

Insolvency Statistics and Debtor Profile Report

▶ 1 JULY 2014 TO 30 JUNE 2015



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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 2013 to 2015

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

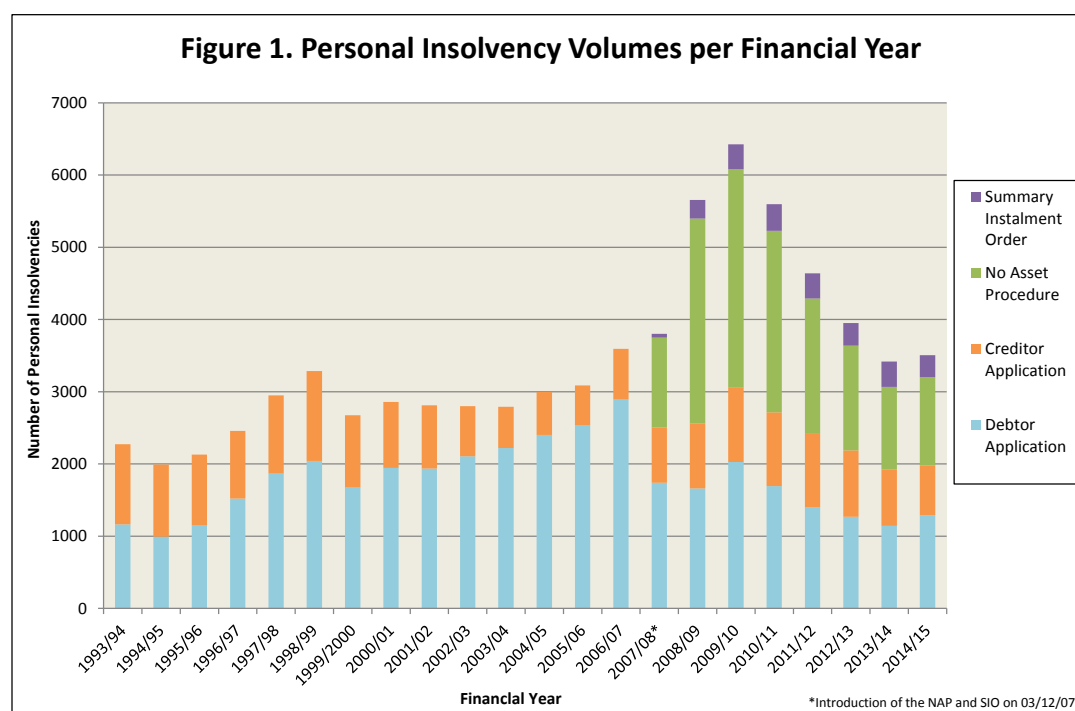
Liquidation is the process by which a company is brought to an end and the assets of the company distributed to creditors by the liquidator. The Insolvency and Trustee Service administers liquidations where the Official Assignee has been appointed the liquidator. Upon completion of the liquidation process 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
2014/15	3506	1289	690	1223	304

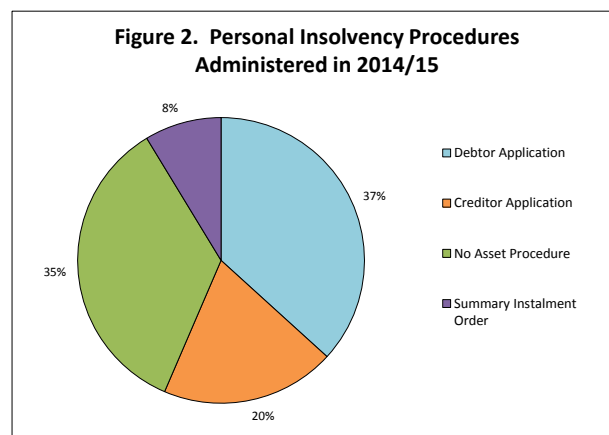
*Introduction of the NAP and SIO on 03/12/2007

In 2014/15 the Insolvency and Trustee Service administered 3,506 new personal insolvency procedures which was up 2.6% 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. The Insolvency Act 2006 introduced the No Asset Procedure into the New Zealand insolvency regime in 2007, and at the same time assigned the administration of Summary Instalment Orders to the Official Assignee. 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 2010/11 to 2013/14, before experiencing a small increase in annual volumes in 2014/15 (7% against the previous year).

Bankruptcy volumes also rose between 2007/08 and 2009/10, before commencing a steady decline in annual volumes in 2010/11. The decline ended in 2014/15, with an increase of 3% compared to 2013/14.



Debtor applications accounted for 37% of total personal insolvency volumes received in 2014/15, which exceeded the volume of No Asset Procedures received (35%). Creditor applications contributed 20% of total personal insolvency volumes, while Summary Instalment Orders made up the remaining 8%.

Summary Instalment Orders as a percentage of total personal insolvency volumes rose steadily from 2007/08 to 2013/14, in 2014/15 304 Summary Instalment Orders were accepted, which was a decrease of 14% compared to 2013/14.

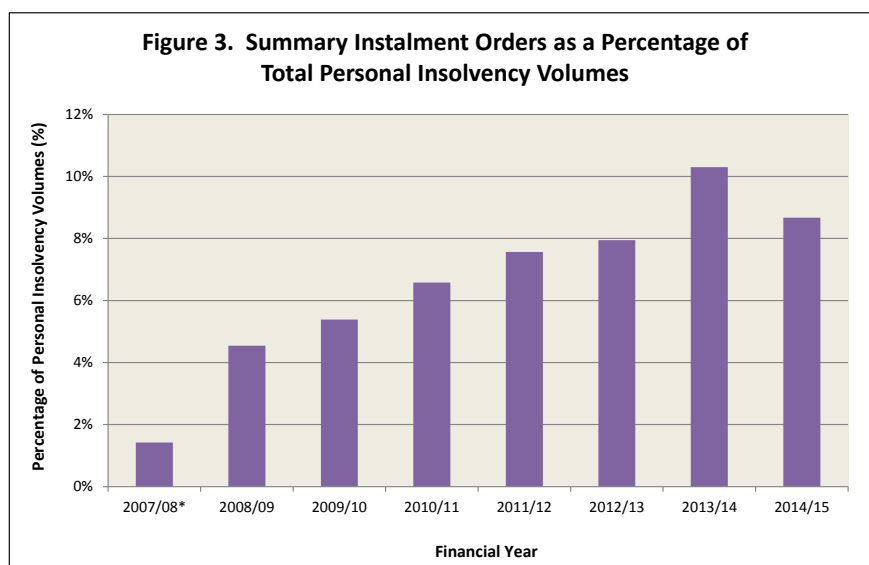


Table 2. Annual Rate of Personal Insolvency			
Financial Year 1 July - 30 June	Estimated Population*	Personal Insolvencies	Rate of Personal Insolvencies**
2006/07	3,339,900	3,594	0.11%
2007/08	3,379,500	3,802	0.11%
2008/09	3,424,600	5,654	0.17%
2009/10	3,473,200	6,426	0.19%
2010/11	3,510,700	5,596	0.16%
2011/12	3,540,700	4,640	0.13%
2012/13	3,579,900	3,950	0.11%
2013/14	3,598,600	3,418	0.09%
2014/15	3,678,000	3,506	0.10%

*Estimated resident population aged 15+

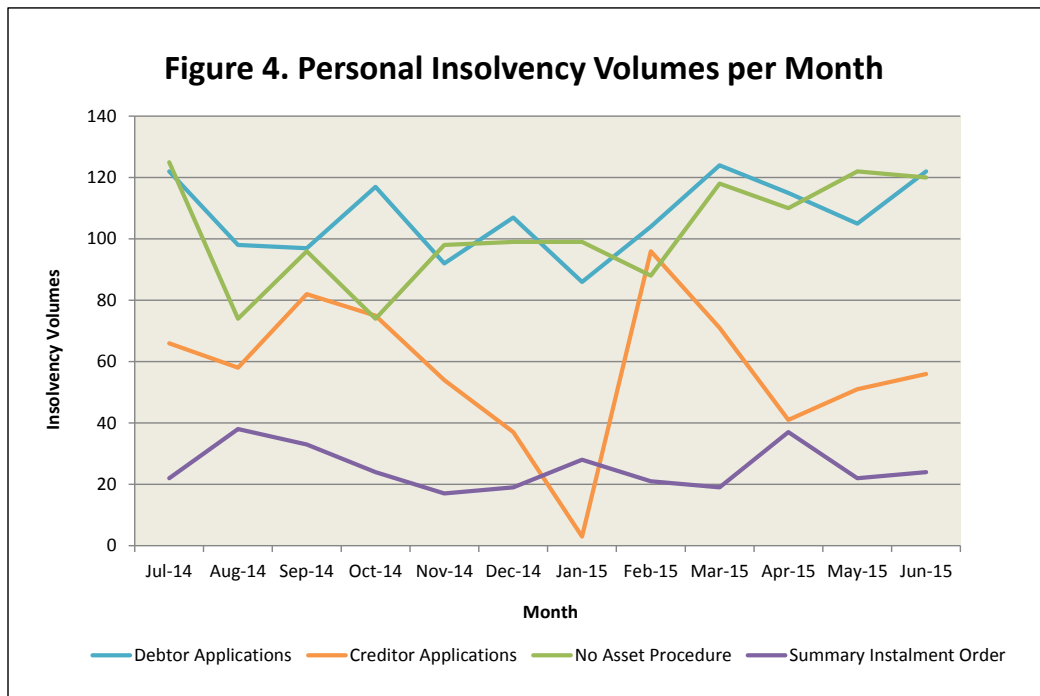
**Rate of personal insolvencies for population aged 15+

In 2014/15, 0.10% of the New Zealand population aged 15 and over entered into a personal insolvency procedure¹. Table 2. shows the rate of personal insolvency within New Zealand over the last nine years.

Table 3. Monthly Personal Insolvency Volumes					
Month	Total	Debtor Applications	Creditor Applications	No Asset Procedure	Summary Instalment Order
Jul-14	335	122	66	125	22
Aug-14	268	98	58	74	38
Sep-14	308	97	82	96	33
Oct-14	290	117	75	74	24
Nov-14	261	92	54	98	17
Dec-14	262	107	37	99	19
Jan-15	216	86	3	99	28
Feb-15	309	104	96	88	21
Mar-15	332	124	71	118	19
Apr-15	303	115	41	110	37
May-15	300	105	51	122	22
Jun-15	322	122	56	120	24
Total	3506	1289	690	1223	304

During 2014/15 the Insolvency and Trustee Service received an average of 25 Summary Instalment Orders per month, 102 No Asset Procedures and 165 Bankruptcies. The lowest number of new personal insolvencies was received in the month of January, followed by November and then December, whilst the highest volume was received in July.

¹ Population estimates from 2006/07 to 2014/15 sourced from Statistics New Zealand (2015), *National Population Projections: At July 2015*. Wellington: Statistics New Zealand.



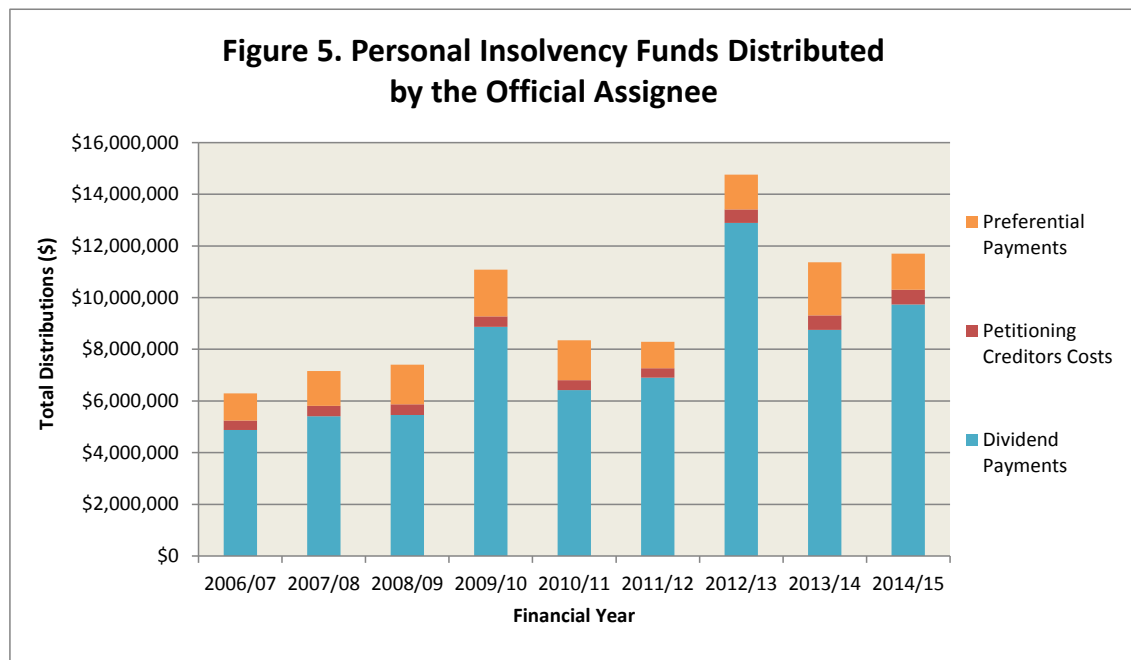
In 2014/15, debtors from the Auckland region accounted for 28% of personal insolvencies nationwide. In the 2013 National Census the Auckland Region made up 33% of the residential population of New Zealand².

Table 4. Personal Insolvency Volumes per Region 2014/15						
Court Region	%	Total	Debtor Applications	Creditor Applications	No Asset Procedure	Summary Instalment Order
Auckland	28%	976	318	275	357	26
Blenheim	1%	50	20	9	19	2
Christchurch	9%	314	110	54	108	42
Dunedin	4%	145	59	21	55	10
Gisborne	1%	34	12	12	9	1
Greymouth	1%	21	7	5	8	1
Hamilton	7%	233	84	48	93	8
Invercargill	4%	135	36	13	27	59
Masterton	1%	25	8	2	13	2
Napier	4%	157	53	24	53	27
Nelson	2%	80	21	10	32	17
New Plymouth	2%	85	25	14	39	7
Palmerston North	4%	131	33	27	59	12
Rotorua	4%	146	54	28	41	23
Tauranga	4%	142	49	30	57	6
Timaru	2%	82	26	5	22	29
Wanganui	1%	50	19	6	23	2
Wellington	8%	282	84	70	109	19
Whangarei	5%	164	47	37	70	10
Overseas	7%	254	224	0	29	1
		3506	1289	690	1223	304

² 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 9% and 8% respectively of total personal insolvency volumes nationwide. The Canterbury region accounted for 13% of the New Zealand residential population in the 2013 National Census, while the Wellington region made up 11%.

Gisborne, Greymouth and Masterton received the fewest number of personal insolvencies in 2014/15, accounting for 1% of total personal insolvency volumes each.



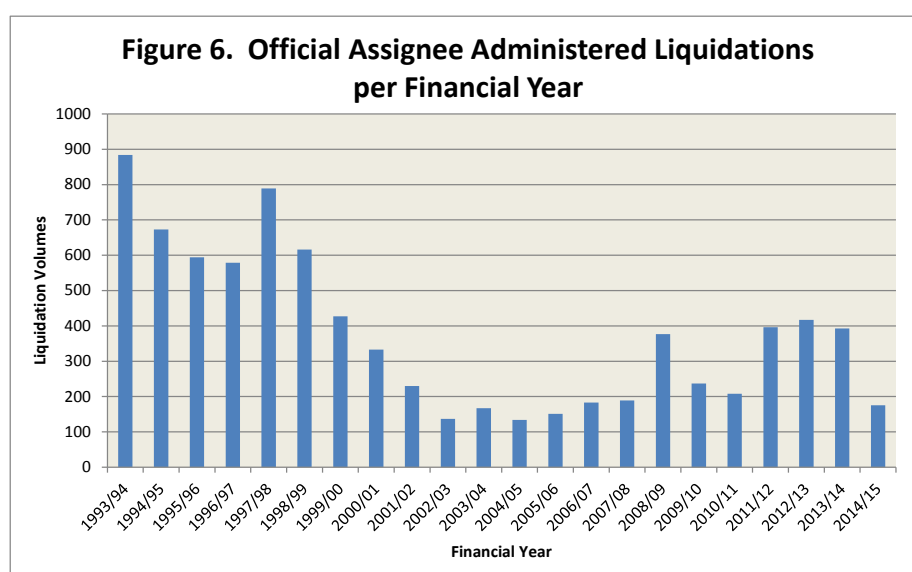
In the 2014/15 financial year the Official Assignee paid out \$11,699,240.01 in distributions to creditors. 83% of these funds were dividend payments to unsecured creditors, 12% were preferential payments and 5% were distributions towards petitioning creditor's costs.

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 2015 was 561,093³.

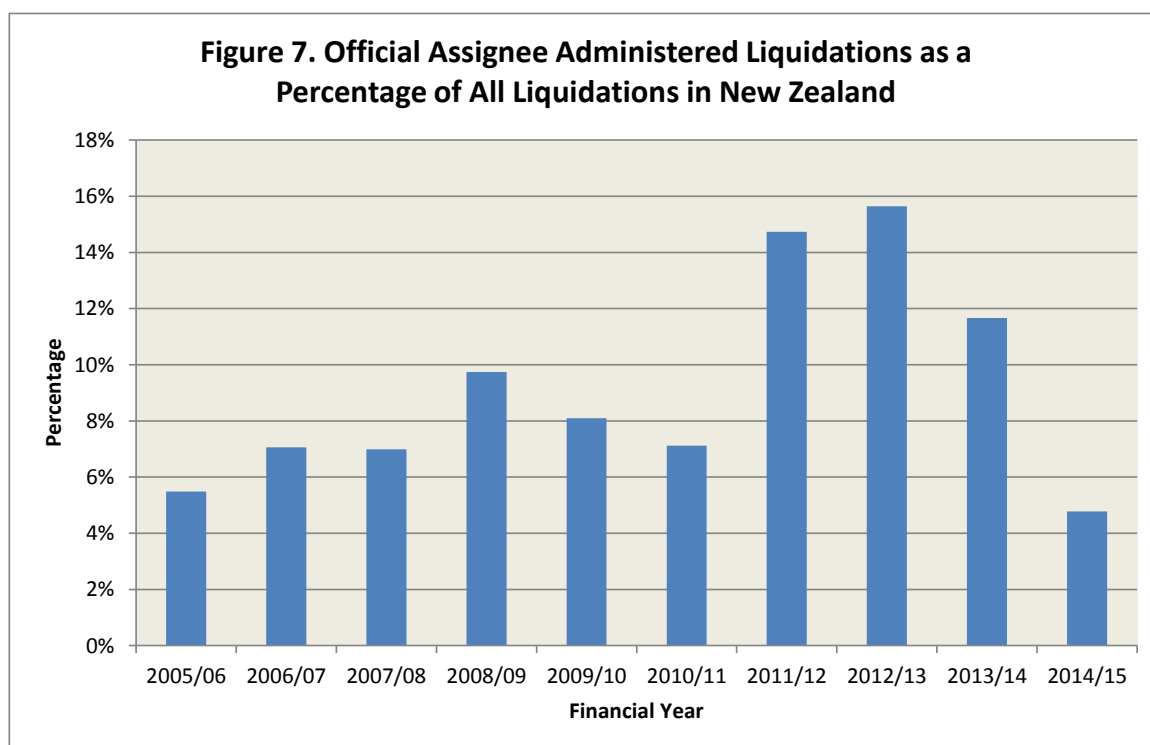
Table 5. Corporate Insolvency Volumes per Financial Year	
Financial Year 1 July - 30 June	Corporate Insolvency Volumes
1993/94	884
1994/95	673
1995/96	594
1996/97	579
1997/98	789
1998/99	616
1999/00	427
2000/01	333
2001/02	230
2002/03	137
2003/04	167
2004/05	134
2005/06	151
2006/07	183
2007/08	189
2008/09	377
2009/10	237
2010/11	208
2011/12	396
2012/13	417
2013/14	393
2014/15	175

In 2014/15 the Official Assignee was appointed the liquidator of 175 companies which represented a 55% decrease in corporate insolvency volumes administered by the Official Assignee, compared to the previous financial year.

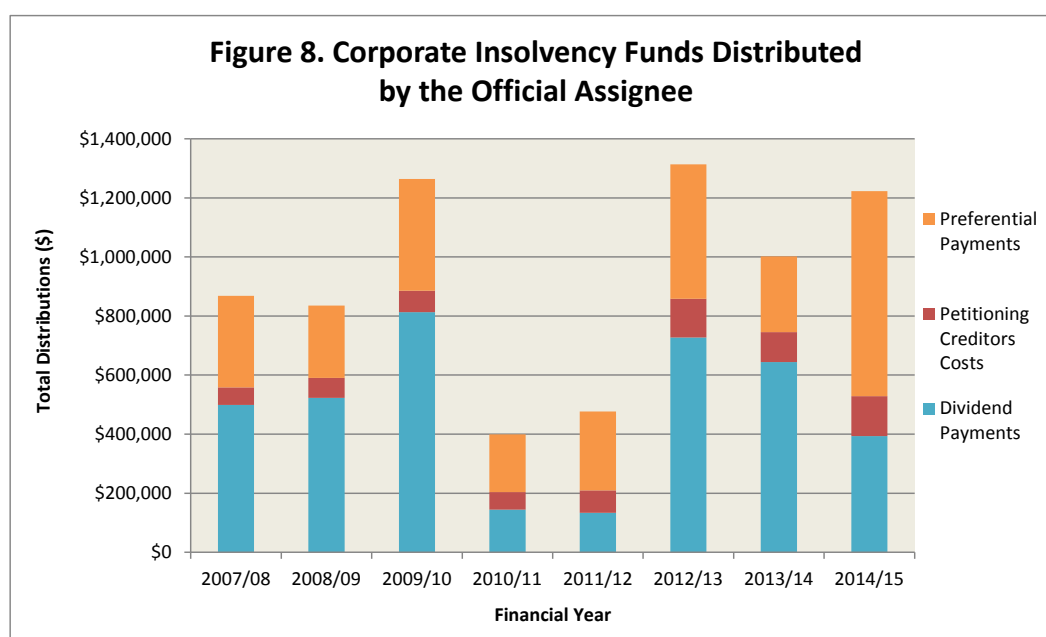


³ Registered Company statistics sourced from the Companies Office; <http://www.business.govt.nz/companies/about-us/statistics>.

In 2014/15, 3,664 companies were placed into liquidation within New Zealand⁴. The Official Assignee was appointed the liquidator of 5% of these liquidations. The appointment rate for 2014/15 was down 7% from the previous year, and is the lowest appointment rate experienced in any of the last 10 years.



The Official Assignee distributed \$1,222,893.52 in corporate insolvency distributions in 2014/15. Of these funds, 32% were paid out as dividend payments, 11% were distributed towards petitioning creditor's costs and 57% were preferential payments.



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

The Auckland region accounted for 63% of liquidations administered by the Official Assignee in 2014/15, Wellington was the next most represented region accounting for 11% of liquidations, followed by Voluntary Liquidations which made up 4% of liquidations.

Table 6. Corporate Insolvency Volumes 2014/15		
Court Region	%	Number of liquidations
Auckland	63%	111
Christchurch	3%	5
Dunedin	1%	1
Greymouth	1%	1
Hamilton	1%	2
Interim Liquidation	0%	0
Invercargill	3%	5
Napier	1%	2
Nelson	2%	4
New Plymouth	1%	1
Palmerston North	2%	3
Rotorua	3%	5
Tauranga	1%	2
Timaru	1%	1
Voluntary Liquidation	4%	7
Wanganui	1%	1
Wellington	11%	19
Whangarei	3%	5
		175

Key Characteristics of Debtors 2013 to 2015

Debtor Characteristics 2013 to 2015	Bankrupts		NAP Debtors		SIO Debtors	
	2014/15	2012/13	2014/15	2012/13	2014/15	2012/13
Number	1979	2188	1223	1448	304	314
Gender % male	63%	61%	38%	40%	35%	39%
Age (most represented)	40-44 (16%)	40-44 (17%)	25-29 (17%)	25-29 (16%)	25-29 (14%)	20-24 (16%)
Ethnicity (most represented)	NZ European (61%)	NZ European (54%)	NZ European (67%)	NZ European (60%)	NZ European (69%)	NZ European (63%)
% not employed	54%	54%	78%	83%	43%	47%
Debt < \$20,000	9%	9%	60%	69%	68%	71%

The key characteristics of insolvent debtors have remained fairly consistent between 2013 and 2015. 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 40-44.

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

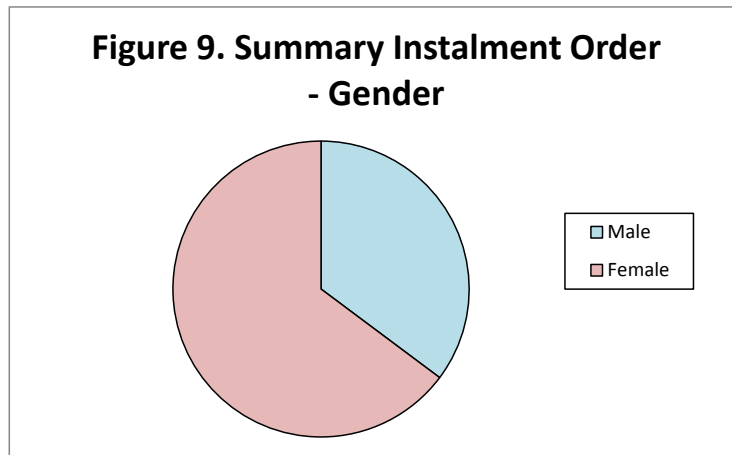
54% of bankrupts and 43% of Summary Instalment Order debtors in 2013/14 were unemployed, while No Asset Procedure debtors represented a higher unemployment rate of 78% as at the date they were admitted into the procedure.

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 2013 and 2015 had debt levels under \$20,000.

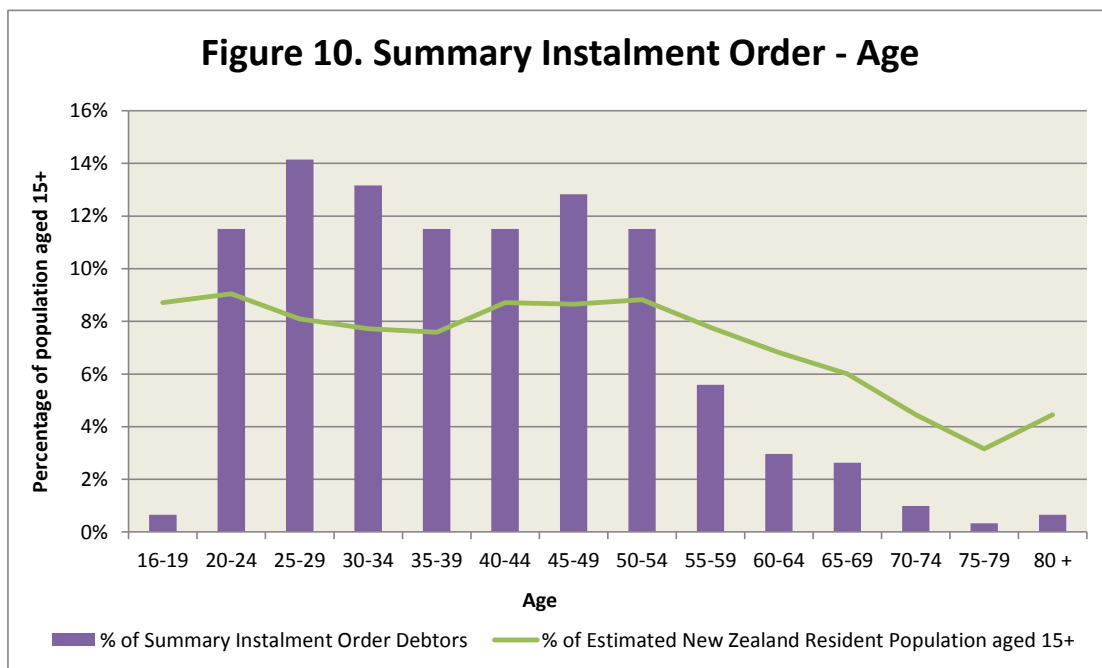
Summary Instalment Orders

Age and Gender

A total of 304 debtors entered into a Summary Instalment Order in 2014/15. Of those who did, 35% were male and 65% were female.



Amongst Summary Instalment Order debtors the age groups most represented were 25-29 (14%) followed by 30-34 (13%). The corresponding percentages of the estimated New Zealand residential population aged over 15 for those age groups are 8% each⁵.

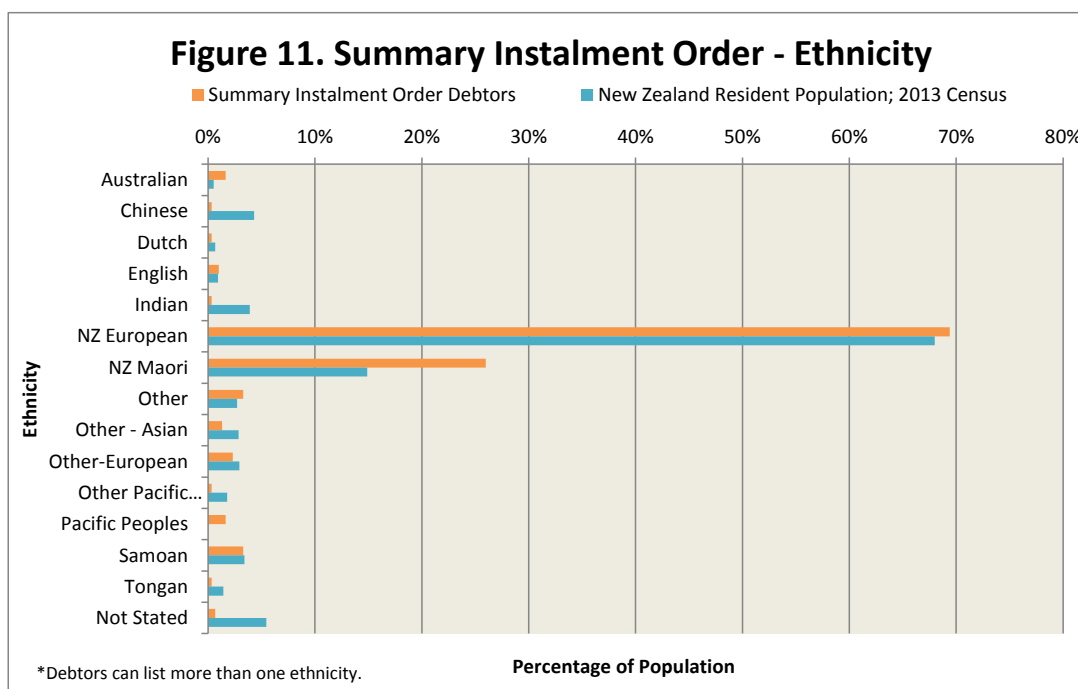


The average age of those who entered into a Summary Instalment Order in 2014/15 was 41 years old.

⁵ The New Zealand residential population statistics are sourced from Statistics New Zealand (2015), *Estimated resident population of New Zealand: At 30 June 2014 - 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. 69% of debtors who entered into Summary Instalment Orders in 2014/15 identified as being of New Zealand European descent compared to 68% of the New Zealand population⁶. The second most represented ethnicity amongst Summary Instalment Order debtors was New Zealand Maori who accounted for 26% of debtors, compared to making up 15% of the New Zealand residential population.

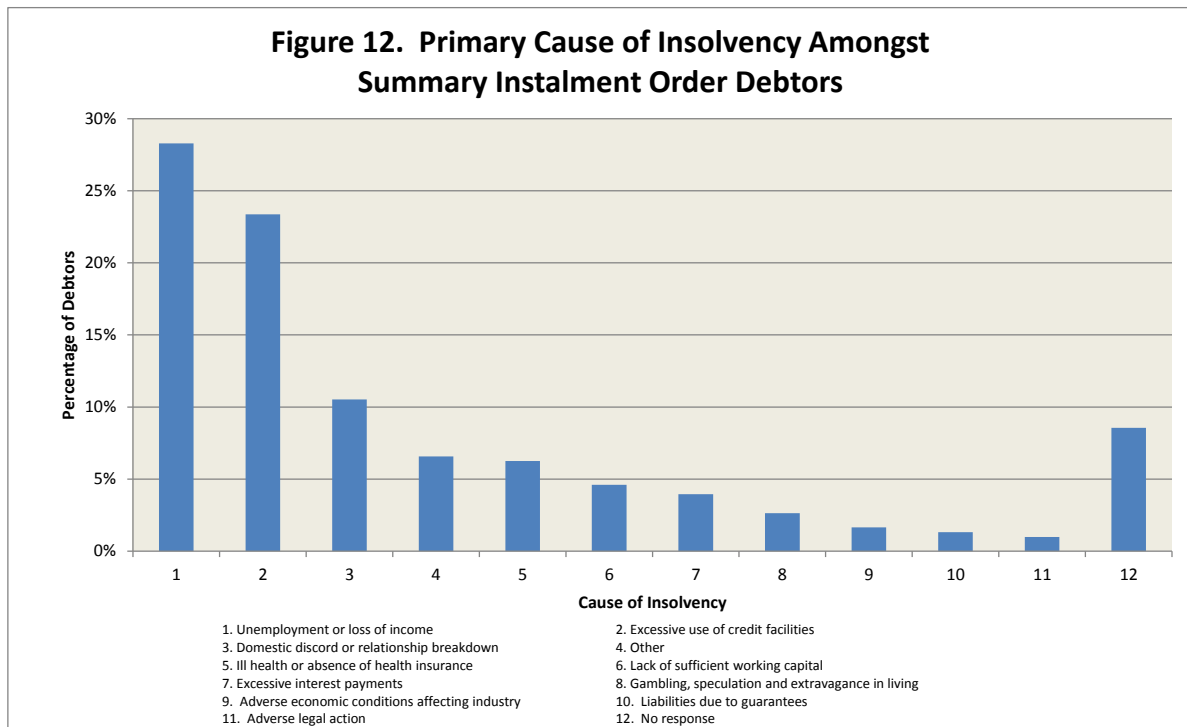


Cause of Insolvency

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.

9% of debtors who entered Summary Instalment Orders in 2014/15 did not provide details as to the cause of their insolvency, of those who did, 'unemployment or loss of income' was identified as the most significant cause (28%), followed by 'excessive use of credit facilities' (23%).

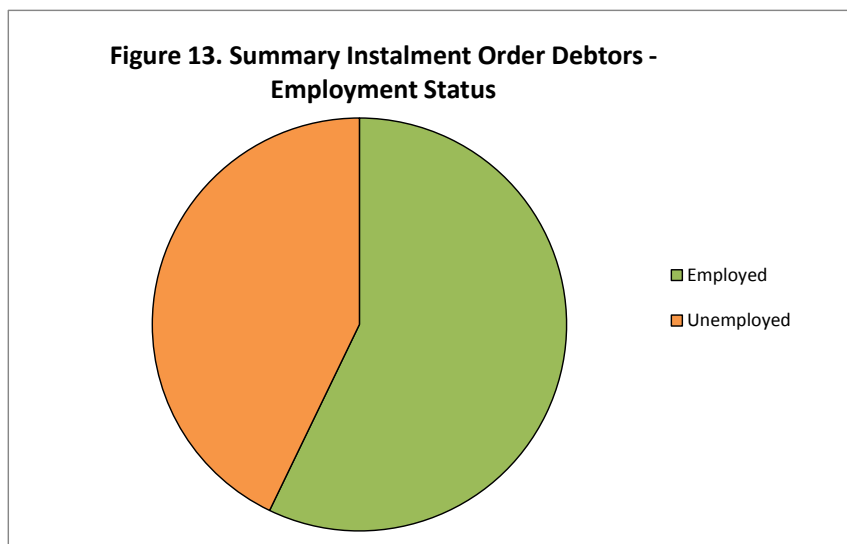
⁶ The New Zealand resident population statistics are sourced from Statistics New Zealand (2014), *2013 Census Data*. Wellington: Statistics New Zealand.



Employment

57% of Summary Instalment Order debtors were employed at the date they entered into the Summary Instalment Order; 49% of female debtors and 72% of male debtors. Most were employed by third parties with only 2% trading on their own account or in a Partnership.

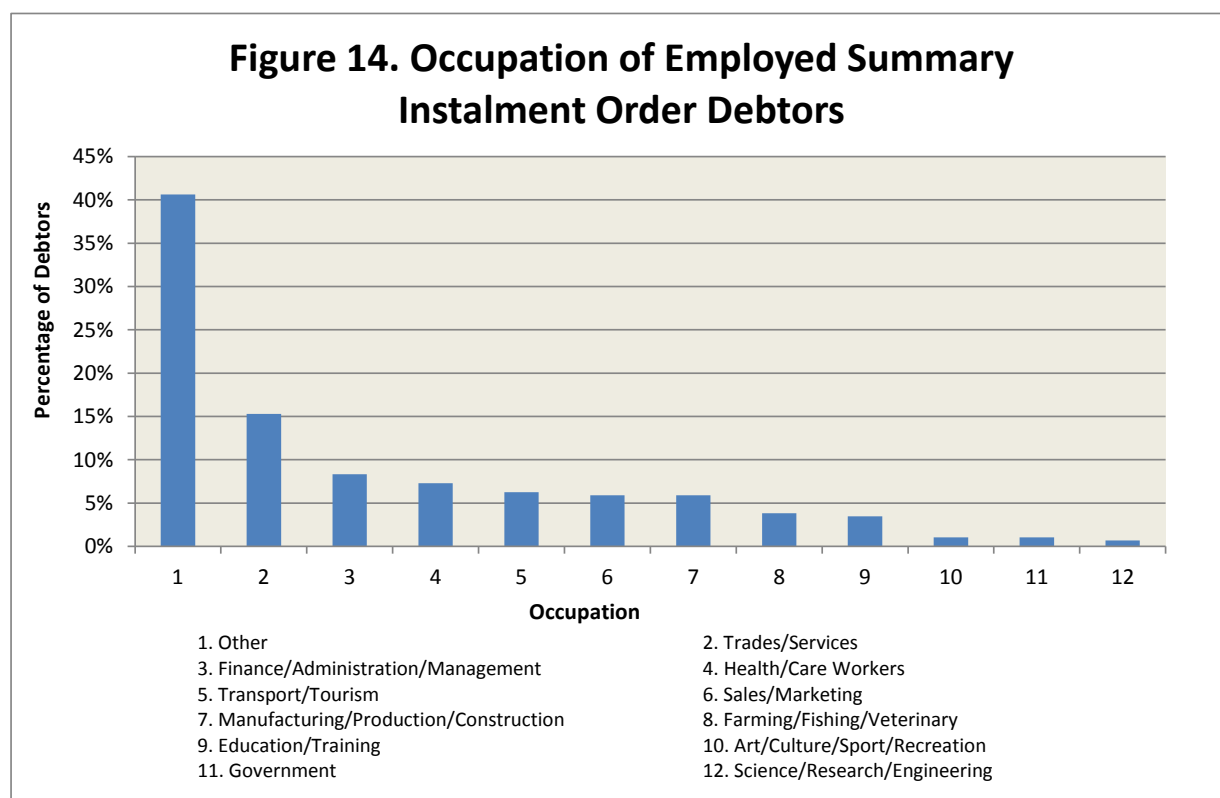
43% were recorded as being unemployed, this includes beneficiaries, students, and retirees. The seasonally adjusted national unemployment rate for the March 2015 quarter was 5.8%⁷.



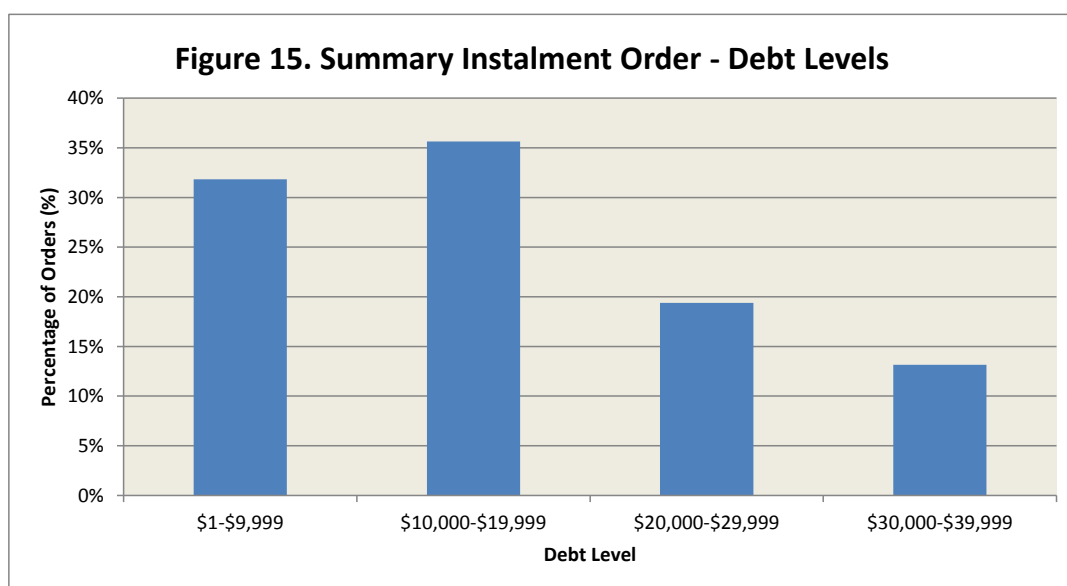
⁷ The New Zealand unemployment rate is sourced from Statistics New Zealand (2015), *Labour Market Statistics: March 2015 quarter*. Wellington: Statistics New Zealand.

Table 8. Employment Status of Summary Instalment Order Debtors			
Description	Male	Female	Total %
Currently employed	67%	40%	50%
Unemployment Benefit	9%	22%	18%
Employed part-time with benefit	2%	9%	6%
Other benefit	2%	8%	6%
Sickness Benefit/ACC	5%	4%	4%
Retired	4%	4%	4%
Other	4%	3%	3%
Student	2%	4%	3%
Unemployed no benefit	1%	2%	2%
Unpaid family worker	0%	2%	1%
Sickness Benefit	1%	1%	1%
No Response	1%	1%	1%
Trading on own account	1%	1%	1%
Trading in Partnership	2%	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 2014/15, 15% identified that they were involved in 'trades/services' and 8% were involved in 'finance/administration/management'. 41% of debtors were involved in 'other' employment not identified in the listed group classifications.



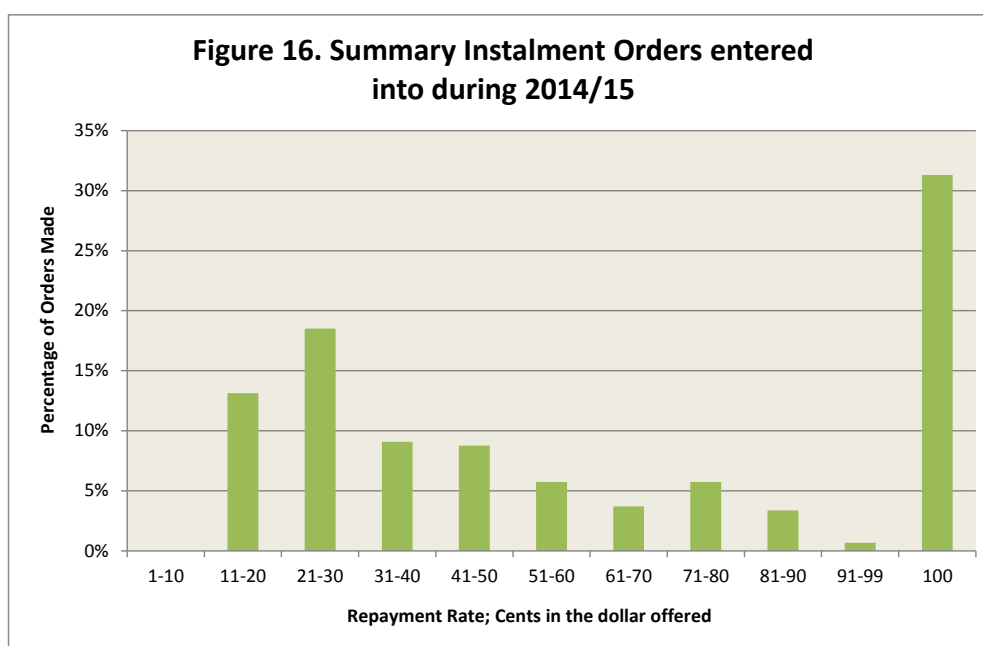
Debt Levels



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 2014/15, 32% of Summary Instalment Order debtors had debt levels of less than \$10,000, 36% had debt levels between \$10,000-\$19,999 and 19% had debt levels over \$20,000.

Repayment Rate

In 2014/15, 31% of all Summary Instalment Orders entered into were for the repayment of 100 cents in the dollar. In 51% 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 2014/15 was 60 cents in the dollar.



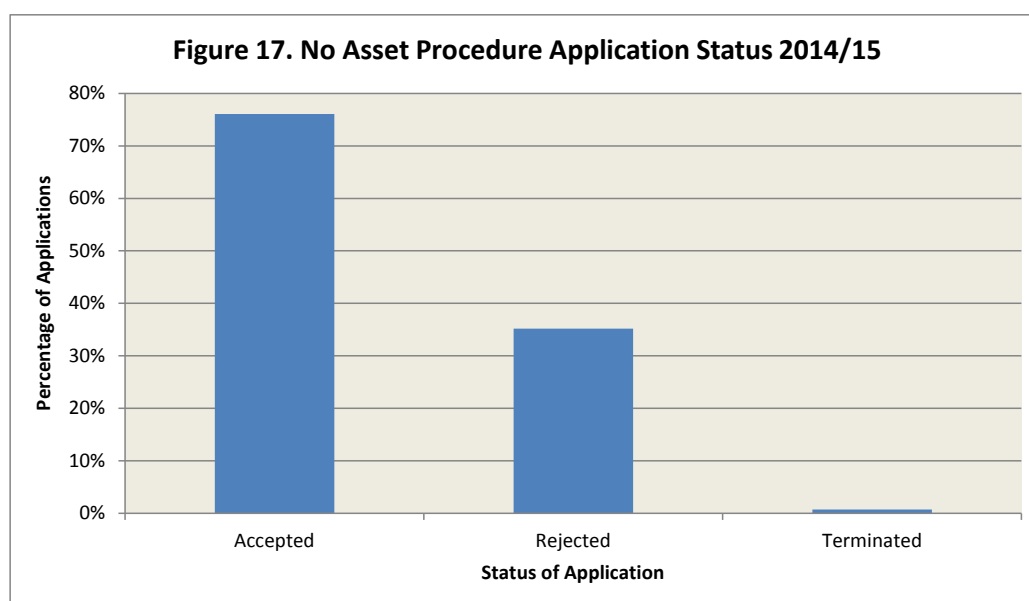
No Asset Procedures

Applications – Rejections and Terminations

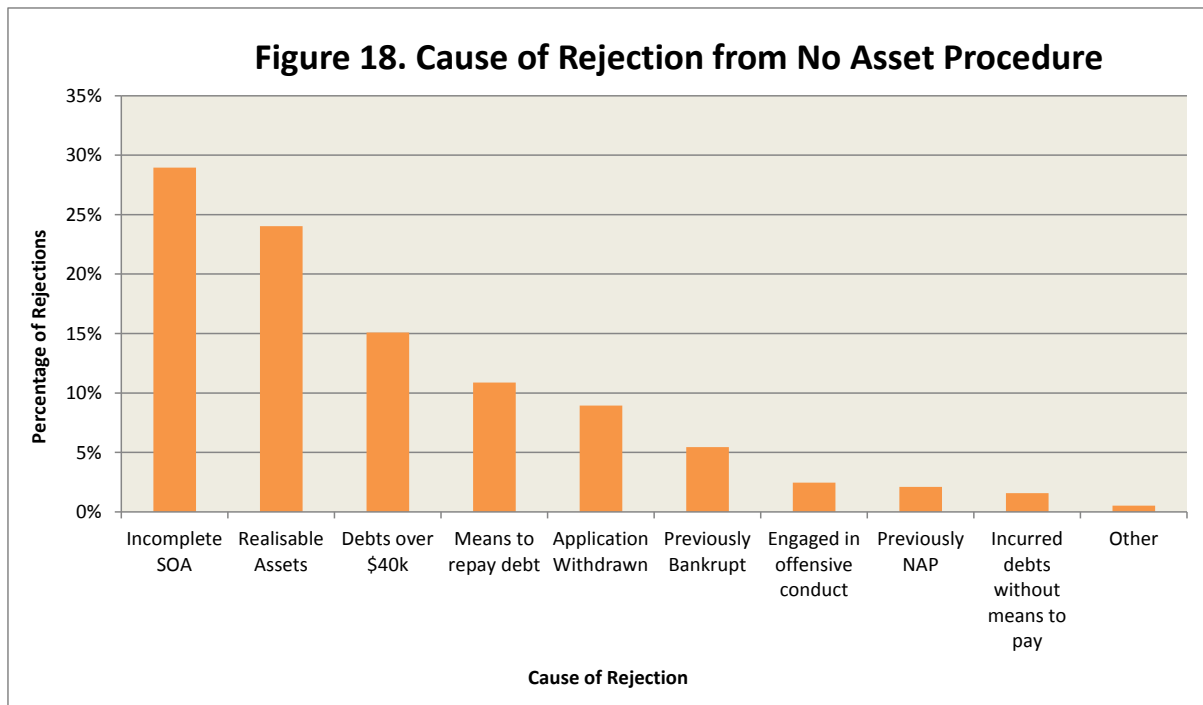
In 2014/15, 1,614 applications were received for entry into the No Asset Procedure. Of these, 1,228 were accepted.

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

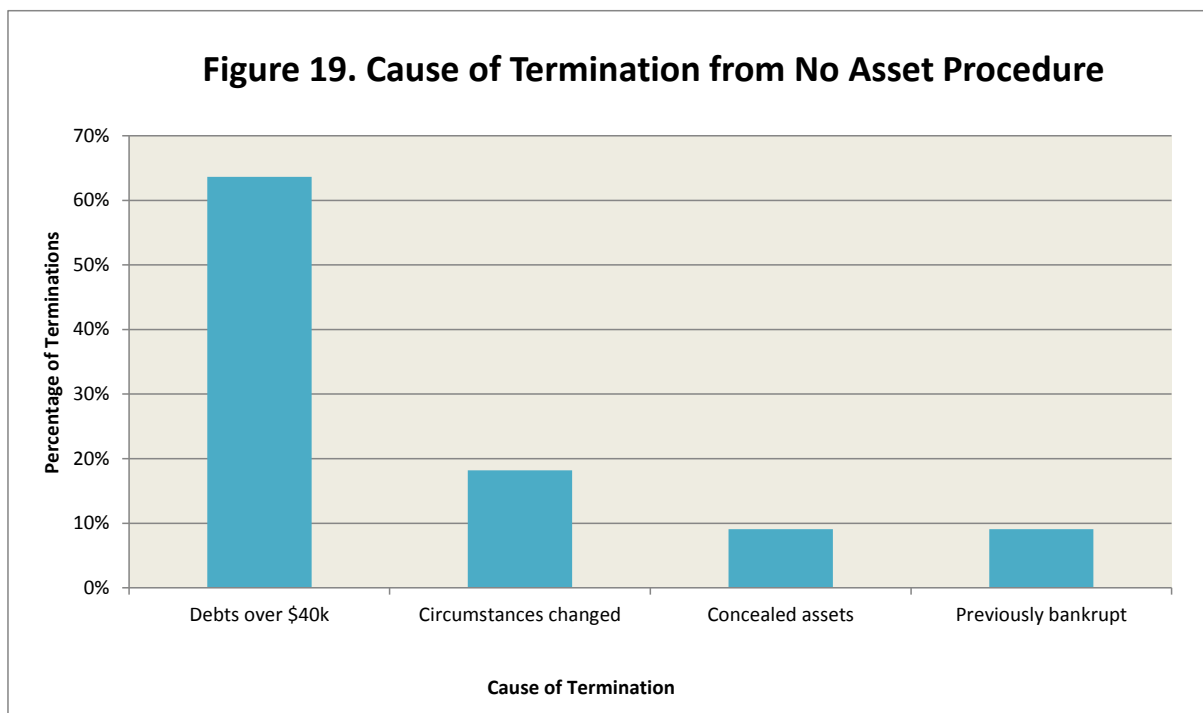
An application that has been rejected from entry into the No Asset Procedure can be resubmitted depending on the reason for the rejection, for example submitting an 'incomplete Statement of Affairs'. In such instances, certain applications may be counted as having been both rejected and accepted; likewise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



In 2014/15, 76% of No Asset Procedure applications were accepted, 35% were rejected and 1% were ultimately terminated.

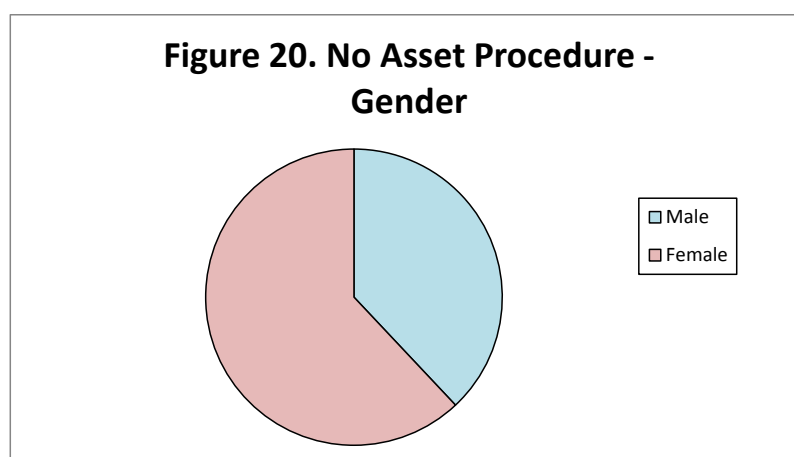


The most common cause of rejection of a No Asset Procedure application in 2014/15 was an 'incomplete Statement of Affairs' which accounted for 29% of rejections. Having 'realisable assets' was the second most common cause, making up 24% of rejections and 'debts over \$40,000', made up a further 15%.



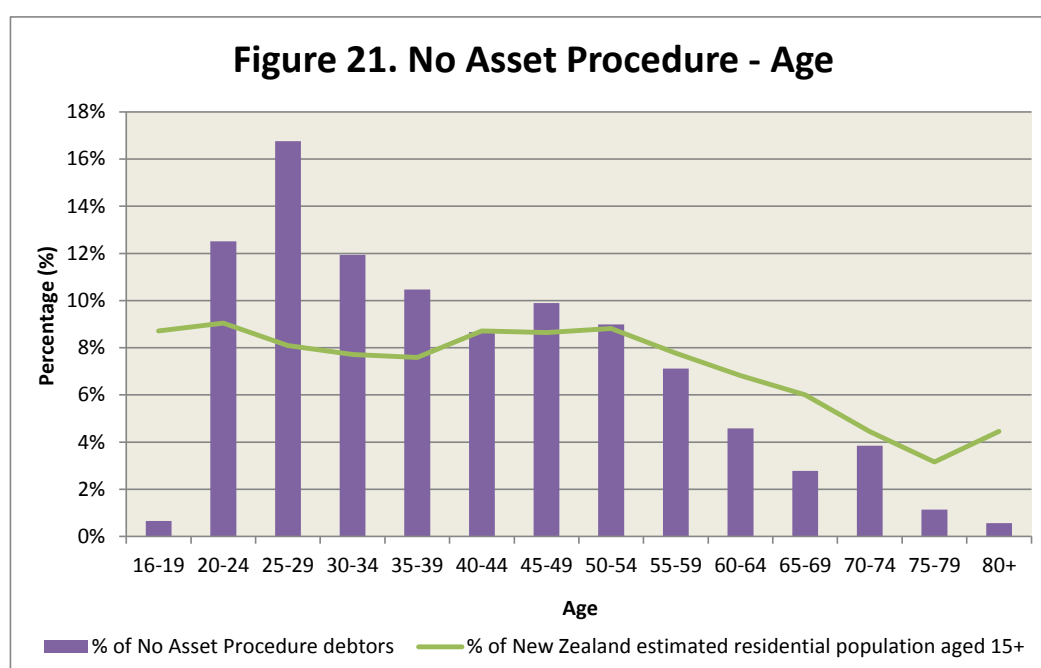
In 2014/15, 1% of No Asset Procedures were terminated; the most common cause was having 'debts over \$40,000' which accounted for 64%, or 7, terminations.

Age and Gender



62% of debtors who entered into a No Asset Procedure in 2014/15 were female, 38% were male.

The most common age of debtors entering into a No Asset Procedure in 2014/15 was between the ages of 25-29, followed by 20-24 years. Debtors in their 20's accounted for 30% of all No Asset Procedure debtors, as compared to making up 17% of the estimated New Zealand residential population aged 15 and over⁸. Debtors in their 30's made up 22% of No Asset Procedure debtors compared to 15% of the estimated New Zealand residential population, while debtors in their 40's made up 19% of No Asset Procedure debtors.

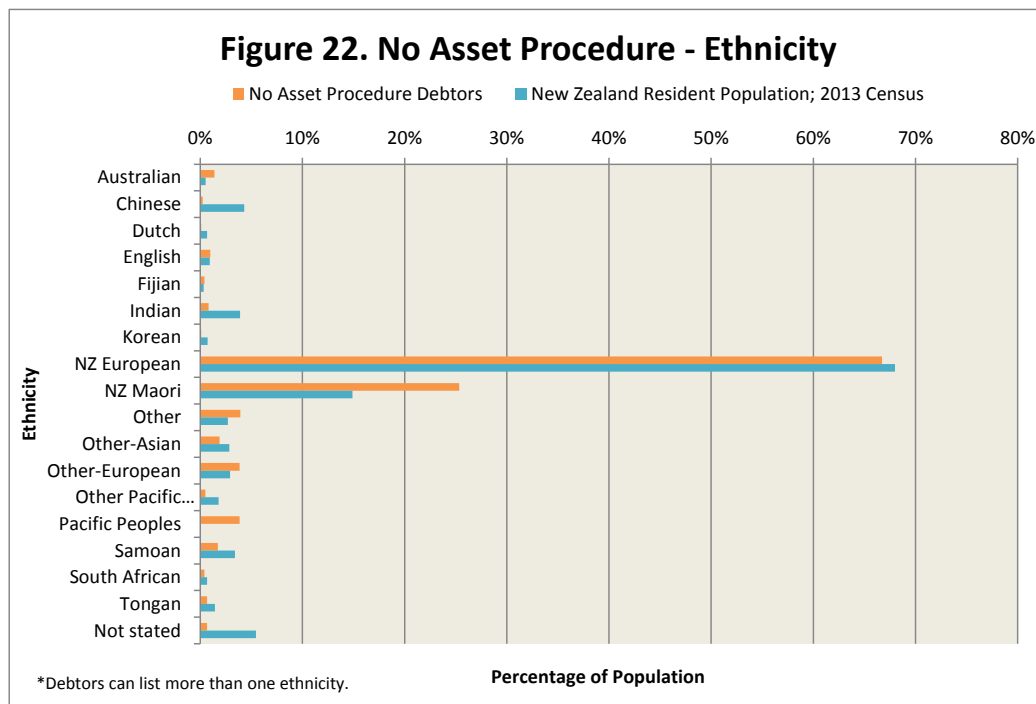


The average age of debtors who entered into a No Asset Procedure in 2013/14 was 41 years.

⁸ The New Zealand residential population statistics are sourced from Statistics New Zealand (2015), *National Population Estimates: At 30 June 2014 - tables*. Wellington: Statistics New Zealand

Ethnicity

67% of No Asset Procedure debtors in 2014/15 identified as being New Zealand European. This is consistent with the population breakdown of New Zealand as seen in the 2013 census, where 68% of the population identified as being New Zealand European. 25% of No Asset Procedure debtors identified as being New Zealand Maori, this ethnicity is over-represented in comparison to the residential population breakdown in the 2013 census⁹ where 15% of New Zealanders identified as being Maori.

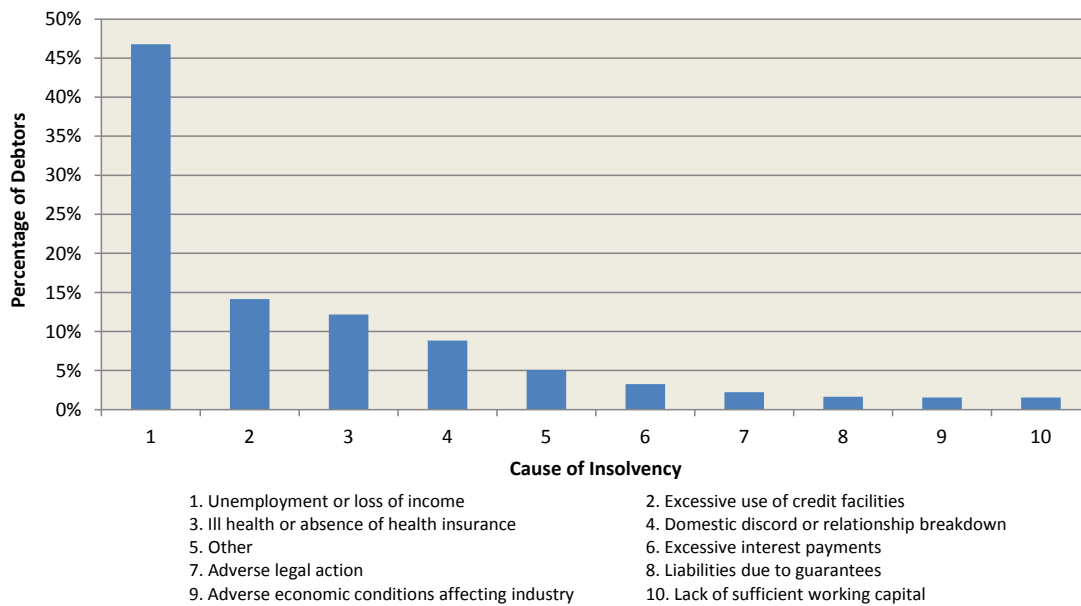


Cause of Insolvency

47% of No Asset Procedure debtors listed 'unemployment or loss of income' as the primary cause of their insolvency in 2014/15. 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.

⁹ The New Zealand resident population statistics are sourced from Statistics New Zealand (2015), *2013 Census Data*. Wellington: Statistics New Zealand.

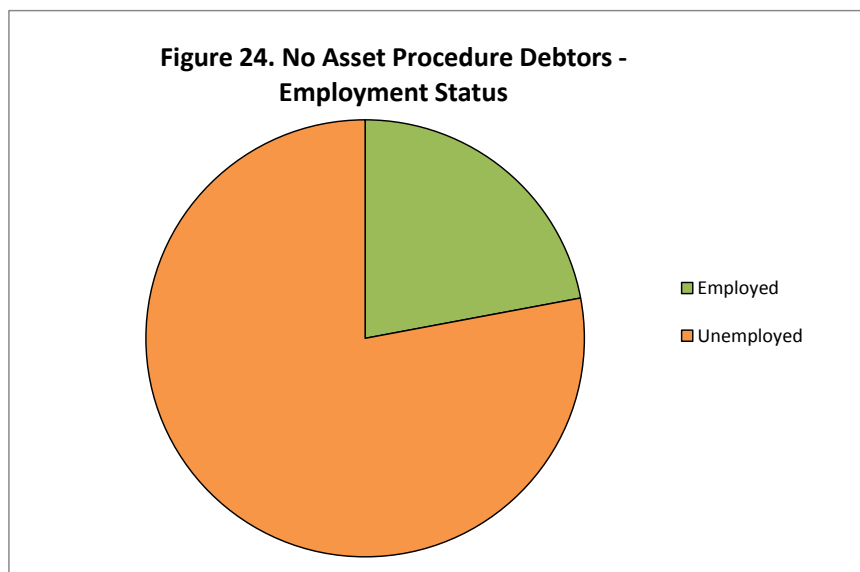
Figure 23. Primary Cause of Insolvency Amongst No Asset Procedure Debtors



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.

Figure 24. No Asset Procedure Debtors - Employment Status

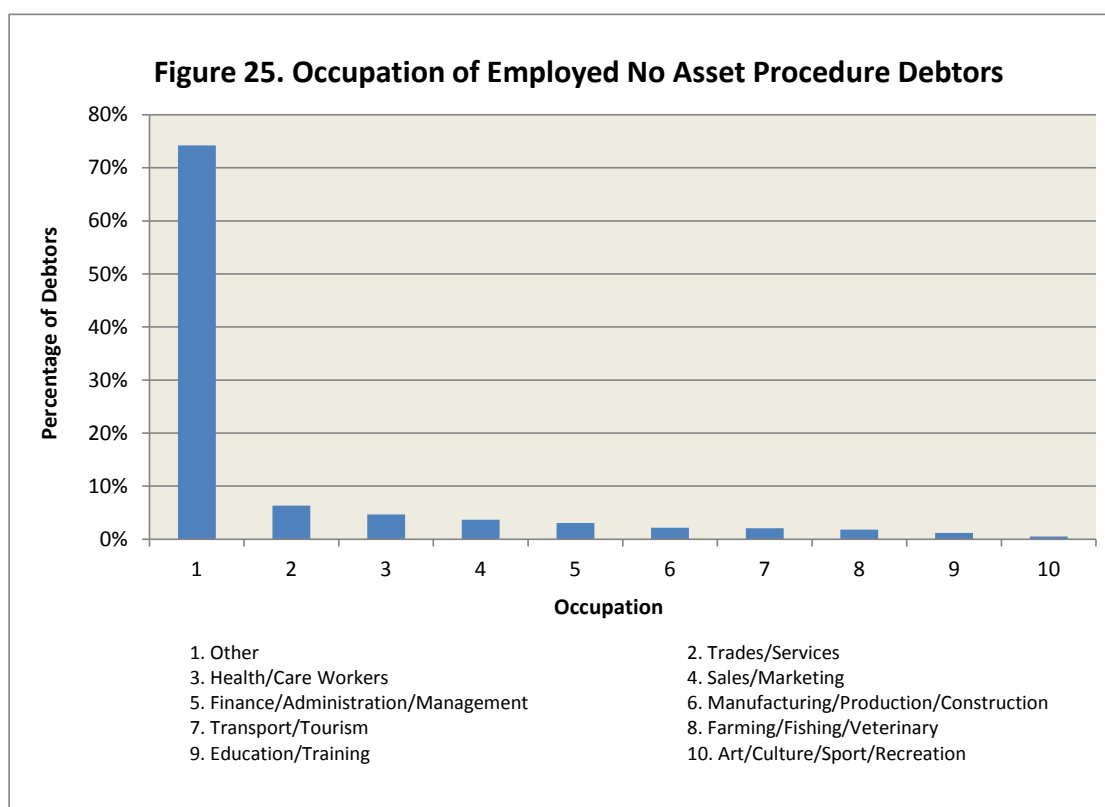


22% of No Asset Procedure debtors noted that they were employed in their Statement of Affairs; this is represented by 21% of male debtors and 22% of female debtors.

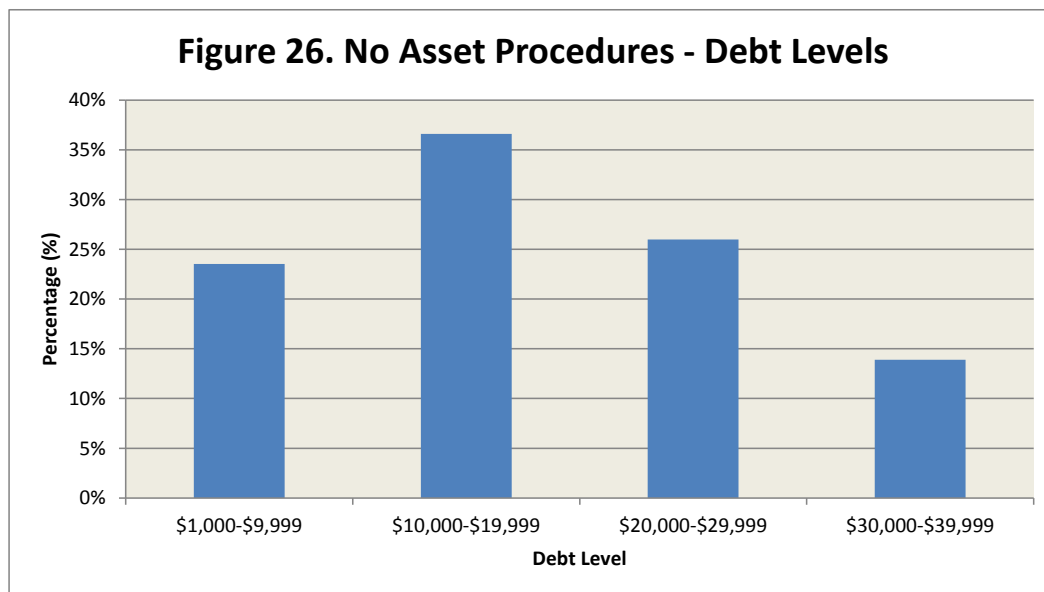
Table 10. Employment Status of No Asset Procedure Debtors			
Description	Male	Female	Total %
Unemployment benefit	28%	39%	35%
Currently Employed	17%	14%	15%
Other benefit	6%	12%	10%
Retired	11%	6%	8%
Unemployed no benefit	12%	5%	8%
Sickness Benefit/ACC	9%	6%	7%
Employed part-time with benefit	3%	7%	6%
Sickness Benefit	3%	3%	3%
Other	4%	3%	3%
Student	3%	3%	3%
Trading on own account	1%	1%	1%
Unpaid family worker	0%	1%	1%
Domestic	0%	0%	0%
ACC	0%	0%	0%
Trading as director/shareholder	1%	0%	0%

The most common employment status of those who entered into a No Asset Procedure in 2014/15 was to be on the unemployment benefit; 39% for females and 28% for males.

When asked to select their primary occupation, 74% of No Asset Procedure debtors selected 'other' employment not identified in the listed group classifications, 6% selected 'trades/services', and 5% selected 'health/care workers'.



Debt Levels

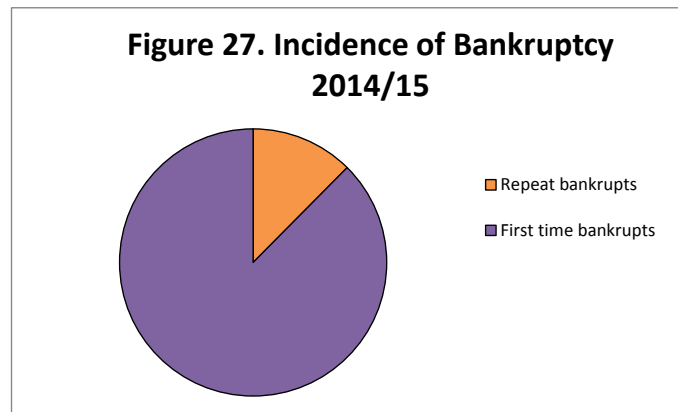


In 2014/15, the most common level of debt amongst No Asset Procedure debtors was \$10,000-\$19,999 (37%). 24% of debtors had debt levels of \$1,000-\$9,999, and another 26% had debt levels of \$20,000-\$29,999. 14% of debtors had debts over \$30,000.

Bankruptcies

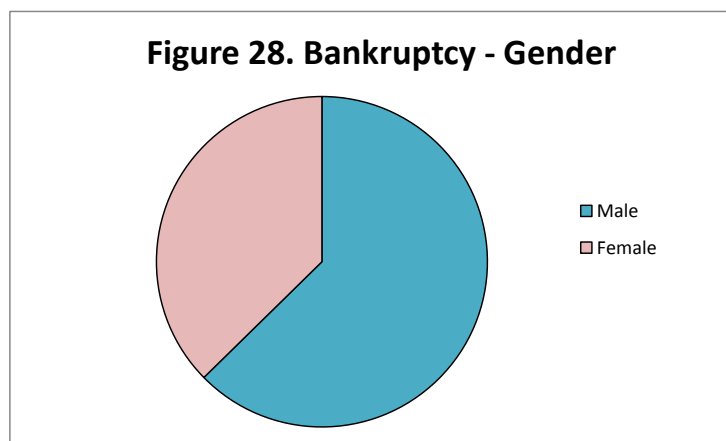
Incidence of Bankruptcy

12% of debtors adjudicated bankrupt in 2014/15 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 18%, compared to creditor's applications which had a repeat rate of 7%.



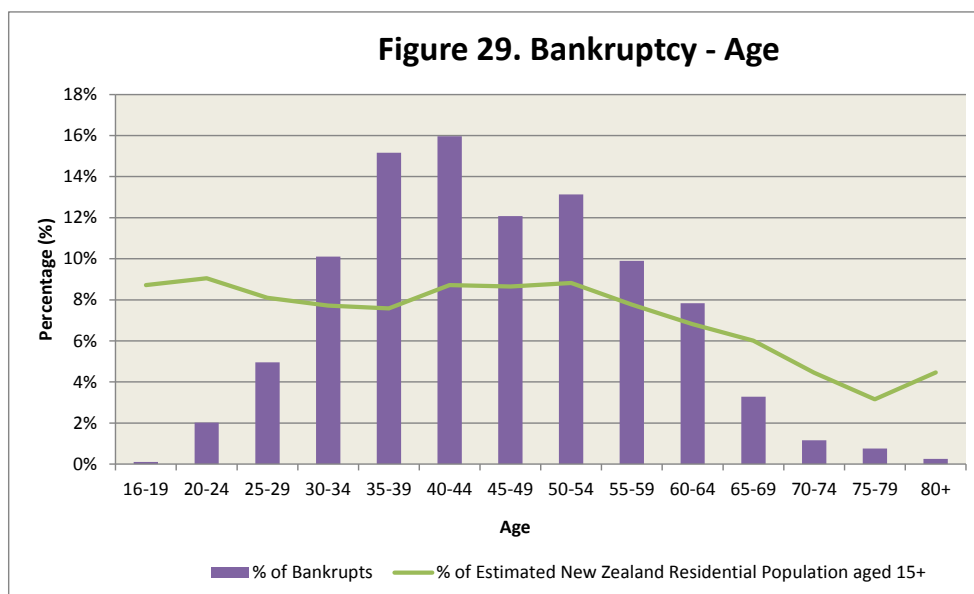
Age and Gender

63% of bankrupts adjudicated in 2014/15 were male, 37% were female. The gender ratio varied between debtor's and creditor's applications with creditor's applications having a higher portion of male debtors (75%) than debtor's applications (57%).



The most commonly represented age group of people who went bankrupt in 2014/15 was 40-44 years. 28% of Bankrupts were between the ages of 40-49, as compared to 17% of the estimated New Zealand Residential Population aged 15 and over¹⁰. Debtors in their 30's and 50's were also over-represented compared to their respective New Zealand residential population age-group percentages.

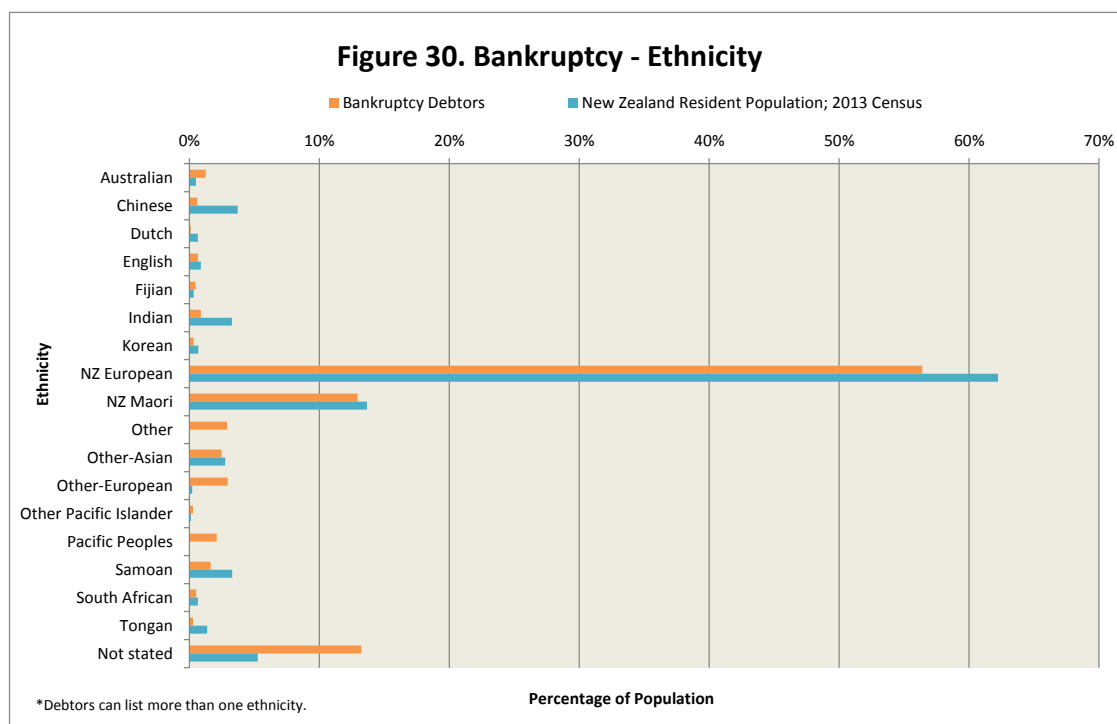
¹⁰ The Estimated New Zealand Resident Population statistics are taken from Statistics New Zealand (2015), *National Population Estimates: At 30 June 2014 - tables*. Wellington: Statistics New Zealand.



Of the people who entered into bankruptcy during 2014/15; the youngest person was 19, the oldest person was 90 and the average age was 46 years old.

Ethnicity

61% of people adjudicated bankrupt in 2014/15 identified as being New Zealand European compared to 68% of the estimated New Zealand residential population¹¹. 14% did not state their ethnicity while another 14% identified as being New Zealand Maori.



¹¹ The Estimated New Zealand Resident Population statistics are taken from Statistics New Zealand (2015), *2013 Census Data*. Wellington: Statistics New Zealand.

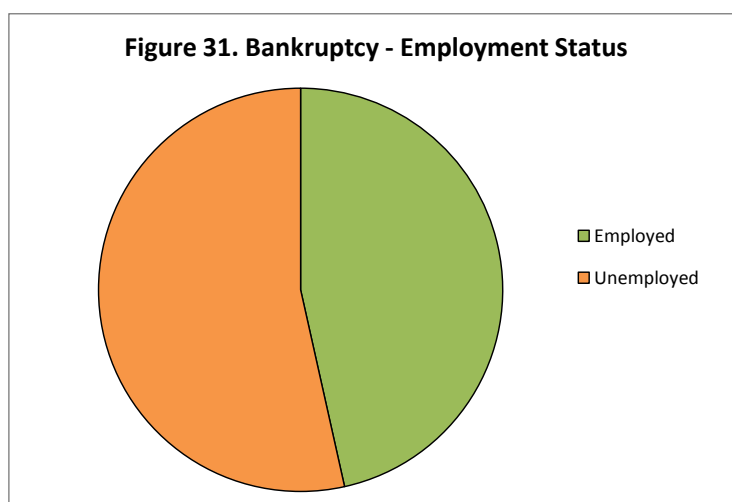
Cause of Bankruptcy

The most common cause of insolvency selected by bankrupts who were adjudicated in 2014/15 was 'unemployment or loss of income'. 21% of debtors listed this reason as the primary cause of their insolvency. 'Adverse legal action' and 'liabilities due to guarantees' 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	30%	6%	21%
No response	0%	30%	11%
Other	11%	5%	9%
Adverse legal action	4%	16%	8%
Liabilities due to guarantees	7%	11%	8%
Failure to provide for taxation	4%	13%	7%
Excessive use of credit facilities	10%	0%	7%
Domestic discord or relationship breakdown	8%	3%	6%
Adverse economic conditions affecting industry	6%	4%	6%
Ill health or absence of health insurance	6%	2%	4%
Lack of sufficient working capital	4%	2%	3%
Excessive interest payments	4%	2%	3%
Lack of business ability including under-quoting or failure to assess potential of business	2%	1%	1%
Inability to collect debts due to disputes, faulty work or bad debts	1%	2%	1%
Gambling, speculation and extravagance in living	1%	0%	1%
Failure to keep proper books of account and costing records	1%	1%	1%

Employment

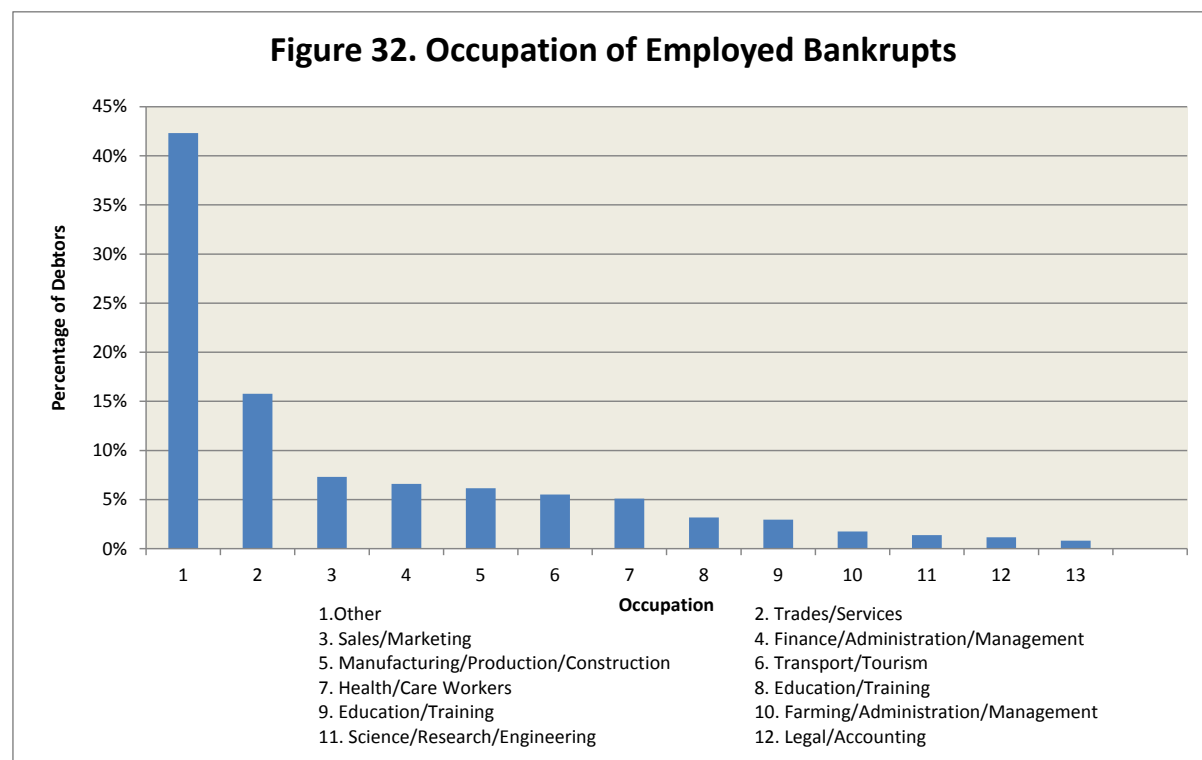
46% of bankrupts adjudicated in 2014/15 were employed at the date of adjudication, 54% were unemployed. Bankrupts who were adjudicated by way of a debtor's application had a higher employment rate (49%) than those adjudicated by way of a creditor's application (41%).



37% of debtors adjudicated bankrupt in 2014/15 were employed by third parties either full time or part time, while an additional 6% were either trading as a director/shareholder or trading on their own account.

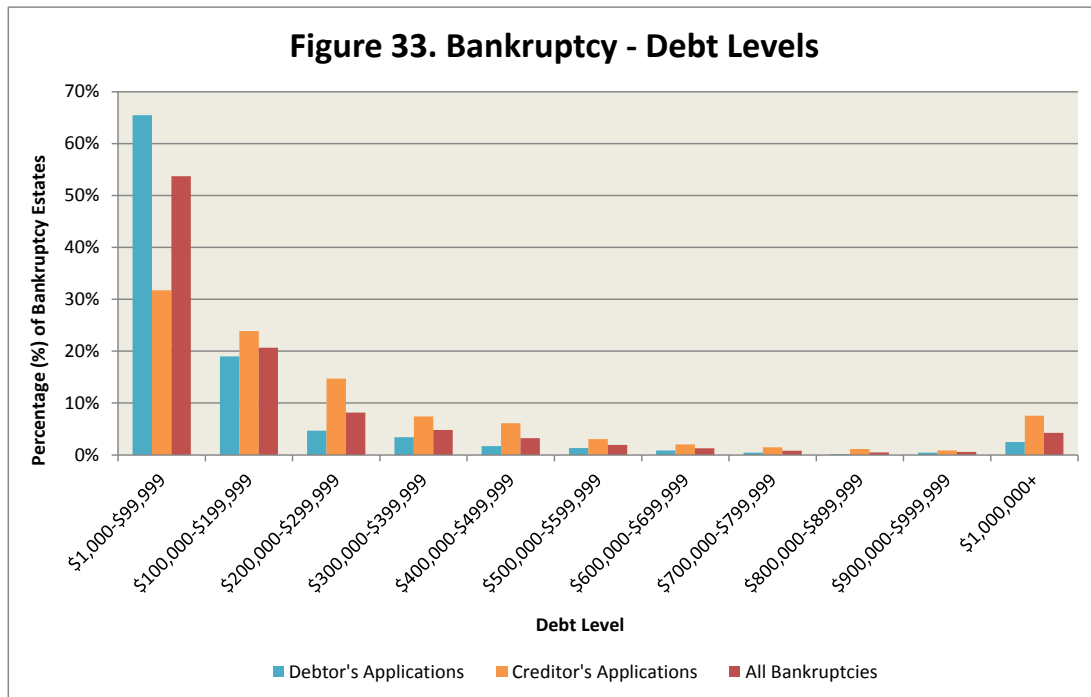
Table 12. Employment Status of Bankrupts			
Description	Male	Female	Total %
Currently employed	43%	33%	37%
No response	9%	4%	12%
Unemployment Benefit	9%	18%	12%
Unemployed no benefit	12%	12%	11%
Other Benefit	3%	10%	6%
Retired	5%	3%	4%
Trading on own account	6%	1%	4%
Employed part-time and receiving benefit	2%	6%	3%
Sickness benefit/ACC	3%	3%	2%
Other	3%	2%	2%
Sickness Benefit	2%	2%	2%
Trading as director/shareholder	2%	0%	2%
Unpaid family worker	1%	3%	1%
Student	1%	2%	1%
Trading in partnership	1%	0%	0%
Domestic	0%	1%	0%

In their Statement of Affairs, debtors are asked to identify their primary occupation. 42% of debtors selected 'other' employment not identified in the listed group classifications. 'Trades/services' was the highest defined occupational category with 16% of bankrupts working in these fields, the second most common occupational field identified was 'sales/marketing'.

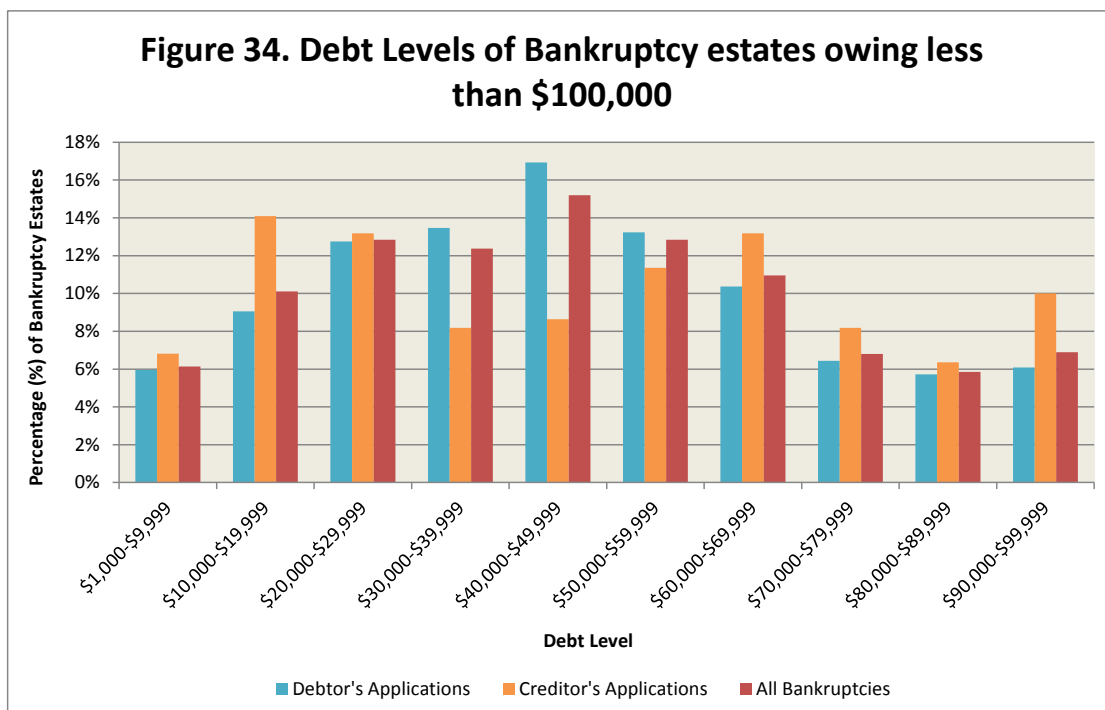


Debt Levels

Unlike No Asset Procedures and Summary Instalment Orders there is no upper limit to the level of debt a bankrupt can have; 54% of bankrupts adjudicated in 2014/15 had debt of less than \$100,000, 21% 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, 57% owed less than \$50,000, and 43% had total debt between \$50,000-\$100,000.



Corporate Insolvencies

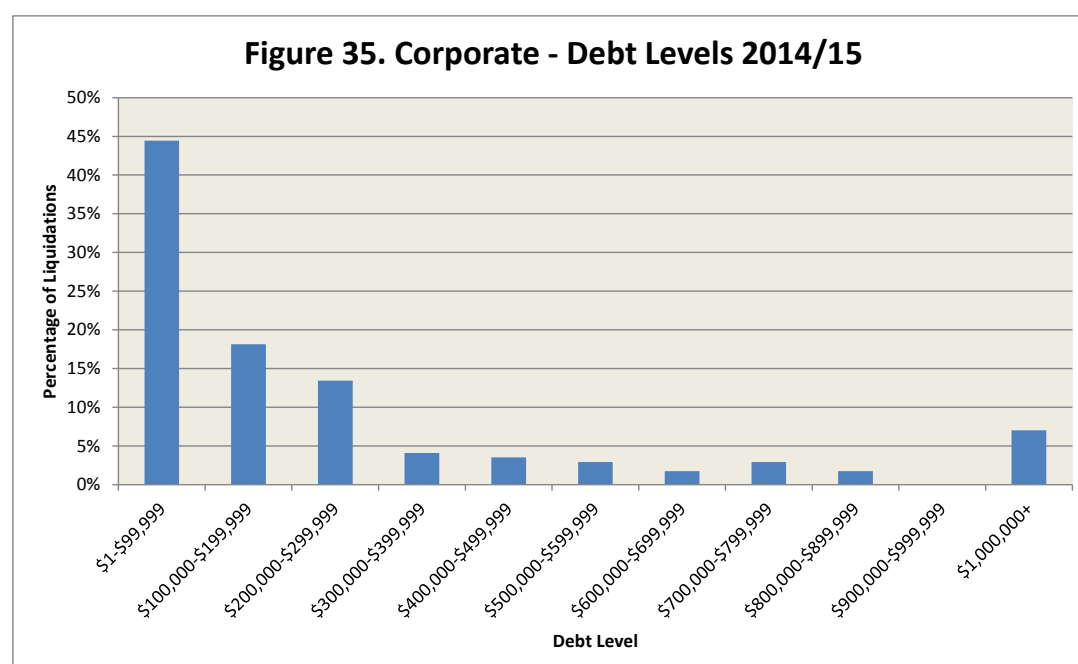
Cause of Liquidation

Upon the commencement of a liquidation the Official Assignee seeks to obtain a completed Statement of Affairs for the company. In 2014/15, 'adverse legal action' 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	46%
Adverse legal action	14%
Economic conditions affecting industry	10%
Failure to provide for taxation	10%
Other	8%
Domestic discord or relationship breakdown	3%
Failure of another business organisation	3%
Excessive interest payments	1%
Lack of sufficient working capital	1%
Liabilities due to guarantees	1%
Withdrawal of credit facilities	1%
Lack of business ability	1%
Ill health or absence of health insurance	1%
Excessive drawings	1%

Debt Level

45% of liquidations administered by the Official Assignee in 2014/15 had total debt of less than \$100,000, while 55% of liquidations had debt of more than \$100,000.



Of the liquidation estates that had total debt of less than \$100,000, 56% had debt of less than \$50,000, and 44% had debt between \$50,000-\$100,000.

