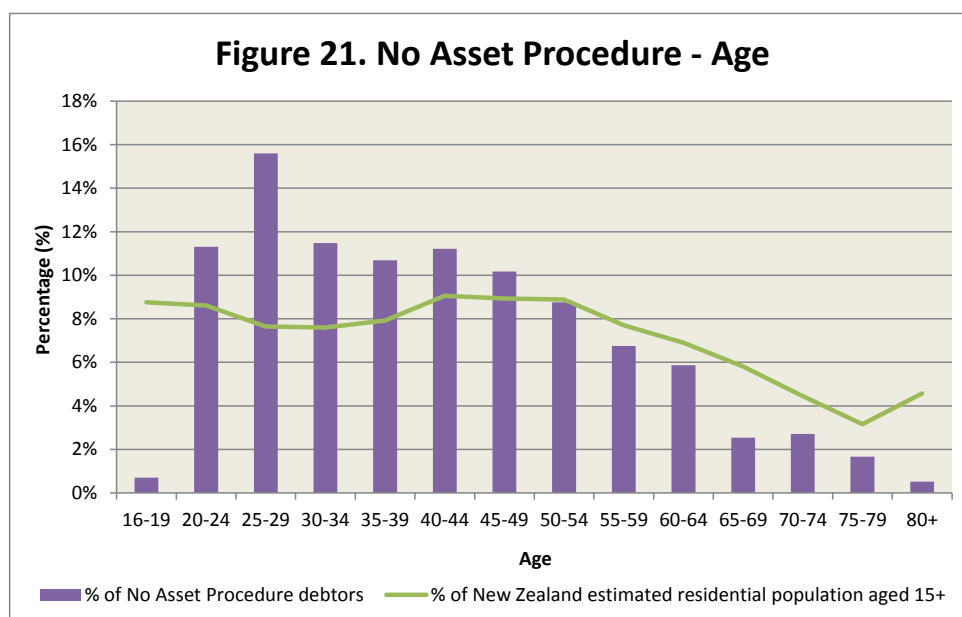
In 2013/14, 1% of No Asset Procedures were terminated, the most common cause being 'debts over \$40,000' which accounted for 53% of all terminations.

## Age and Gender



60% of debtors who entered into a No Asset Procedure in 2013/14 were female, 40% were male.

The most common age of debtors entering into a No Asset Procedure in 2013/14 was between the ages of 25-29, followed by 30-34 years. Debtors in their 20's accounted for 27% of all No Asset Procedure debtors, as compared to making up 16% of the estimated New Zealand residential population aged 15 and over<sup>8</sup>. Debtors in their 30's made up 22% of No Asset Procedure debtors compared to 16% of the estimated New Zealand residential population, while debtors in their 40's made up 21% of No Asset Procedure debtors.



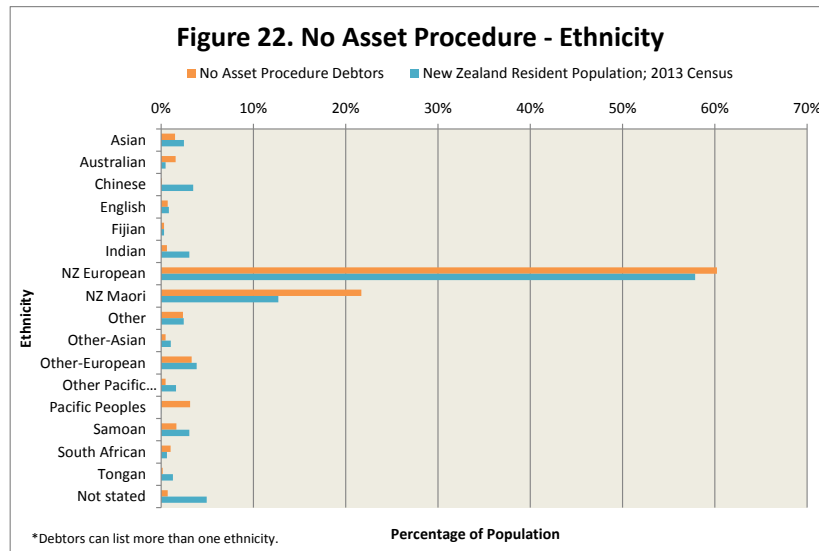
The average age of debtors who entered into a No Asset Procedure in 2013/14 was 42 years.

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<sup>8</sup> The New Zealand residential population statistics are sourced from Statistics New Zealand (2014), *Census regional summary tables – Part 1*. Wellington: Statistics New Zealand.

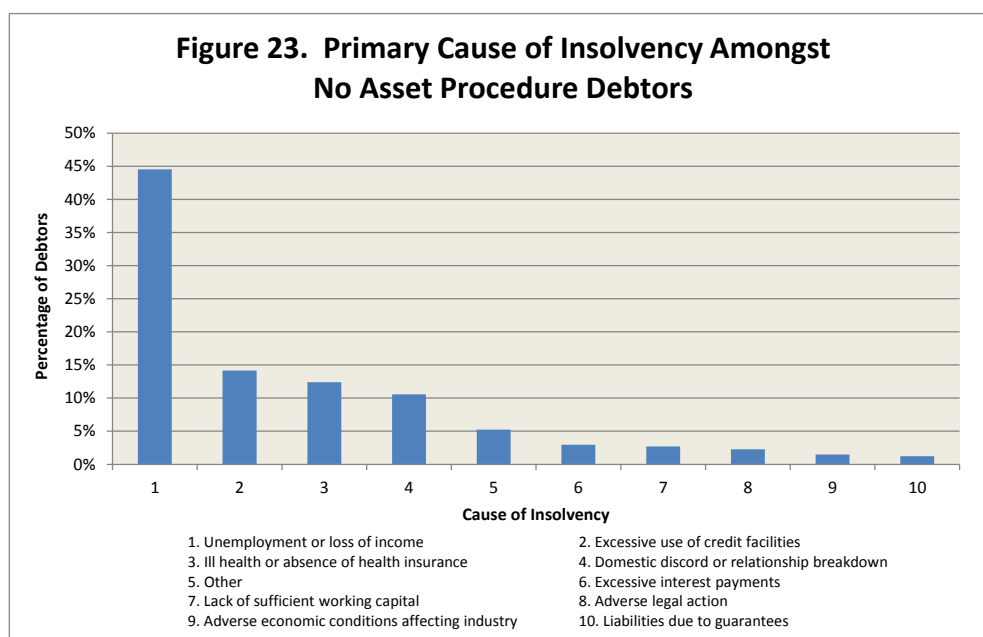
## Ethnicity

60% of No Asset Procedure debtors in 2013/14 identified as being of New Zealand European descent, 22% identified as being New Zealand Maori. Both ethnicities are over-represented in comparison to the New Zealand population breakdown as recorded in the 2013 National Census<sup>9</sup>.



## Cause of Insolvency

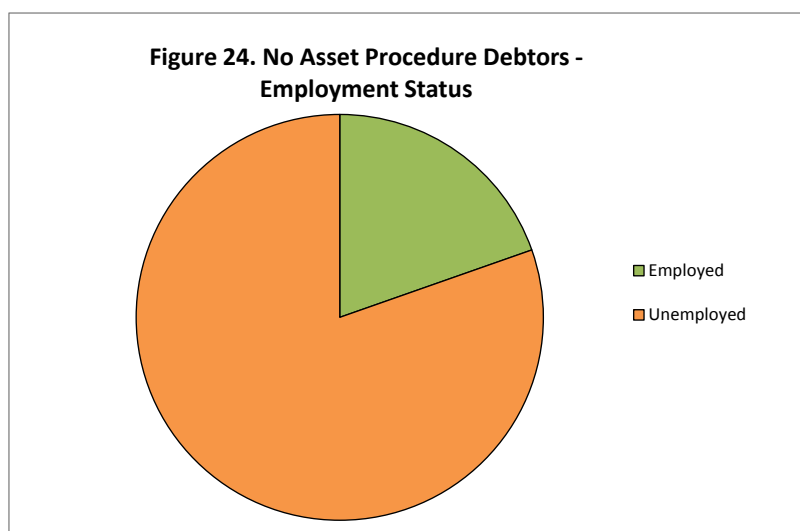
45% of No Asset Procedure debtors listed 'unemployment or loss of income' as the primary cause of their insolvency in 2013/14. The next most common causes were 'excessive use of credit facilities' and 'ill health or absence of health insurance' which accounted for 14% and 12% of No Asset Procedures respectively.



<sup>9</sup> The New Zealand resident population statistics are sourced from Statistics New Zealand (2014), *2013 Census Data*. Wellington: Statistics New Zealand.

## Employment

In order to gain entry into the No Asset Procedure, debtors are subject to a means test to determine whether they have the ability to repay any amounts towards their debts. Debtors who are in the position to make on-going contributions towards their debts will not be accepted into the procedure. For this reason, No Asset Procedure debtors are less likely to be employed than debtors who enter into alternative insolvency procedures.

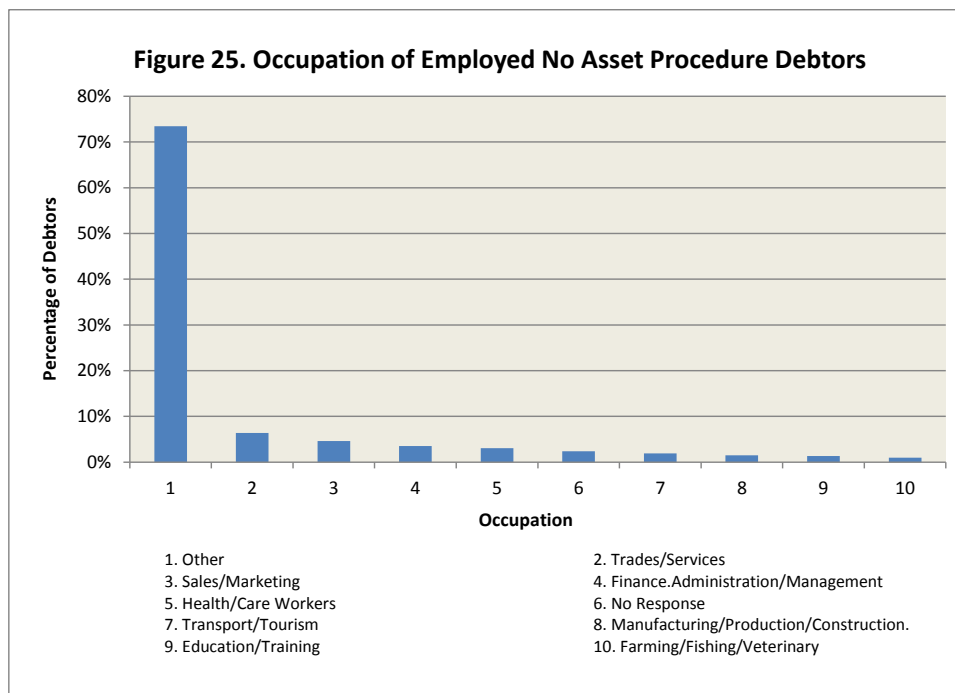


20% of No Asset Procedure debtors noted that they were employed in their Statement of Affairs; this is represented by 17% of male debtors and 21% of female debtors.

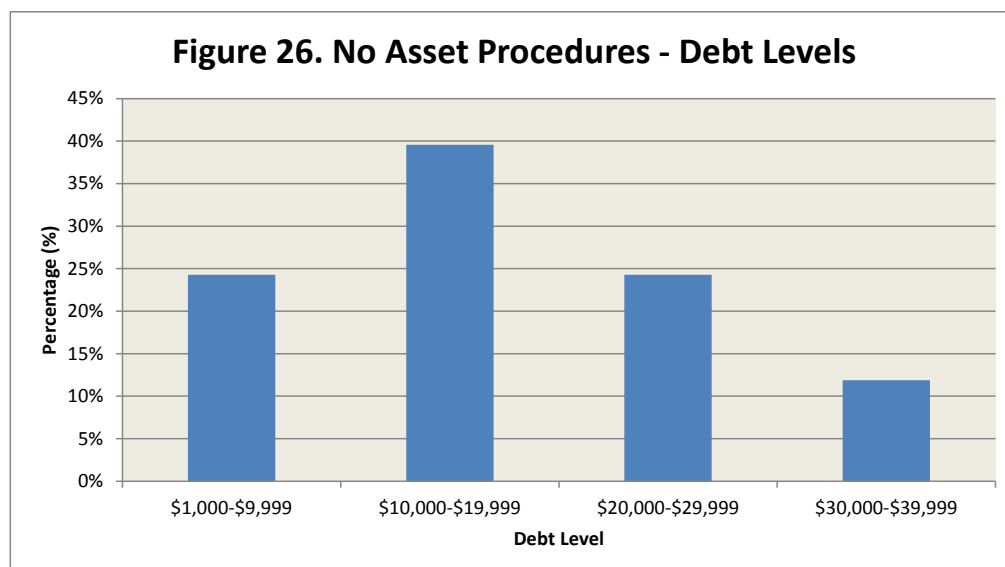
<b>Table 10. Employment Status of No Asset Procedure Debtors</b>			
<b>Description</b>	<b>Male</b>	<b>Female</b>	<b>Total %</b>
Unemployment benefit	26%	32%	29%
Currently Employed	14%	14%	14%
Other benefit	7%	14%	11%
Unemployed no benefit	17%	6%	10%
Sickness benefit	8%	7%	8%
Retired	9%	6%	7%
Sickness Benefit/ACC	10%	5%	7%
Employed part-time with benefit	2%	7%	5%
Student	4%	3%	4%
Other	2%	3%	2%
Unpaid family worker	0%	1%	1%
Trading on own account	1%	0%	1%
Domestic	0%	1%	0%

The most common employment status of those who entered into a No Asset Procedure in 2013/14 was to be on the unemployment benefit; 32% for females and 26% for males.

When asked to select their primary occupation, 73% of No Asset Procedure debtors selected 'other' employment not identified in the listed group classifications, 6% selected 'trades/services', and 5% selected 'sales/marketing'.



## Debt Levels



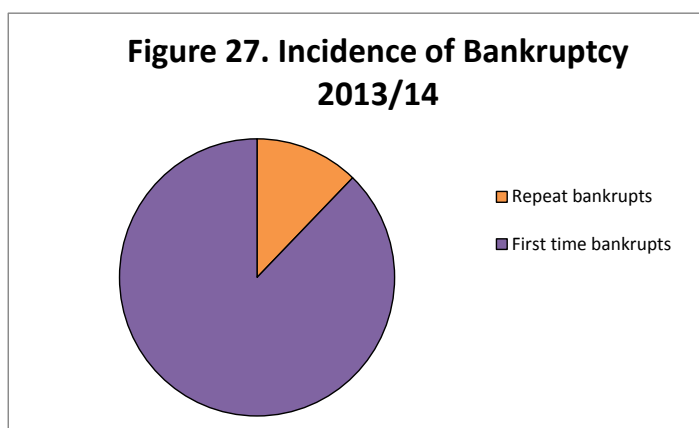
In 2013/14, the most common level of debt amongst No Asset Procedure debtors was \$10,000-\$19,999 (40%). 24% of debtors had debt levels of \$1,000-\$9,999, and another 24% had debt levels of \$20,000-\$29,999. 12% of debtors had debts over \$30,000.



## Bankruptcies

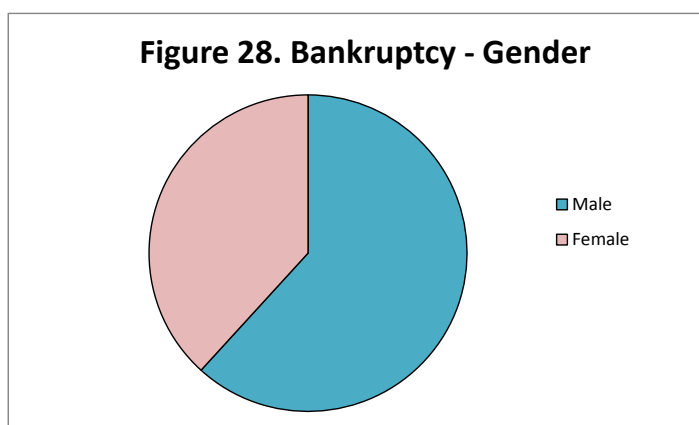
### Incidence of Bankruptcy

12% of debtors adjudicated bankrupt in 2013/14 had been bankrupt previously, while 88% of debtors were first time bankrupts. The level of repeat bankruptcy was higher for those adjudicated by way of a debtor's application with a repeat bankruptcy rate of 15%, compared to creditor's applications which had a repeat rate of 8%.



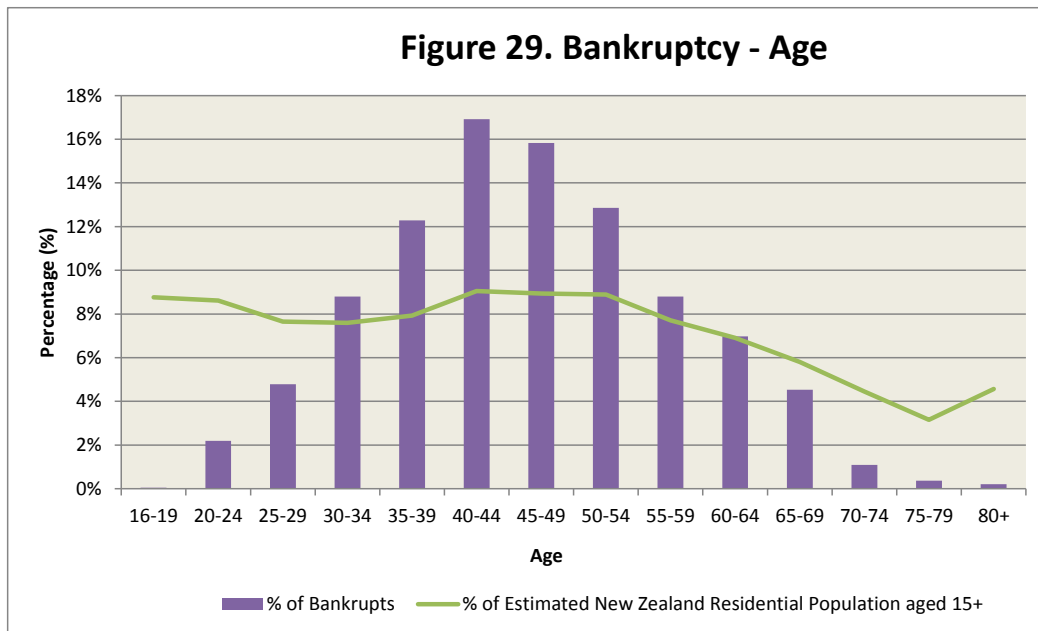
### Age and Gender

62% of bankrupts adjudicated in 2013/14 were male, 38% were female. The gender ratio varied between debtor's and creditor's applications with creditor's applications having a higher portion of male debtors (74%) than debtor's applications (55%).



The most commonly represented age group of bankrupts in 2013/14 was 40-44 years. 33% of Bankrupts were between the ages of 40-49, as compared to 18% of the estimated New Zealand Residential Population aged 15 and over<sup>10</sup>. Debtors in their 30's and 50's were also over-represented compared to their respective New Zealand residential population age-group percentages.

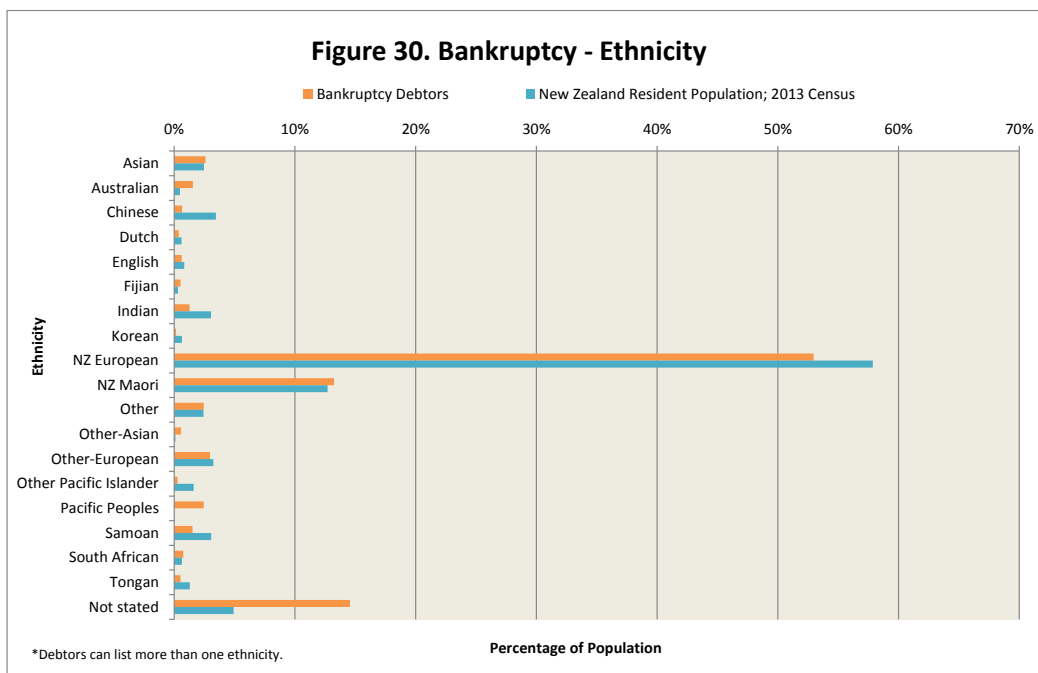
<sup>10</sup> The Estimated New Zealand Resident Population statistics are taken from Statistics New Zealand (2014), *Census regional summary tables – Part 1*. Wellington: Statistics New Zealand.



The average age of those who went bankrupt during 2013/14 was 48 years old.

## Ethnicity

53% of people adjudicated bankrupt in 2013/14 identified as being New Zealand European compared to 58% of the estimated New Zealand residential population<sup>11</sup>. 15% did not state their ethnicity while 13% identified as being New Zealand Maori.



<sup>11</sup> The Estimated New Zealand Resident Population statistics are taken from Statistics New Zealand (2014), *2013 Census Data*. Wellington: Statistics New Zealand.

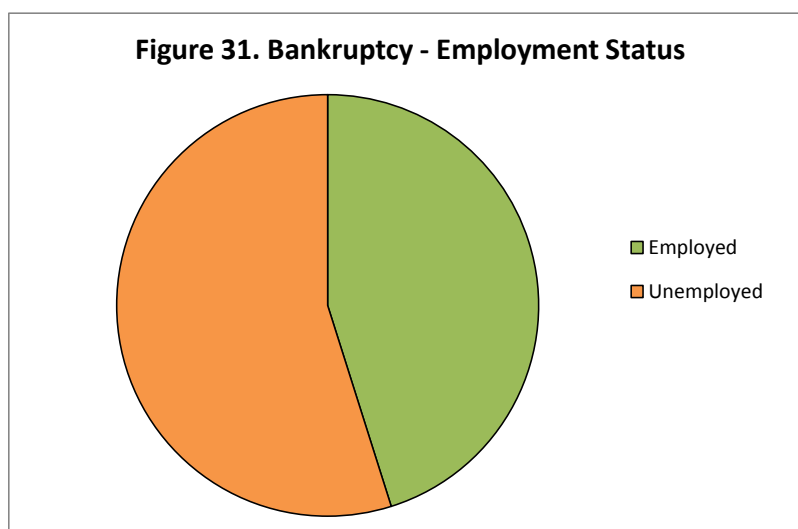
## Cause of Bankruptcy

The most common cause of insolvency selected by bankrupts who were adjudicated in 2013/14 was 'unemployment or loss of income'. 20% of debtors listed this reason as the primary cause of their insolvency. 'Liabilities due to guarantees' and 'adverse legal action' were the next most common causes of bankruptcy identified by debtors.

Table 11. Primary Cause of Bankruptcy			
Cause	Debtor Application	Creditor Application	Total
Unemployment or loss of income	28%	8%	20%
No response	0%	32%	13%
Liabilities due to guarantees	9%	9%	9%
Adverse legal action	4%	13%	8%
Adverse economic conditions affecting industry	8%	6%	7%
Failure to provide for taxation	4%	11%	7%
Domestic discord or relationship breakdown	10%	3%	7%
Excessive use of credit facilities	10%	1%	6%
Other	6%	4%	6%
Ill health or absence of health insurance	8%	2%	5%
Lack of sufficient working capital	4%	3%	3%
Excessive interest payments	4%	2%	3%
Lack of business ability including under-quoting or failure to assess potential of business	2%	2%	2%
Inability to collect debts due to disputes, faulty work or bad debts	1%	1%	1%
Gambling, speculation and extravagance in living	0%	1%	1%
Failure to keep proper books of account and costing records	0%	1%	1%

## Employment

45% of bankrupts adjudicated in 2013/14 were employed at the date of adjudication, 55% were unemployed. Bankrupts who were adjudicated by way of a debtor's application had a higher employment rate (49%) than those adjudicated by way of a creditor's application (39%).

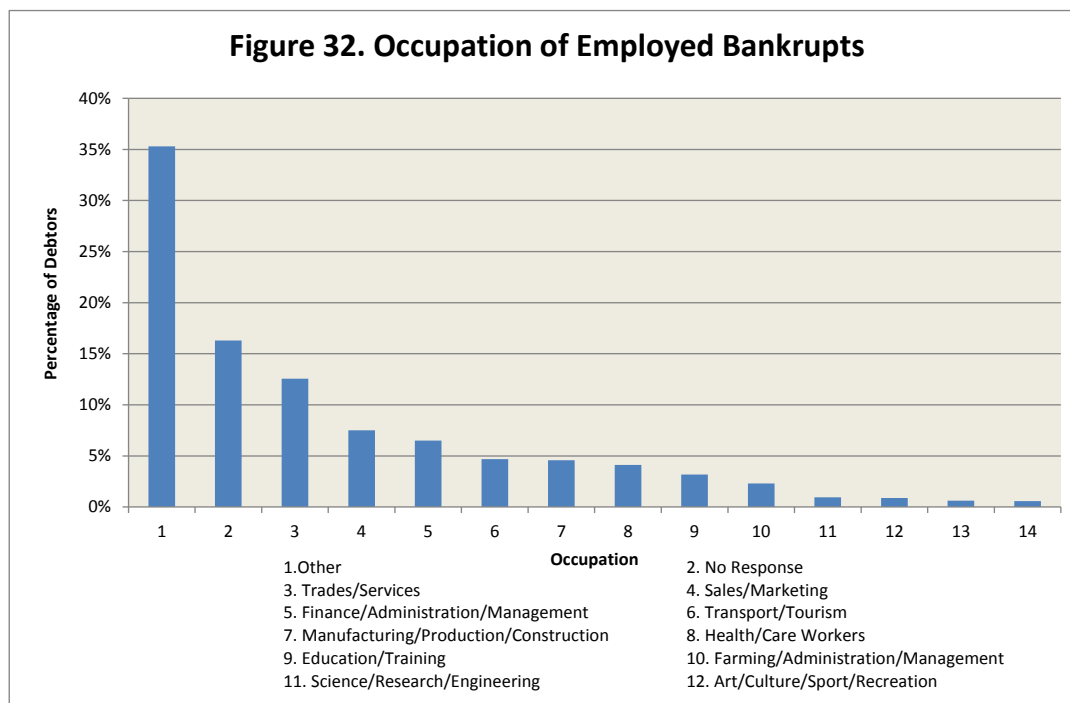


38% of debtors adjudicated bankrupt in 2013/14 were employed by third parties either full time or part time, while an additional 7% were either trading as a director/shareholder or trading on their own account.

Table 12. Employment Status of Bankrupts			
Description	Male	Female	Total %
Currently employed	38%	35%	35%
No response	12%	6%	14%
Unemployed no benefit	15%	11%	13%
Unemployment Benefit	7%	14%	9%
Trading on own account	7%	3%	5%
Retired	4%	4%	4%
Sickness benefit/ACC	3%	4%	3%
Employed part-time and receiving benefit	2%	6%	3%
Other Benefit	1%	6%	3%
Sickness Benefit	3%	2%	3%
Other	1%	4%	2%
Trading as director/shareholder	3%	1%	2%
Unpaid family worker	1%	3%	2%
Student	1%	1%	1%
Trading in partnership	0%	1%	0%

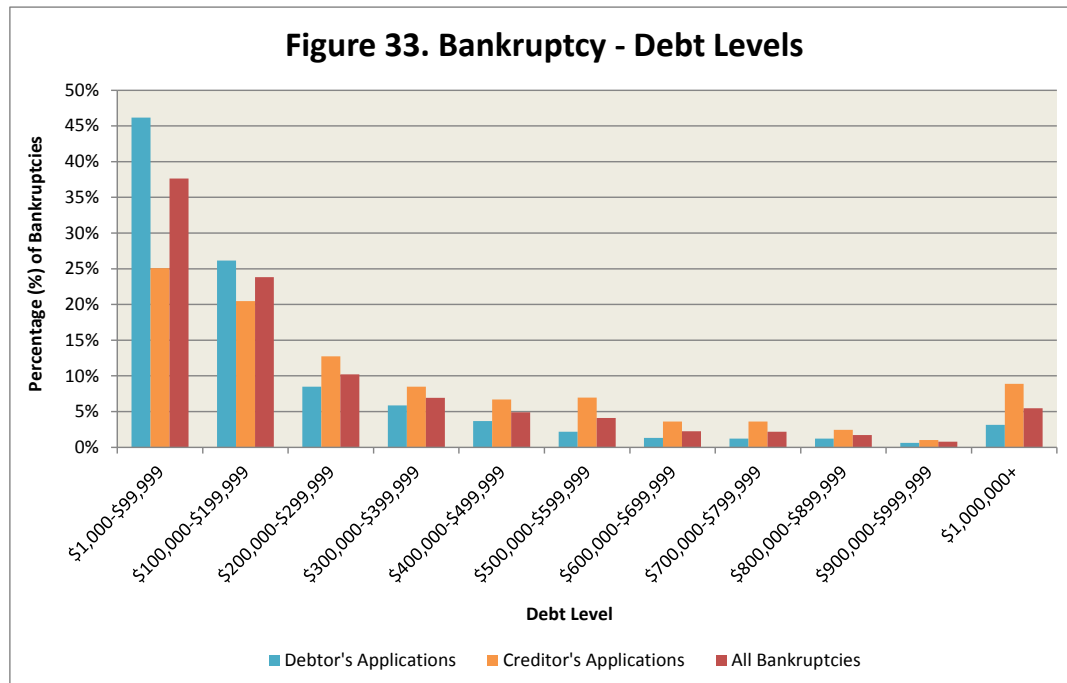
In their Statement of Affairs, debtors are asked to identify their primary occupation. 35% of debtors selected 'other' employment not identified in the listed group classifications.

'Trades/services' was the highest defined occupational category with 13% of bankrupts working in these fields, the second most common occupational field identified was 'sales/marketing'.

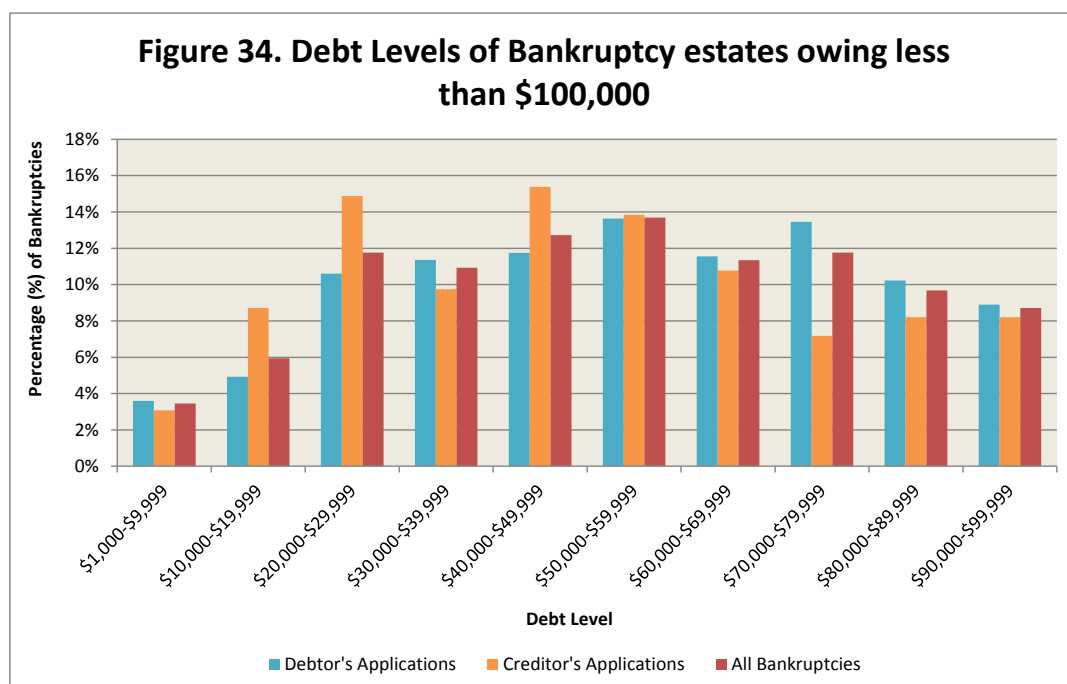


## Debt Levels

Unlike No Asset Procedures and Summary Instalment Orders there is no upper limit to the level of debt a bankrupt can have; 38% of bankrupts adjudicated in 2013/14 had debt of less than \$100,000, 24% of bankrupts had debt levels of between \$100,000-\$200,000, and 38% had debt levels over \$200,000.



Of those bankruptcy estates that had less than \$100,000 in debt, 45% owed of less than \$50,000, and 55% had total debt between \$50,000-\$100,000.



## Corporate Insolvencies

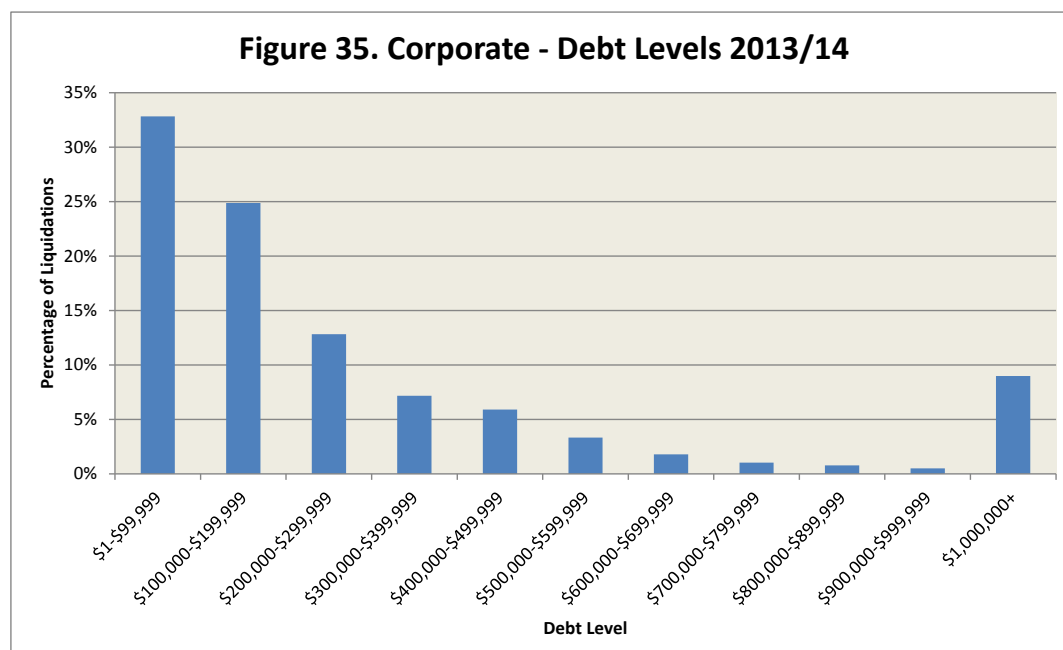
### Cause of Liquidation

Upon the commencement of a liquidation the Official Assignee seeks to obtain a completed Statement of Affairs for the company. In 2013/14, 'failure to provide for taxation' was listed as the primary cause of liquidation by those who completed a company Statement of Affairs and provided a response to this question.

Table 13. Primary Cause of Liquidation	
Cause	Percentage
No response	40%
Failure to provide for taxation	16%
Adverse legal action	11%
Economic conditions affecting industry	10%
Other	7%
Failure of another business organisation	3%
Inability to collect debts	3%
Ill health or absence of health insurance	2%
Domestic discord or relationship breakdown	2%
Lack of business ability	1%
Liabilities due to guarantees	1%
Withdrawal of credit facilities	1%
Excessive interest payments	1%
Lack of sufficient working capital	1%

### Debt Level

58% of liquidations administered by the Official Assignee in 2013/14 had total debt of less than \$200,000, while 42% of liquidations had debt of more than \$200,000.



Of the liquidation estates that had total debt of less than \$100,000, 48% had debt of less than \$50,000, and 52% had debt between \$50,000-\$100,000.

