



Insolvency Statistics and Debtor Profile Report

▶ 1 JULY 2017 TO 30 JUNE 2018



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.

Key Characteristics of Debtors 2016 to 2018

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 \$NZ47,000 and the debtor is unable to pay those debts immediately. Summary Instalment Orders usually last for three years, but can last up to five years in certain circumstances.

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 \$NZ47,000 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

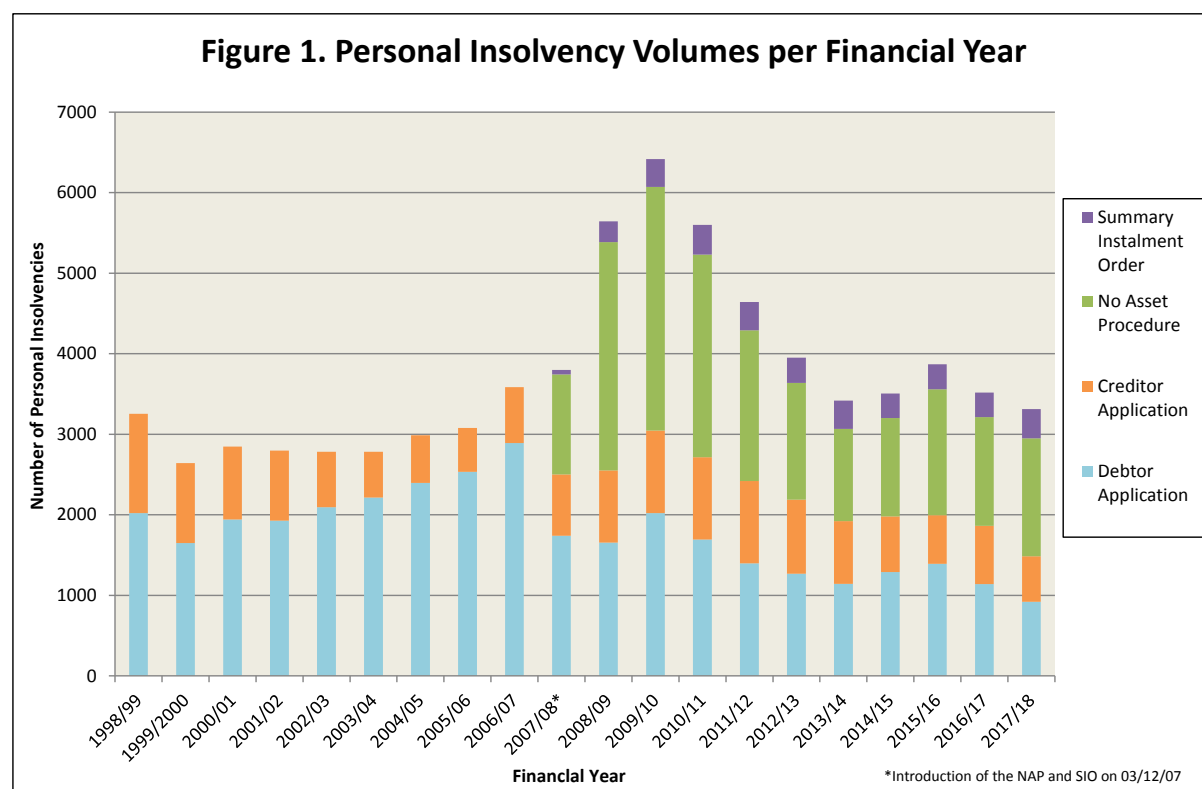
Liquidation is the process by which a company is brought to an end and the assets of the company distributed to creditors by the liquidator. The Insolvency and Trustee Service administers liquidations where the Official Assignee has been appointed the liquidator. Upon completion of the liquidation process 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
1998/99	3253	2022	1231		
1999/2000	2642	1650	992		
2000/01	2846	1942	904		
2001/02	2797	1928	869		
2002/03	2782	2093	689		
2003/04	2781	2214	567		
2004/05	2986	2397	589		
2005/06	3077	2533	544		
2006/07	3585	2890	695		
2007/08*	3798	1739	761	1244	54
2008/09	5642	1656	896	2833	257
2009/10	6417	2022	1023	3026	346
2010/11	5598	1694	1021	2515	368
2011/12	4641	1397	1021	1872	351
2012/13	3950	1270	918	1448	314
2013/14	3418	1144	777	1145	352
2014/15	3506	1289	690	1223	304
2015/16	3870	1393	602	1563	312
2016/17	3516	1141	722	1349	304
2017/18	3312	921	565	1464	362

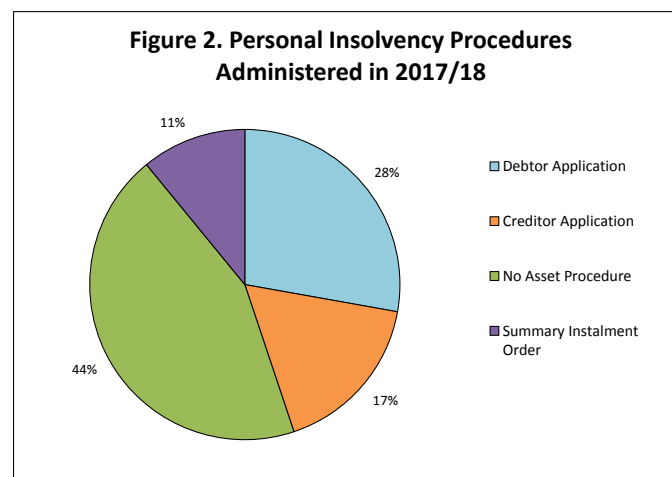
*Introduction of the NAP and SIO on 03/12/2007

In 2017/18 the Insolvency and Trustee Service administered 3,312 new personal insolvency procedures which was a 6% decrease 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 provide an alternative to bankruptcy. 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. No Asset Procedure volumes decreased significantly from 2009/10 to 2013/14, before experiencing a small increase in annual volumes in 2014/15 (7%) and 2015/16 (28%), followed by a 14% decrease in volumes in 2016/17, and a 9% increase in 2017/18.

Bankruptcy volumes also rose between 2007/08 and 2009/10, before commencing a steady decline in annual volumes in 2010/11. Bankruptcy volumes stabilised in 2014/15 through to 2016/17, before experiencing a 20% decrease in volumes in 2017/18.



Debtor applications accounted for 28% of total personal insolvency volumes received in 2017/18 while No Asset Procedures made up 44% of new personal insolvencies. Creditor applications decreased both in volumes and as a percentage of total personal insolvency volumes in 2017/18, making up 17% of total volumes.

Summary Instalment Orders as a percentage of total personal insolvency volumes rose steadily from 2007/08, reaching 10% of total volumes in 2013/14. From 2013/14, Summary Instalment Order volumes dropped away for three years, before increasing once again to a new high of 11% of total personal insolvency volumes in 2017/18.

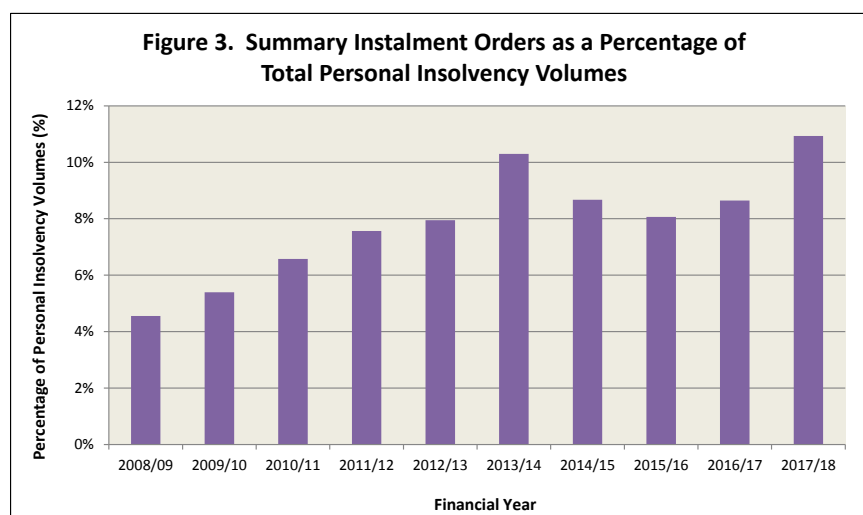


Table 2. Annual Rate of Personal Insolvency			
Financial Year 1 July - 30 June	Estimated Population*	Personal Insolvencies	Rate of Personal Insolvencies**
2008/09	3,213,000	5,642	0.18%
2009/10	3,254,500	6,417	0.20%
2010/11	3,286,100	5,598	0.17%
2011/12	3,311,500	4,641	0.14%
2012/13	3,346,900	3,950	0.12%
2013/14	3,413,300	3,418	0.10%
2014/15	3,494,600	3,506	0.10%
2015/16	3,584,200	3,870	0.11%
2016/17	3,673,700	3,516	0.10%
2017/18	3,744,100	3,312	0.09%

*Estimated resident population aged 18+

**Rate of personal insolvencies for population aged 18+

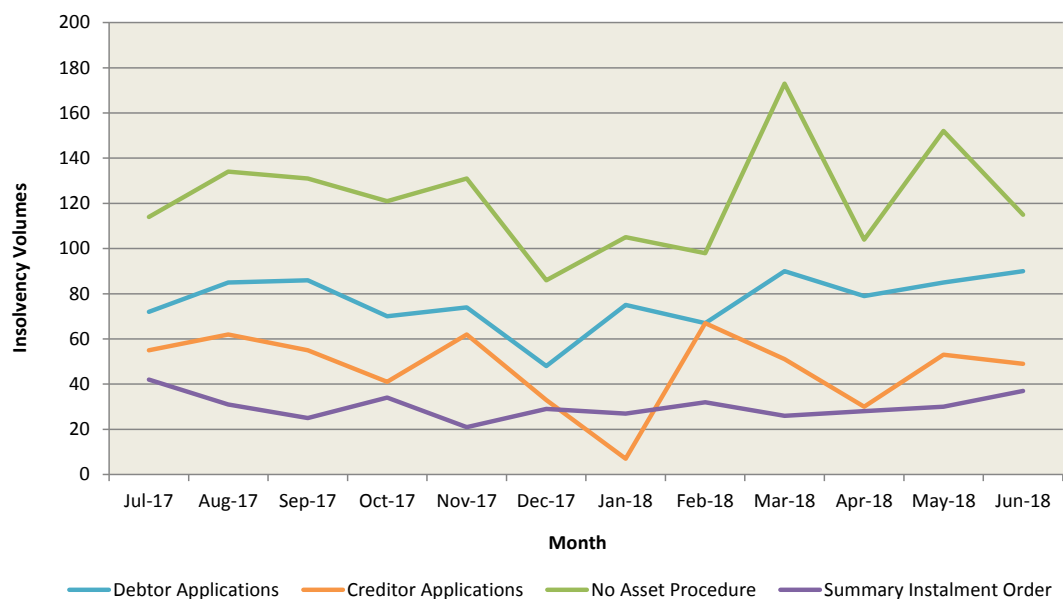
In 2017/18, 0.09% of the New Zealand population aged 18 and over entered into a personal insolvency procedure¹. Table 2. shows the rate of personal insolvency within New Zealand over the last ten years.

Table 3. Monthly Personal Insolvency Volumes					
Month	Total	Debtor Applications	Creditor Applications	No Asset Procedure	Summary Instalment Order
Jul-17	283	72	55	114	42
Aug-17	312	85	62	134	31
Sep-17	297	86	55	131	25
Oct-17	266	70	41	121	34
Nov-17	288	74	62	131	21
Dec-17	196	48	33	86	29
Jan-18	214	75	7	105	27
Feb-18	264	67	67	98	32
Mar-18	340	90	51	173	26
Apr-18	241	79	30	104	28
May-18	320	85	53	152	30
Jun-18	291	90	49	115	37
Total	3312	921	565	1464	362

During 2017/18 the Insolvency and Trustee Service received an average of 30 Summary Instalment Orders per month, 122 No Asset Procedures and 124 new bankruptcy estates. The lowest number of new personal insolvencies was received in the month of December, followed by January and then April, whilst the highest monthly volume was received in March largely due to a spike in NAP volumes that month.

¹ Population estimates from 2008/09 to 2017/18 sourced from Statistics New Zealand (2018), *Estimated Resident Population by Age and Sex (1991+) (Annual-Mar)*. Wellington: Statistics New Zealand.

Figure 4. Personal Insolvency Volumes per Month

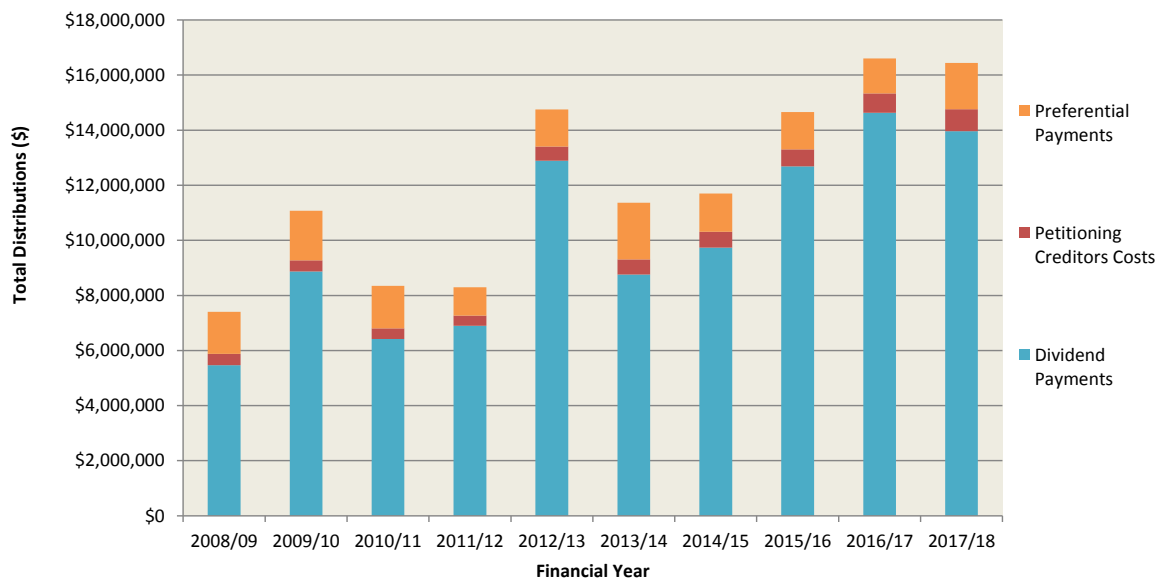


In 2017/18, debtors from the Auckland region accounted for 26% of personal insolvencies nationwide (Auckland plus South Auckland). Canterbury was the second most represented region, accounting for 15%. Overseas debtors made up 8% of total personal insolvency volumes received in 2017/18, down from 10% in 2016/17.

Table 4. Personal Insolvency Volumes per Region 2017/18

Court Region	%	Total	Debtor Applications	Creditor Applications	No Asset Procedure	Summary Instalment Order
Auckland	23%	778	194	220	316	48
Bay of Plenty	7%	230	49	36	119	26
Canterbury	13%	433	119	67	194	53
Hawkes Bay	5%	160	22	12	89	37
Manawatu	2%	66	21	3	33	9
Marlborough	1%	37	7	6	22	2
Nelson	2%	61	15	6	33	7
Northland	3%	115	24	16	68	7
Otago	3%	113	26	10	57	20
Poverty Bay	1%	27	5	7	15	0
South Auckland	3%	93	24	25	40	4
South Canterbury	2%	63	13	6	30	14
Southland	3%	101	17	7	23	54
Taranaki	2%	77	15	8	36	18
Waikato	8%	276	69	44	132	31
Wairarapa	1%	26	4	9	12	1
Wellington	8%	269	69	43	142	15
West Coast	0%	16	3	5	8	0
Whanganui	4%	121	34	15	61	11
Overseas	8%	249	191	19	34	5
Unknown	0%	1		1		
		3312	921	565	1464	362

**Figure 5. Personal Insolvency Funds Distributed
by the Official Assignee**



In the 2017/18 financial year the Official Assignee paid out \$16,443,468.59 in personal insolvency distributions to creditors, just 1% down from distributions in 2016/17. 85% of these funds were dividend payments to unsecured creditors, 10% were payments to preferential creditors and 5% were distributions towards petitioning creditor's costs.

Corporate Insolvency Volumes

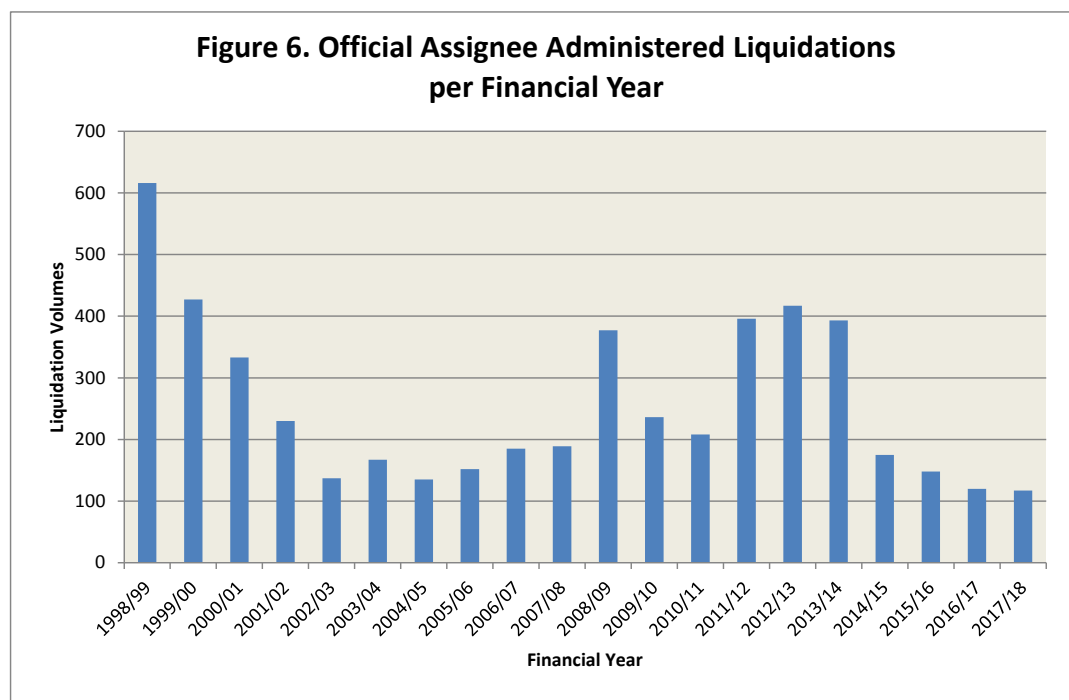
The Official Assignee can be appointed the liquidator of a company by the Court, or if a special resolution is passed by reason of the Official Assignee exercising voting rights attaching to shares in the company of a person who has been adjudged bankrupt; or another company of which the Official Assignee is liquidator. The number of companies registered in New Zealand as at 30 June 2018 was 605,433².

Table 5. Corporate Insolvency Volumes per Financial Year	
Financial Year 1 July - 30 June	Corporate Insolvency Volumes
1998/99	616
1999/00	427
2000/01	333
2001/02	230
2002/03	137
2003/04	167
2004/05	135
2005/06	152
2006/07	185
2007/08	189
2008/09	377
2009/10	236
2010/11	208
2011/12	396
2012/13	417
2013/14	393
2014/15	175
2015/16	148
2016/17	120
2017/18	117

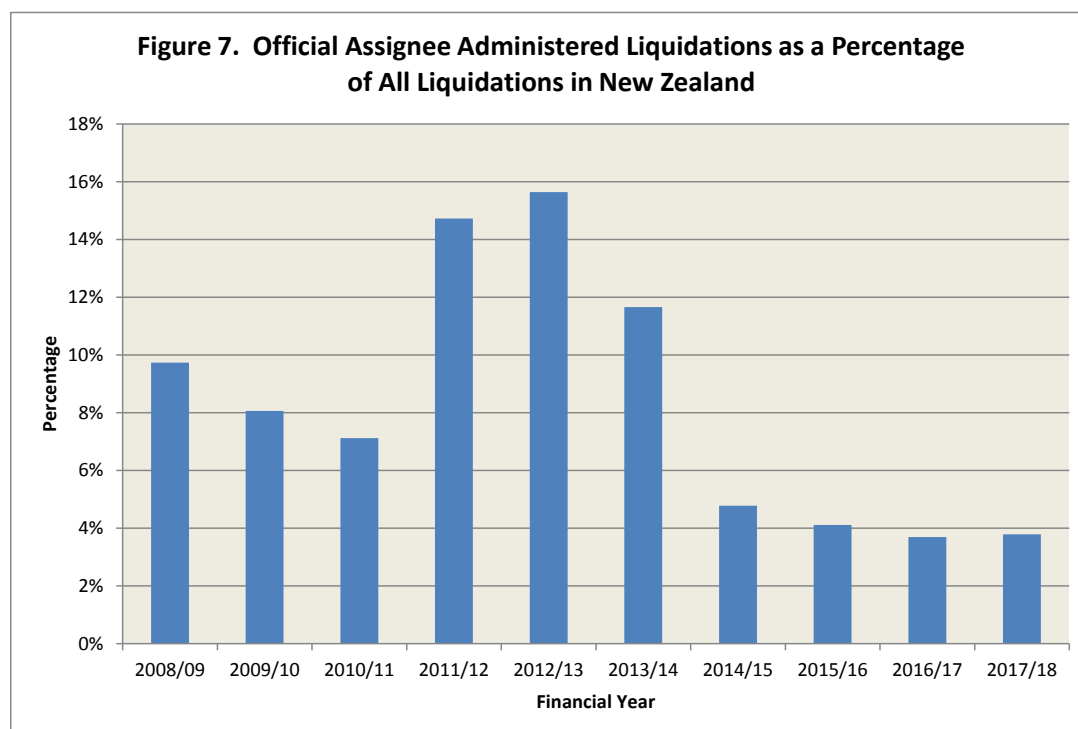
In 2017/18 the Official Assignee was appointed the liquidator of 117 companies which represented the fewest number of Official Assignee appointed liquidations in over 20 years. 78% of these company liquidations were located in the Auckland Region, with the remaining 12% spread across the country.

Table 6. Corporate Insolvency Volumes 2017/18		
Court Region	%	Number of liquidations
Auckland	78%	91
Christchurch	3%	3
Hamilton	3%	4
Invercargill	2%	2
Napier	1%	1
Rotorua	1%	1
Tauranga	3%	3
Voluntary Liquidation	4%	5
Wellington	3%	4
Whangarei	3%	3
		117

² Registered Company statistics sourced from the Companies Office; <http://www.business.govt.nz/companies/about-us/statistics>.

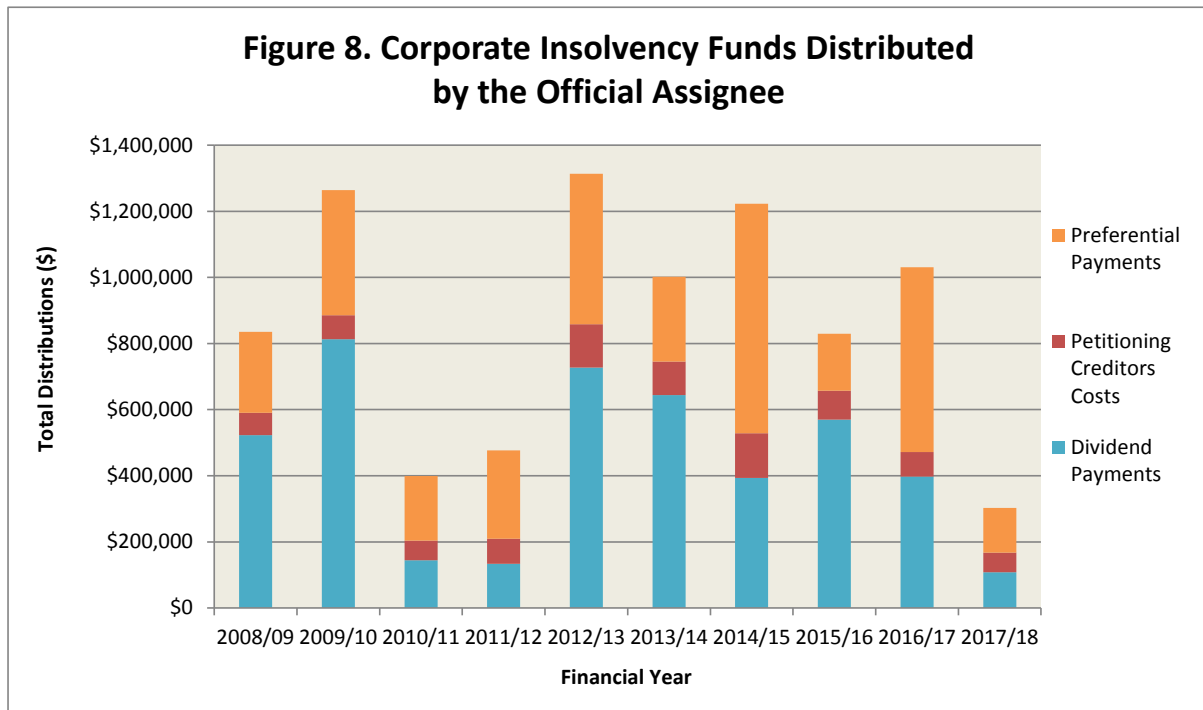


In 2017/18, 3,091 companies were placed into liquidation within New Zealand³. In 2017/18 the Official Assignee was appointed the liquidator of 4% of these liquidations.



³ Company Liquidation statistics sourced from the Companies Office; <http://www.business.govt.nz/companies/>.

The Official Assignee distributed \$302,294.81 in corporate insolvency distributions in 2017/18. Of these funds, 36% was paid out as dividend payments, 20% was distributions towards petitioning creditor's costs and 44% was distributions towards preferential payments.



Key Characteristics of Debtors 2016 to 2018

Debtor Characteristics 2016 to 2018	Bankrupts		NAP Debtors		SIO Debtors	
	2017/18	2015/16	2017/18	2015/16	2017/18	2015/16
Number	1486	1995	1464	1563	362	312
Gender % male	62%	62%	41%	40%	37%	37%
Age (most represented)	40-44 (17%)	40-44 (16%)	25-29 (18%)	25-29 (15%)	25-29 (17%)	30-34 (16%)
Ethnicity (most represented)	NZ European (48%)	NZ European (59%)	NZ European (56%)	NZ European (64%)	NZ European (68%)	NZ European (74%)
% not employed	35%	50%	73%	73%	43%	37%
Debt < \$20,000	8%	9%	52%	58%	51%	61%

The key characteristics of insolvent debtors have remained fairly consistent between 2016 and 2018 with some minor variations. Men are more likely than women to become bankrupt, while women are more likely than men to enter into a Summary Instalment Order or a No Asset Procedure.

The most common age for debtors to enter into both the No Asset Procedure and the Summary Instalment Order is between 25-29 years. Bankrupt debtors are more likely to be older, with the most common age group for entering into bankruptcy remaining unchanged at 40-44 years.

The majority of debtors who enter insolvency procedures within New Zealand identify as being New Zealand European, however, the ethnic diversity of debtors has increased between 2015/16 and 2017/18, with less than half of debtors who entered into bankruptcy during 2017/18 identifying as New Zealand European.

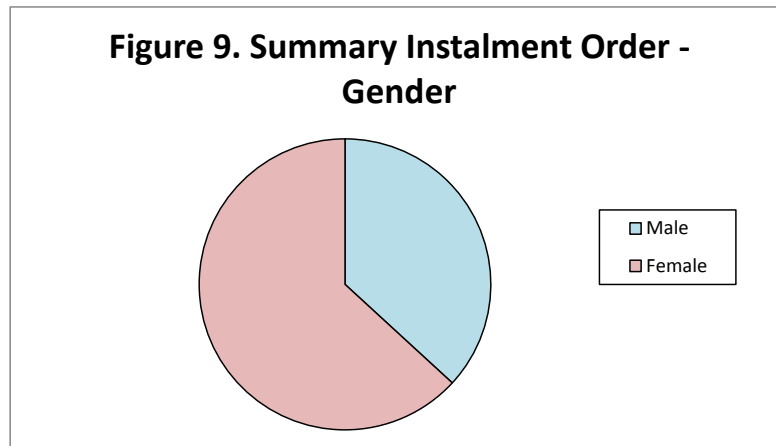
35% of bankrupt debtors and 43% of Summary Instalment Order debtors in 2017/18 were unemployed, while No Asset Procedure debtors represented a higher unemployment rate of 73% as at the date they were admitted into the procedure.

The indebtedness of debtors who entered into No Asset Procedures and Summary Instalment Orders increased from 2015/16 to 2017/18, with a smaller percentage of new procedures having total debts of less than \$20,000. In comparison, only 9% of bankrupts in 2015/16 and 8% of bankrupts in 2017/18 had total debts of less than \$20,000.

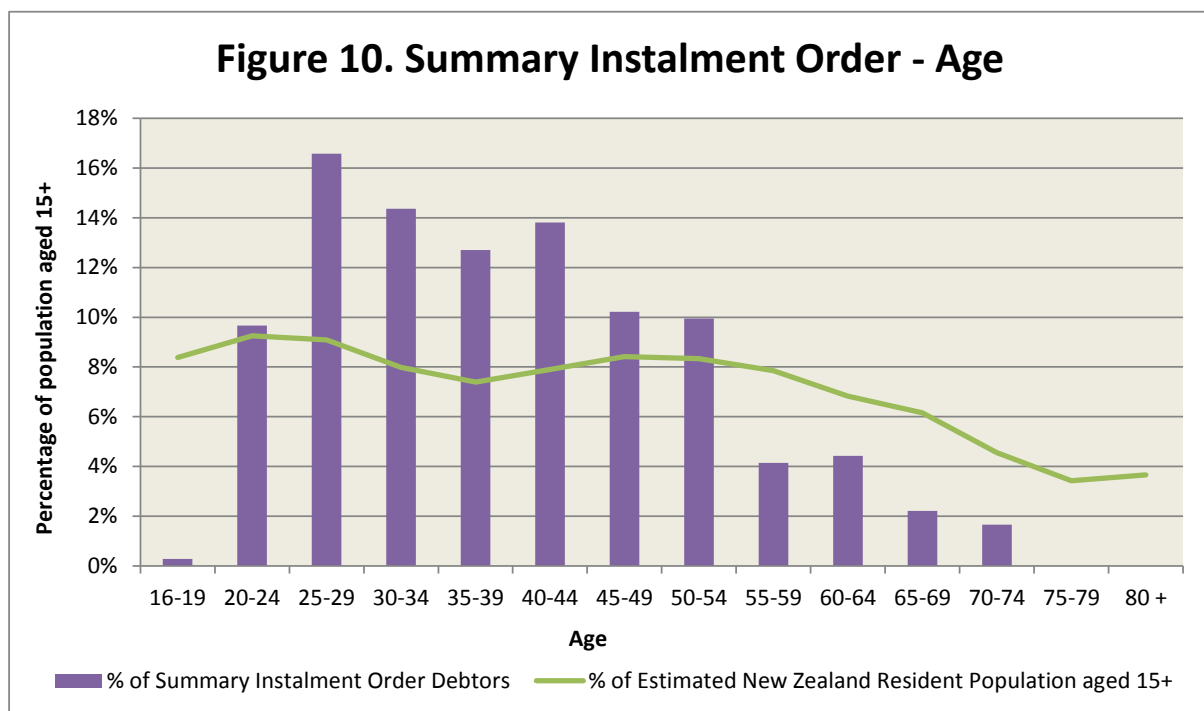
Summary Instalment Orders

Age and Gender

A total of 362 debtors entered into a Summary Instalment Order in 2017/18. Of those who did, 37% were male and 63% were female.



Amongst Summary Instalment Order debtors the age groups most commonly represented were 25-29 (17%) followed by 30-34 (14%). The corresponding percentages of the estimated New Zealand residential population aged over 15 for those age groups are 9% and 8% respectively⁴.

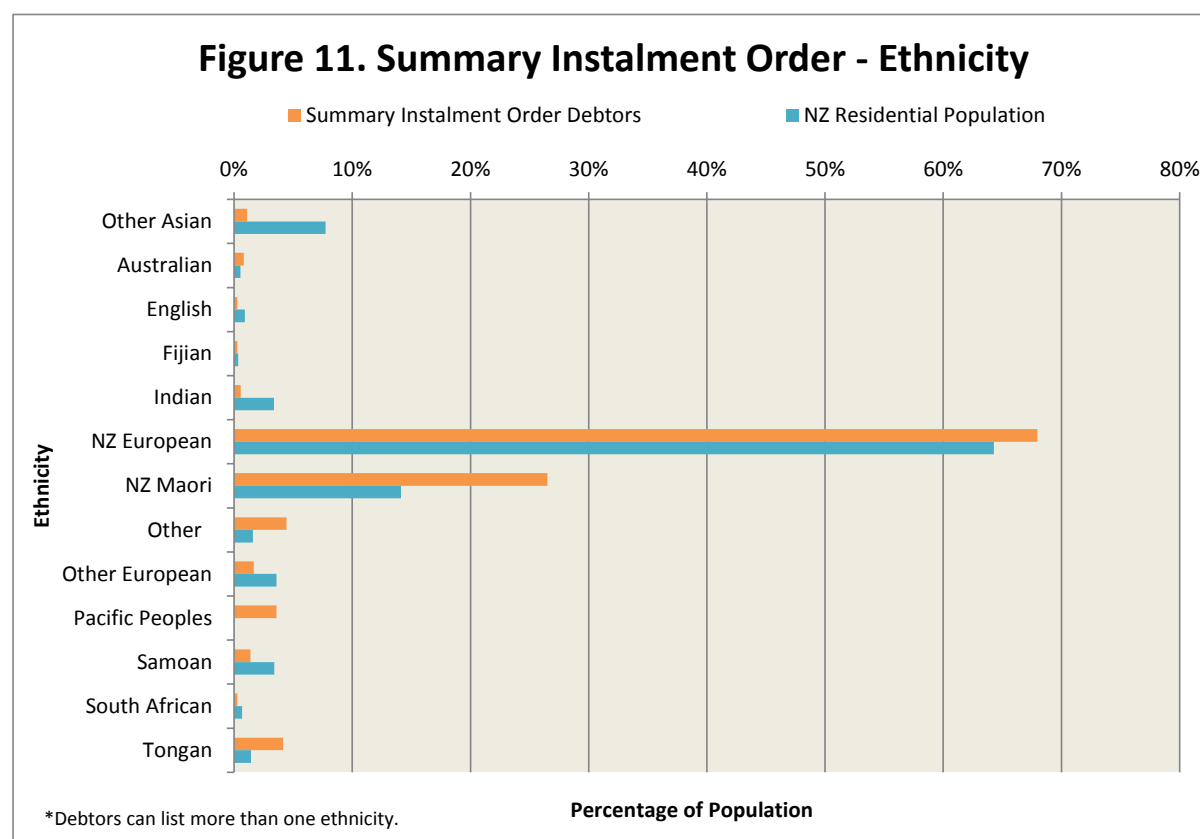


The average age of those who entered into a Summary Instalment Order in 2017/18 was 39 years old.

⁴ The New Zealand residential population statistics are sourced from Statistics New Zealand (2018), *Estimated Resident Population of New Zealand: At 30 June 2018 - tables*. 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 2017/18 identified as being of New Zealand European descent compared to 64% of the New Zealand population⁵. The second most represented ethnicity amongst Summary Instalment Order debtors was New Zealand Maori who accounted for 27% of debtors, compared to making up 14% of the New Zealand residential population.



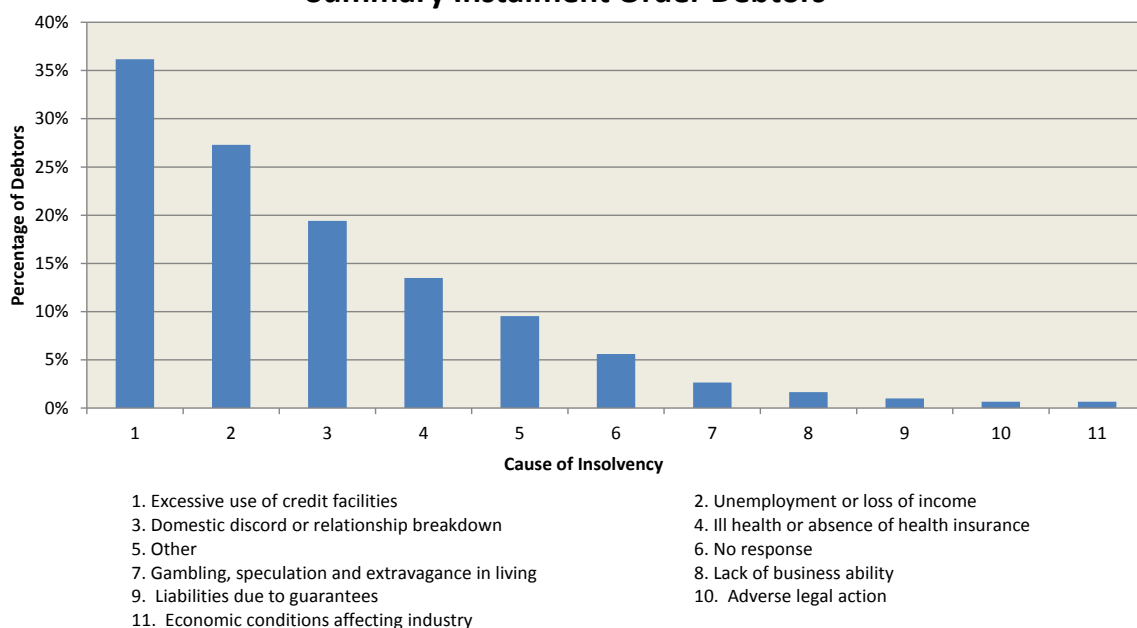
Cause of Insolvency

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.

94% of debtors who entered Summary Instalment Orders in 2017/18 provided details as to the cause of their insolvency. 'Excessive use of credit facilities' was identified as the most significant cause (36%), followed by 'unemployment or loss of income' (27%).

⁵ The New Zealand resident population statistics are sourced from Statistics New Zealand (2018), *2013 Census Data*. Wellington: Statistics New Zealand.

Figure 12. Primary Cause of Insolvency Amongst Summary Instalment Order Debtors

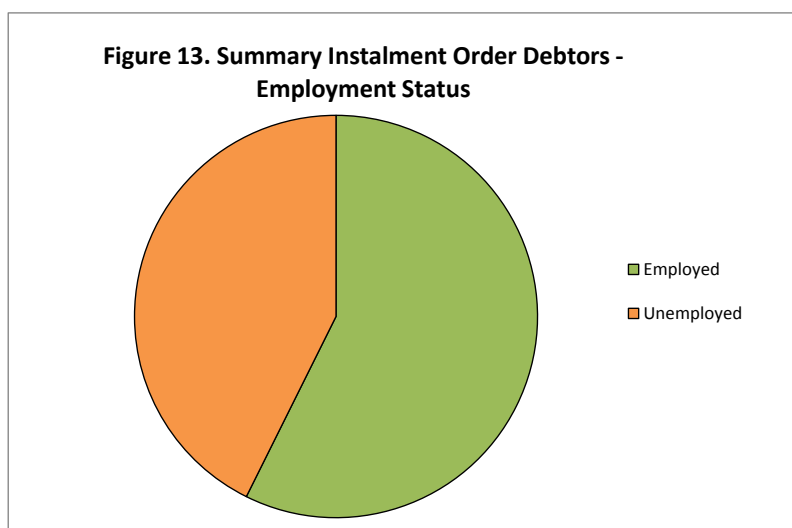


Employment

57% of Summary Instalment Order debtors were employed at the date they entered into the Summary Instalment Order; 50% of female debtors and 71% of male debtors. Most were employed by third parties with only 2% trading on their own account or as a director/shareholder.

43% were recorded as being unemployed, this includes beneficiaries, students, and retirees. The seasonally adjusted national unemployment rate for the June 2018 quarter was 4.5%⁶.

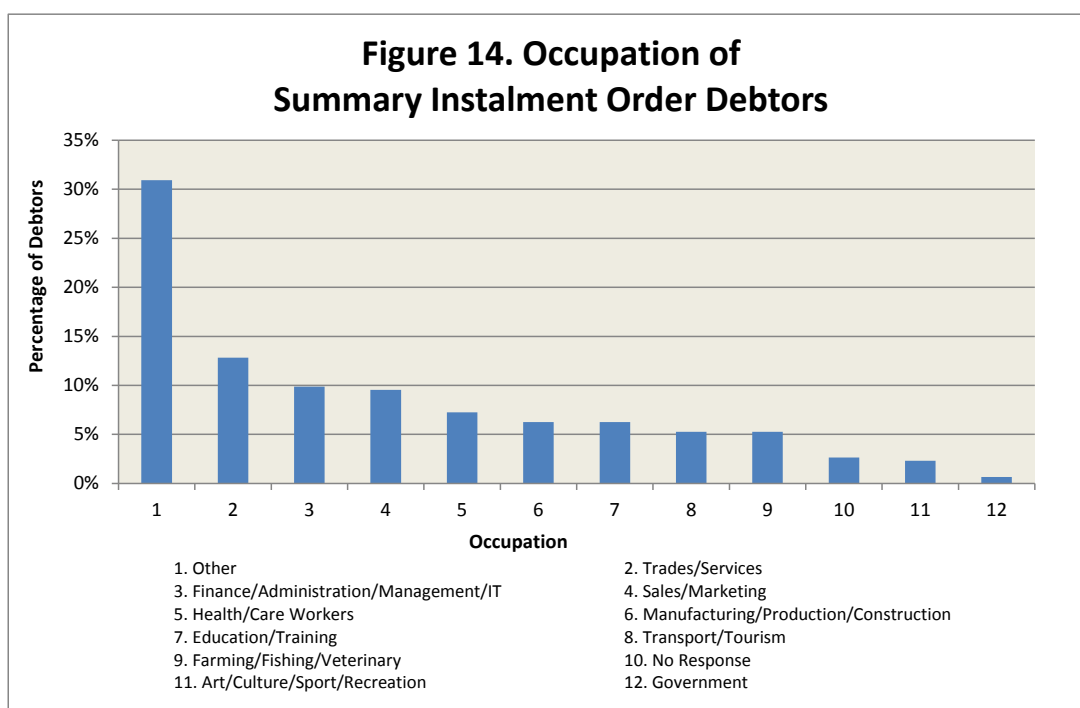
Figure 13. Summary Instalment Order Debtors - Employment Status



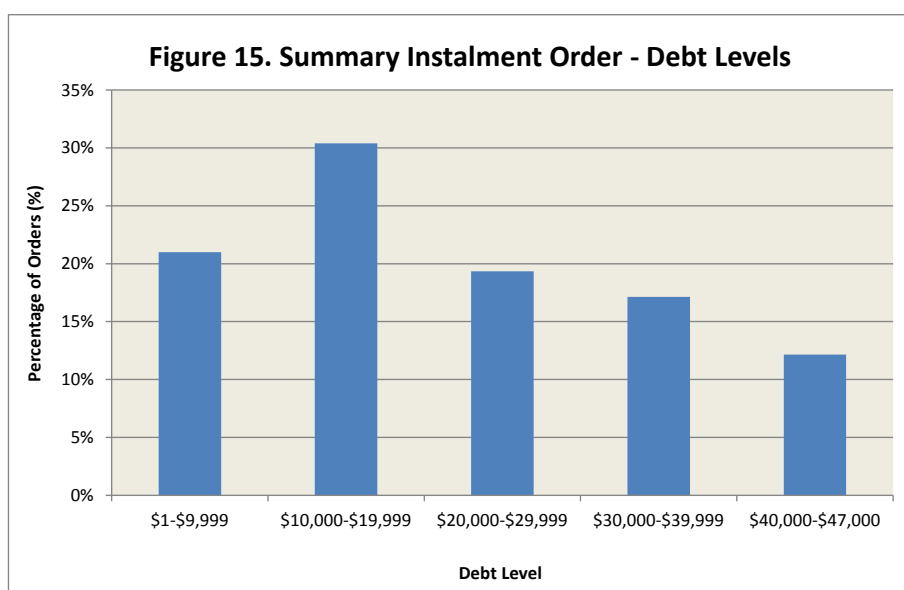
⁶ The New Zealand unemployment rate is sourced from Statistics New Zealand (2018), *Unemployment Rate: June 2018 QTR*. Wellington: Statistics New Zealand.

Table 8. Employment Status of Summary Instalment Order Debtors			
Description	Male	Female	Total %
Currently employed	62%	40%	48%
Unemployment benefit	18%	29%	25%
Currently employed and receiving income support	3%	7%	6%
Other benefit	1%	6%	4%
Sickness benefit/ACC	5%	2%	3%
Other	1%	4%	3%
Retired	2%	3%	3%
Student	2%	3%	2%
Employed part-time with benefit	2%	2%	2%
Unemployed no benefit	0%	2%	1%
Trading as director/shareholder of company	2%	0%	1%
Trading on own account	2%	0%	1%
Unpaid family worker	0%	1%	1%
Unknown	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 2017/18, 14% identified that they were involved in 'trades/services', 9% were involved in 'sales/marketing' and another 9% were employed in Finance/Administration/Management/IT occupations. 37% of debtors were involved in 'other' employment not identified in the listed group classifications.



Debt Levels

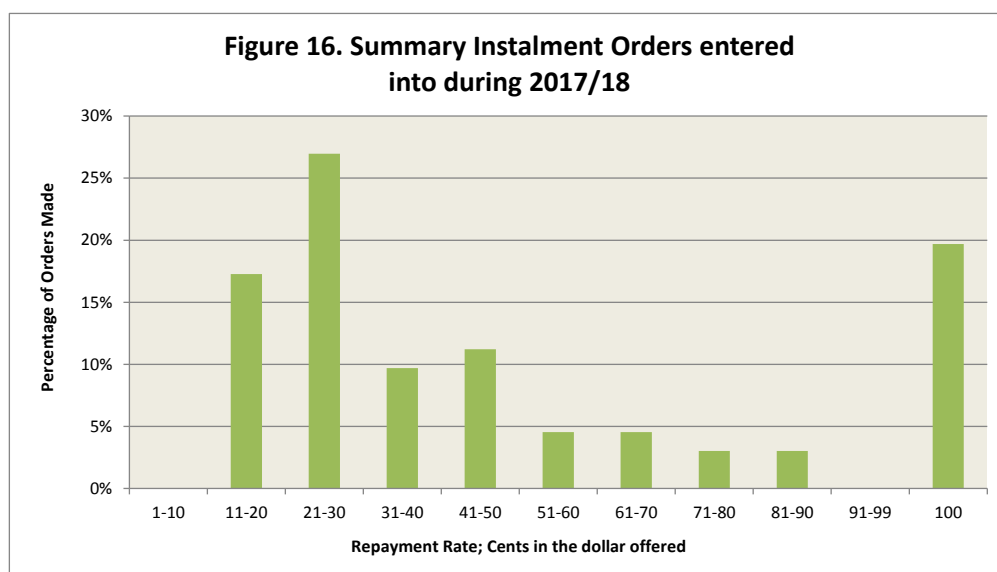


The Official Assignee may grant a Summary Instalment Order if a debtors total unsecured debts (excluding student loans, fines, penalties, and reparation orders) are less than \$NZ47,000. Up until 24 March 2016, the debt limit was \$NZ40,000.

In 2017/18, 21% of Summary Instalment Order debtors had debt levels of less than \$10,000, 30% had debt levels between \$10,000-\$19,999 and 49% had debt levels over \$20,000.

Repayment Rate

In 2017/18, 20% of all Summary Instalment Orders entered into were for the repayment of 100 cents in the dollar. In 35% of Orders made, more than 50 cents in the dollar is being repaid to creditors. The average repayment rate for Summary Instalment Orders made in 2017/18 is 50 cents in the dollar.



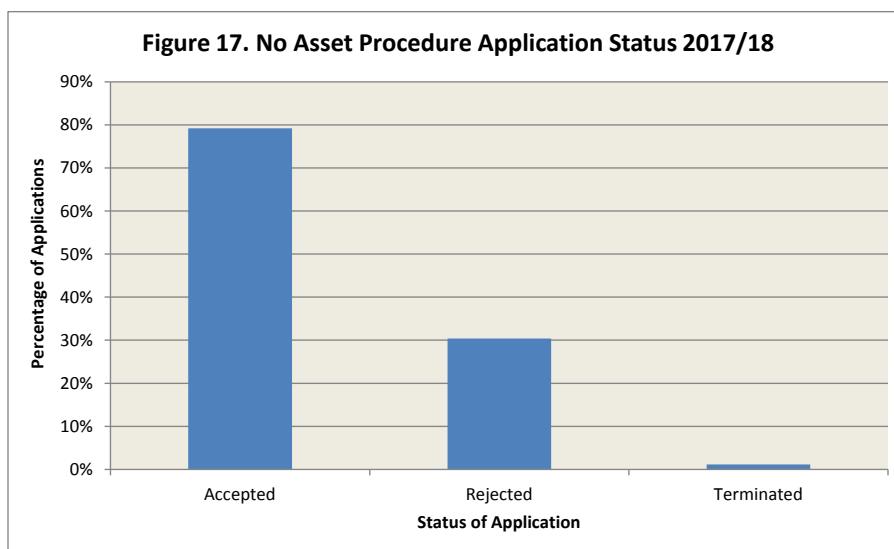
No Asset Procedures

Applications – Rejections and Terminations

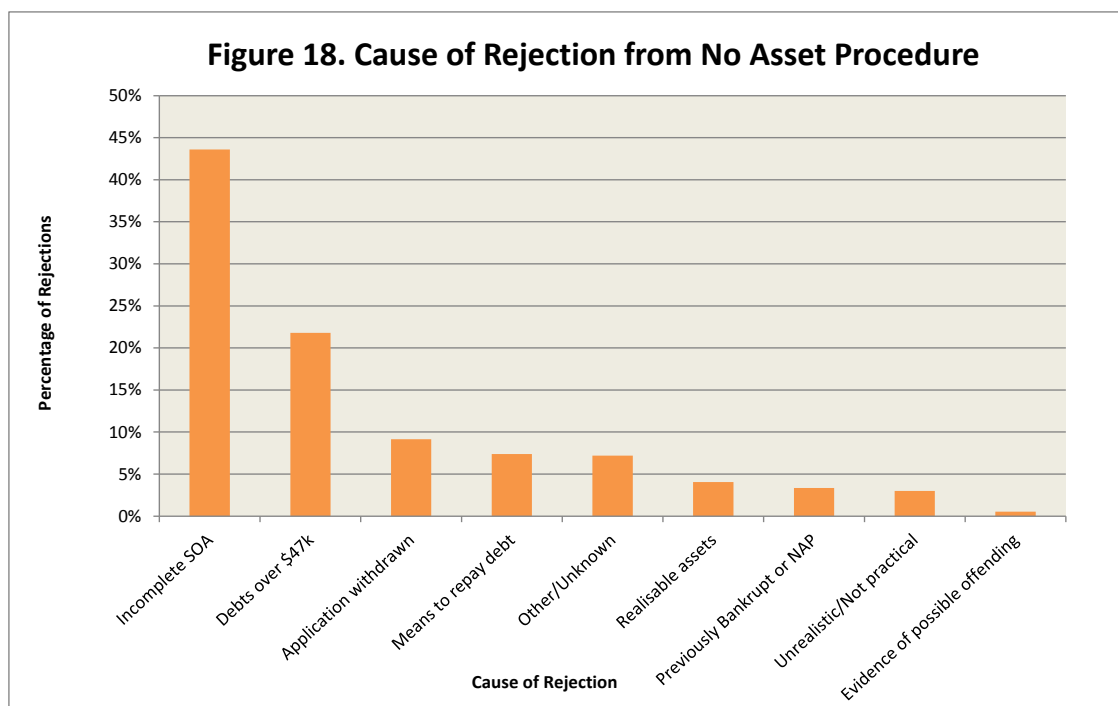
In 2017/18 1,872 applications were received for entry into the No Asset Procedure. Of these, 1,483 were accepted.

Table 9. No Asset Procedure Applications				
	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
2014/15	1614	1228	568	11
2015/16	1865	1565	426	18
2016/17	1722	1349	469	29
2017/18	1872	1483	569	21

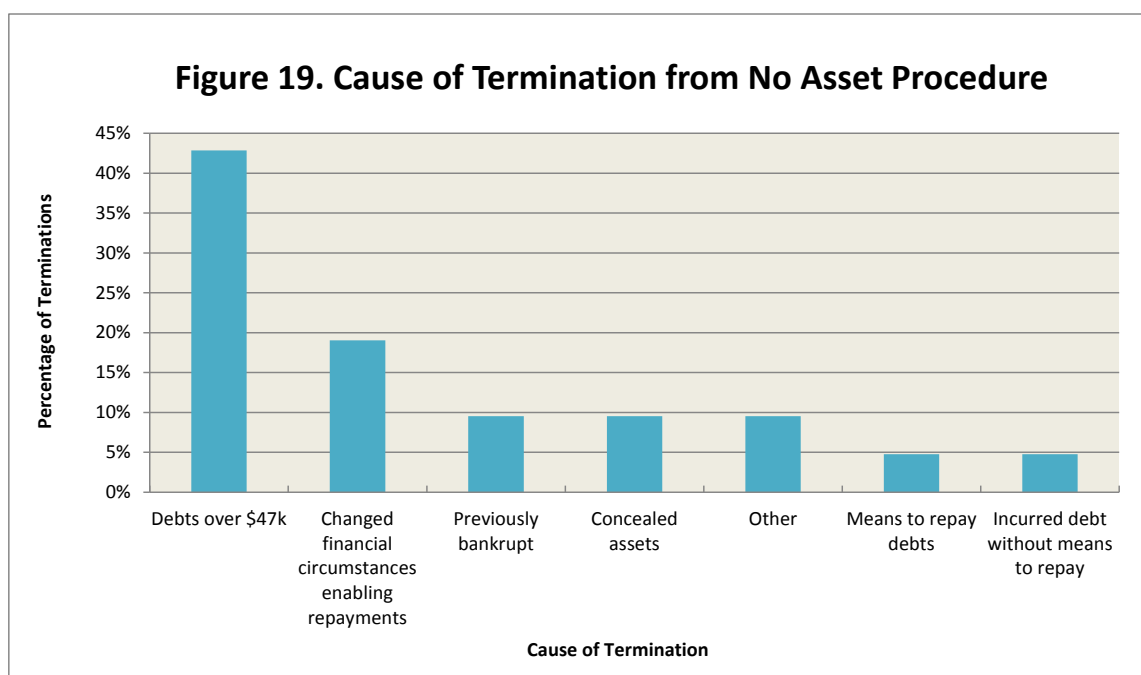
An application that has been rejected from entry into the No Asset Procedure can be resubmitted depending on the reason for the rejection, for example submitting an 'incomplete Statement of Affairs'. In such instances, certain applications may be counted as having been both rejected and later accepted; 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 2017/18, 79% of No Asset Procedure applications were accepted, 30% were rejected and 1% were ultimately terminated.

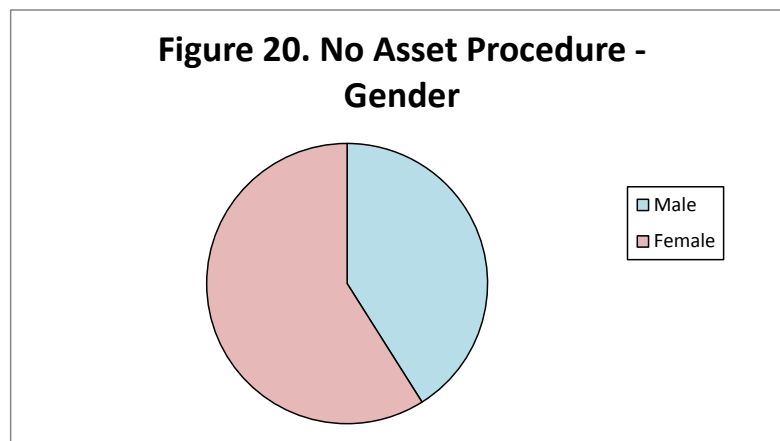


The most common cause of rejection of a No Asset Procedure application in 2017/18 was an 'incomplete Statement of Affairs' which accounted for 44% of rejections. Having 'debts over \$47k' was the second most common cause making up 22% of rejections, with 'application withdrawn', making up a further 9%.



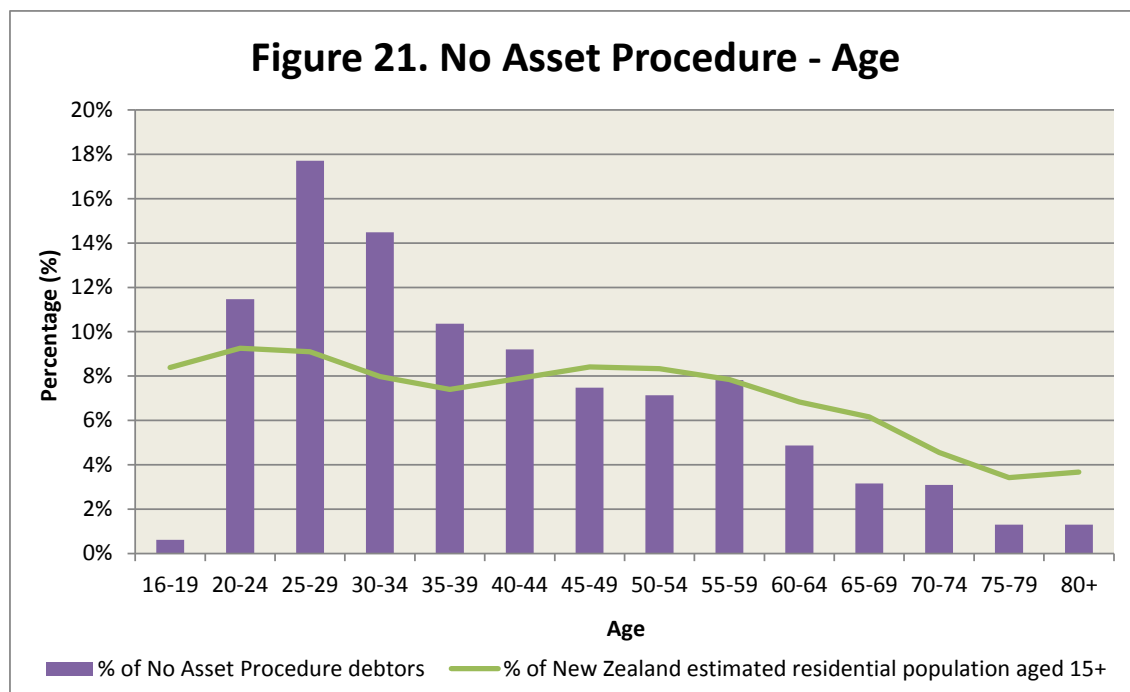
In 2017/18, 1% of No Asset Procedures were terminated; the most common cause was 'debts over \$47,000' which accounted for 43%, or 9, terminations.

Age and Gender



59% of debtors who entered into a No Asset Procedure in 2017/18 were female, 41% were male.

The most common age of debtors entering into a No Asset Procedure in 2017/18 was between the ages of 25-29, followed by 30-34 years. Debtors in their 20's accounted for 29% of all No Asset Procedure debtors, as compared to making up 18% of the estimated New Zealand residential population aged 15 and over⁷. Debtors in their 30's made up 24% of No Asset Procedure debtors compared to 15% of the estimated New Zealand residential population, while debtors in their 40's made up 16% of No Asset Procedure debtors.

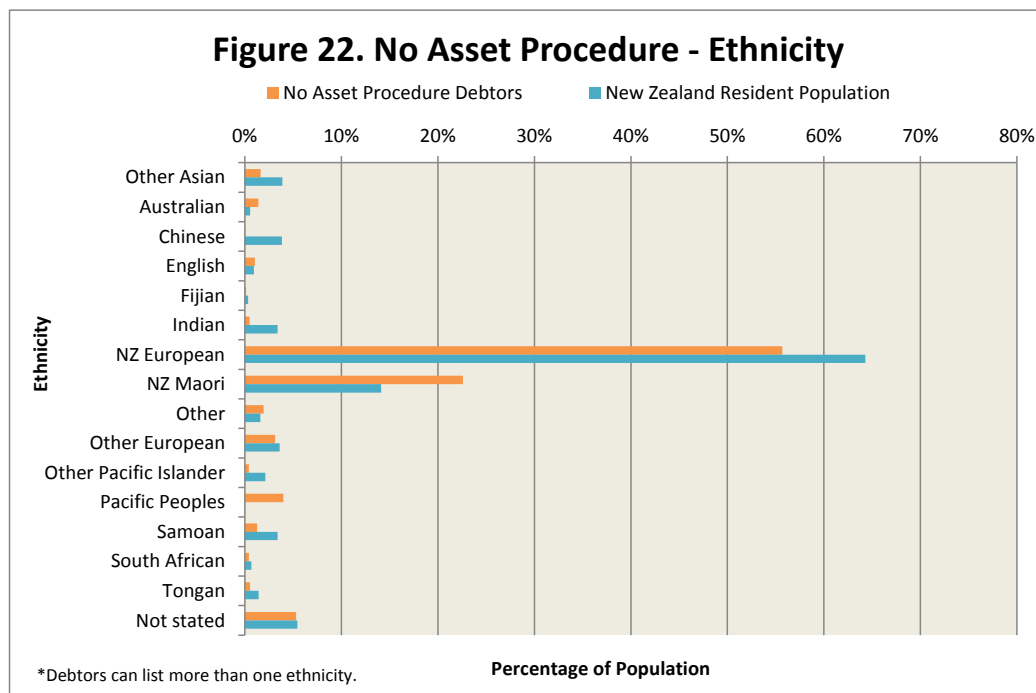


The average age of debtors who entered into a No Asset Procedure in 2017/18 was 41 years.

⁷ The New Zealand residential population statistics are sourced from Statistics New Zealand (2017), *National Population Estimates: At 30 June 2017 - tables*. Wellington: Statistics New Zealand.

Ethnicity

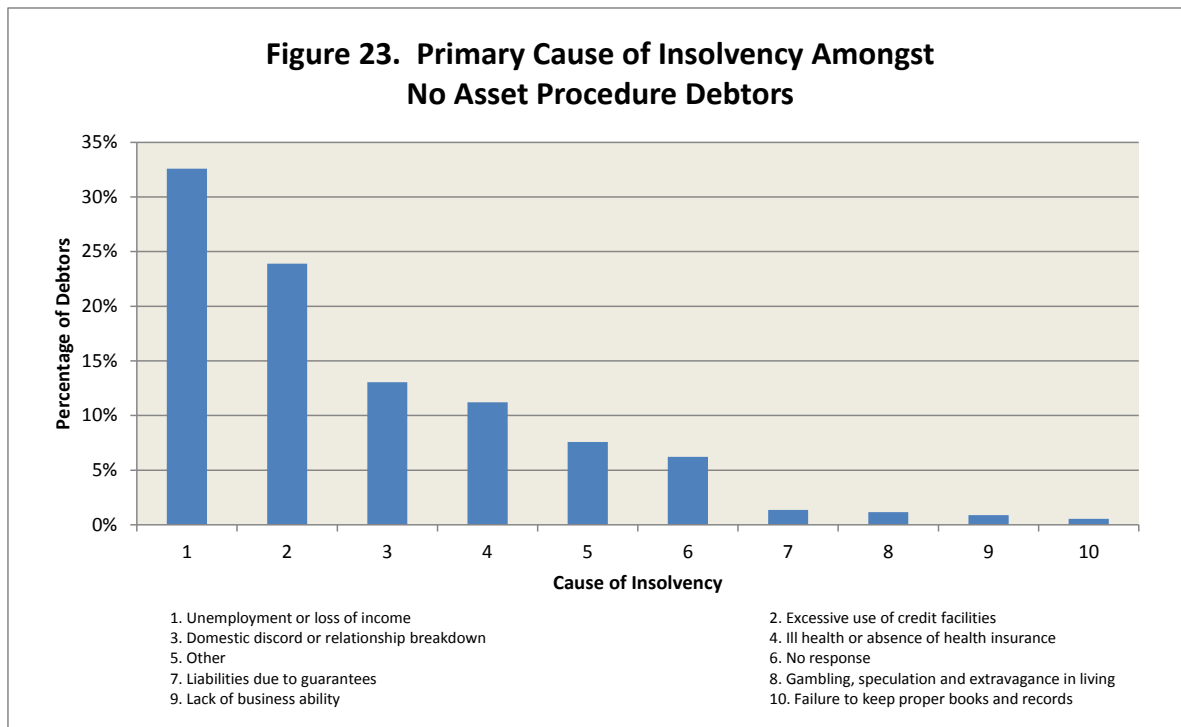
56% of No Asset Procedure debtors in 2017/18 identified as being New Zealand European, compared to 64% of the New Zealand residential population. 23% of No Asset Procedure debtors identified as being New Zealand Maori, which is higher than the 14% of the residential population who identified as Maori in the 2013 census⁸.



Cause of Insolvency

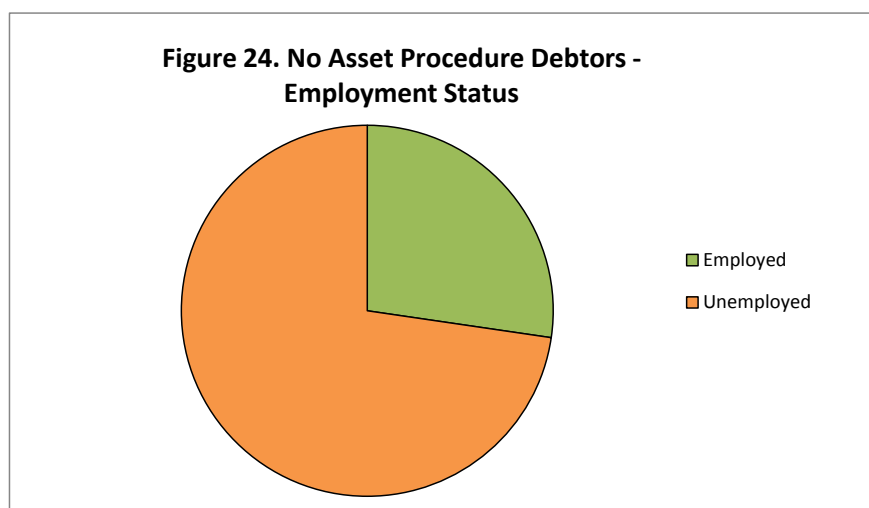
33% of No Asset Procedure debtors listed 'unemployment or loss of income' as the primary cause of their insolvency in 2017/18. The next most common causes were 'excessive use of credit facilities' (24%) and 'domestic discord or relationship breakdown' (13%).

⁸ The New Zealand resident population statistics are sourced from Statistics New Zealand (2018), *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.

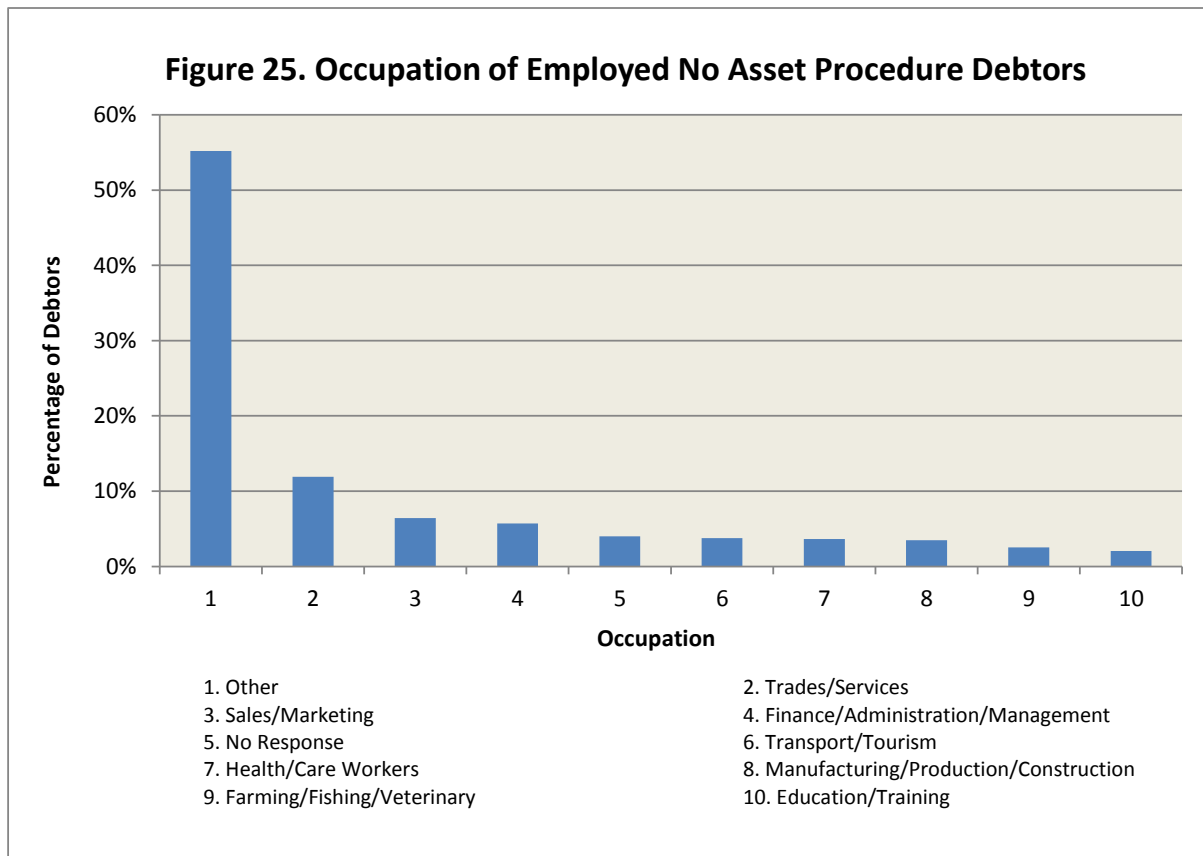


27% of No Asset Procedure debtors noted that they were employed in their Statement of Affairs; this is represented by 29% of male debtors and 26% of female debtors.

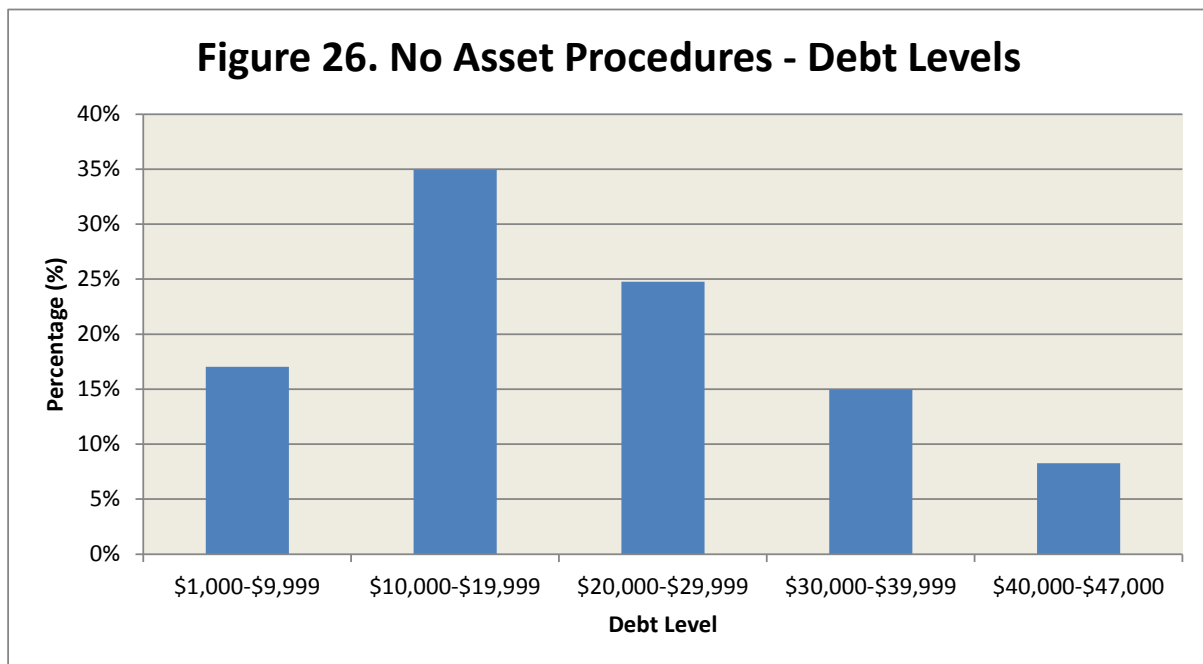
Table 10. Employment Status of No Asset Procedure Debtors			
Description	Male	Female	Total %
Unemployment benefit	32%	44%	39%
Currently employed	25%	17%	20%
Sickness benefit/ACC	13%	8%	10%
Unemployed no benefit	12%	6%	9%
Retired	9%	6%	7%
Currently employed with benefit	3%	6%	5%
Student	2%	3%	3%
Other benefit	0%	3%	2%
Other	2%	2%	2%
Employed part-time and receiving benefit	1%	2%	2%
No response	1%	1%	1%
Unpaid family worker	0%	1%	1%
Trading on own account	1%	0%	0%

The most common employment status of those who entered into a No Asset Procedure in 2017/18 was to be on the unemployment benefit; 44% of females and 32% of males.

When asked to select their primary occupation, 55% of No Asset Procedure debtors selected 'other' employment not identified in the listed group classifications, 12% selected 'trades/services', and 6% selected 'sales/marketing'.



Debt Levels

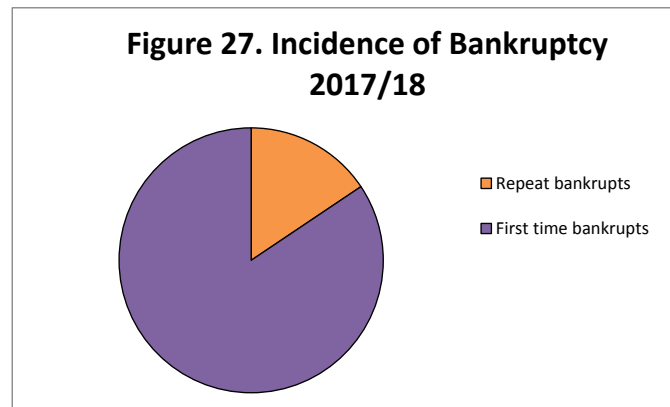


On 24 March 2016 the upper debt limit for entry into the No Asset Procedure increased from \$NZ40,000 to \$NZ47,000. In 2017/18, the most common level of debt amongst No Asset Procedure debtors was \$10,000-\$19,999 (35%). 17% of debtors had debt levels of \$1,000-\$9,999, and another 25% had debt levels of \$20,000-\$29,999. 23% of debtors had debts over \$30,000.

Bankruptcies

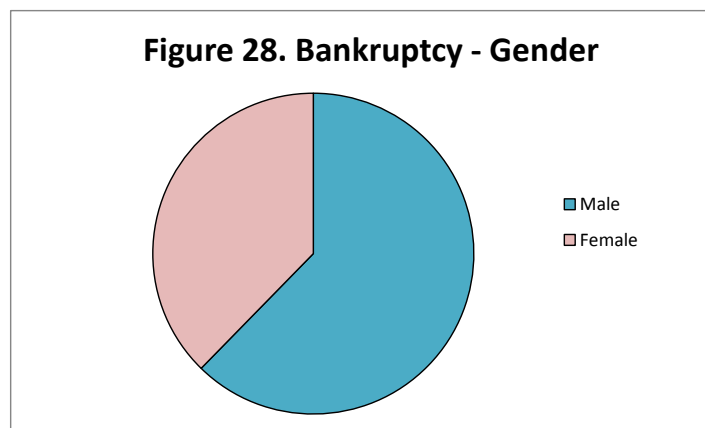
Incidence of Bankruptcy

16% of debtors adjudicated bankrupt in 2017/18 had been bankrupt previously, while 84% 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 20%, compared to creditor's applications which had a repeat rate of 8%.



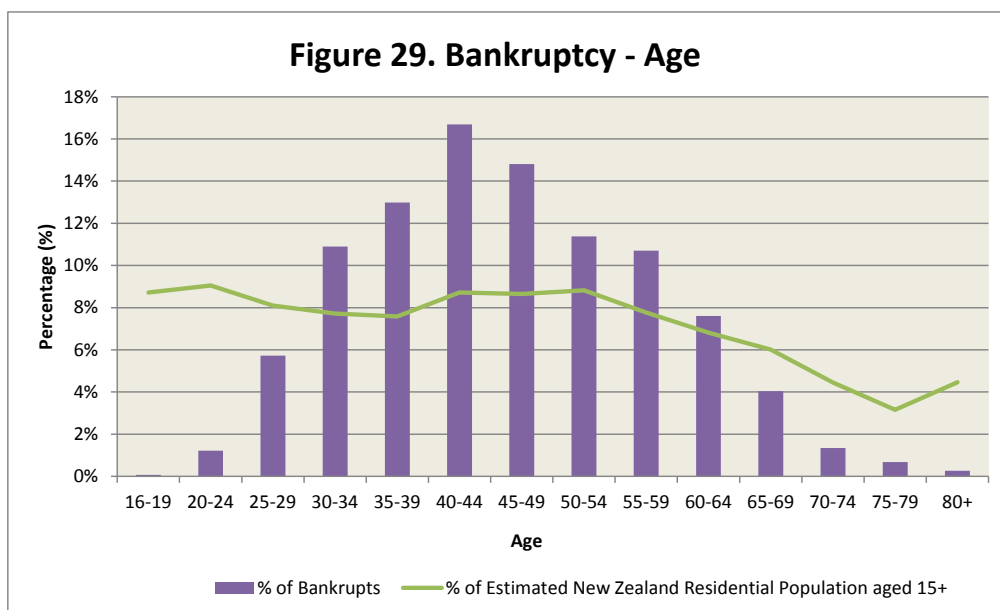
Age and Gender

62% of bankrupts adjudicated in 2017/18 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 (83%) than debtor's applications (53%).



The most commonly represented age group of people who went bankrupt in 2017/18 was 40-44 years. 32% of Bankrupts were between the ages of 40-49, as compared to 17% of the estimated New Zealand Residential Population aged 15 and over⁹. Debtors in their 30's and 50's were also over-represented compared to their respective New Zealand residential population age-group percentages.

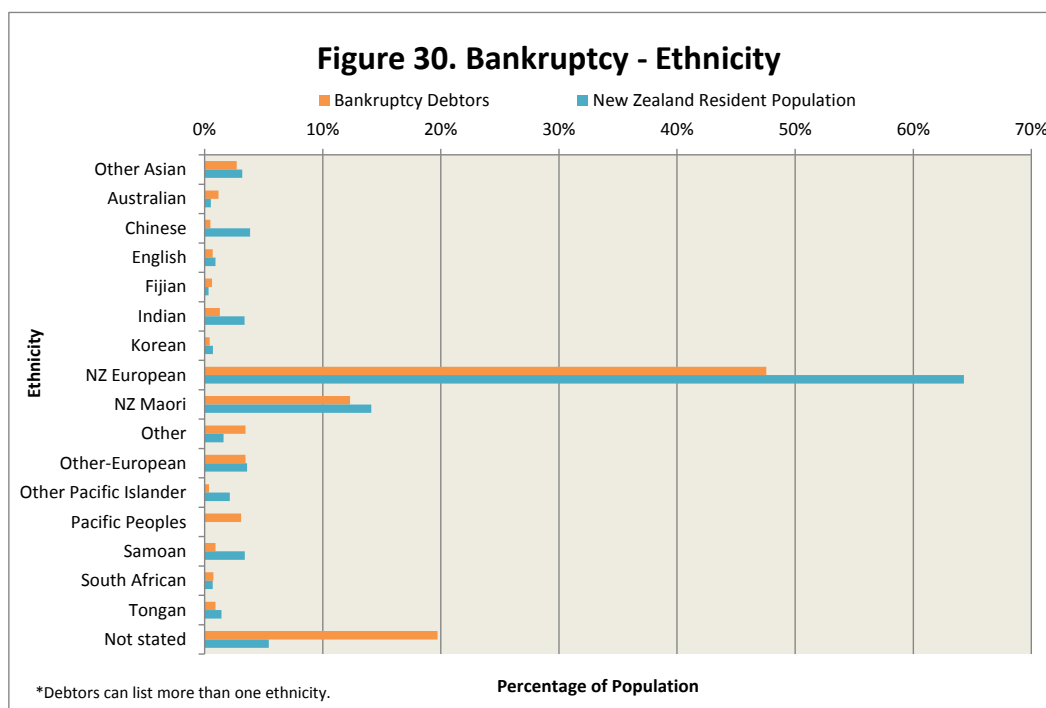
⁹ The Estimated New Zealand Resident Population statistics are taken from Statistics New Zealand (2018), *National Population Estimates: At 30 June 2018 - tables*. Wellington: Statistics New Zealand.



Of the people who entered into bankruptcy during 2017/18; the youngest person was 19, the oldest person was 84 and the average age was 46 years old.

Ethnicity

48% of people adjudicated bankrupt in 2017/18 identified as being New Zealand European compared to 64% of the estimated New Zealand residential population¹⁰. 12% of bankrupts identified as being New Zealand Maori, while a further 20% did not state their ethnicity.



¹⁰ The Estimated New Zealand Resident Population statistics are taken from Statistics New Zealand (2018), *2013 Census Data*. Wellington: Statistics New Zealand.

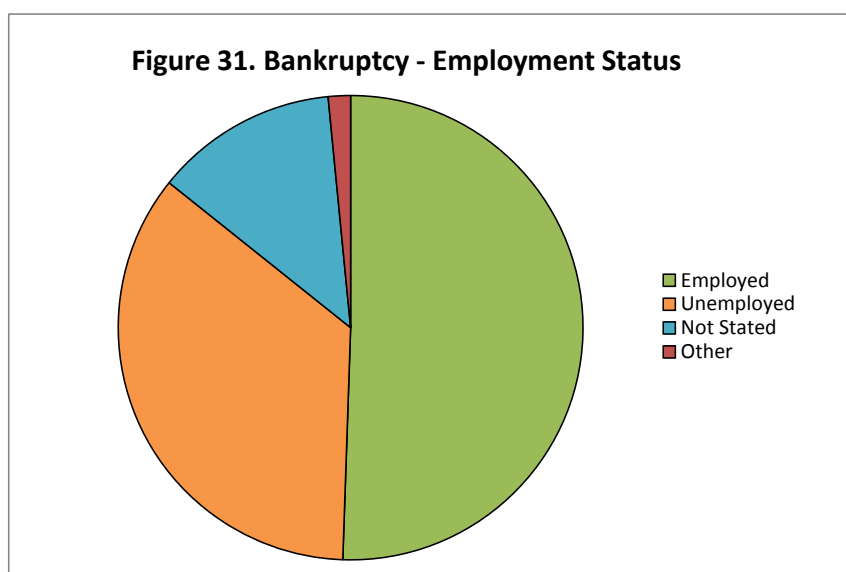
Cause of Bankruptcy

The most common cause of insolvency selected by bankrupts who were adjudicated in 2017/18 was 'unemployment or loss of income'. 15% of debtors listed this reason as the primary cause of their insolvency. 'Excessive use of credit facilities' and 'domestic discord or relationship breakdowns' were the next most common causes of bankruptcy identified by debtors.

Table 11. Primary Cause of Bankruptcy			
Cause	Debtor Application	Creditor Application	Total
No response	4%	45%	20%
Unemployment or loss of income	22%	4%	15%
Excessive use of credit facilities	19%	1%	12%
Domestic discord or relationship breakdowns	12%	7%	10%
Other	12%	4%	9%
Failure to provide for taxation	5%	14%	8%
Ill health or absence of health insurance	9%	2%	6%
Liabilities due to guarantees	2%	4%	3%
Adverse legal action	1%	6%	3%
Economic conditions affecting industry	2%	5%	3%
Failure to keep proper books and records	4%	1%	3%
Gambling, speculation and extravagance in living	3%	1%	2%
Lack of business ability	3%	0%	2%
Failure of another business organisation	1%	3%	1%
Lack of sufficient working capital	1%	2%	1%
Seasonal conditions including floods and drought	1%	1%	1%
Excessive interest payments	1%	0%	1%

Employment

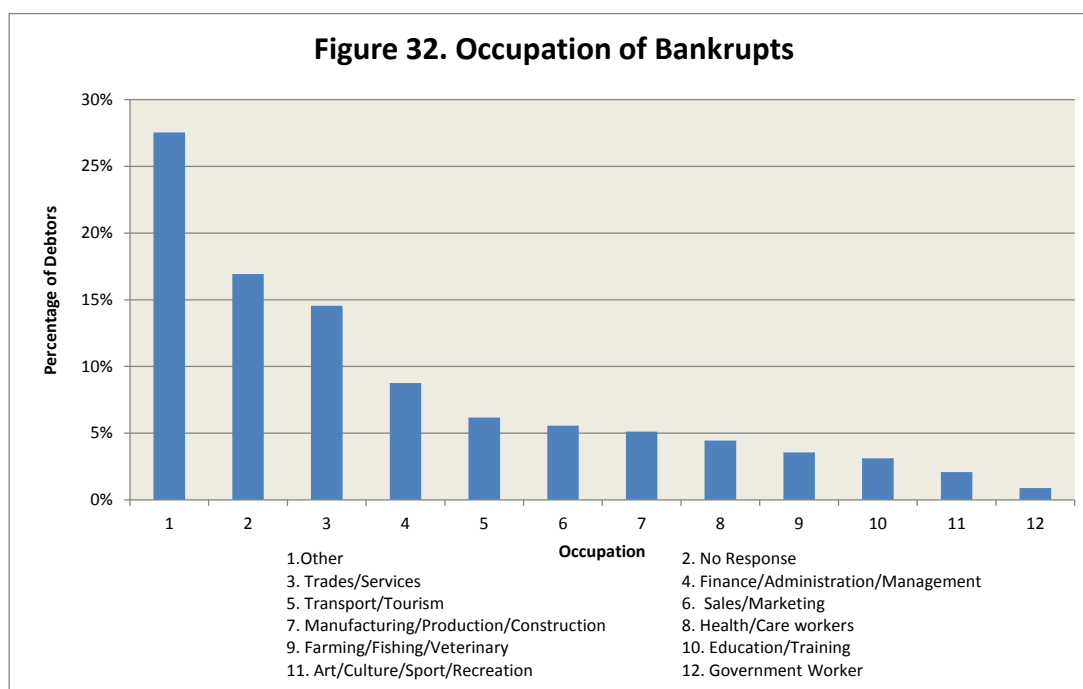
51% of bankrupts adjudicated in 2017/18 were employed at the date of adjudication, 35% stated that they were unemployed, while the remaining 15% did not state their employment status, or selected 'other'. Of those who provided details regarding their employment, debtors who were adjudicated by way of a debtor's application had a higher employment rate (57%) than those adjudicated by way of a creditor's application (40%).



43% of debtors adjudicated bankrupt in 2017/18 were employed by third parties either full time or part time, while an additional 8% were either trading as a director/shareholder or trading on their own account.

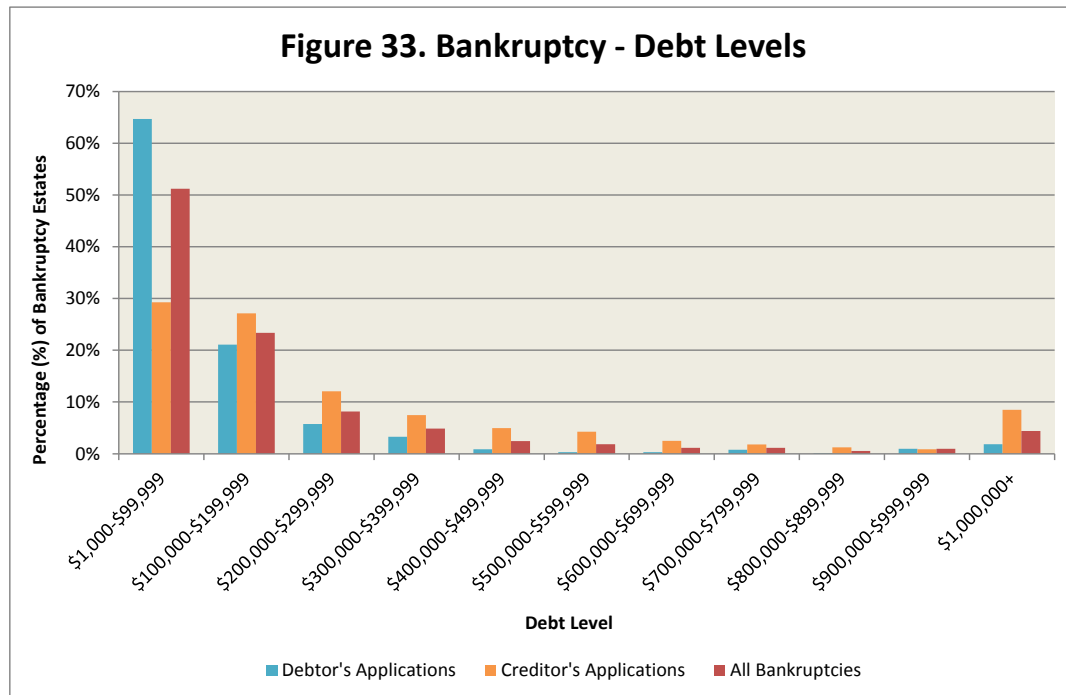
Table 12. Employment Status of Bankrupts				
Description	Male	Female	Unknown	Total %
Currently employed	43%	40%	13%	40%
No response	9%	3%	75%	12%
Unemployment Benefit	9%	21%	3%	13%
Unemployed no benefit	15%	9%	2%	12%
Trading on own account	6%	4%	4%	5%
Sickness Benefit/ACC	4%	5%	1%	4%
Retired	4%	3%	1%	4%
Currently employed and receiving income support	2%	5%	0%	3%
Trading as director/shareholder	4%	1%	1%	2%
Other	1%	2%	0%	2%
Unpaid family worker	1%	3%	0%	2%
Employed part-time and receiving benefit	0%	2%	0%	1%
Other benefit	1%	1%	1%	1%
Student	1%	1%	0%	1%

In their Statement of Affairs, debtors are asked to identify their primary occupation. 28% of debtors selected 'other' employment not identified in the listed group classifications. 'Trades/services' was the highest defined occupational category with 15% of bankrupts working in these fields, the second most common occupational field identified was 'finance/administration/management'.

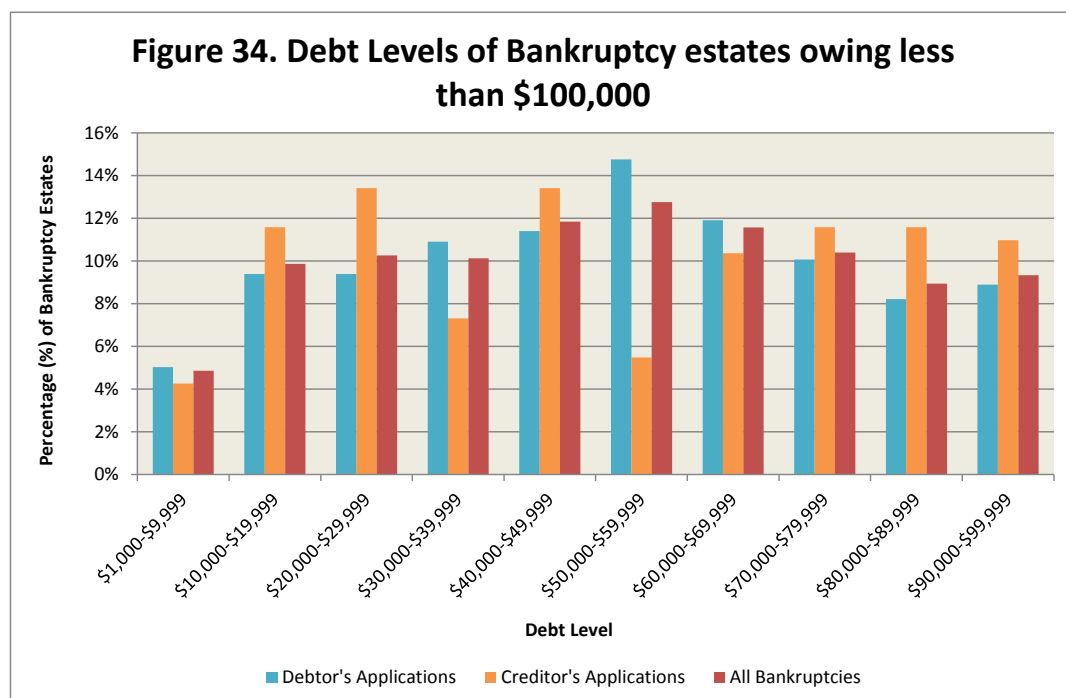


Debt Levels

Unlike No Asset Procedures and Summary Instalment Orders there is no upper limit to the level of debt a bankrupt can have; 51% of bankrupts adjudicated in 2017/18 had debt of less than \$100,000, 23% of bankrupts had debt levels of between \$100,000-\$200,000, and 25% had debt levels over \$200,000.



Of those bankruptcy estates that had less than \$100,000 in total debt, 47% owed less than \$50,000, and 53% had total debt between \$50,000-\$100,000.



Corporate Insolvencies

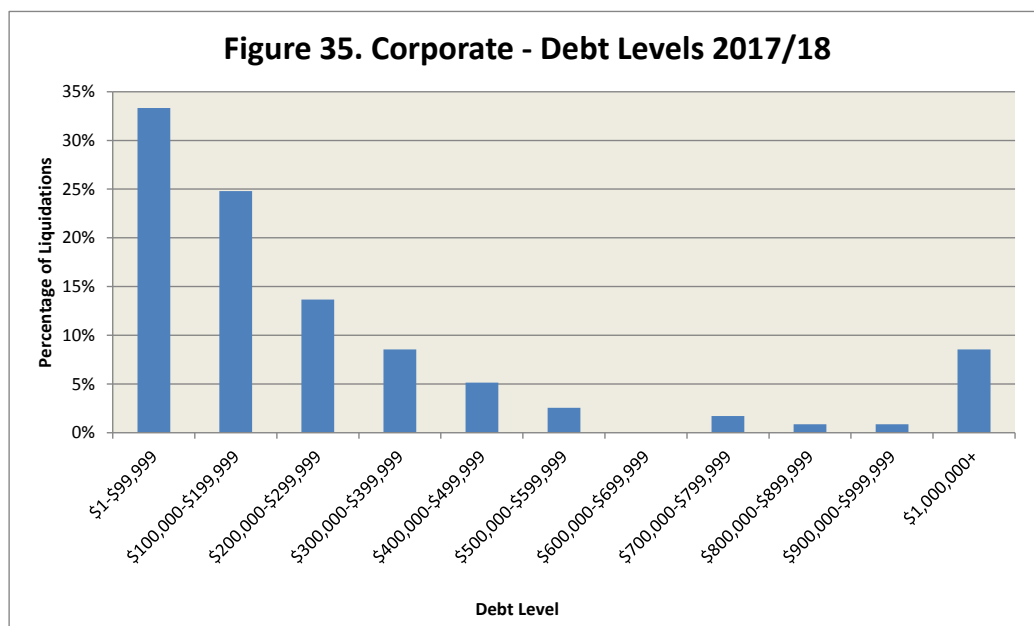
Cause of Liquidation

Upon the commencement of a liquidation the Official Assignee seeks to obtain a completed Statement of Affairs for the company. In 2017/18, 'adverse legal action' and 'failure to provide for taxation' were listed as the top two primary causes 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	61%
Adverse legal action	6%
Failure to provide for taxation	6%
Inability to collect debts	5%
Other	4%
Domestic discord or relationship breakdown	3%
Failure of another business organisation	3%
Failure to keep proper books and records	3%
Lack of business ability	3%
Economic conditions affecting industry	2%
Excessive interest payments	2%
Liabilities due to guarantees	2%
Ill health or absence of health insurance	1%
Lack of sufficient working capital	1%
Withdrawal of credit facilities	1%

Debt Level

33% of liquidations administered by the Official Assignee in 2017/18 had total debt of less than \$100,000, while 67% of liquidations had debt of more than \$100,000.



Of the liquidation estates that had total debt of less than \$100,000, 41% had debt of less than \$50,000, and 59% had debt between \$50,000-\$100,000.

