

Insolvency Statistics and Debtor Profile Report

For the year 1 July 2010 to 30 June 2011

Contents:

1. Annual Statistics
2. Key Characteristics of Debtors
3. Summary Instalment Orders
4. No Asset Procedures
5. Bankruptcies
6. Corporate Insolvencies

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 2009 to 2011

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 usually last for three years, but where there are special circumstances, may be extended 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.

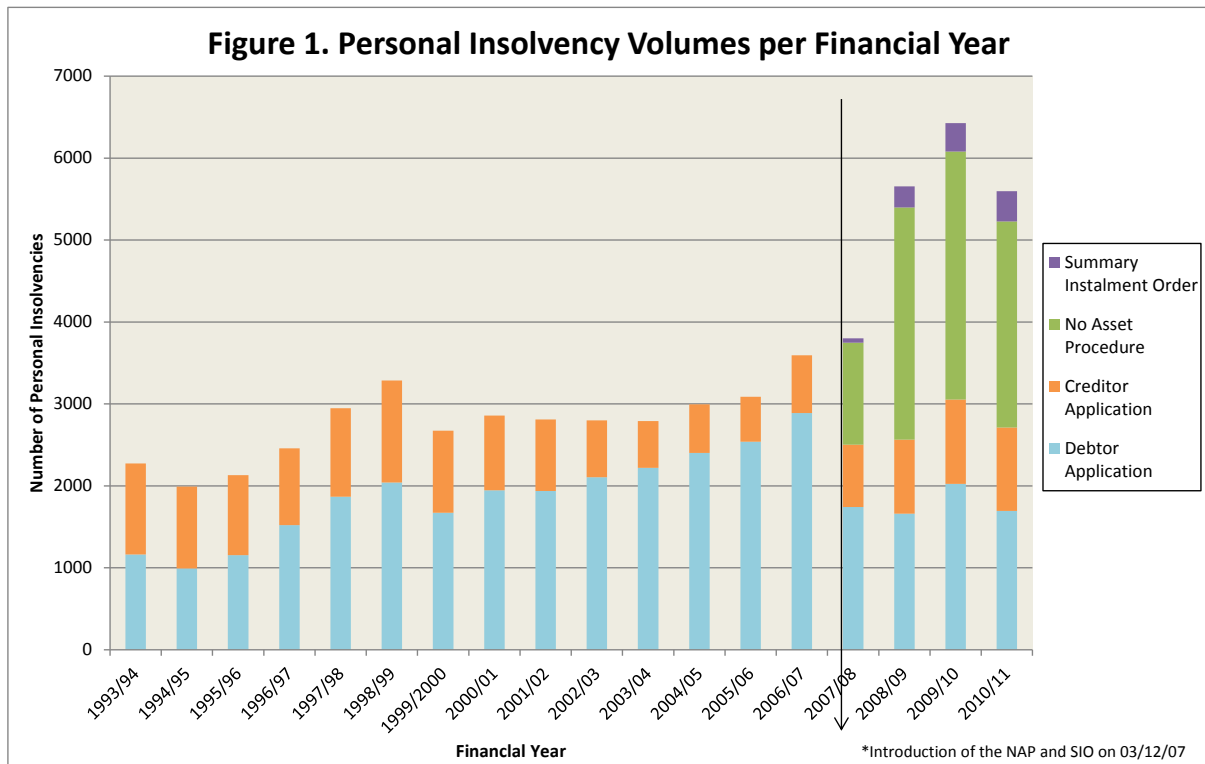
Corporate Insolvencies

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.

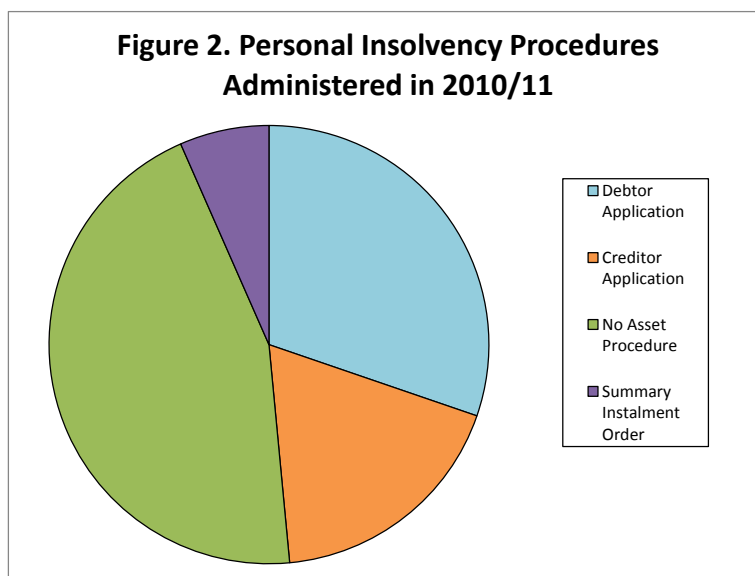
1. Annual Statistics – Personal Insolvency Volumes

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

In 2010/11 the Insolvency and Trustee Service administered 5,596 new personal insolvency procedures, being a decrease of 12.9% 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. Since then, Summary Instalment Order volumes have increased annually, with a 6.4% increase between 2009/10 and 2010/11. The No Asset Procedure saw considerable growth within the first two years of implementation, however in 2010/11 volumes decreased by 16.9% against the previous year, contributing to a decrease in total insolvency volumes in 2010/11.



Debtor applications accounted for 30% of total personal insolvency volumes received in 2010/11, with creditor applications making up 18%. No Asset Procedures registered at 45% of the total personal insolvency volume, while Summary Instalment Orders made up the remaining 7%.

Financial Year 1 July - 30 June	Estimated Population*	Personal Insolvencies	Rate of Personal Insolvencies**
2006/07	3,339,900	3,593	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%

*Estimated resident population aged 15+

**Rate of personal insolvencies for population aged 15+

In 2010/11, 0.16% 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 five years.

¹ Population estimates from 2006/07 to 2010/11 sourced from Statistics New Zealand (2012), *National Population Estimates: June 2011 quarter*. Wellington: Statistics New Zealand.

Table 3. Monthly Personal Insolvency Volumes 2010/11					
Month	Total	Debtor Applications	Creditor Applications	No Asset Procedure	Summary Instalment Order
Jul-10	540	165	89	254	32
Aug-10	509	139	93	244	33
Sep-10	506	164	87	218	37
Oct-10	533	151	95	234	53
Nov-10	507	160	94	217	36
Dec-10	459	153	67	203	36
Jan-11	292	88	26	151	27
Feb-11	390	117	111	152	10
Mar-11	478	148	98	219	13
Apr-11	429	134	52	208	35
May-11	469	132	104	209	24
Jun-11	484	143	104	205	32
Total	5596	1694	1020	2514	368

During 2010/11 the Insolvency and Trustee Service received an average of 31 Summary Instalment Orders per month, 210 No Asset Procedures and 226 bankruptcies. The lowest personal insolvency volumes were received in the month of January, followed by February and then December, whilst the highest volume was received in July.

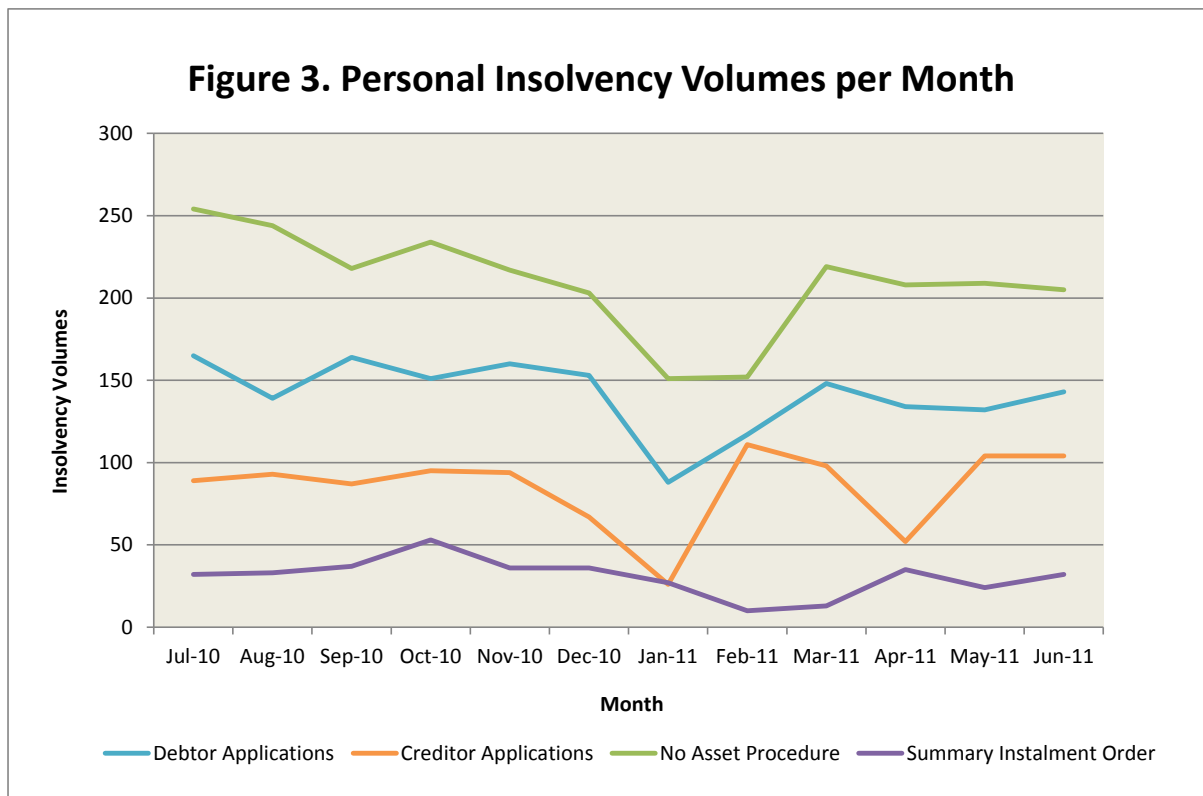


Table 4. Personal Insolvency Volumes per Region 2010/11						
Court Region	%	Total	Debtor Applications	Creditor Applications	No Asset Procedure	Summary Instalment Order
Auckland	30%	1658	463	543	588	64
Blenheim	1%	34	9	3	21	1
Christchurch	12%	647	196	86	345	20
Dunedin	4%	203	63	14	113	13
Gisborne	1%	64	19	7	32	6
Greymouth	1%	34	9	4	20	1
Hamilton	7%	416	140	61	200	15
Invercargill	3%	155	33	14	79	29
Masterton	1%	31	11	3	17	0
Napier	5%	273	73	25	134	41
Nelson	2%	139	33	7	81	18
New Plymouth	2%	121	44	10	63	4
Palmerston North	4%	217	71	18	111	17
Rotorua	4%	232	54	41	97	40
Tauranga	5%	304	103	47	147	7
Timaru	3%	149	34	8	46	61
Wanganui	2%	109	29	13	64	3
Wellington	7%	416	126	75	203	12
Whangarei	4%	244	72	41	117	14
Overseas	3%	150	112	-	36	2
		5596	1694	1020	2514	368

In 2010/11, debtors from the Auckland region accounted for 30% of personal insolvencies nationwide. In the 2006 National Census the Auckland Region made up 32% of the residential population of New Zealand².

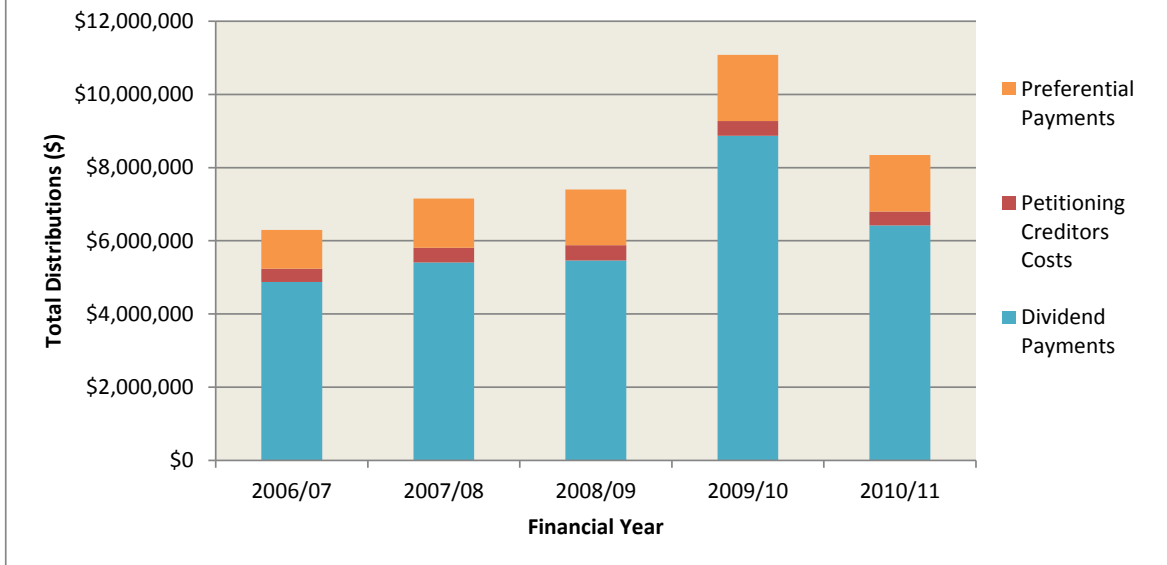
The Christchurch region was the second most represented region accounting for 12% of personal insolvencies; the Canterbury region made up 13% of the New Zealand residential population in the 2006 National Census.

The Hamilton and Wellington regions each accounted for 7% of personal insolvency volumes in 2010/11 compared to Waikato's 10% and Wellington's 11% of the New Zealand residential population as at 2006.

Blenheim, Gisborne, Greymouth and Masterton received the lowest volume of personal insolvencies in 2010/11 receiving 1% each.

² Information regarding geographical population statistics are sourced from Statistics New Zealand (2012), *2006 Census; Quickstats*. Wellington: Statistics New Zealand.

Figure 4. Personal Insolvency Funds Distributed by the Official Assignee



In the 2010/11 financial year the Official Assignee paid out \$8,344,939.76 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.

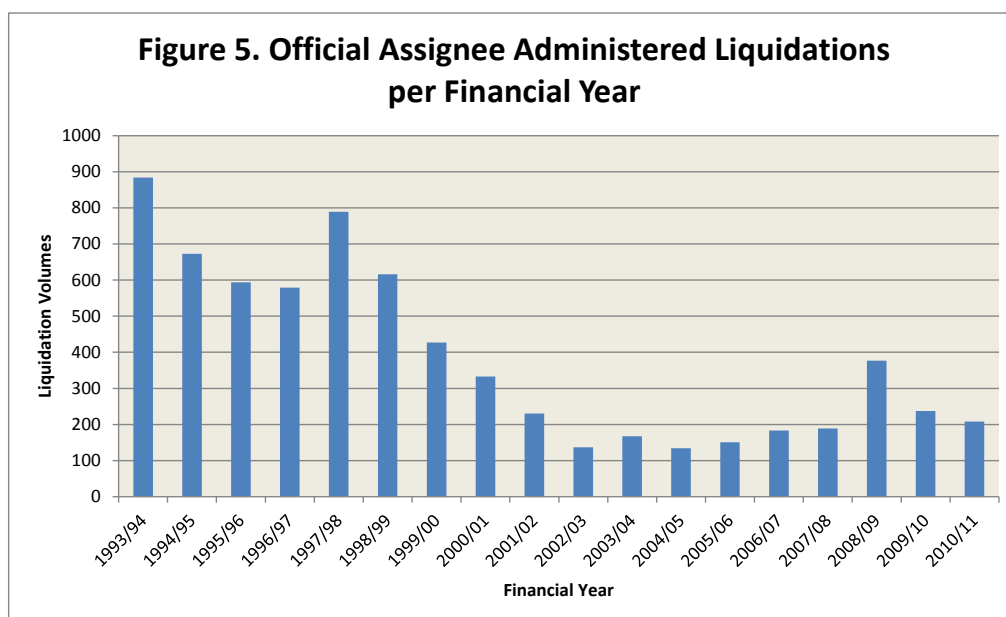
Distributions in 2010/11 were 25% lower than the previous financial year.

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 2011 was 563,856³.

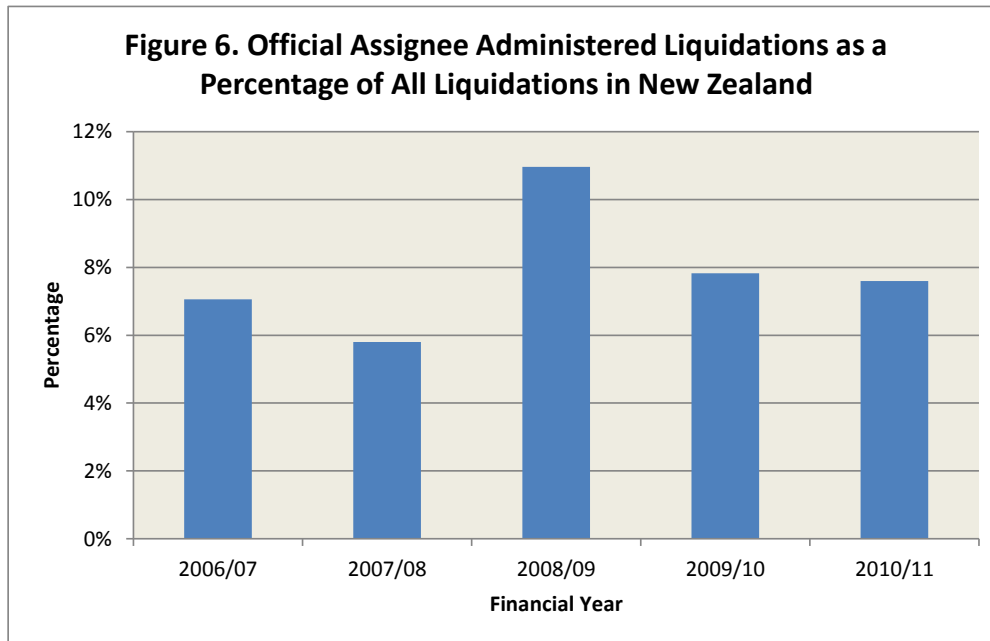
Table 5. Corporate Insolvency Volumes per Financial Year	
Financial Year 1 July - 30 June	Corporate Insolvency Volumes
1993/94	884
1994/95	673
1995/96	594
1996/97	579
1997/98	789
1998/99	616
1999/00	427
2000/01	333
2001/02	230
2002/03	137
2003/04	167
2004/05	134
2005/06	151
2006/07	183
2007/08	189
2008/09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

In 2010/11 the Official Assignee was appointed the liquidator of 208 companies which represented a 12.2% decline in corporate insolvency volumes administered by the Official Assignee compared to the previous financial year and a 44.8% decline against 2008/09 volumes.

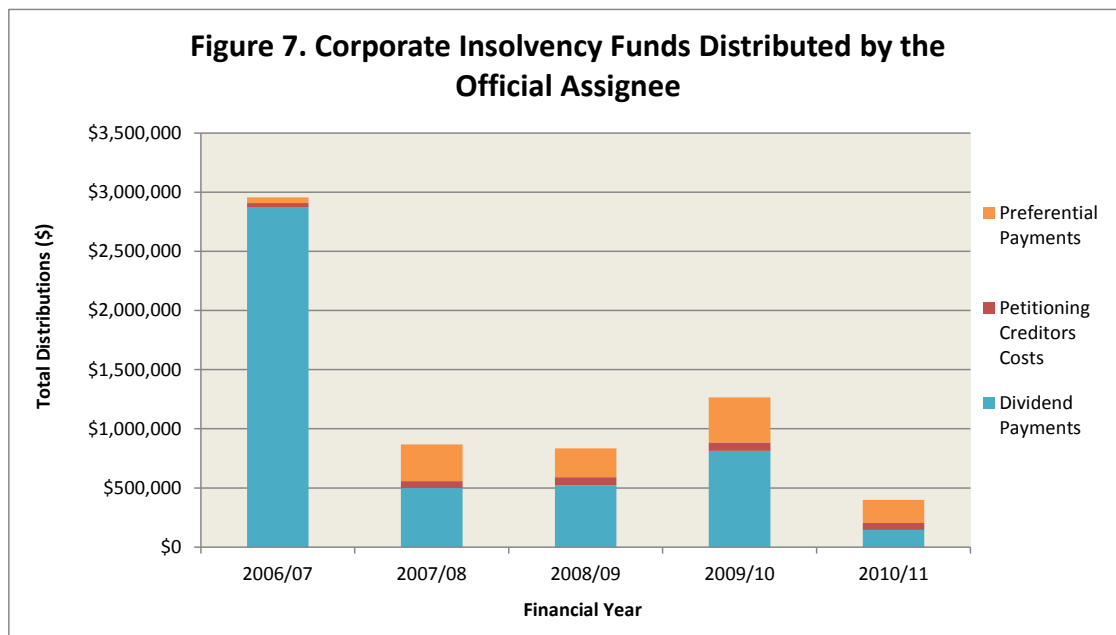


³ Registered Company statistics sourced from the Companies Office; <http://www.business.govt.nz/companies/about-us/statistics>.

In 2010/11, 2,738 companies were placed into liquidation within New Zealand⁴. The Official Assignee was appointed the liquidator of 7.6% of these liquidations. The appointment rate for 2010/11 was down slightly from 2009/10 in which the Official Assignee was appointed the liquidator of 7.8% of liquidations within New Zealand and 2008/09 in which the Official Assignee administered 11% of all liquidations.



The Official Assignee distributed \$399,059.36 in corporate insolvency distributions in 2010/11. Of these funds, 49% were paid in preferential payments, 15% were distributed towards petitioning creditor's costs and 36% were dividend payments.



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

The Auckland region accounted for 49% of liquidations administered by the Official Assignee, Christchurch was the next most represented region accounting for 8% of liquidations.

Table 6. Corporate Insolvency Volumes 2010/11		
Court Region	%	Number of liquidations
Auckland	49%	101
Blenheim	1%	2
Christchurch	8%	16
Dnedin	1%	3
Gisborne	4%	9
Greymouth	1%	3
Hamilton	4%	9
Invercargill	1%	3
Masterton	0%	0
Napier	2%	5
Nelson	1%	3
New Plymouth	0%	1
Palmerston North	4%	9
Rotorua	1%	3
Tauranga	2%	4
Timaru	0%	1
Wanganui	2%	5
Wellington	6%	13
Whangarei	1%	3
Interim Liquidation	0%	0
Voluntary Liquidation	7%	15
		208

2. Key Characteristics of Debtors 2009 to 2011

Table 7. Debtor Characteristics 2009 to 2011	Bankrupts		NAP Debtors		SIO Debtors	
	2010/11	2008/09	2010/11	2008/09	2010/11	2008/09
Number	2714	2564	2514	2833	368	257
Gender % male	61%	65%	41%	45%	38%	43%
Age (most represented)	45-49 (17%)	40-44 (17%)	20-24 (20%)	20-24 (23%)	35-39 (15%)	35-39 (19%)
Ethnicity (most represented)	NZ European (55.5%)	NZ European (53.2%)	NZ European (68.9%)	NZ European (63.8%)	NZ European (67.4%)	NZ European (59.2%)
% not employed	48%	42%	77%	73%	46%	28%
Debt < \$20,000	10%	13%	63%	62%	65%	44%

The key characteristics of insolvent debtors have remained fairly consistent between 2009 and 2011. Men are more likely than women to become bankrupt, while women are more likely than men to enter into a Summary Instalment Order and the No Asset Procedure.

It is more common for debtors between the ages of 20-24 to enter the No Asset Procedure than any other age-group, bankrupts are more 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.

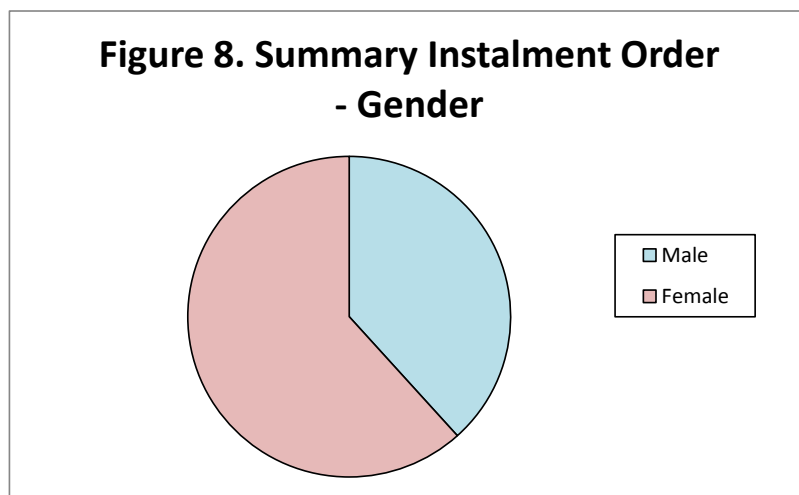
48% of bankrupts and 46% of Summary Instalment Order debtors in 2010/11 were unemployed, while No Asset Procedure debtors represented a higher unemployment rate of 77% as at the date they were admitted into the procedure.

The majority of debtors who enter into a No Asset Procedure had debts under \$20,000, while the majority of Summary Instalment Order debtors had over \$20,000 debt in 2009, but less than \$20,000 debt in 2011. 87% of bankrupts in 2009 and 90% of bankrupts in 2011 had debt levels over \$20,000.

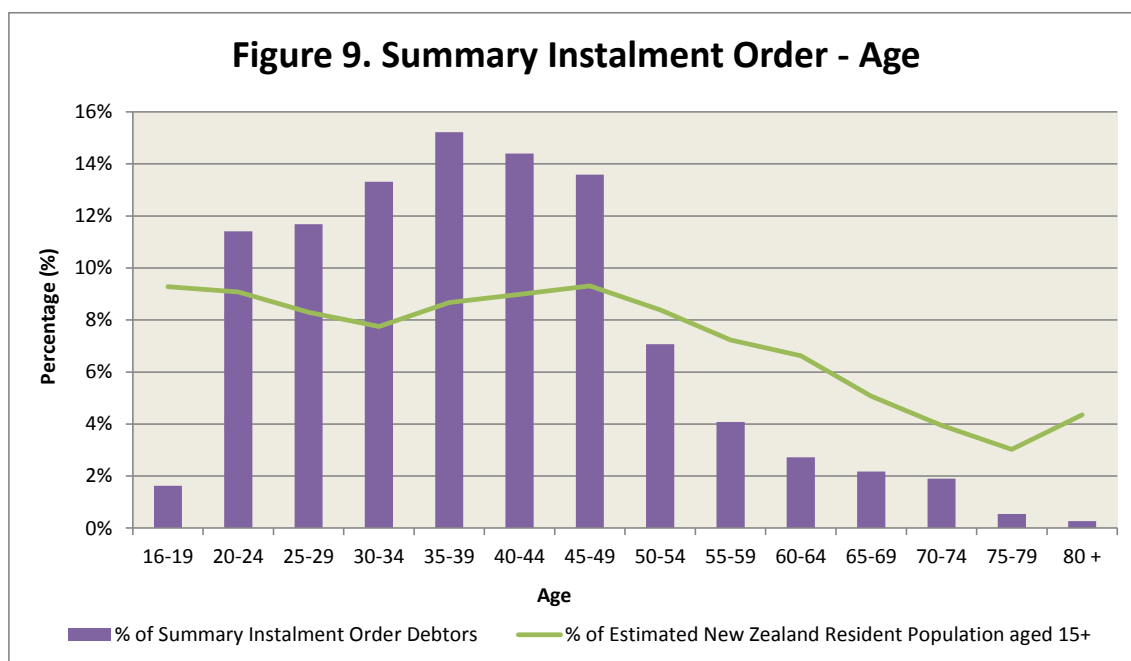
3. Summary Instalment Orders

Age and Gender

A total of 368 debtors entered into a Summary Instalment Order in 2010/11. Of those who did, 38% were male and 62% were female.



Amongst Summary Instalment Order debtors the three age groups most represented were 35-39 (15.2%), 40-45 (14.4%) and 45-49 years (13.6%). The corresponding percentages of the estimated New Zealand residential population aged over 15 for those age groups are 8.7%, 9.0% and 9.3% respectively⁵.

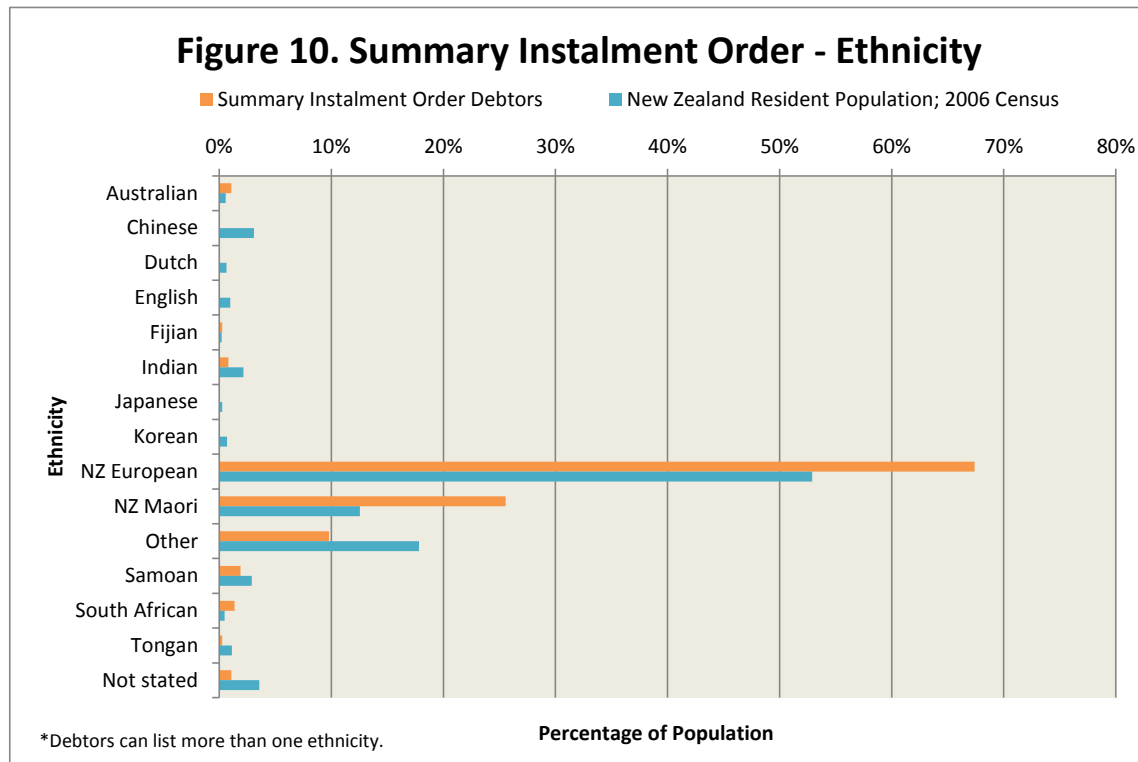


The median age of males entering Summary Instalment Orders in 2010/11 was 40-44, the median age for females was 35-39 years.

⁵ The New Zealand residential population statistics are sourced from Statistics New Zealand (2012), *Demographic trends: 2010*. Wellington: Statistics New Zealand.

Ethnicity

On the Statement of Affairs 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. 67.4% of debtors who entered Summary Instalment Orders in 2010/11 identified as being of New Zealand European descent compared to 52.9% of the New Zealand population⁶. The second most represented ethnicity amongst Summary Instalment Order debtors were New Zealand Maori who accounted for 25.5%, as against 12.6% of the New Zealand residential population.

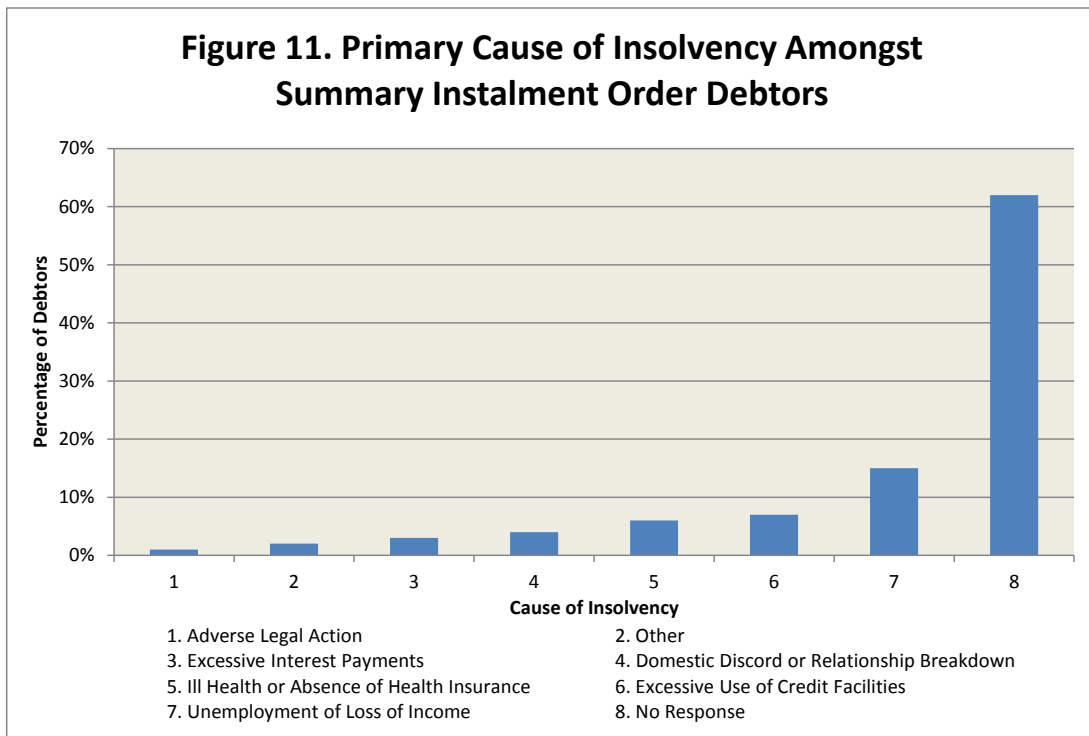


Cause of Insolvency

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.

62% of debtors who entered Summary Instalment Orders in 2010/11 did not provide details as to the cause of their insolvency, however of those who did, 'unemployment or loss of income' was identified as the most significant cause, followed by 'excessive use of credit facilities' and 'ill health or absence of health insurance'.

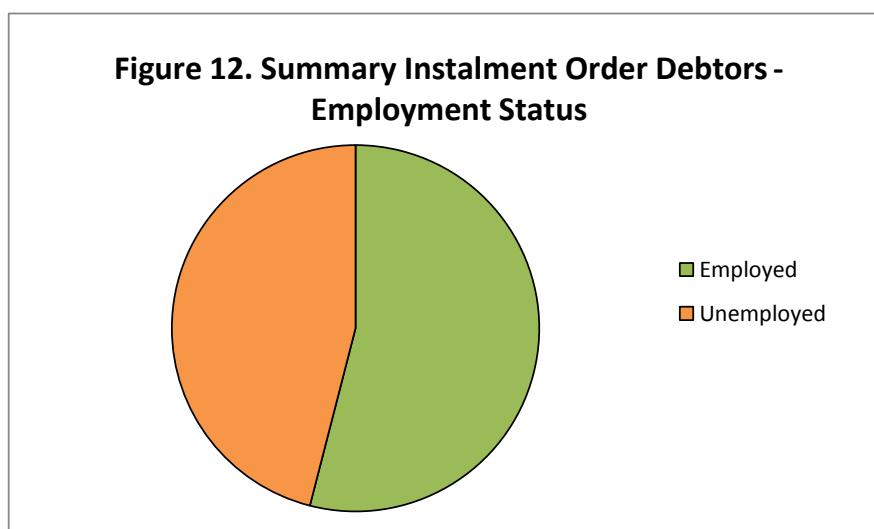
⁶ The New Zealand resident population statistics are sourced from Statistics New Zealand (2012), *2006 Census Data*. Wellington: Statistics New Zealand.



Employment

54% of Summary Instalment Order debtors were employed at the date they entered into the Summary Instalment Order; 49% of female debtors and 61% of male debtors. 51% were employed by third parties with an additional 3% trading either on their own account or as a director/shareholder.

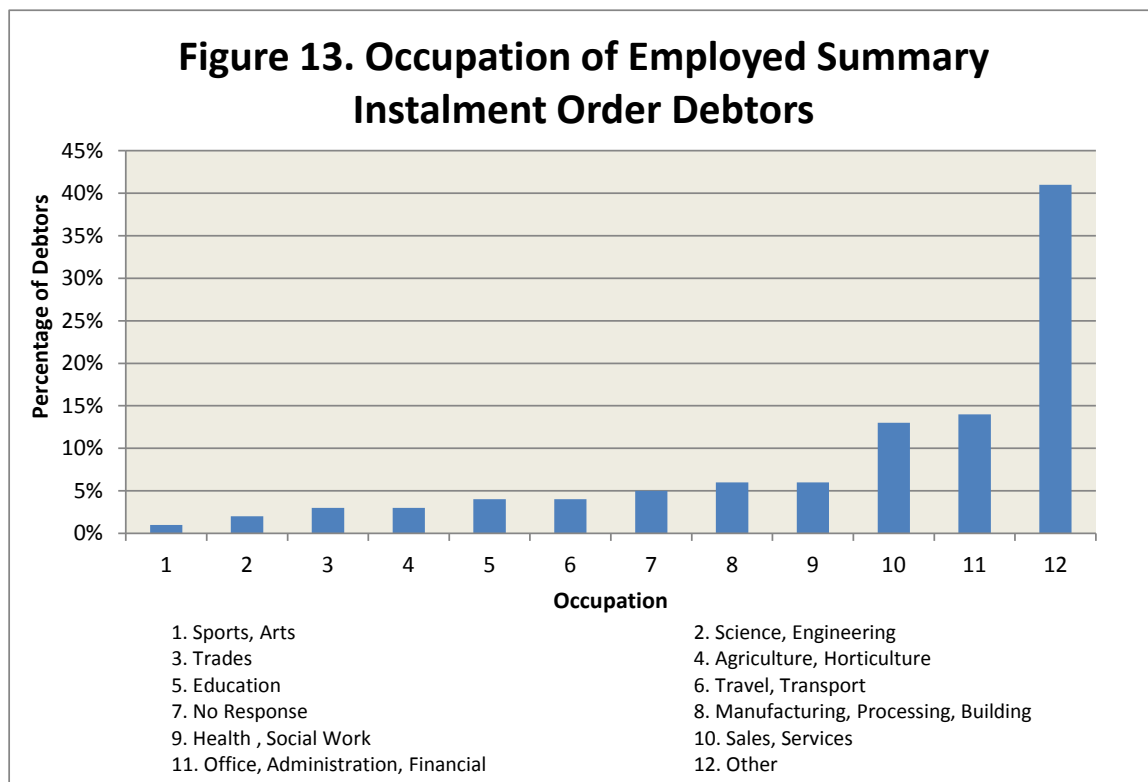
46% were recorded as being unemployed, this includes beneficiaries, students, and retirees. The seasonally adjusted national unemployment rate for the June 2011 quarter was 6.5%⁷.



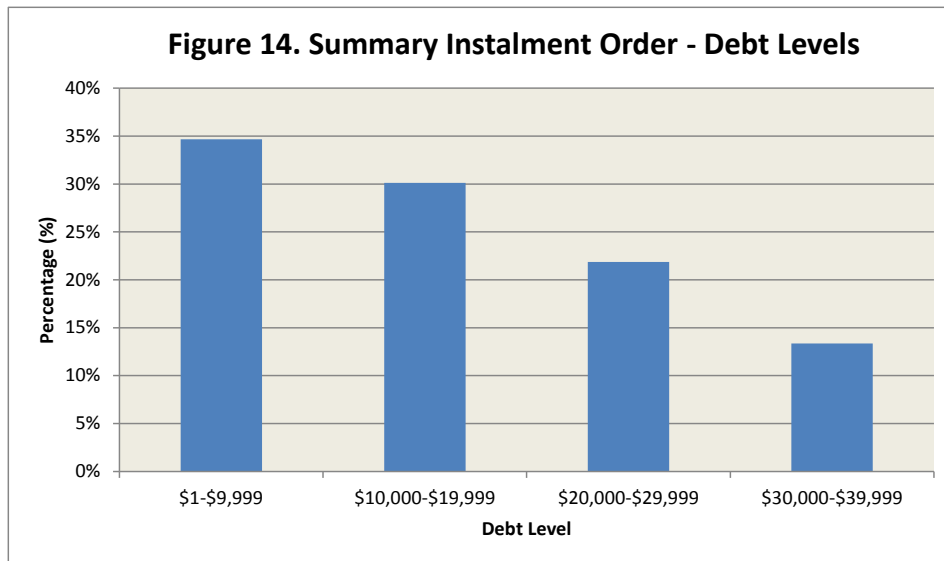
⁷ The New Zealand unemployment rate is sourced from Statistics New Zealand (2012), *Household Labour Force Survey; June 2011 quarter*. Wellington: Statistics New Zealand.

Table 8. Employment Status of Summary Instalment Order Debtors			
Description	Male	Female	Total %
Currently employed	55%	48%	51%
Domestic	1%	14%	9%
Other Benefit	4%	10%	8%
Retired	7%	4%	5%
Sickness Benefit	11%	8%	9%
Student	1%	2%	2%
Trading as director/shareholder	2%	0%	1%
Trading on own account	4%	1%	2%
Unemployed no Benefit	4%	3%	3%
Unemployment Benefit	11%	9%	10%
No Response	1%	1%	1%

Of the Summary Instalment Order debtors who were employed, 14% identified that they were involved in 'office, administration or financial work' and 13% were involved in 'sales or services'. 41% of debtors were involved in 'other' employment not identified in the listed group classifications.



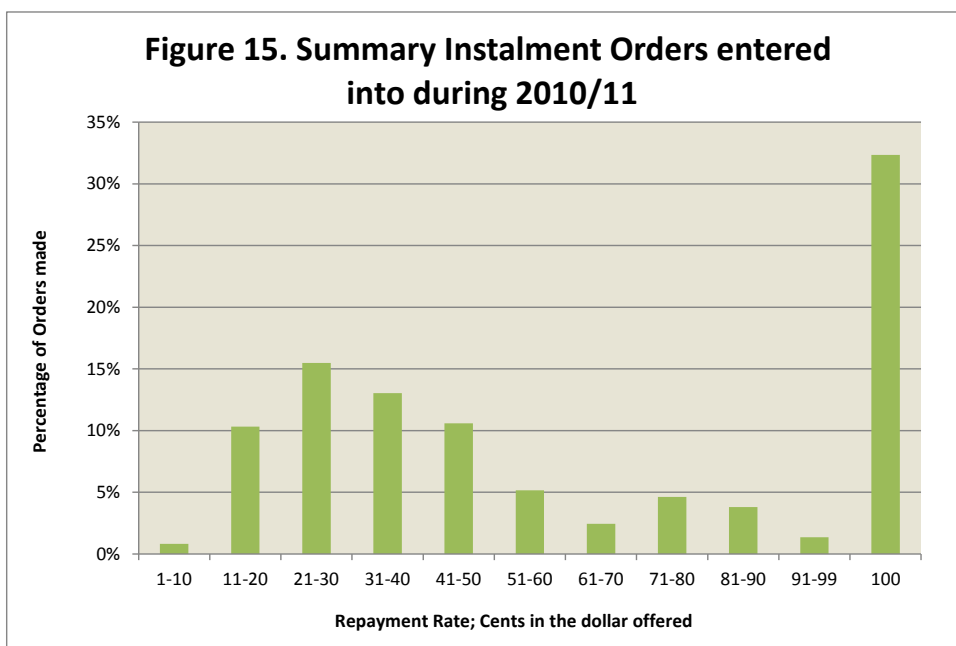
Debt Levels



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 2010/11, 34.7% of Summary Instalment Order debtors had debt levels of less than \$10,000, 30.1% had debt levels between \$10,000-\$19,000 and 35.2% had debt levels over \$20,000.

Repayment Rate

The repayment rate of Summary Instalment Orders is negotiated between debtors and their creditors. In 2010/11, 32% of all Summary Instalment Orders entered into were for the repayment of 100 cents in the dollar. The next most represented repayment rate was for 21- 30 cents in the dollar (15%), followed by 31-40 cents in the dollar (13%).



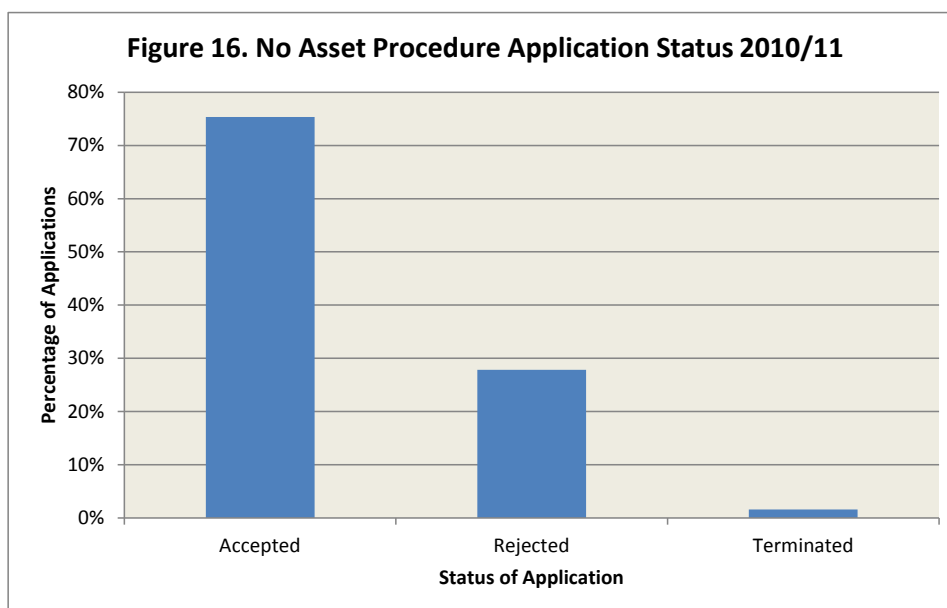
4. No Asset Procedures

Applications – Rejections and Terminations

In 2010/11, 3,337 applications were received for entry into the No Asset Procedure. Of these, 2,514 were accepted.

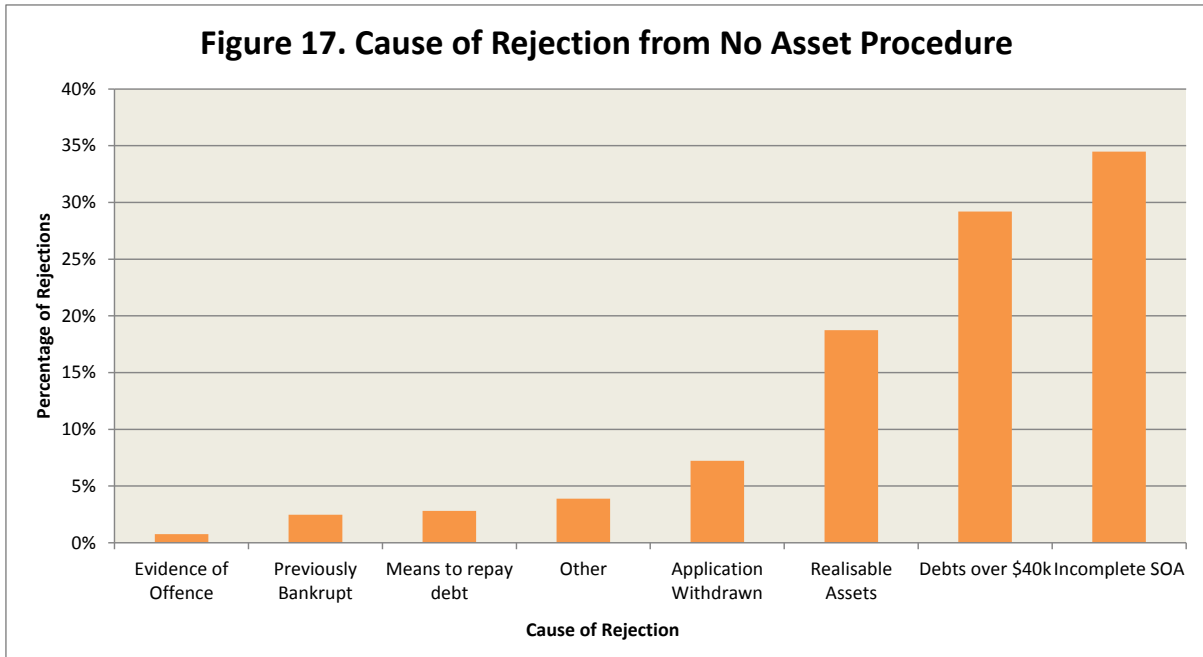
Table 9. No Asset Procedure Applications				
	Received	Accepted	Rejected	Terminated
2007/08	1654	1244	383	8
2008/09	4310	2833	1432	106
2009/10	4200	3026	1341	68
2010/11	3337	2514	928	53

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 16 do not add to 100%.



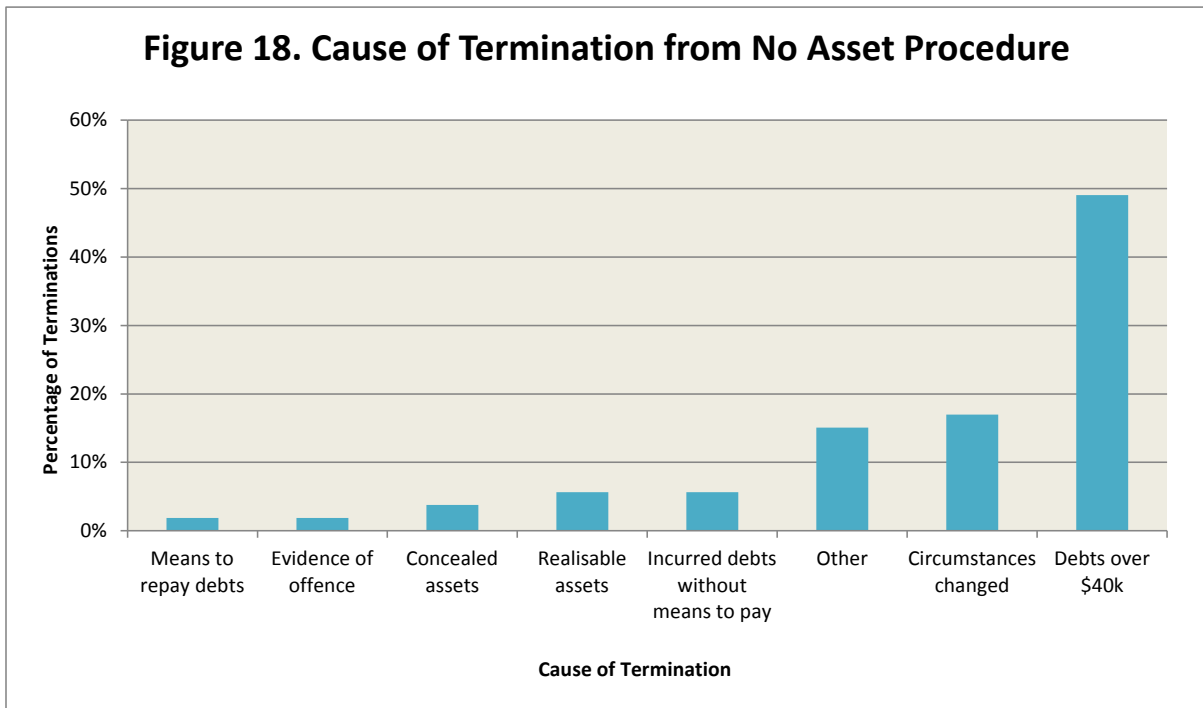
In 2010/11, 75% of No Asset Procedure applications were accepted, 28% were rejected and 2% were ultimately terminated.

Figure 17. Cause of Rejection from No Asset Procedure



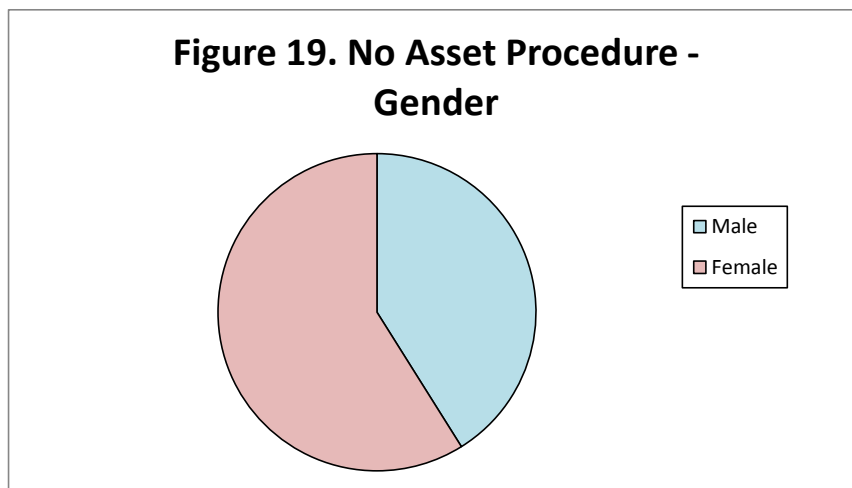
The most common cause of rejection of a No Asset Procedure application in 2010/11 was an 'incomplete Statement of Affairs' which accounted for 34% of rejections. Having 'debts of over \$40,000' was the second most common cause, accounting for 29% of rejections, with the existence of 'realisable assets' accounting for a further 19%.

Figure 18. Cause of Termination from No Asset Procedure



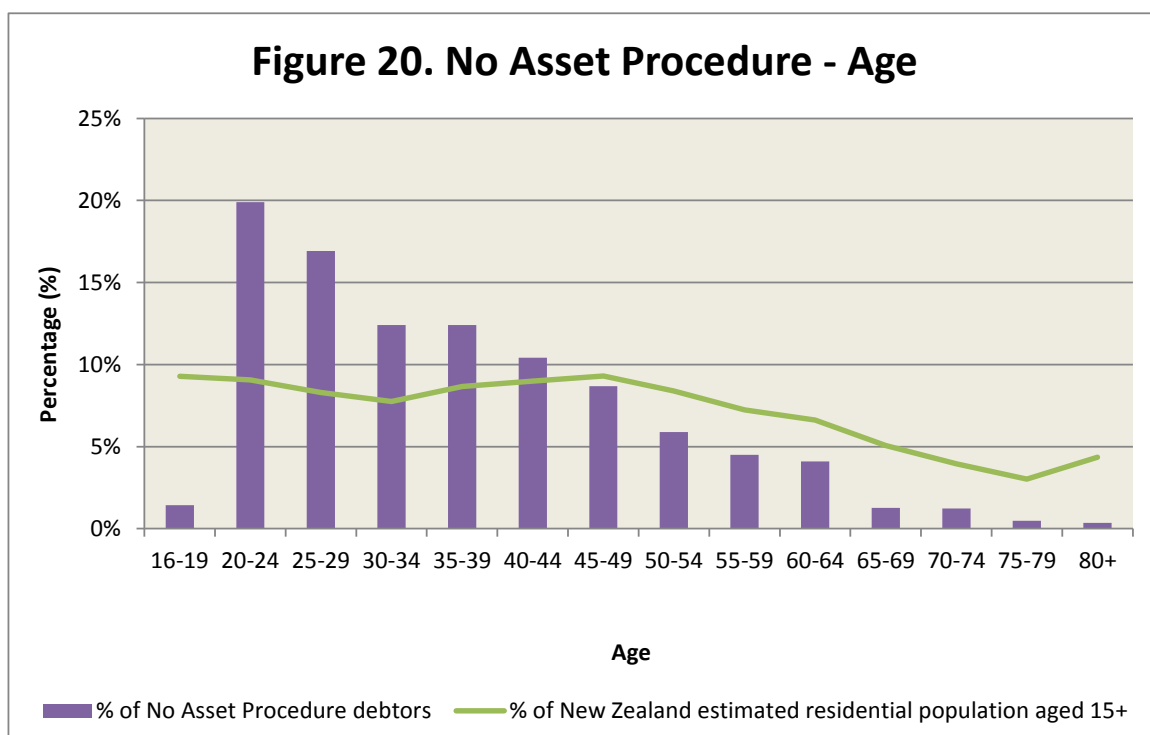
In 2010/11, 2% of No Asset Procedures were terminated, the most common cause being 'debts over \$40,000' which accounted for 49% of all terminations.

Age and Gender



59% of debtors who entered into a No Asset Procedure in 2010/11 were female, 41% were male.

The most common age of debtors entering into a No Asset Procedure in 2010/11 was between the ages of 20-24, followed by 25-29. Debtors in their 20's alone accounted for 36.8% of all No Asset Procedure debtors, as compared to making up 17.4% of the estimated New Zealand residential population aged 15 and over⁸. Debtors in their 30's were the next most represented age group, making up 24.8% of No Asset Procedure debtors compared to 16.4% of the estimated New Zealand residential population.

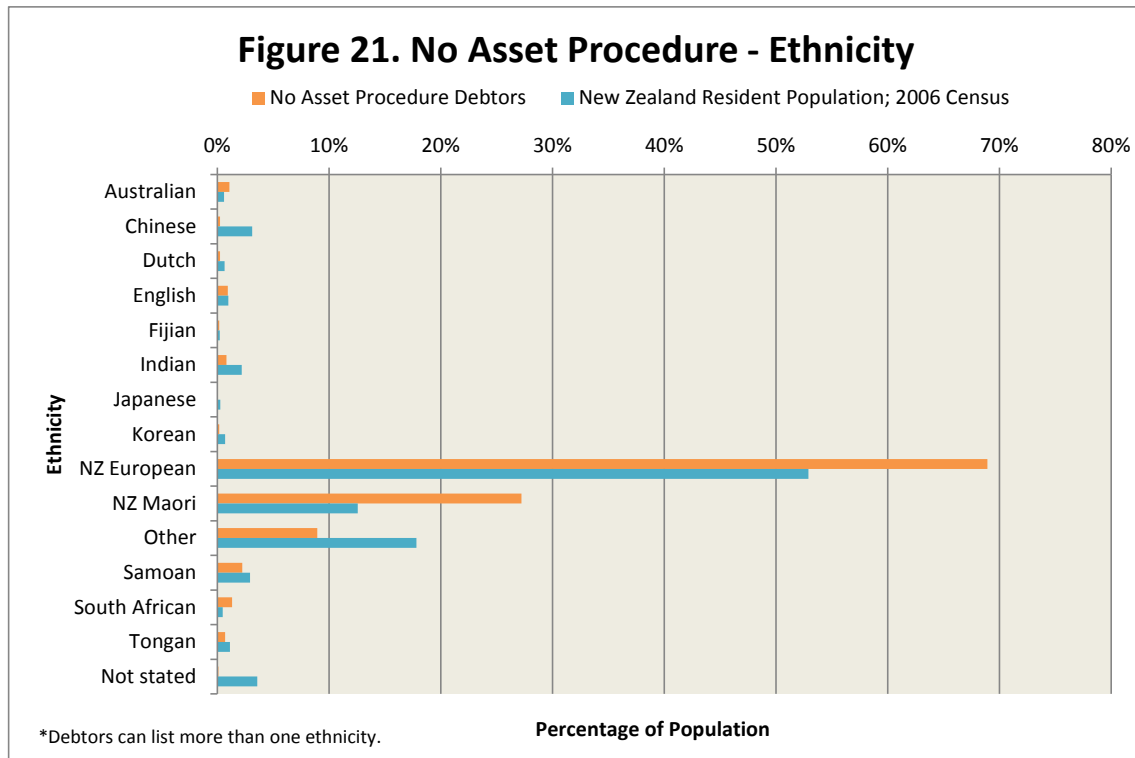


The median age of women entering into No Asset Procedures was 30-34, and 35-39 for men.

⁸ The New Zealand residential population statistics are sourced from Statistics New Zealand (2012), *Demographic trends: 2010*. Wellington: Statistics New Zealand.

Ethnicity

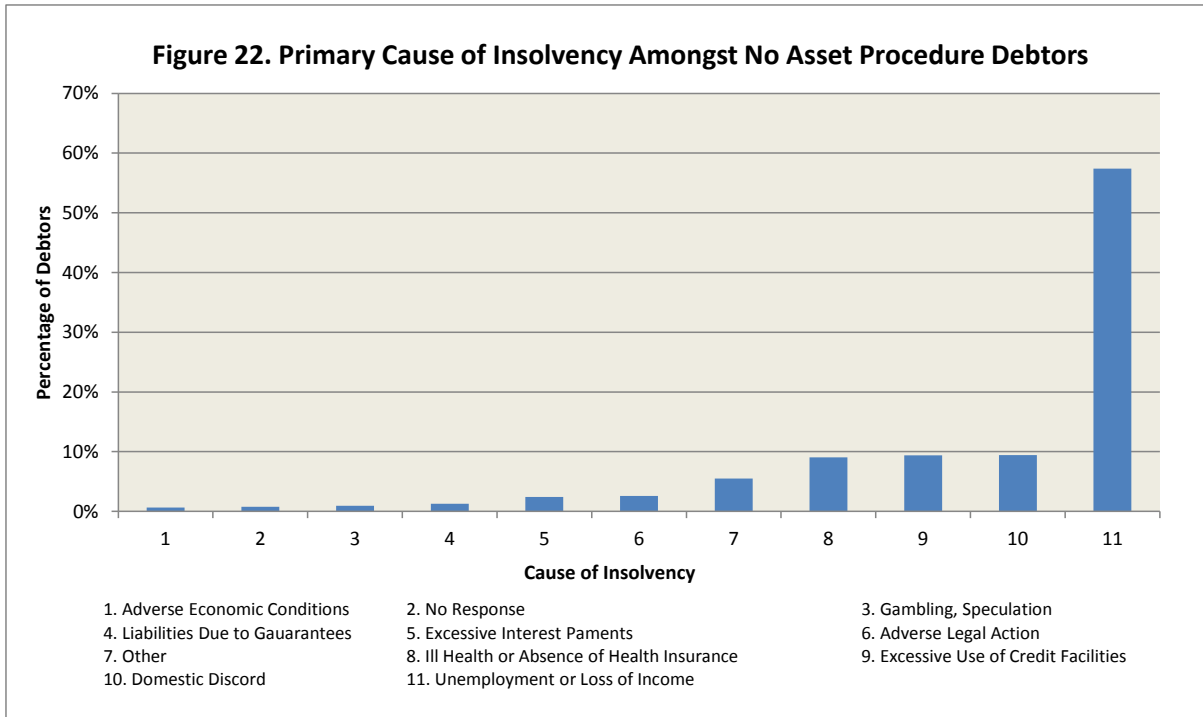
68.9% of No Asset Procedure debtors in 2010/11 identified as being of New Zealand European descent, 27.2% identified as being New Zealand Maori. Both ethnicities are over-represented in comparison to the New Zealand population breakdown as at the 2006 National Census⁹.



Cause of Insolvency

57% of No Asset Procedure debtors listed 'unemployment or loss of income' as the primary cause of their insolvency in 2010/11. The next most common causes were 'domestic discord or relationship breakdown' and 'excessive use of credit facilities' which accounted for 9% each.

⁹ The New Zealand resident population statistics are sourced from Statistics New Zealand (2012), *2006 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.

23% of No Asset Procedure debtors noted that they were employed in their Statement of Affairs; this is represented by 26% of male debtors and 21% of female debtors.

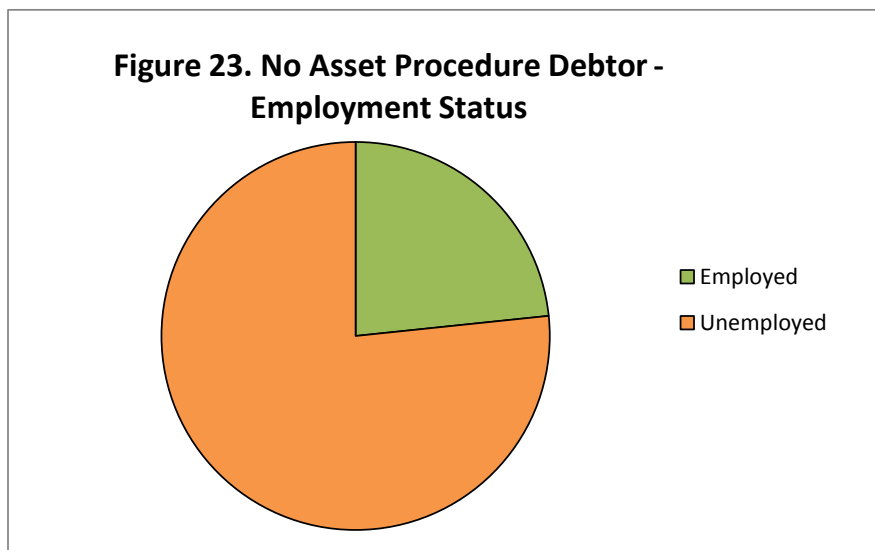
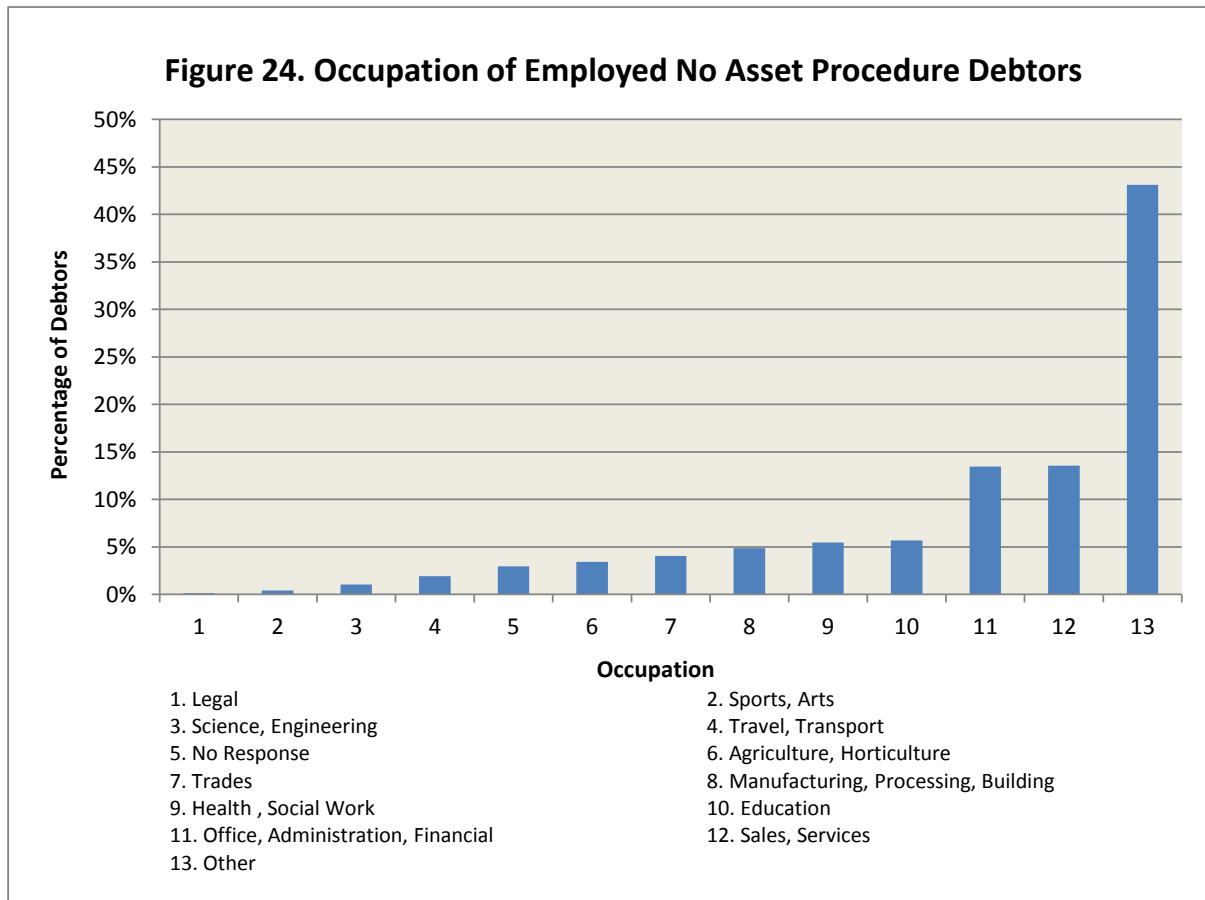


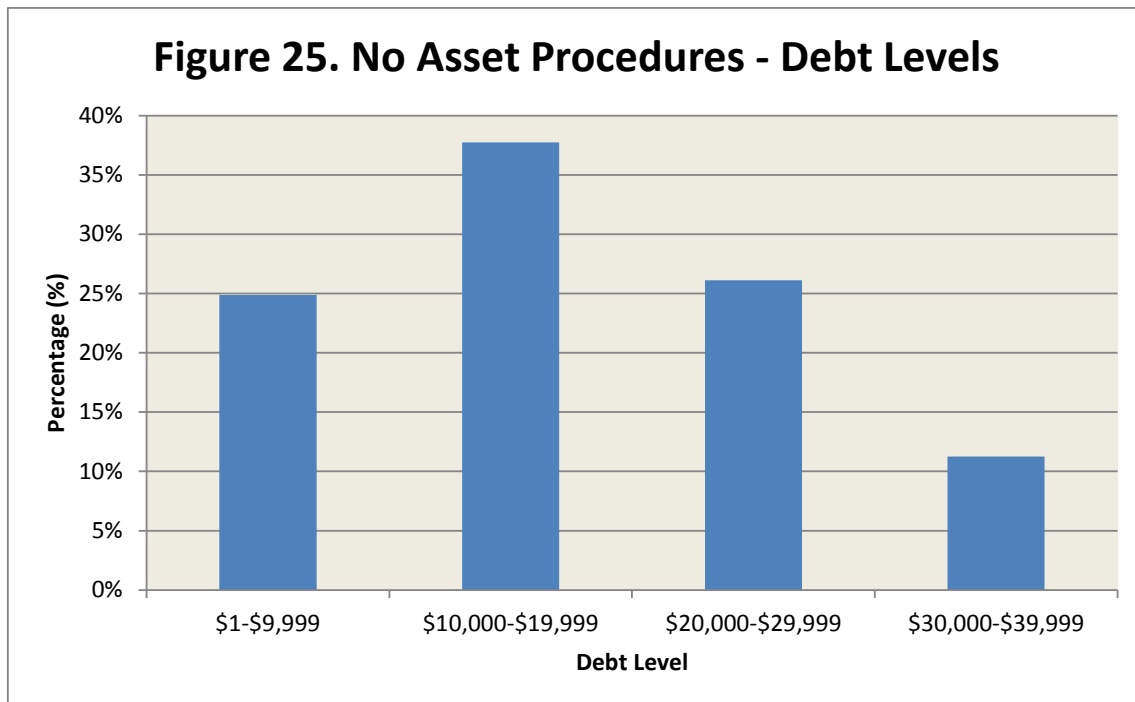
Table 10. Employment Status of No Asset Procedure Debtor			
Description	Male	Female	Total %
ACC	1%	1%	1%
Currently Employed	26%	21%	23%
Domestic	1%	8%	5%
Other benefit	6%	15%	11%
Retired	5%	3%	4%
Sickness Benefit	20%	13%	16%
Student	3%	4%	4%
Trading as director/shareholder	0%	0%	0%
Trading in Partnership	0%	0%	0%
Trading on own account	0%	0%	0%
Unemployed no benefit	15%	8%	11%
Unemployment Benefit	23%	27%	26%
No response	0%	0%	0%

The most common employment status of females who entered the No Asset Procedure in 2010/11 was to be on the unemployment benefit (27%), while for males the most common status was to be employed (26%).

Of the No Asset Procedure debtors who were employed, 43.1% were employed in an undefined category, 13.6% were employed in 'sales and services', and 13.4% in 'office, administration and financial' occupations.



Debt Levels

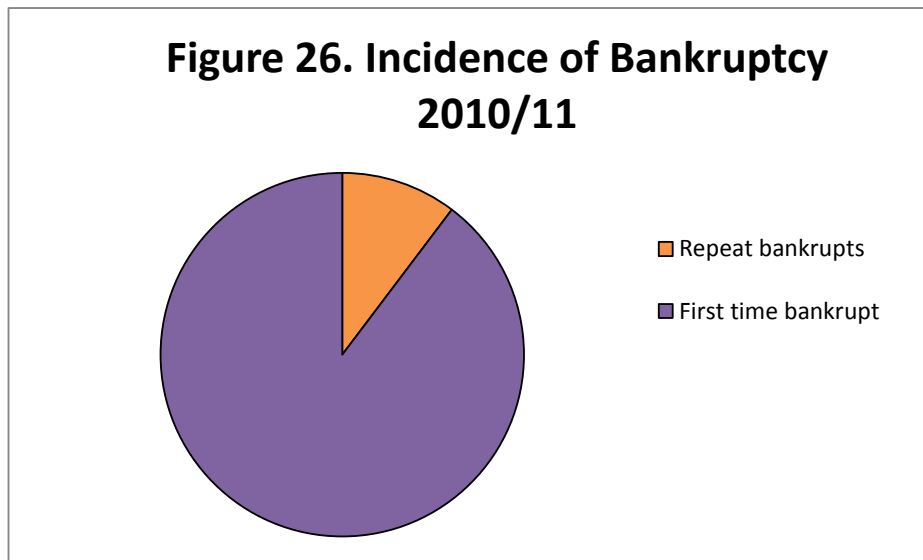


In 2010/11, the most common level of debt amongst No Asset Procedure debtors was \$10,000-\$19,999 (38%). 25% of debtors had debt levels of \$1,000-\$9,000, 26% had debt levels of \$20,000-\$29,000, while 11% had debts over \$30,000.

5. Bankruptcies

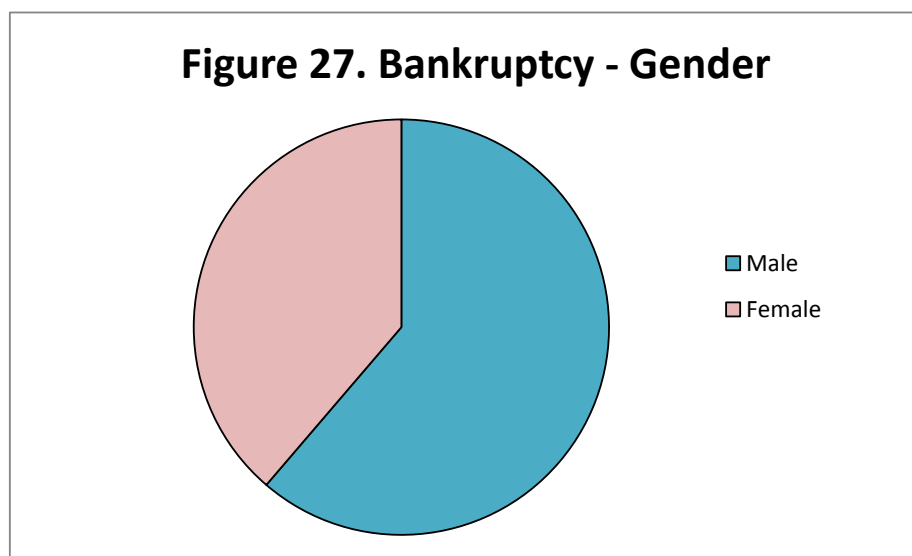
Incidence of Bankruptcy

10.3% of debtors adjudicated bankrupt in 2010/11 had been bankrupt before, while 89.7% 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 12.0%, compared to creditor's applications which had a repeat rate of 7.5%.

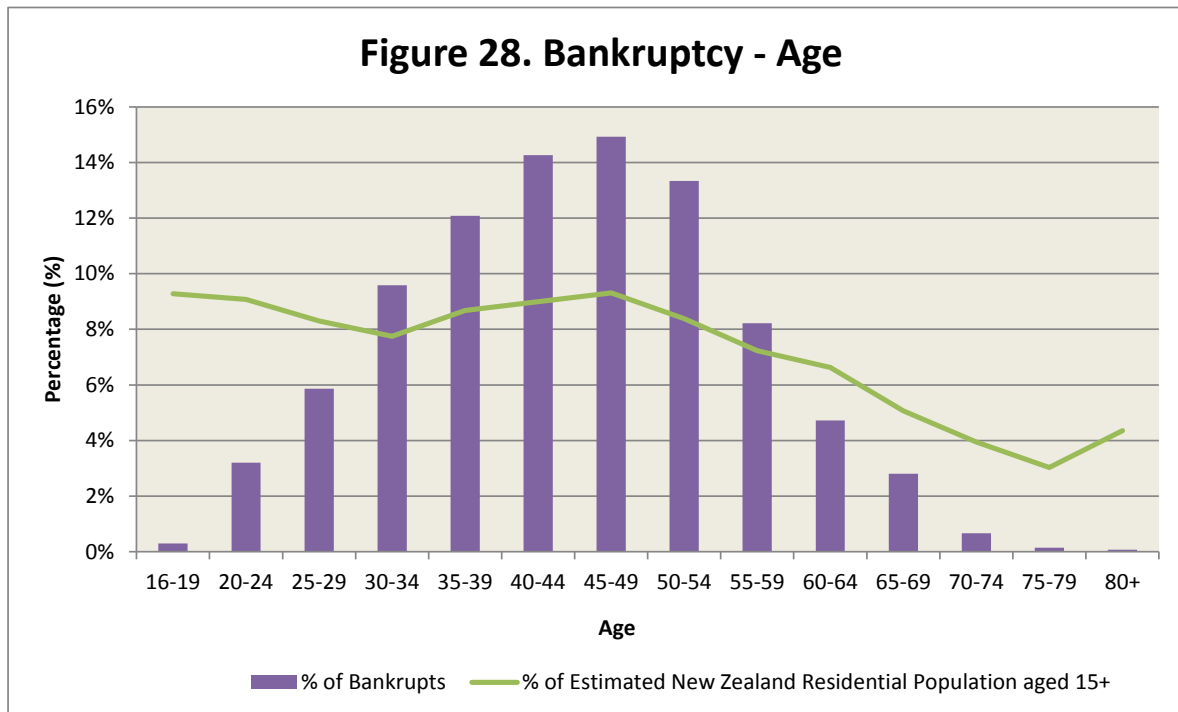


Age and Gender

61% of bankrupts adjudicated in 2010/11 were male, 39% were female. The gender ratio varied between debtor's and creditor's applications with creditor's applications having a higher portion of male debtors (76%) than debtor's applications (54%).



The most represented age group of bankrupts in 2010/11 was 45-49 years. 29% of Bankrupts were between the ages of 40-49, as compared to 18.3% 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.



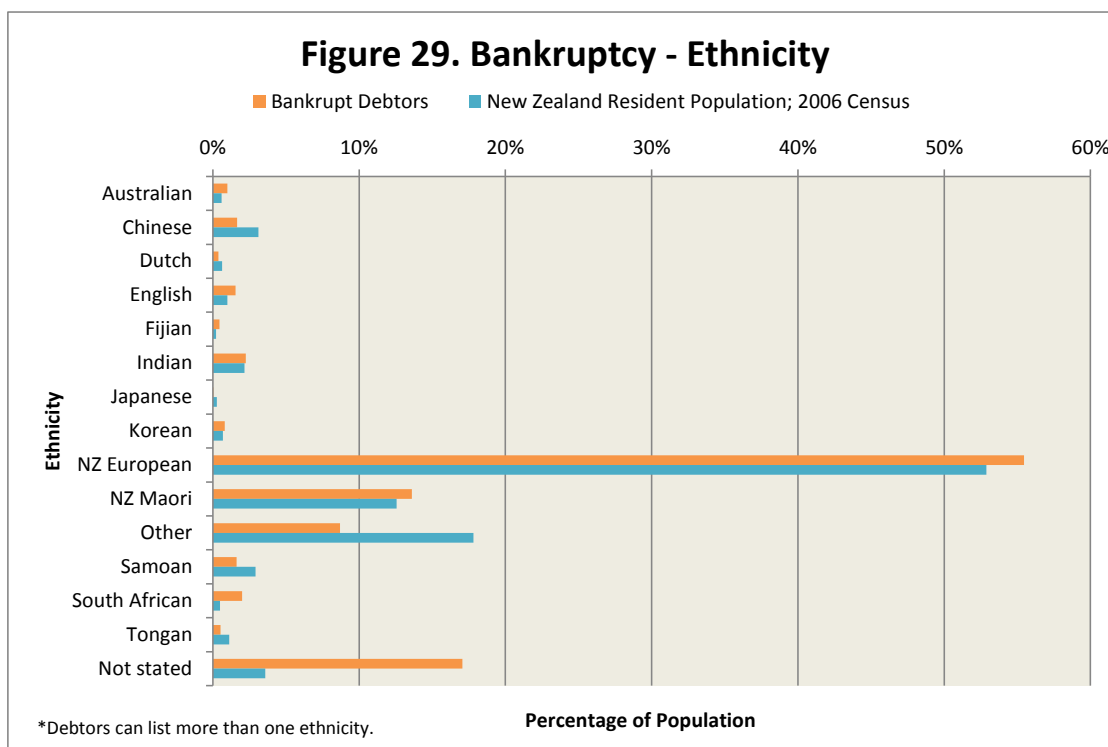
The median age of women who became bankrupt in 2010/11 was 40-45, for men it was 45-49.

Ethnicity

55% of bankrupts adjudicated in 2010/11 identified as being New Zealand European compared to 53% of the estimated New Zealand residential population¹¹. 17% did not state their ethnicity while 14% identified as being New Zealand Maori.

¹⁰ The Estimated New Zealand Resident Population statistics are taken from Statistics New Zealand (2011), *Demographic trends: 2010*. Wellington: Statistics New Zealand.

¹¹ The New Zealand resident population statistics are taken from Statistics New Zealand, *2006 Census Data*. Wellington: Statistics New Zealand.



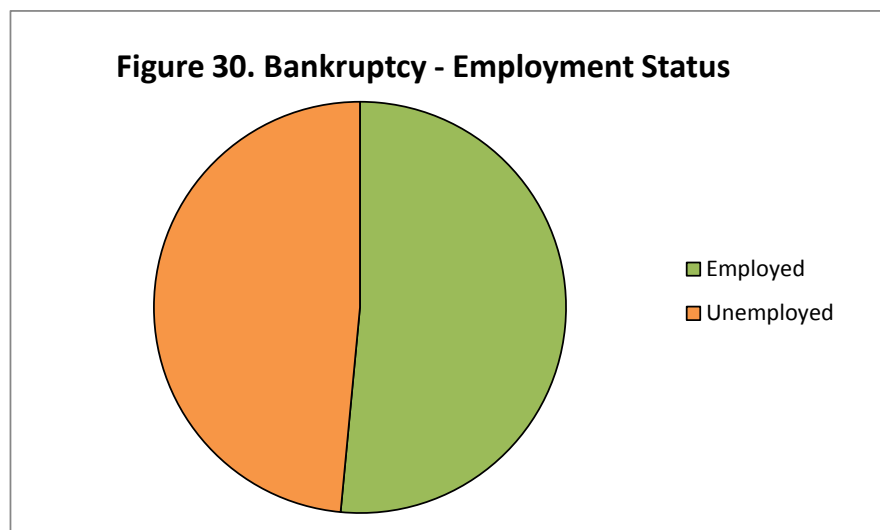
Cause of Bankruptcy

The most common cause of insolvency selected by bankrupts who were adjudicated in 2010/11 was 'unemployment or loss of income'. 28.5% of debtors listed this reason as the primary cause of their insolvency. 13.8% of debtors gave no response to this question, primarily debtors who were adjudicated by way of a creditor's application. 'Liabilities due to guarantees' was the only other cause to be rated the primary cause by over 10% of bankrupts.

Cause	Debtor Application	Creditor Application	Total
Unemployment or loss of income	39.8%	9.8%	28.5%
No response	0.6%	35.8%	13.8%
Liabilities due to guarantees	8.5%	15.7%	11.2%
Adverse legal action	5.2%	16.4%	9.4%
Other	9.9%	4.5%	7.9%
Domestic discord or relationship breakdown	9.5%	2.2%	6.7%
Ill health or absence of health insurance	7.8%	1.7%	5.5%
Excessive use of credit facilities	8.1%	0.8%	5.3%
Adverse economic conditions affecting industry	3.5%	5.0%	4.1%
Excessive interest payments	3.4%	1.1%	2.5%
Failure to provide for taxation	0.6%	4.1%	1.9%
Gambling, speculation and extravagance in living	1.2%	0.0%	0.7%
Lack of sufficient working capital	0.7%	0.7%	0.7%
Lack of business ability	0.5%	0.5%	0.5%
Seasonal conditions	0.6%	0.3%	0.5%
Failure of another business organisation	0.0%	0.7%	0.3%
Inability to collect debts	0.1%	0.4%	0.2%
Failure to keep proper books and records	0.1%	0.2%	0.1%
Excessive drawings	0.0%	0.2%	0.1%
Withdrawal of credit facilities	0.0%	0.1%	0.0%

Employment

51% of bankrupts adjudicated in 2010/11 were employed at the date of adjudication, 49% were unemployed. Bankrupts who were adjudicated by way of a creditor's application had a higher employment rate (65%) than those adjudicated by way of a debtor's application (48%).

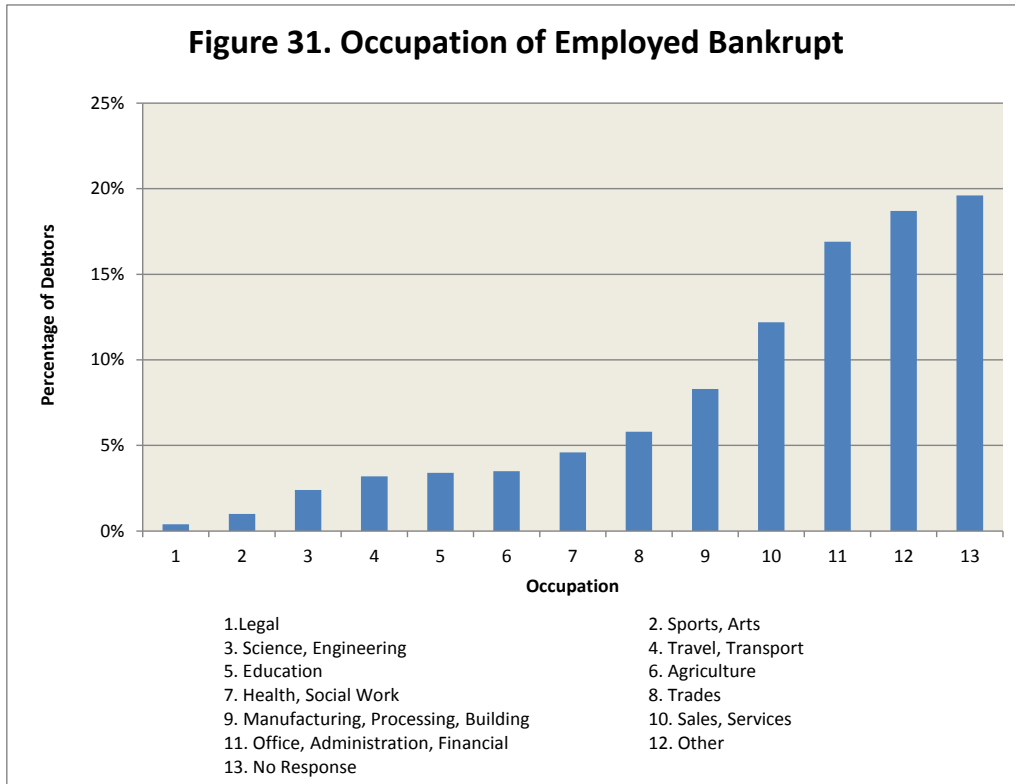


44% of debtors adjudicated bankrupt in 2010/11 were employed by third parties while an additional 7% were either trading as a director/shareholder or trading on their own account.

Table 12. Employment Status of Bankrupt			
Description	Male	Female	Total %
ACC	1%	1%	1%
Currently Employed	46%	41%	44%
Domestic	1%	8%	3%
Other Benefit	2%	8%	4%
Retired	3%	2%	3%
Sickness Benefit	10%	9%	10%
Student	1%	3%	2%
Trading as director/shareholder	4%	1%	3%
Trading in partnership	0%	0%	0%
Trading on own account	6%	2%	4%
Unemployed no benefit	16%	10%	13%
Unemployment Benefit	10%	15%	12%

Amongst employed bankrupts, 'office, administration and financial' was the highest defined occupational category with 17% of bankrupts working in these fields, the second most common occupational field was 'sales and services'.

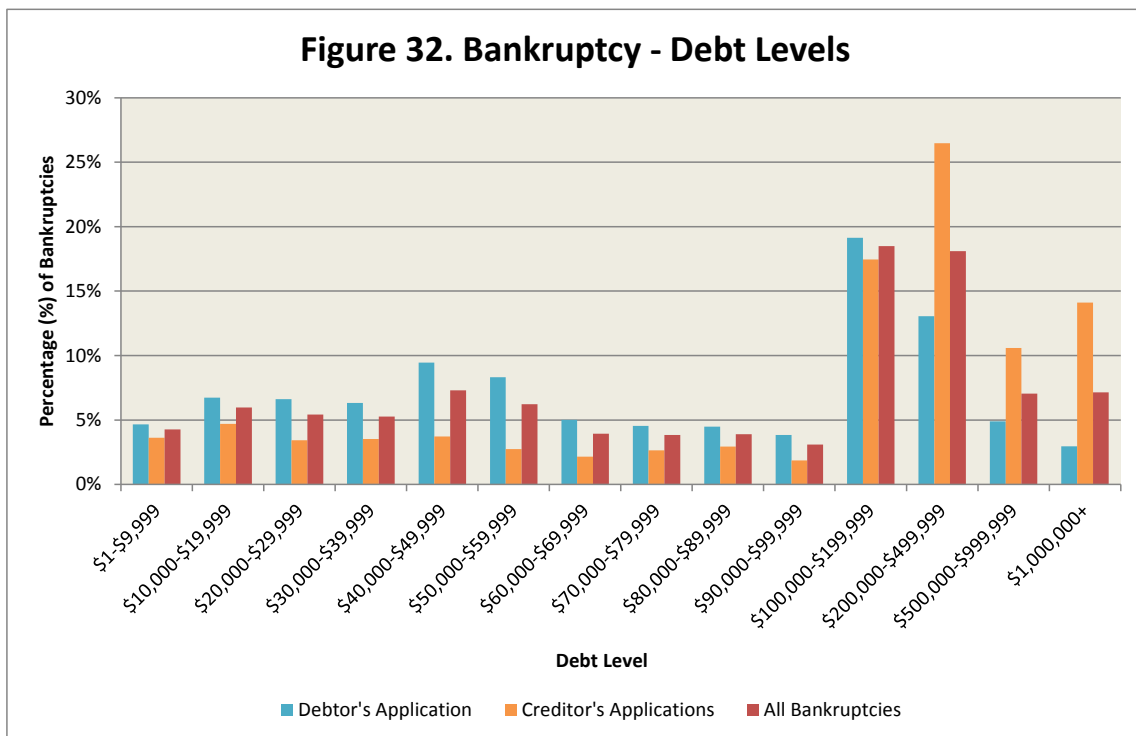
Figure 31. Occupation of Employed Bankrupt



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 2010/11 had debt of over \$100,000. 32% of bankrupts had debt levels of over \$200,000 and 14% had debt levels over \$500,000.

Figure 32. Bankruptcy - Debt Levels



6. Corporate Insolvencies

Cause of Liquidation

Upon commencement of a liquidation the Official Assignee seeks to obtain a completed Statement of Affairs for the company. In 2010/11, 'adverse legal action' was listed as the primary cause of insolvency by those who completed a company Statement of Affairs and provided a response to this question.

Cause	Percentage
No reason provided	37.5%
Adverse legal action	22.1%
Economic conditions affecting industry	9.6%
Inability to collect debts due to disputes, faulty work or bad debts	6.3%
Other	5.8%
Failure of another business organisation	5.3%
Lack of sufficient working capital	3.4%
Domestic discord or relationship breakdown	0.5%
Liabilities due to guarantees	2.4%
Failure to provide for taxation	1.9%
Withdrawal of credit facilities	1.9%
Excessive interest payments on loans and capital losses on repayments	1.0%
Ill health or absence of health insurance	1.0%
Excessive drawings	0.5%
Excessive use of credit facilities	0.5%
Seasonal conditions including floods and drought	0.5%

Debt Level

64% of liquidations administered by the Official Assignee in 2010/11 had company debt of more than \$100,000, 25% of liquidations had debt of more than \$500,000 and 15% of liquidations had debt of more than \$1,000,000.

