



**NEW ZEALAND
INSOLVENCY AND
TRUSTEE SERVICE**

Insolvency Statistics and Debtor Profile Report

▶ 1 JULY 2015 TO 30 JUNE 2016



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
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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 2014 to 2016

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.

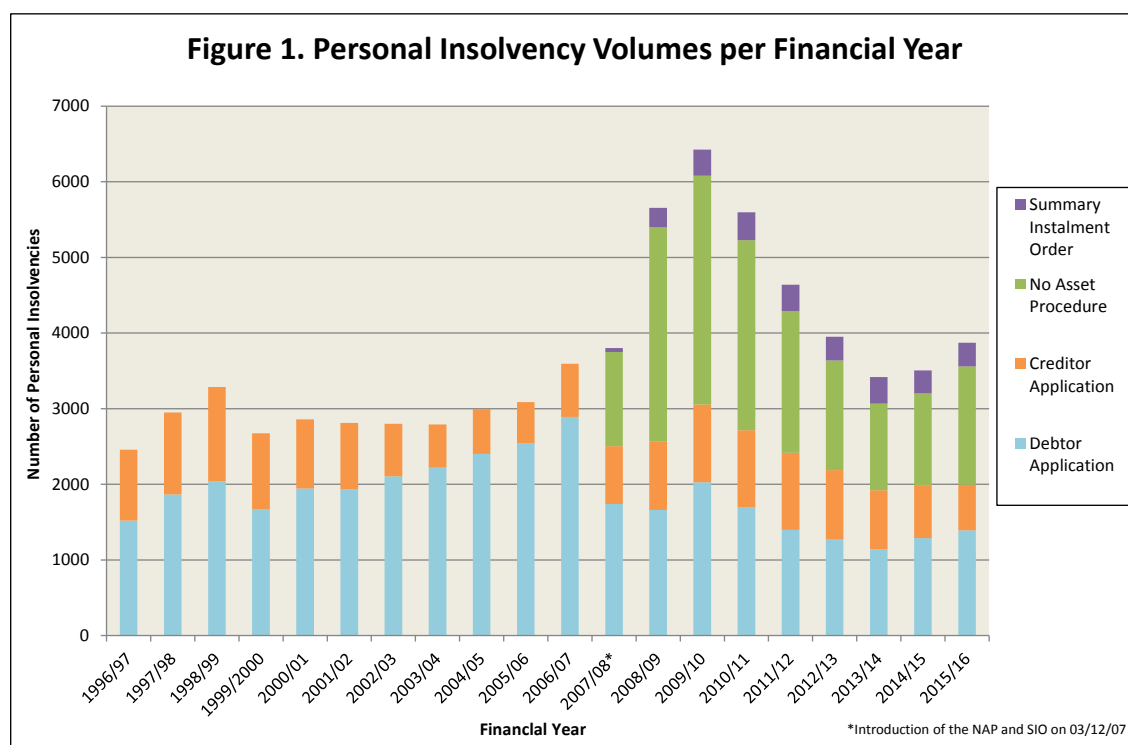
Corporate Insolvencies

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

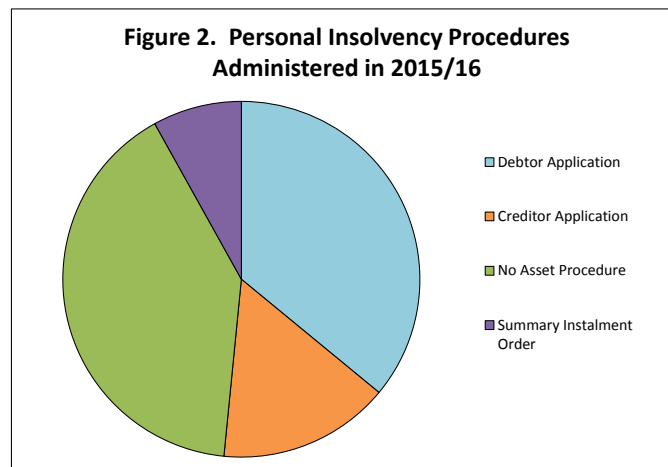
Table 1. Personal Insolvency Volumes per Financial Year					
Financial Year	Total	Debtor Application	Creditor Application	No Asset Procedure	Summary Instalment Order
1996/97	2458	1521	937		
1997/98	2949	1867	1082		
1998/99	3285	2041	1244		
1999/2000	2673	1672	1001		
2000/01	2859	1946	913		
2001/02	2811	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
2015/16	3871	1393	603	1563	312

In 2015/16 the Insolvency and Trustee Service administered 3,871 new personal insolvency procedures which was a 10.4% increase 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 2010/11 to 2013/14, before experiencing a small increase in annual volumes in 2014/15 (7%), followed by a larger increase of 28% in 2015/16 compared to 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%, followed by a 1% increase in bankruptcy volumes in 2015/16.



Debtor applications accounted for 36% of total personal insolvency volumes received in 2015/16, while No Asset Procedures made up 40% of new personal insolvencies. Creditor applications declined in both volumes and as a percentage of total personal insolvency volumes in 2015/16, making up just 16% of total volumes.

Summary Instalment Orders as a percentage of total personal insolvency volumes rose steadily from 2007/08 to a peak of 10% of total volumes in 2013/14. Since 2013/14 Summary Instalment Orders have dropped off slightly, making up 8% of personal insolvency volumes accepted in 2015/16.

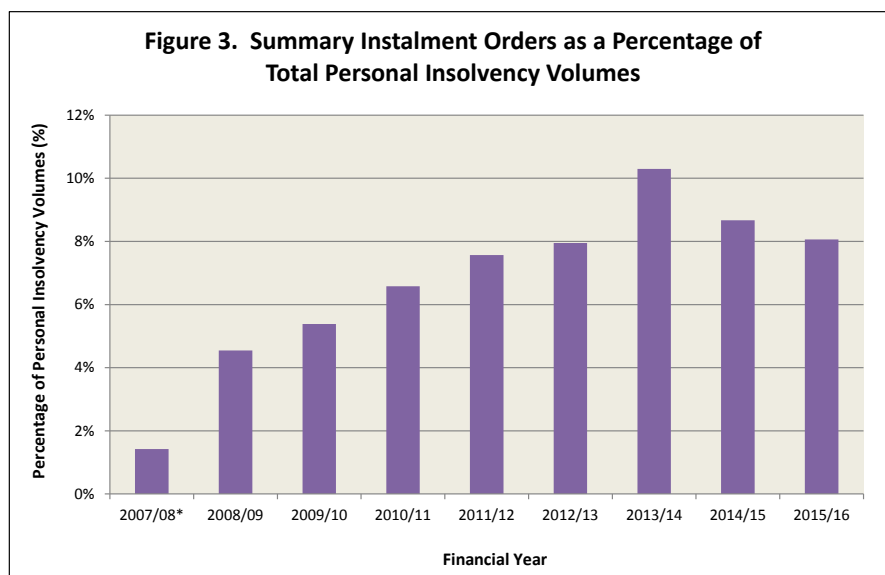


Table 2. Annual Rate of Personal Insolvency			
Financial Year 1 July - 30 June	Estimated Population*	Personal Insolvencies	Rate of Personal Insolvencies**
2006/07	3,114,800	3,594	0.12%
2007/08	3,149,800	3,802	0.12%
2008/09	3,183,400	5,654	0.18%
2009/10	3,226,500	6,426	0.20%
2010/11	3,265,800	5,596	0.17%
2011/12	3,295,100	4,640	0.14%
2012/13	3,321,300	3,950	0.12%
2013/14	3,365,200	3,418	0.10%
2014/15	3,436,200	3,506	0.10%
2015/16	3,520,000	3,871	0.11%

*Estimated resident population aged 18+

**Rate of personal insolvencies for population aged 18+

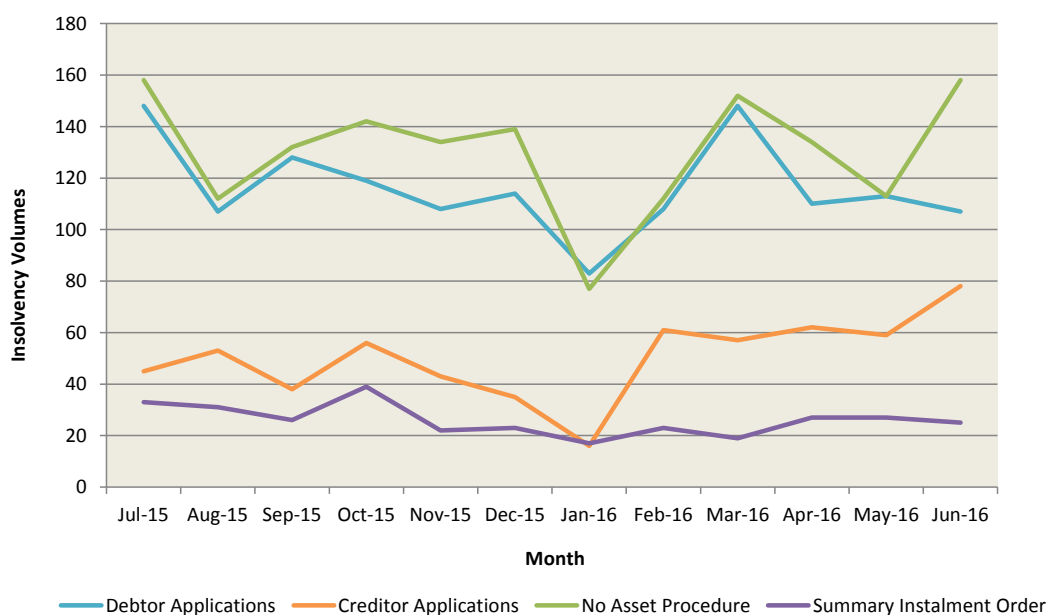
In 2015/16, 0.11% of the New Zealand population aged 18 and over entered into a personal insolvency procedure¹. Table 2. shows the rate of personal insolvency within New Zealand over the last ten years.

Table 3. Monthly Personal Insolvency Volumes					
Month	Total	Debtor Applications	Creditor Applications	No Asset Procedure	Summary Instalment Order
Jul-15	384	148	45	158	33
Aug-15	303	107	53	112	31
Sep-15	324	128	38	132	26
Oct-15	356	119	56	142	39
Nov-15	307	108	43	134	22
Dec-15	311	114	35	139	23
Jan-16	193	83	16	77	17
Feb-16	304	108	61	112	23
Mar-16	376	148	57	152	19
Apr-16	333	110	62	134	27
May-16	312	113	59	113	27
Jun-16	368	107	78	158	25
Total	3871	1393	603	1563	312

During 2015/16 the Insolvency and Trustee Service received an average of 26 Summary Instalment Orders per month, 130 No Asset Procedures and 166 new bankruptcy estates. The lowest number of new personal insolvencies was received in the month of January, followed by August and February, whilst the highest volume was received in July.

¹ Population estimates from 2006/07 to 2015/16 sourced from Statistics New Zealand (2016), *National Population Projections: At July 2016*. Wellington: Statistics New Zealand.

Figure 4. Personal Insolvency Volumes per Month

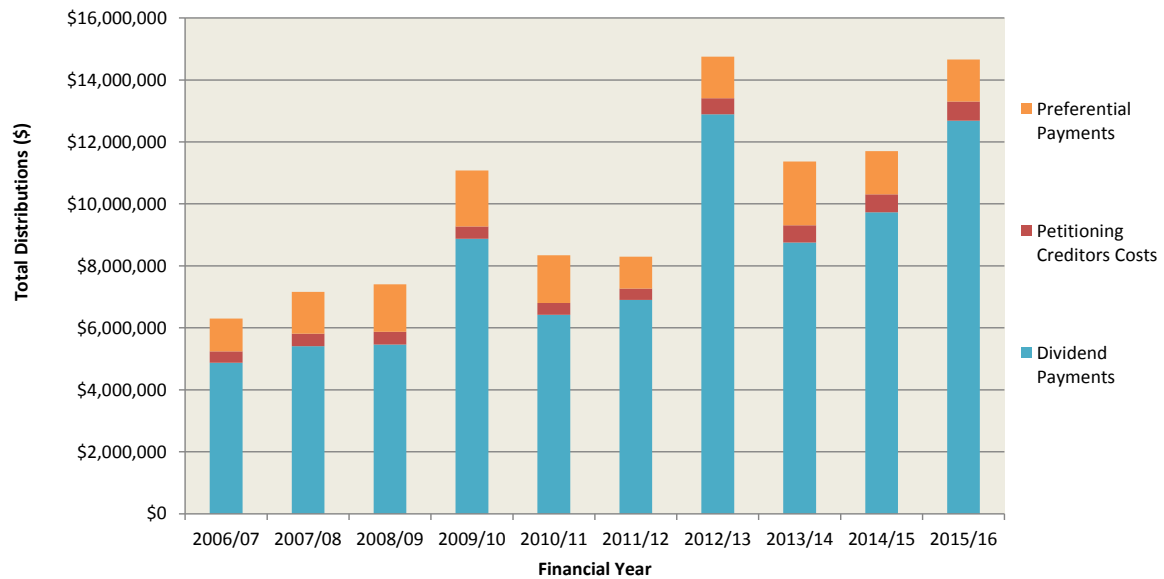


In 2015/16, debtors from the Auckland region accounted for 18% of personal insolvencies nationwide. Canterbury was the second most represented region, accounting for 10%. Overseas debtors made up a sizable portion of insolvencies received in 2015/16, at 9%, with 67% of the overseas debtors located in Australia.

Table 4. Personal Insolvency Volumes per Region 2015/16

Court Region	%	Total	Debtor Applications	Creditor Applications	No Asset Procedure	Summary Instalment Order
Auckland	18%	683	203	140	311	29
Bay of Plenty	6%	243	70	49	115	9
Canterbury	10%	402	142	51	167	42
Hawkes Bay	5%	185	63	13	82	27
Manawatu	4%	155	42	20	70	23
Marlborough	1%	40	20	5	12	3
Nelson	2%	70	18	8	32	12
Northland	4%	150	52	30	63	5
Otago	4%	151	51	12	71	17
Poverty Bay	1%	30	8	8	13	1
South Auckland	8%	302	85	64	148	5
South Canterbury	2%	65	13	2	20	30
Southland	3%	105	26	4	25	50
Taranaki	2%	67	22	5	35	5
Waikato	8%	329	102	70	136	21
Wairarapa	1%	30	12	1	16	1
Wanganui	2%	78	24	9	40	5
Wellington	8%	322	85	55	160	22
West Coast	1%	22	8	8	6	0
Overseas	9%	346	287	24	34	1
Unknown	2%	96	60	25	7	4
		3871	1393	603	1563	312

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



In the 2015/16 financial year the Official Assignee paid out \$14,658,737.79 in distributions to creditors, which was the second largest annual distribution in the last ten years. 87% of these funds were dividend payments to unsecured creditors, 9% were preferential payments and 4% were distributions towards petitioning creditor's costs.

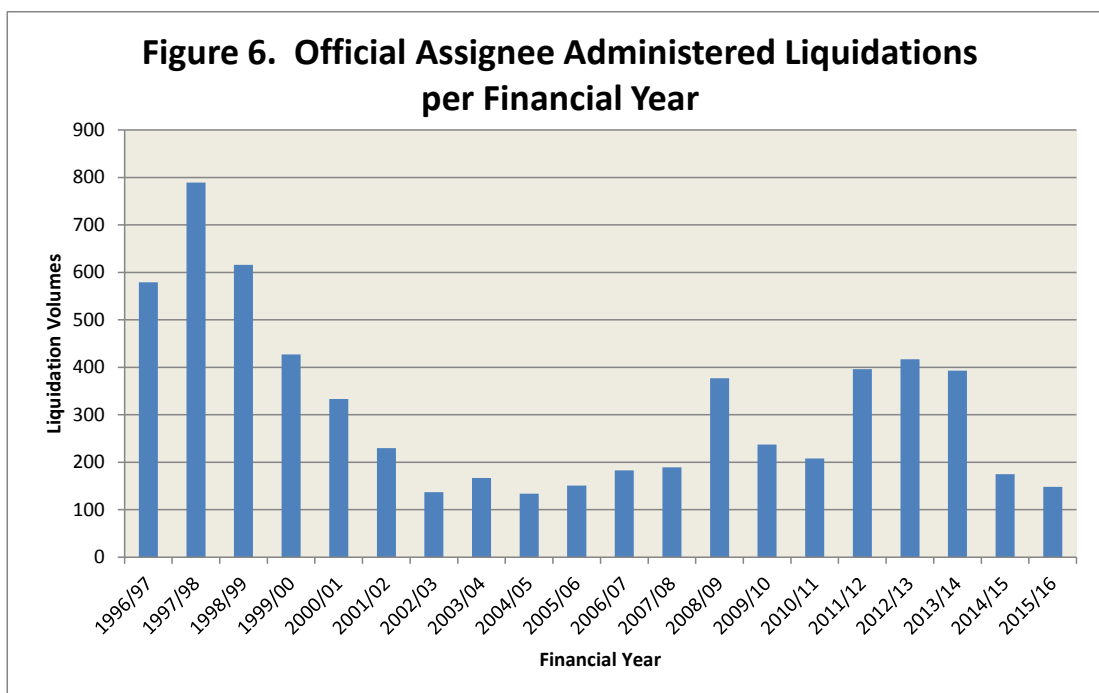
Corporate Insolvency Volumes

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 2016 was 576,655².

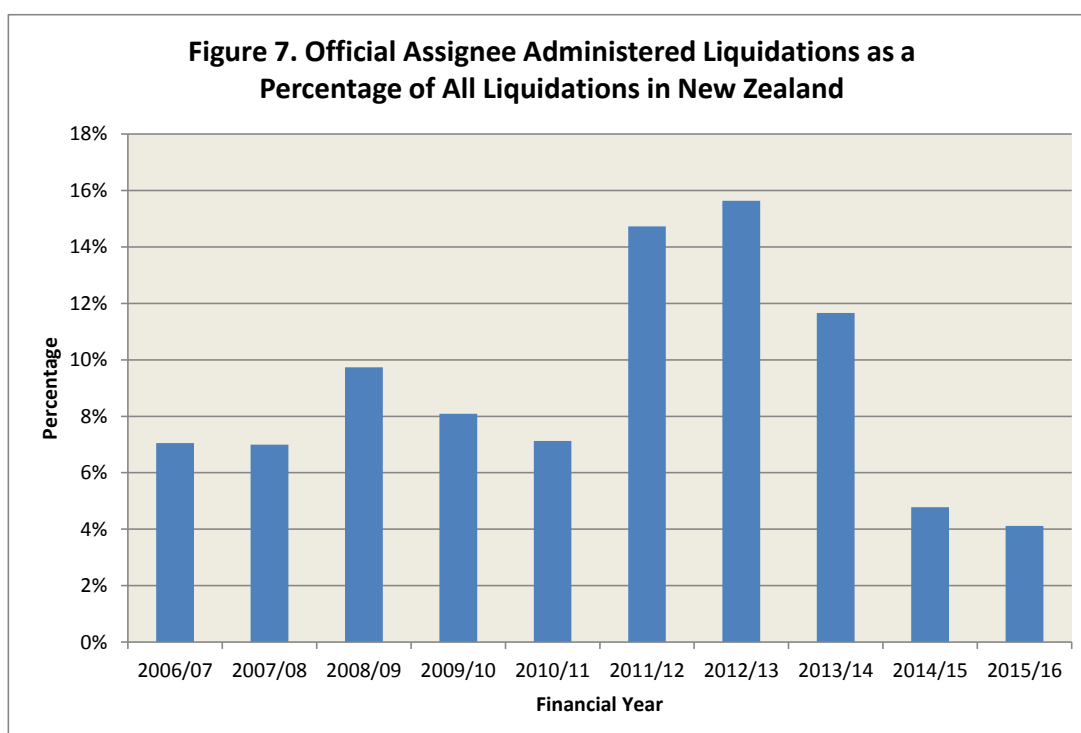
Table 5. Corporate Insolvency Volumes per Financial Year	
Financial Year 1 July - 30 June	Corporate Insolvency Volumes
1996/97	579
1997/98	789
1998/99	616
1999/00	427
2000/01	333
2001/02	230
2002/03	137
2003/04	167
2004/05	134
2005/06	151
2006/07	183
2007/08	189
2008/09	377
2009/10	237
2010/11	208
2011/12	396
2012/13	417
2013/14	393
2014/15	175
2015/16	148

In 2015/16 the Official Assignee was appointed the liquidator of 148 companies which represented a 15% decrease in corporate insolvency volumes administered by the Official Assignee, compared to the previous financial year, and a 65% decrease in liquidation volumes since 2012/13.

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

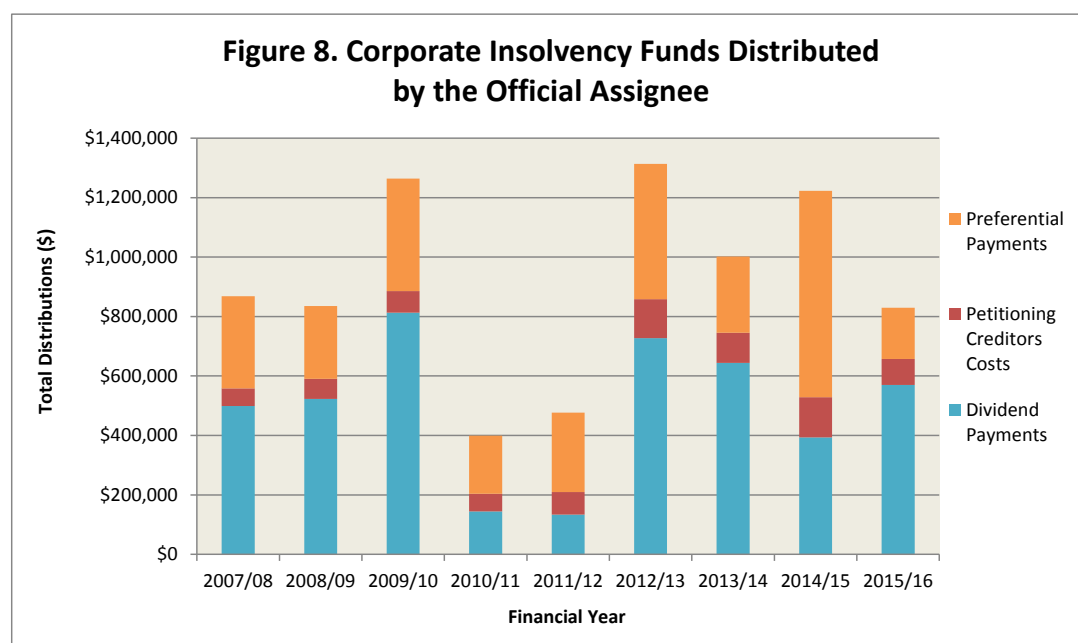


In 2015/16, 3,598 companies were placed into liquidation within New Zealand³. The Official Assignee was appointed the liquidator of 4% of these liquidations. The appointment rate for 2015/16 was down 0.7% from the previous year, and is the lowest appointment rate experienced in any of the last 10 years.



³ Company Liquidation statistics sourced from the Companies Office 2016; <http://www.business.govt.nz/companies/>.

The Official Assignee distributed \$829,636.26 in corporate insolvency distributions in 2015/16. Of these funds, 69% was paid out as dividend payments, 10% was distributions towards petitioning creditor's costs and 21% was distributions towards preferential payments.



The Auckland region accounted for 68% of liquidations administered by the Official Assignee in 2015/16, Wellington was the next most represented region accounting for 7% of liquidations, followed by Christchurch which made up 6%.

Court Region	%	Number of liquidations
Auckland	68%	100
Blenheim	1%	1
Christchurch	6%	9
Dunedin	1%	1
Hamilton	2%	3
Masterton	1%	1
Napier	3%	5
Nelson	1%	1
New Plymouth	1%	1
Palmerston North	1%	2
Tauranga	1%	2
Voluntary Liquidation	5%	8
Wellington	7%	10
Whangarei	3%	4
		148

Key Characteristics of Debtors 2014 to 2016

Debtor Characteristics 2014 to 2016	Bankrupts		NAP Debtors		SIO Debtors	
	2015/16	2013/14	2015/16	2013/14	2015/16	2013/14
Number	1996	1921	1563	1145	312	352
Gender % male	62%	62%	40%	40%	37%	39%
Age (most represented)	40-44 (16%)	40-44 (17%)	25-29 (15%)	25-29 (16%)	30-34 (16%)	25-29 (14%)
Ethnicity (most represented)	NZ European (59%)	NZ European (53%)	NZ European (64%)	NZ European (60%)	NZ European (74%)	NZ European (68%)
% not employed	50%	55%	73%	80%	37%	41%
Debt < \$20,000	9%	9%	58%	64%	61%	68%

The key characteristics of insolvent debtors have remained fairly consistent between 2014 and 2016. 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 No Asset Procedures has remained between 25-29 years, whereas there has been a shift amongst Summary Instalment Order debtors from the most common age group being 25-29 in 2013/14 to 30-34 in 2015/16. Bankrupt debtors are more likely to be older than No Asset Procedure and Summary Instalment Order debtors, with the most common age group for entering into bankruptcy being 40-44 years.

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

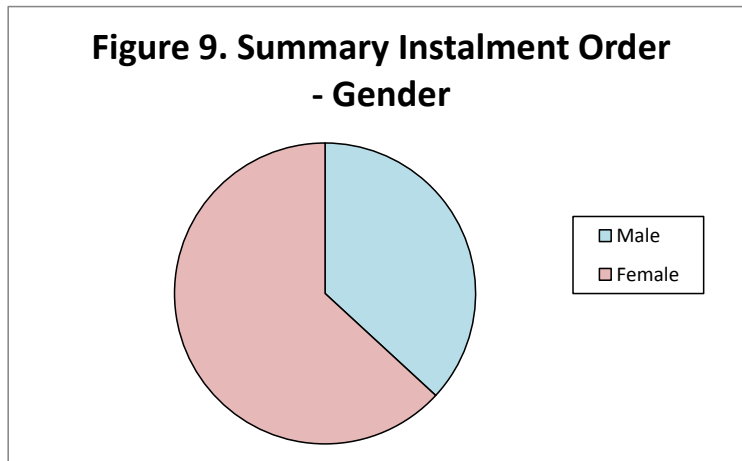
50% of bankrupts and 37% of Summary Instalment Order debtors in 2015/16 were unemployed, while No Asset Procedure debtors represented a higher unemployment rate of 73% as at the date they were admitted into the procedure.

The majority of debtors who entered into a No Asset Procedure or a Summary Instalment Order in 2015/16 had debts under \$20,000, whereas only 9% of bankrupts in both 2013/14 and 2015/16 had debt levels under \$20,000.

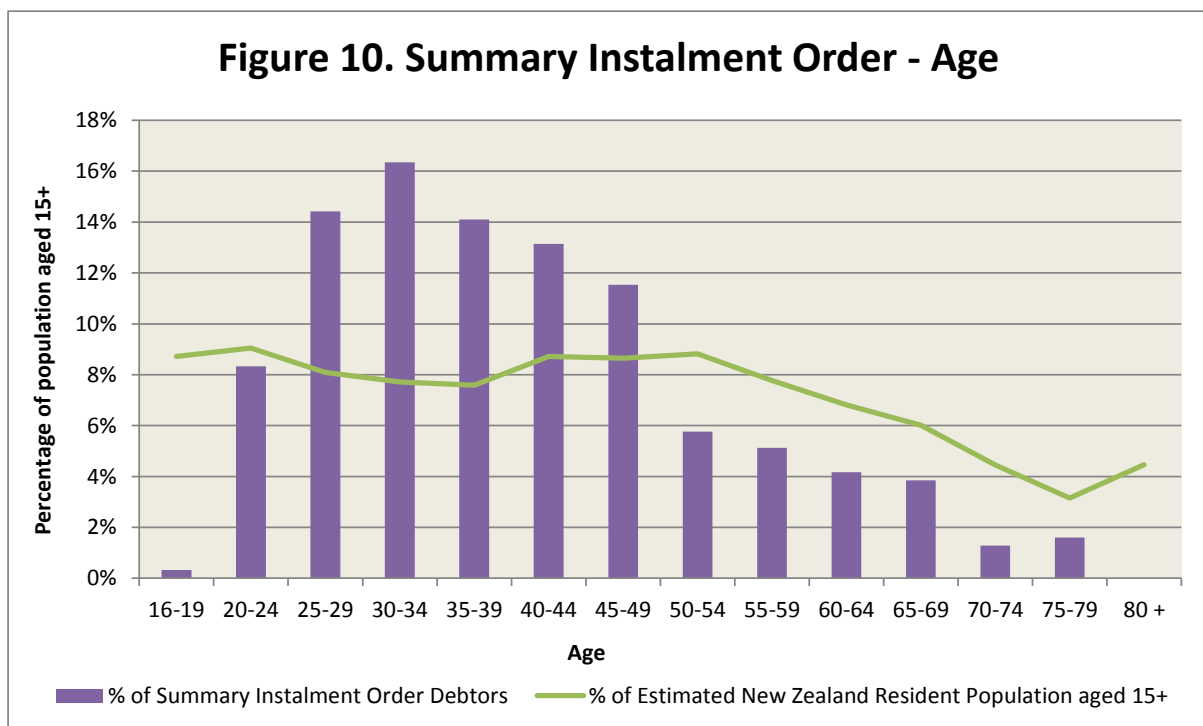
Summary Instalment Orders

Age and Gender

A total of 312 debtors entered into a Summary Instalment Order in 2015/16. Of those who did, 37% were male and 63% were female.



Amongst Summary Instalment Order debtors the age groups most represented were 30-34 (16%) followed by 25-29 (14%). The corresponding percentages of the estimated New Zealand residential population aged over 15 for those age groups are 8% each⁴.

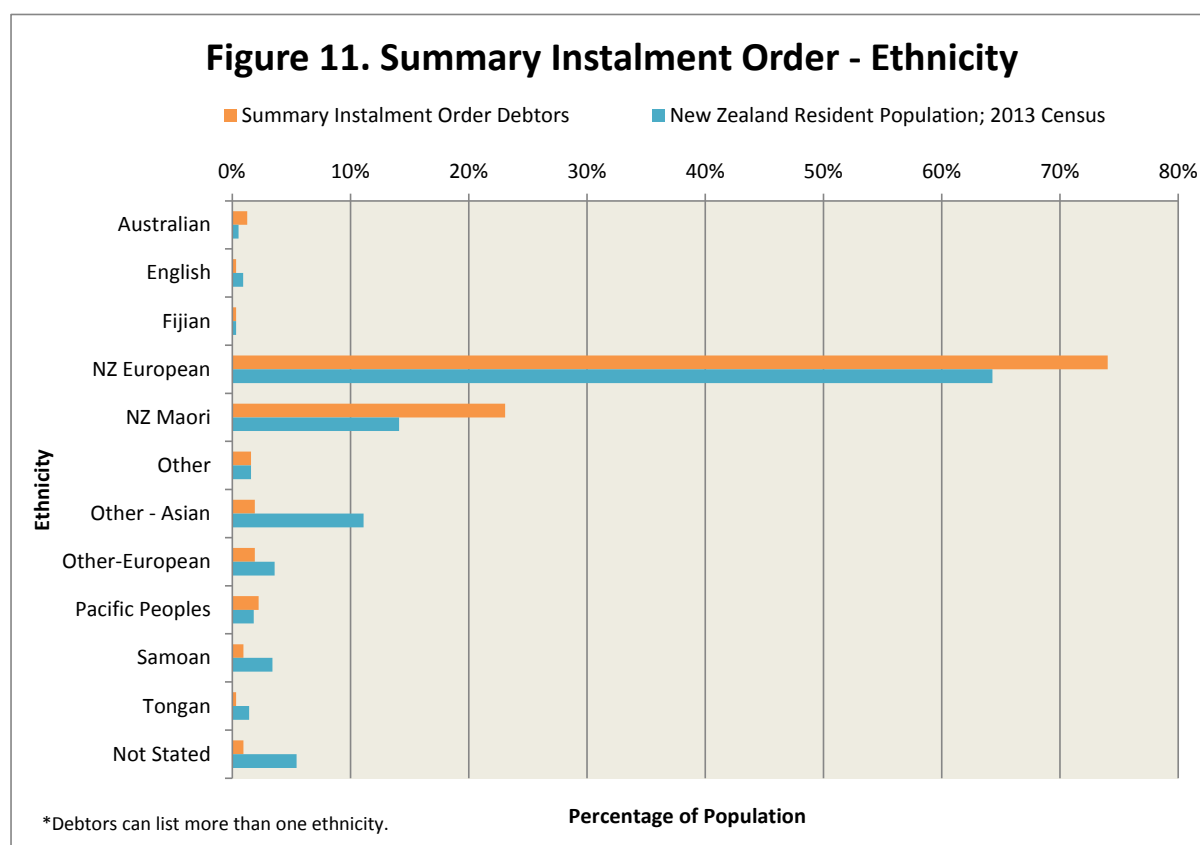


The average age of those who entered into a Summary Instalment Order in 2015/16 was 41 years old.

⁴ The New Zealand residential population statistics are sourced from Statistics New Zealand (2015), *Estimated resident population of New Zealand: At 30 June 2015 - 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. 74% of debtors who entered into Summary Instalment Orders in 2015/16 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 23% of debtors, compared to making up 14% of the New Zealand residential population.



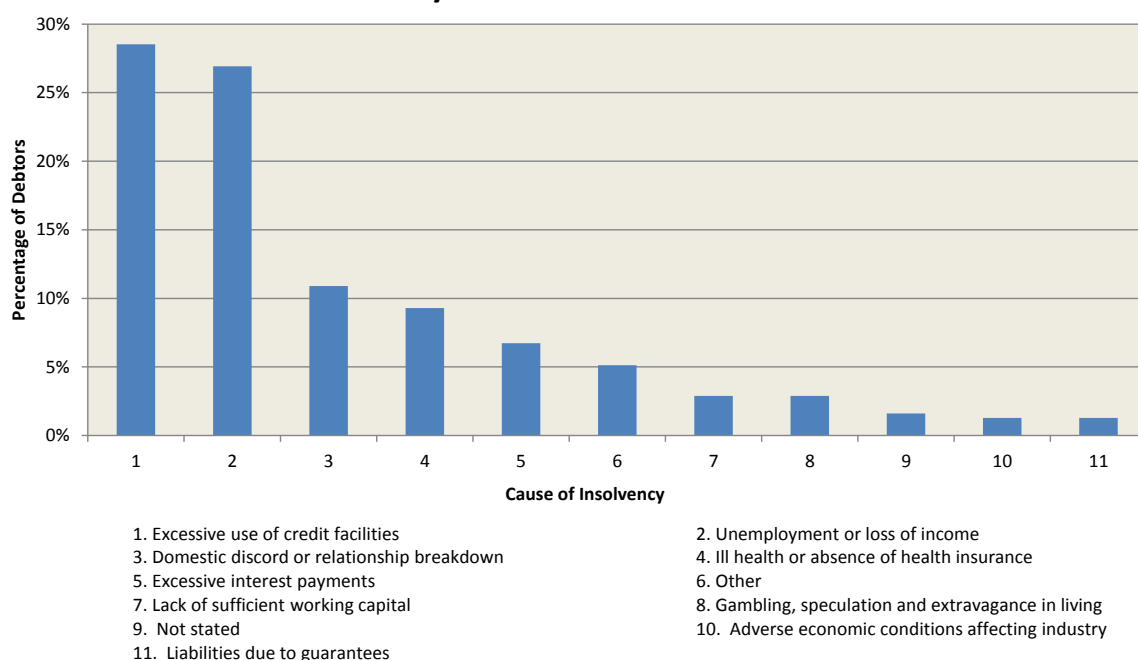
Cause of Insolvency

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.

98% of debtors who entered Summary Instalment Orders in 2015/16 provided details as to the cause of their insolvency, 'excessive use of credit facilities' was identified as the most significant cause (29%), followed by 'unemployment or loss of income' (27%).

⁵ The New Zealand resident population statistics are sourced from Statistics New Zealand (2016), *2013 Census Data*. Wellington: Statistics New Zealand.

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

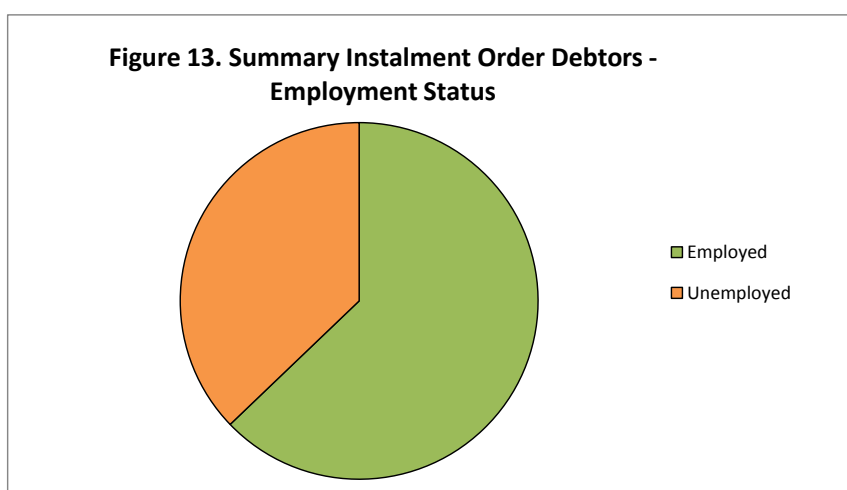


Employment

63% of Summary Instalment Order debtors were employed at the date they entered into the Summary Instalment Order; 56% of female debtors and 75% of male debtors. Most were employed by third parties with only 1% trading on their own account or in a Partnership.

37% were recorded as being unemployed, this includes beneficiaries, students, and retirees. The seasonally adjusted national unemployment rate for the June 2016 quarter was 5.1%⁶.

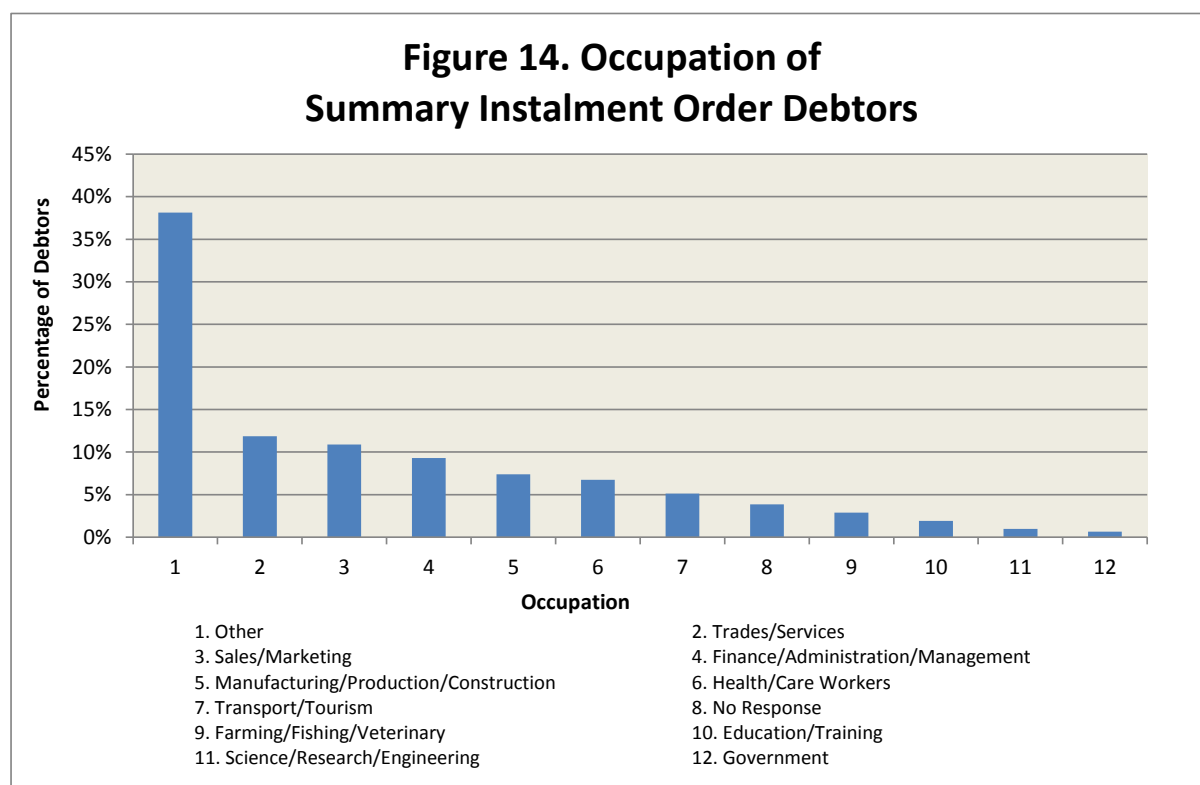
Figure 13. Summary Instalment Order Debtors - Employment Status



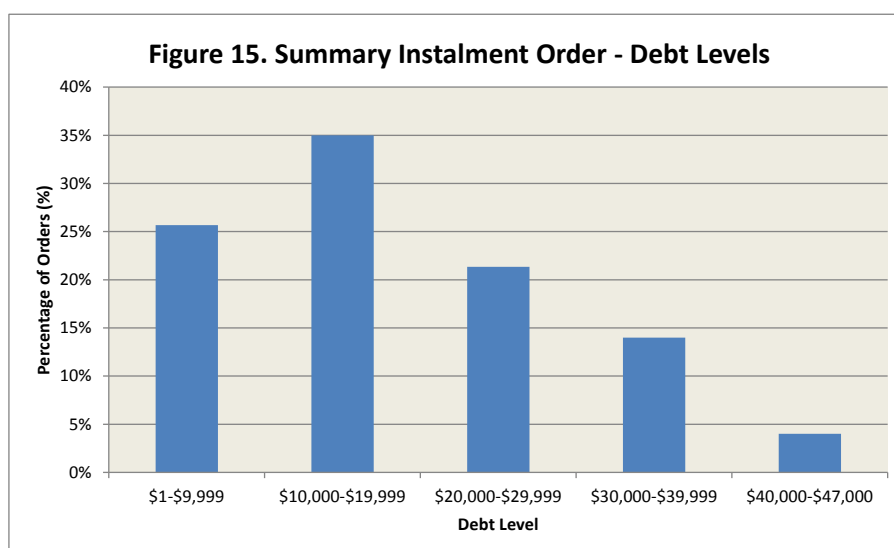
⁶ The New Zealand unemployment rate is sourced from Statistics New Zealand (2016), *Labour Market Statistics: June 2016 quarter*. Wellington: Statistics New Zealand.

Table 8. Employment Status of Summary Instalment Order Debtors			
Description	Male	Female	Total %
Currently employed	70%	48%	56%
Unemployment Benefit	14%	15%	15%
Other benefit	3%	11%	8%
Retired	6%	6%	6%
Employed part-time with benefit	3%	7%	5%
Sickness Benefit/ACC	2%	5%	4%
Other	0%	5%	3%
Student	0%	2%	1%
Unpaid family worker	1%	1%	1%
Trading on own account	3%	0%	1%
Currently employed and receiving income support	0%	1%	1%
Unemployed no benefit	0%	1%	0%

Debtors are asked to list their main occupation in their Statement of Affairs. Of those who entered into a Summary Instalment Order in 2015/16, 12% identified that they were involved in 'Trades/Services' and 11% were involved in 'Sales/Marketing'. 38% of debtors were involved in 'Other' employment not identified in the listed group classifications.



Debt Levels

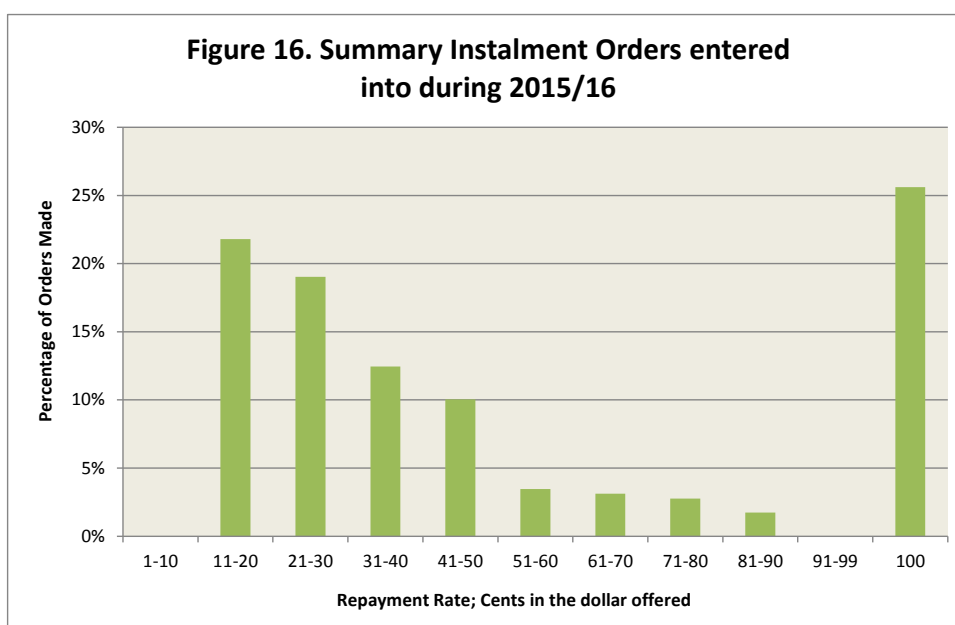


The Official Assignee may grant a Summary Instalment Order if a debtors total unsecured debts (excluding student loans, fines, penalties, and reparation orders) are less than \$NZ47,000. Up until 24 March 2016, the debt limit was \$NZ40,000.

In 2015/16, 26% of Summary Instalment Order debtors had debt levels of less than \$10,000, 35% had debt levels between \$10,000-\$19,999 and 39% had debt levels over \$20,000.

Repayment Rate

In 2015/16, 26% of all Summary Instalment Orders entered into were for the repayment of 100 cents in the dollar. In 37% 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 2015/16 was 52 cents in the dollar.



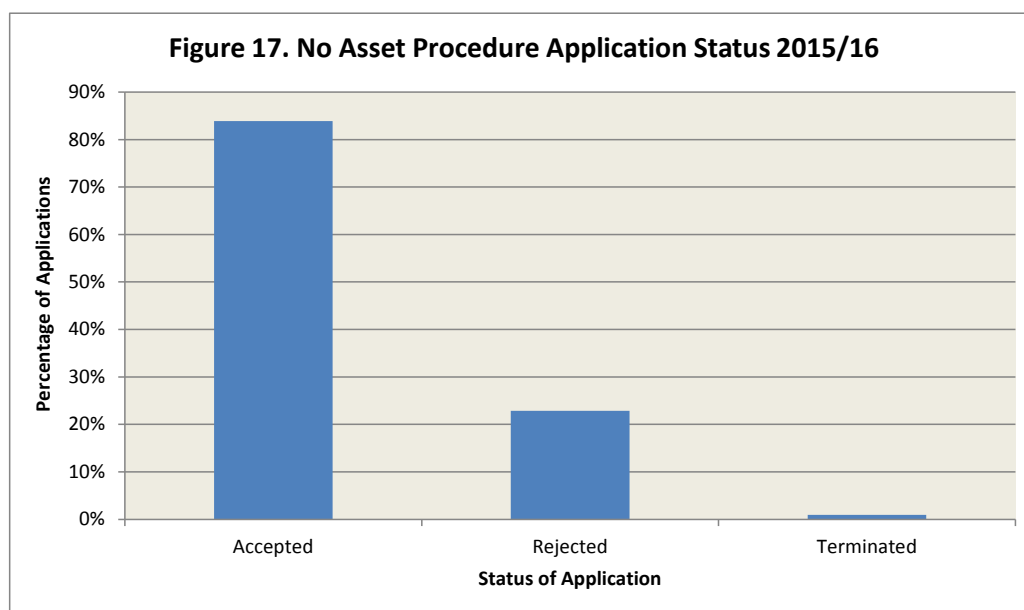
No Asset Procedures

Applications – Rejections and Terminations

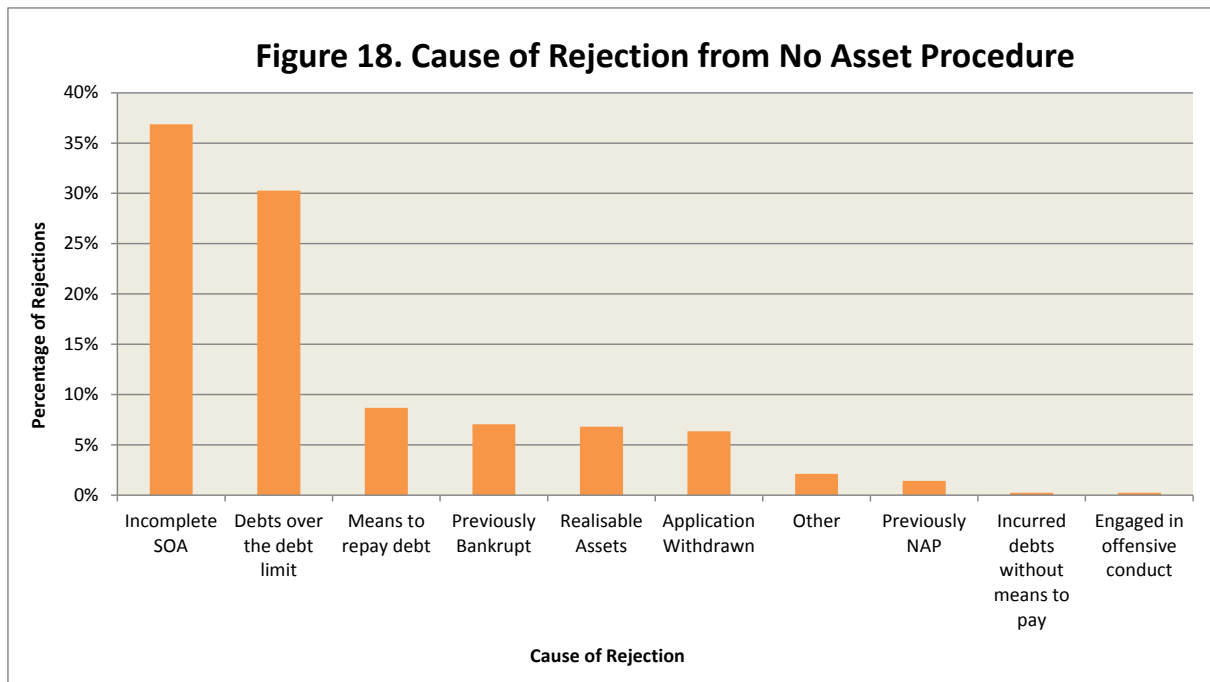
In 2015/16, 1865 applications were received for entry into the No Asset Procedure. Of these, 1,565 were accepted.

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

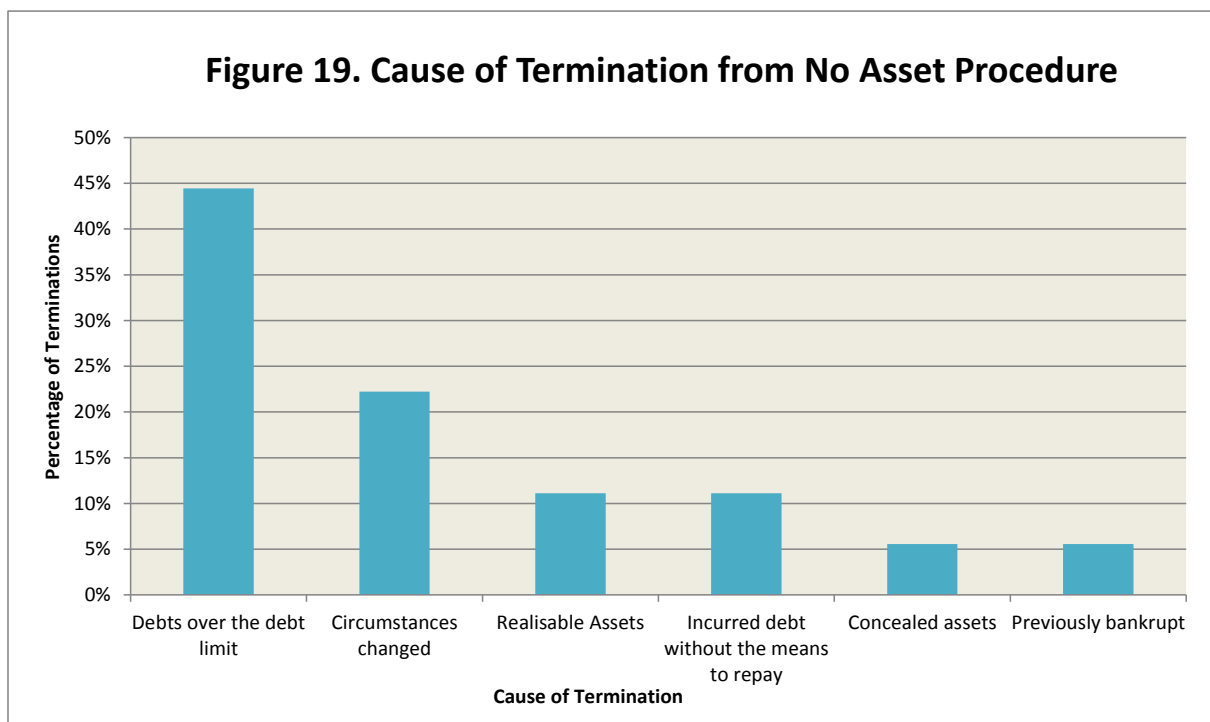
An application that has been rejected from entry into the No Asset Procedure can be resubmitted depending on the reason for the rejection, for example submitting an 'incomplete Statement of Affairs'. In such instances, certain applications may be counted as having been both rejected and accepted; likewise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



In 2015/16, 84% of No Asset Procedure applications were accepted, 23% were rejected and 1% were ultimately terminated.

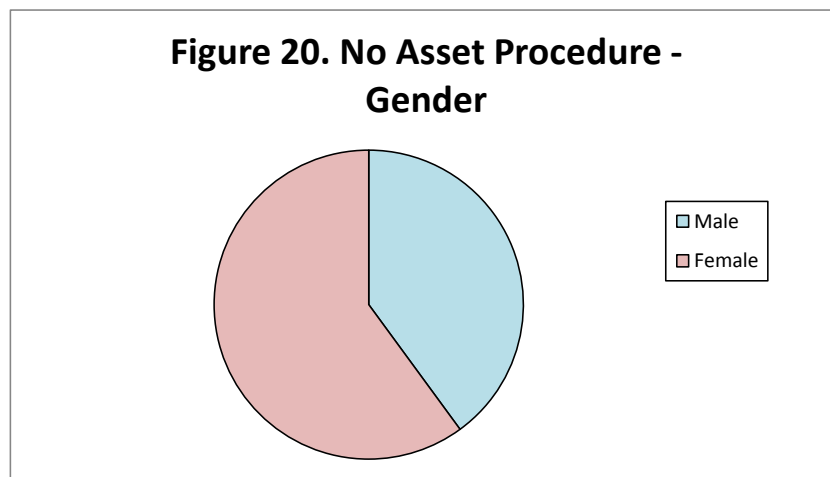


The most common cause of rejection of a No Asset Procedure application in 2015/16 was an 'incomplete Statement of Affairs' which accounted for 37% of rejections. Having 'debts over the debt limit' was the second most common cause, making up 30% of rejections with 'means to repay debt', making up a further 9%.



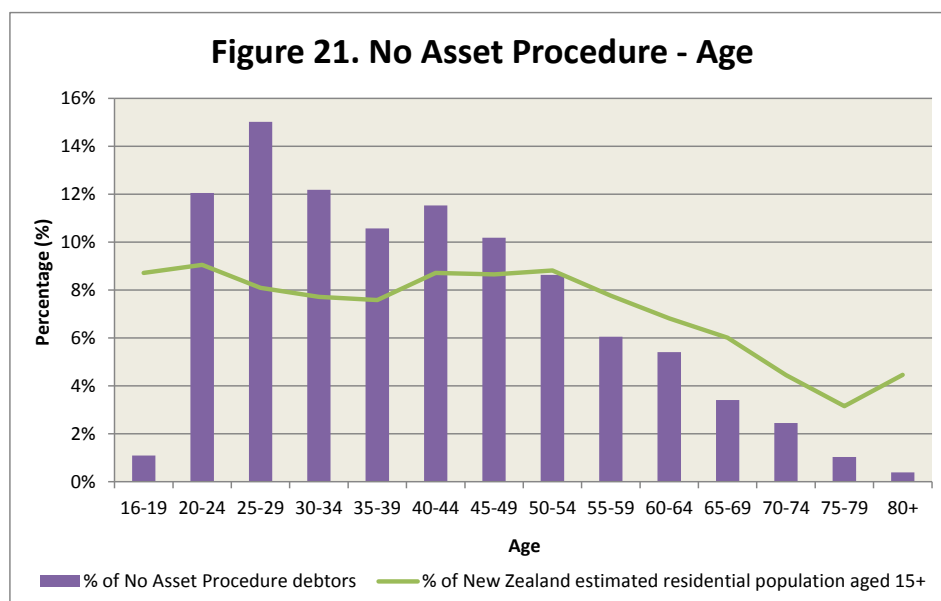
In 2015/16, 1% of No Asset Procedures were terminated; the most common cause was having 'debts over the debt limit' which accounted for 44%, or 8, terminations.

Age and Gender



60% of debtors who entered into a No Asset Procedure in 2015/16 were female, 40% were male.

The most common age of debtors entering into a No Asset Procedure in 2015/16 was between the ages of 25-29, followed by 30-34 years. Debtors in their 20's accounted for 27% of all No Asset Procedure debtors, as compared to making up 17% of the estimated New Zealand residential population aged 15 and over⁷. Debtors in their 30's made up 23% of No Asset Procedure debtors compared to 15% of the estimated New Zealand residential population, while debtors in their 40's made up 22% of No Asset Procedure debtors.

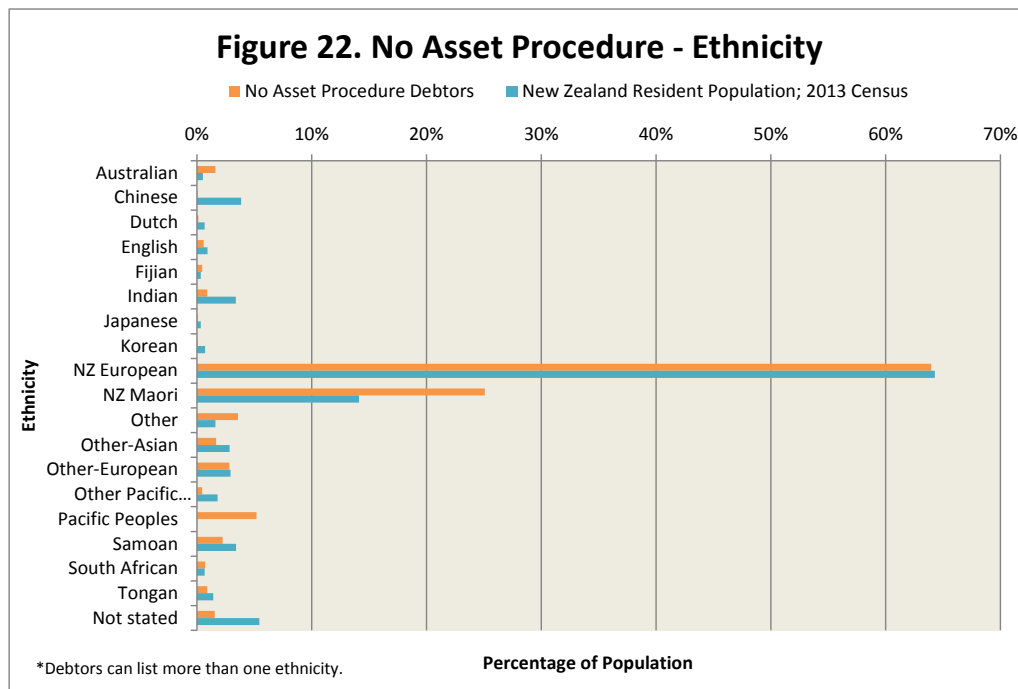


The average age of debtors who entered into a No Asset Procedure in 2015/16 was 41 years.

⁷ The New Zealand residential population statistics are sourced from Statistics New Zealand (2016), *National Population Estimates: At 30 June 2015 - tables*. Wellington: Statistics New Zealand

Ethnicity

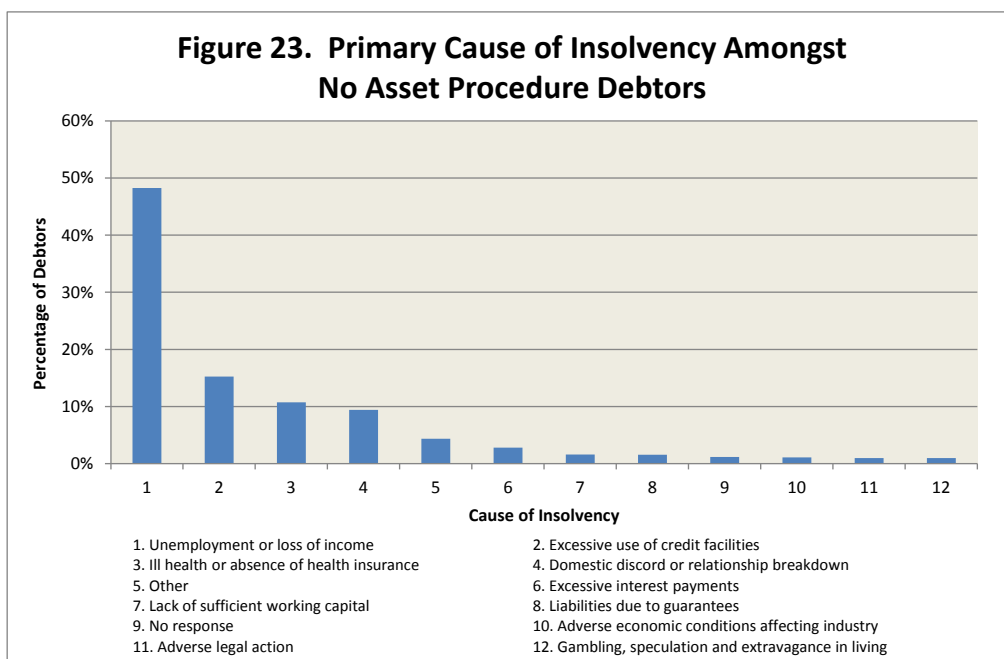
64% of No Asset Procedure debtors in 2015/16 identified as being New Zealand European. This is consistent with the population breakdown of New Zealand as seen in the 2013 census, where 64% of the population identified as being New Zealand European. 25% of No Asset Procedure debtors identified as being New Zealand Maori, this ethnicity is over-represented in comparison to the residential population breakdown in the 2013 census⁸ where 14% of New Zealanders identified as being Maori.



Cause of Insolvency

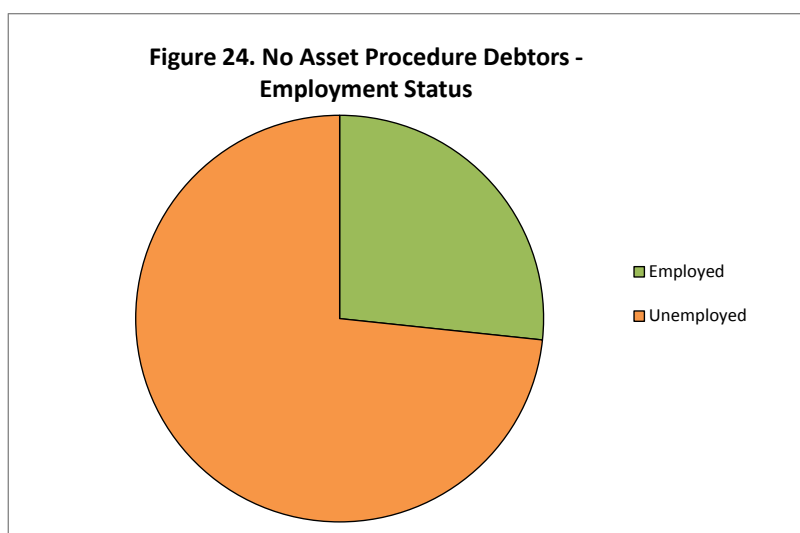
48% of No Asset Procedure debtors listed 'unemployment or loss of income' as the primary cause of their insolvency in 2015/16. The next most common causes were 'excessive use of credit facilities' and 'ill health or absence of health insurance' which accounted for 15% and 11% of No Asset Procedures respectively.

⁸ The New Zealand resident population statistics are sourced from Statistics New Zealand (2016), *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.

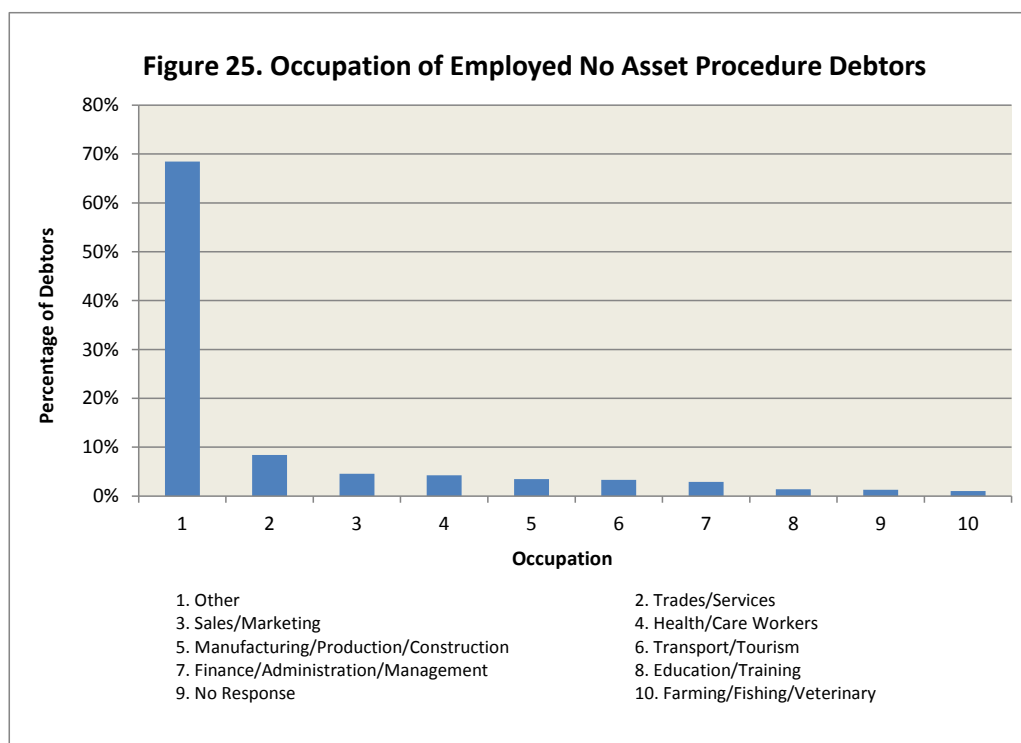


27% of No Asset Procedure debtors noted that they were employed in their Statement of Affairs; this is represented by 28% of male debtors and 26% of female debtors.

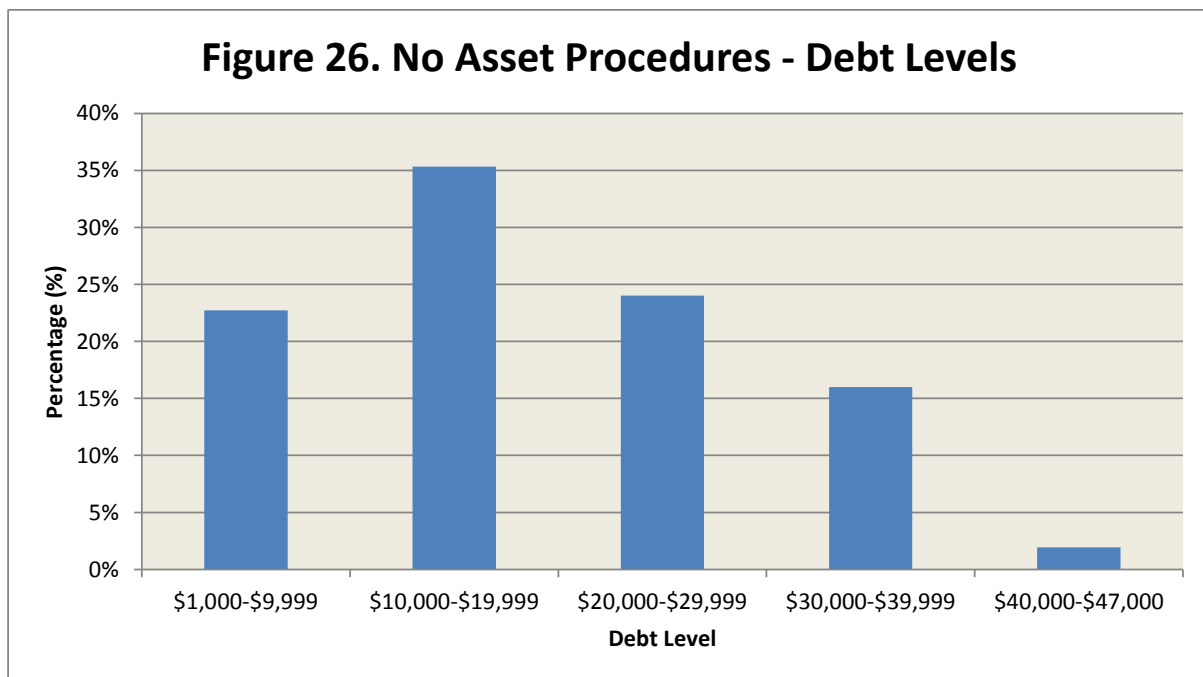
Table 10. Employment Status of No Asset Procedure Debtors			
Description	Male	Female	Total %
Unemployment benefit	31%	40%	36%
Currently Employed	24%	18%	20%
Sickness Benefit/ACC	12%	8%	10%
Unemployed no Benefit	11%	6%	8%
Retired	8%	7%	7%
Other Benefit	5%	6%	5%
Employed part-time with benefit	2%	6%	5%
Student	3%	3%	3%
Other	2%	2%	2%
Unpaid family worker	0%	2%	1%
Currently employed and receiving income support	0%	1%	1%
Trading on own account	1%	0%	1%
Trading as director/shareholder of company	0%	0%	0%
Domestic	0%	0%	0%
Not stated	0%	0%	0%

The most common employment status of those who entered into a No Asset Procedure in 2015/16 was to be on the unemployment benefit; 40% for females and 31% for males.

When asked to select their primary occupation, 68% of No Asset Procedure debtors selected 'other' employment not identified in the listed group classifications, 8% selected 'trades/services', and 5% selected 'sales/marketing'.



Debt Levels

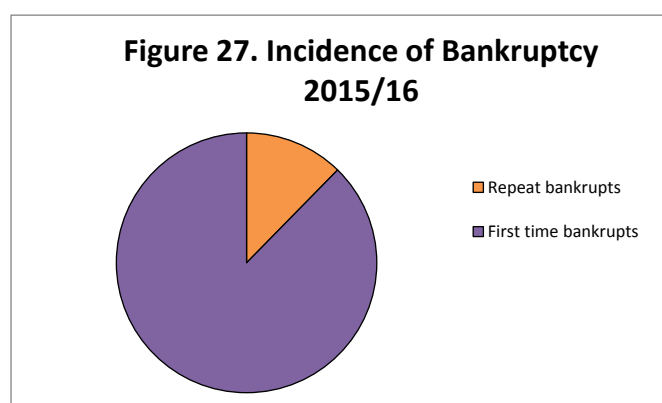


On 24 March 2016 the upper debt limit for enter into the No Asset Procedure increased from \$NZ40,000 to \$NZ47,000. In 2015/16, the most common level of debt amongst No Asset Procedure debtors was \$10,000-\$19,999 (35%). 23% of debtors had debt levels of \$1,000-\$9,999, and another 24% had debt levels of \$20,000-\$29,999. 18% of debtors had debts over \$30,000.

Bankruptcies

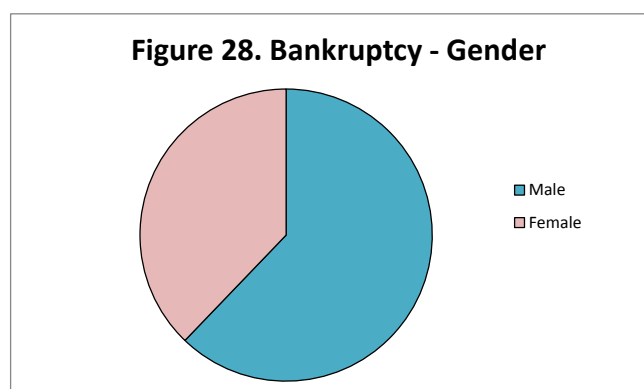
Incidence of Bankruptcy

12% of debtors adjudicated bankrupt in 2015/16 had been bankrupt previously, while 88% of debtors were first time bankrupts. The level of repeat bankruptcy was higher for those adjudicated by way of a debtor's application with a repeat bankruptcy rate of 15%, compared to creditor's applications which had a repeat rate of 5%.



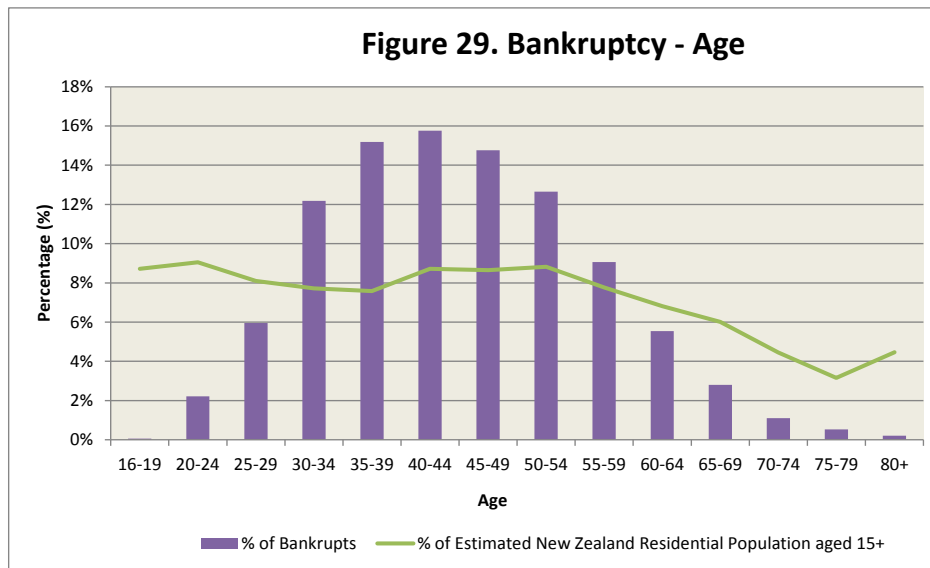
Age and Gender

62% of bankrupts adjudicated in 2015/16 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 (77%) than debtor's applications (57%).



The most commonly represented age group of people who went bankrupt in 2015/16 was 40-44 years. 31% 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.

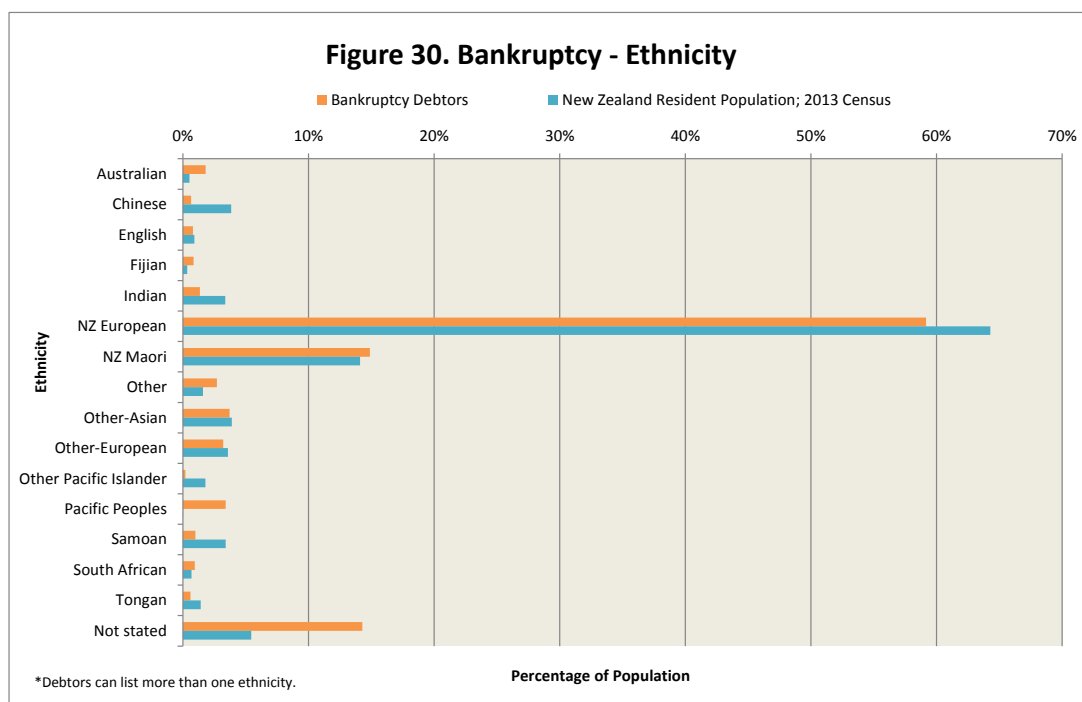
⁹ The Estimated New Zealand Resident Population statistics are taken from Statistics New Zealand (2016), *National Population Estimates: At 30 June 2016 - tables*. Wellington: Statistics New Zealand.



Of the people who entered into bankruptcy during 2015/16; the youngest person was 19, the oldest person was 83 and the average age was 45 years old.

Ethnicity

59% of people adjudicated bankrupt in 2015/16 identified as being New Zealand European compared to 64% of the estimated New Zealand residential population¹⁰. 15% of bankrupts identified as being New Zealand Maori, while a further 14% did not state their ethnicity.



¹⁰ The Estimated New Zealand Resident Population statistics are taken from Statistics New Zealand (2016), *2013 Census Data*. Wellington: Statistics New Zealand.

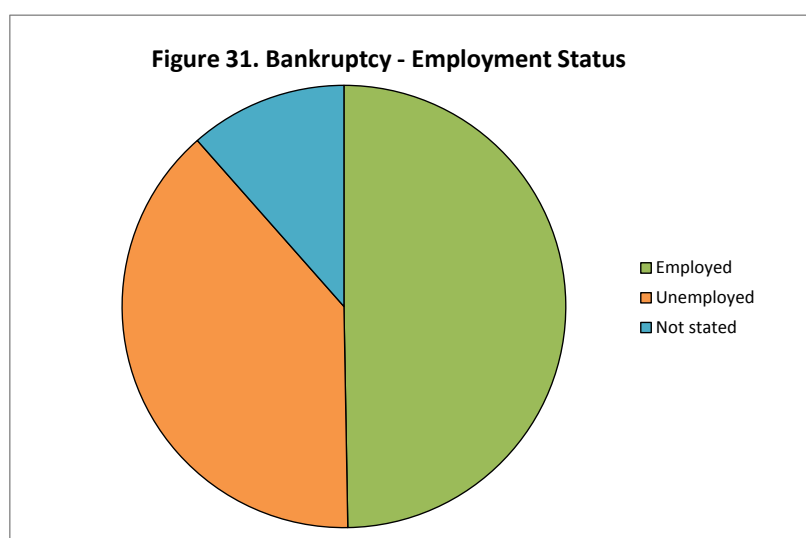
Cause of Bankruptcy

The most common cause of insolvency selected by bankrupts who were adjudicated in 2015/16 was 'unemployment or loss of income'. 19% of debtors listed this reason as the primary cause of their insolvency. 'Domestic discord or relationship breakdowns' and 'excessive use of credit facilities' 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	25%	5%	19%
Other	17%	4%	13%
No Response	1%	38%	12%
Domestic discord or relationship breakdowns	9%	5%	8%
Excessive use of credit facilities	12%	0%	8%
Failure to provide for taxation	5%	11%	7%
Liabilities due to guarantees	6%	8%	6%
Adverse legal action	2%	14%	6%
Ill health or absence of health insurance	6%	2%	5%
Economic conditions affecting industry	4%	4%	4%
Excessive interest payments	4%	2%	3%
Lack of sufficient working capital	3%	2%	3%
Lack of business ability	2%	1%	2%
Failure to keep proper books and records	2%	0%	1%
Gambling, speculation and extravagance in living	1%	1%	1%
Inability to collect debts due	1%	1%	1%

Employment

50% of bankrupts adjudicated in 2015/16 were employed at the date of adjudication, 39% stated that they were unemployed, while the remaining 11% did not state their employment status. Of those who did, bankrupts who were adjudicated by way of a creditor's application had a higher employment rate (64%) than those adjudicated by way of a debtor's application (54%).

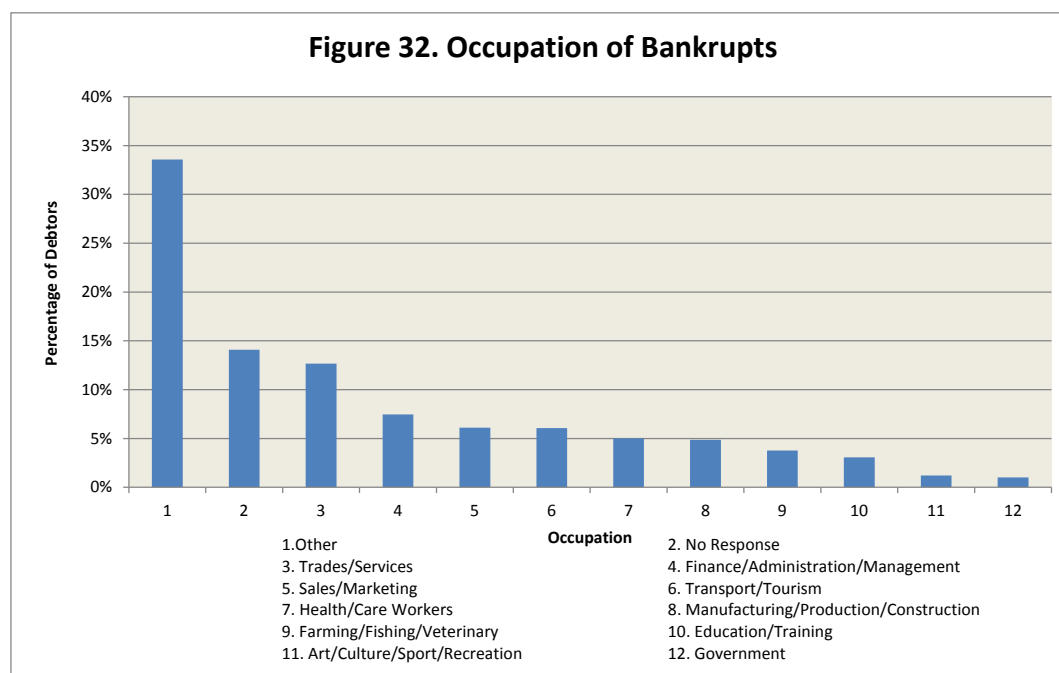


44% of debtors adjudicated bankrupt in 2015/16 were employed by third parties either full time or part time, while an additional 6% were either trading as a director/shareholder or trading on their own account.

Table 12. Employment Status of Bankrupts			
Description	Male	Female	Total %
Currently employed	45%	38%	41%
Unemployment Benefit	9%	20%	12%
Unemployed no benefit	13%	10%	12%
No response	11%	3%	11%
Trading on own account	5%	3%	4%
Sickness Benefit/ACC	3%	3%	3%
Retired	3%	3%	3%
Employed part-time and receiving benefit	1%	6%	3%
Other benefit	1%	5%	3%
Other	2%	2%	2%
Trading as director/shareholder	2%	1%	2%
Unpaid family worker	1%	4%	2%
Sickness Benefit	1%	2%	1%
Student	1%	1%	1%
Trading in Partnership	1%	0%	0%
ACC	0%	0%	0%

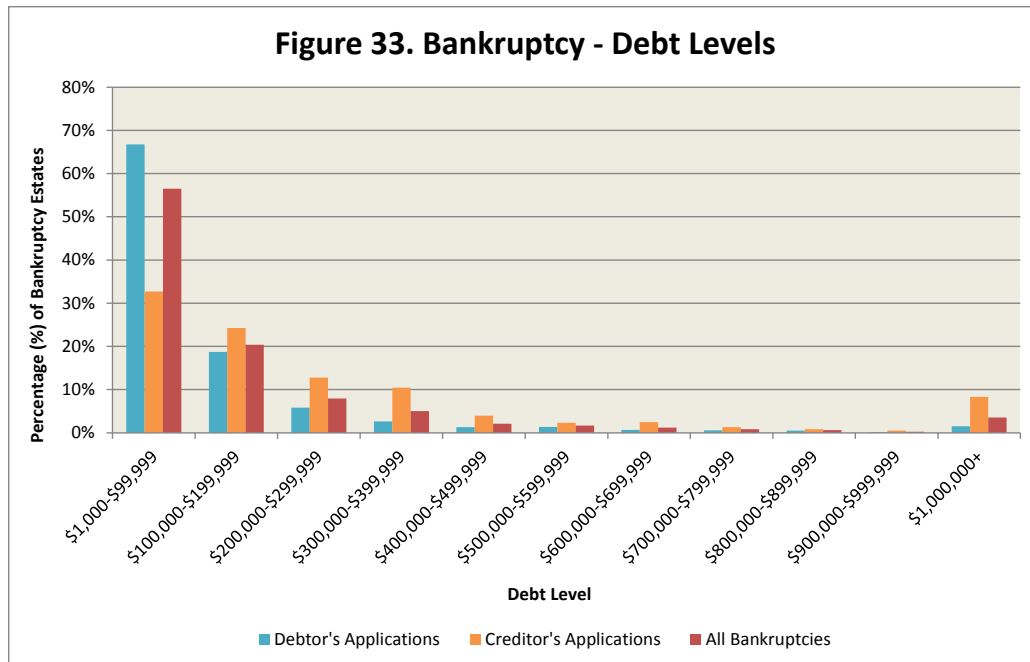
In their Statement of Affairs, debtors are asked to identify their primary occupation. 34% of debtors selected 'other' employment not identified in the listed group classifications.

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

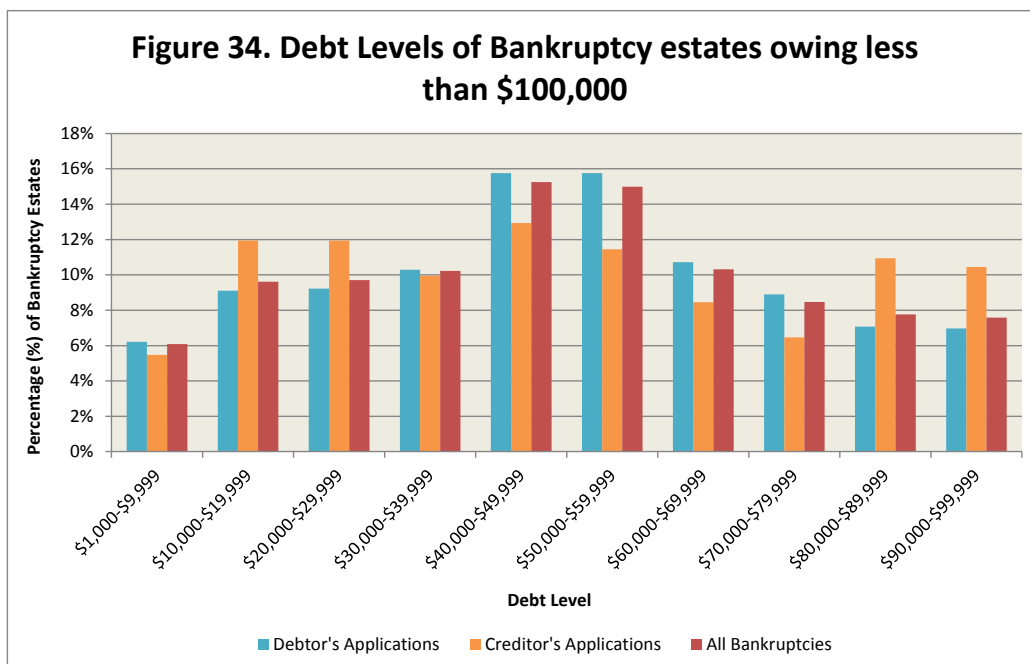


Debt Levels

Unlike No Asset Procedures and Summary Instalment Orders there is no upper limit to the level of debt a bankrupt can have; 57% of bankrupts adjudicated in 2015/16 had debt of less than \$100,000, 20% of bankrupts had debt levels of between \$100,000-\$200,000, and 23% had debt levels over \$200,000.



Of those bankruptcy estates that had less than \$100,000 in total debt, 51% owed less than \$50,000, and 49% had total debt between \$50,000-\$100,000.



Corporate Insolvencies

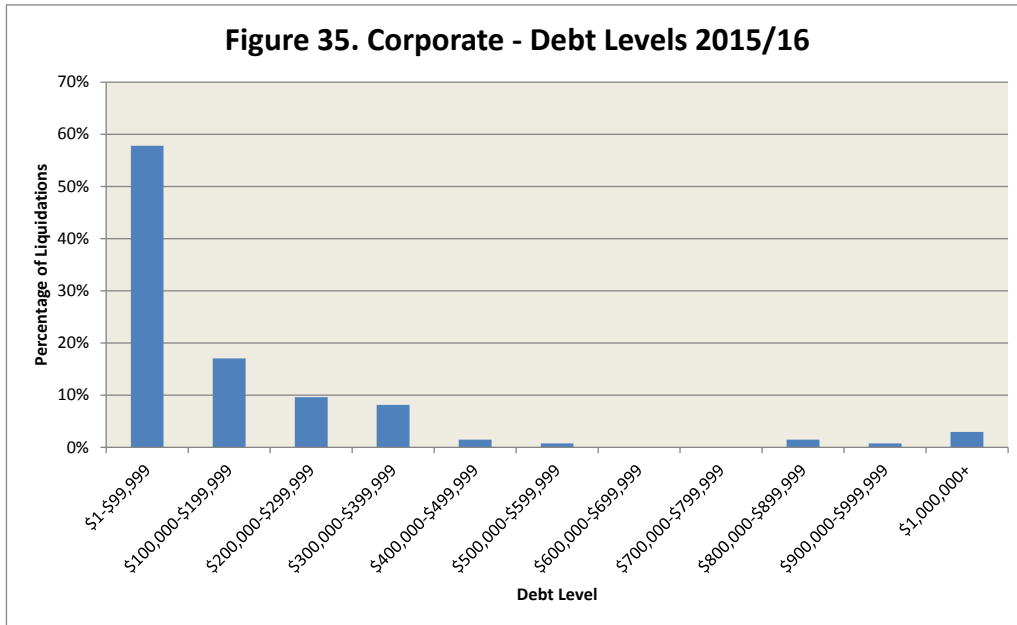
Cause of Liquidation

Upon the commencement of a liquidation the Official Assignee seeks to obtain a completed Statement of Affairs for the company. In 2015/16, 'failure to provide for taxation' was listed as the primary cause of liquidation by those who completed a company Statement of Affairs and provided a response to this question.

Table 13. Primary Cause of Liquidation	
Cause	Percentage
No response	43%
Failure to provide for taxation	15%
Economic conditions affecting industry	7%
Failure of another business organisation	5%
Other	5%
Adverse legal action	3%
Excessive use of credit facilities	3%
Lack of sufficient working capital	3%
Domestic discord or relationship breakdown	3%
Ill health or absence of health insurance	3%
Excessive interest payments	2%
Inability to collect debts	2%
Failure to keep proper books and records	1%
Withdrawal of credit facilities	1%
Excessive drawings	1%
Lack of business ability	1%
Liabilities due to guarantees	1%

Debt Level

59% of liquidations administered by the Official Assignee in 2015/16 had total debt of less than \$100,000, while 41% of liquidations had debt of more than \$100,000.



Of the liquidation estates that had total debt of less than \$100,000, 65% had debt of less than \$50,000, and 35% had debt between \$50,000-\$100,000.

