



# Insolvency Statistics and Debtor Profile Report

▶ 1 JULY 2018 TO 30 JUNE 2019



MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT  
HĪKINA WHAKATUTUKI



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## **Introduction**

This report is divided into the following six sections:

### **Annual Statistics**

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

### **Key Characteristics of Debtors 2017 to 2019**

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 (Debt Repayment 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.

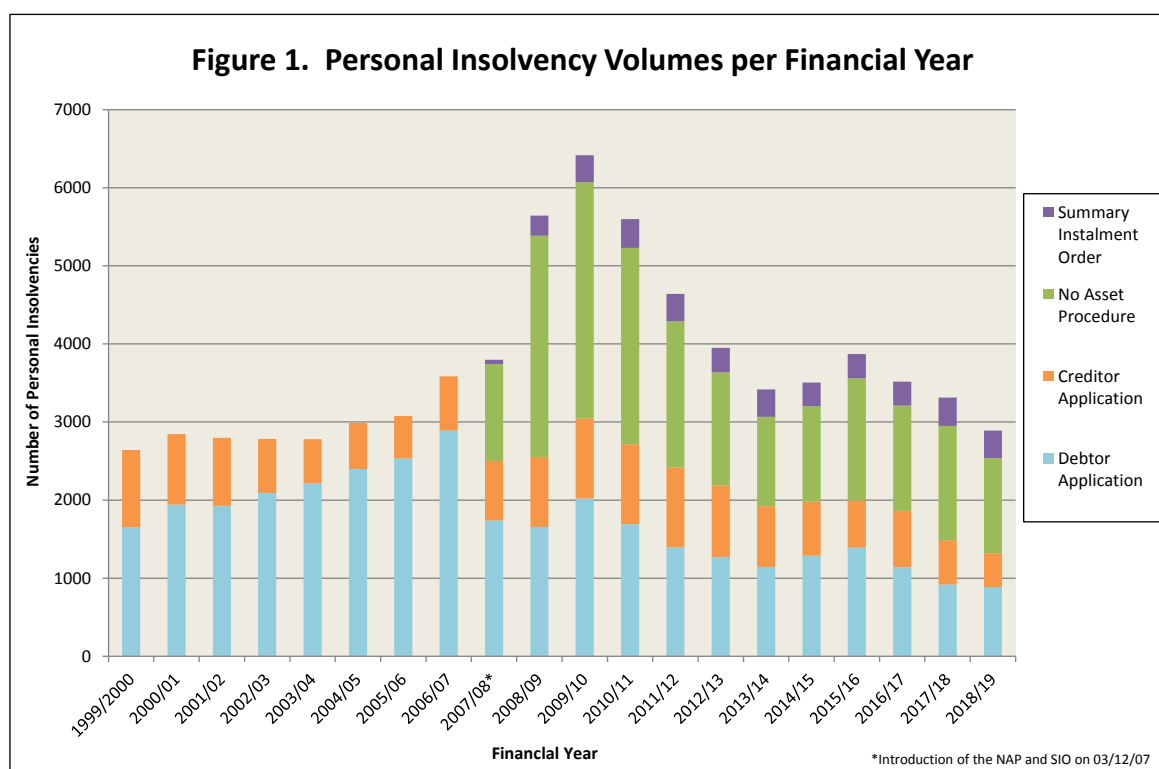
### **Corporate Insolvencies**

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

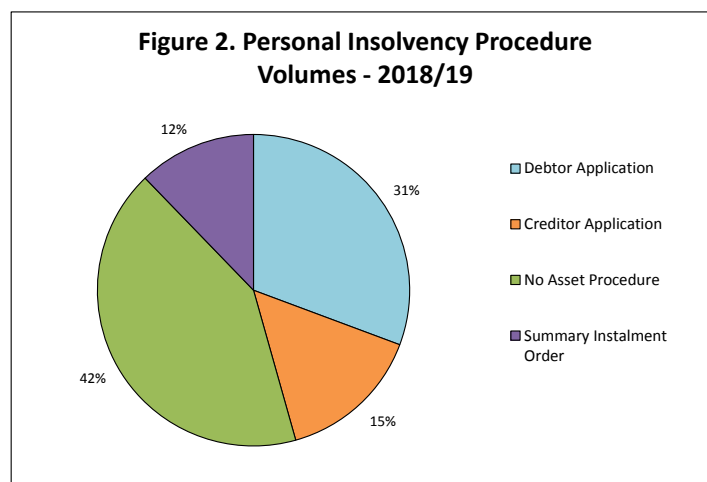
Table 1. Personal Insolvency Volumes per Financial Year					
Financial Year	Total	Debtor Application	Creditor Application	No Asset Procedure	Summary Instalment Order
1999/2000	2642	1650	992		
2000/01	2846	1942	904		
2001/02	2797	1928	869		
2002/03	2782	2093	689		
2003/04	2781	2214	567		
2004/05	2986	2397	589		
2005/06	3077	2533	544		
2006/07	3585	2890	695		
2007/08*	3798	1739	761	1244	54
2008/09	5642	1656	896	2833	257
2009/10	6417	2022	1023	3026	346
2010/11	5598	1694	1021	2515	368
2011/12	4641	1397	1021	1872	351
2012/13	3950	1270	918	1448	314
2013/14	3418	1144	777	1145	352
2014/15	3506	1289	690	1223	304
2015/16	3870	1393	602	1563	312
2016/17	3516	1141	722	1349	304
2017/18	3312	921	565	1464	362
2018/19	2890	887	432	1218	353

In 2018/19 the Insolvency and Trustee Service administered 2,890 new personal insolvency procedures which was a 13% decrease against the previous financial year. The total personal insolvency volume is made up of Summary Instalment Orders (SIOs), No Asset Procedures (NAPs) and Bankruptcies (both debtor and creditor applications).

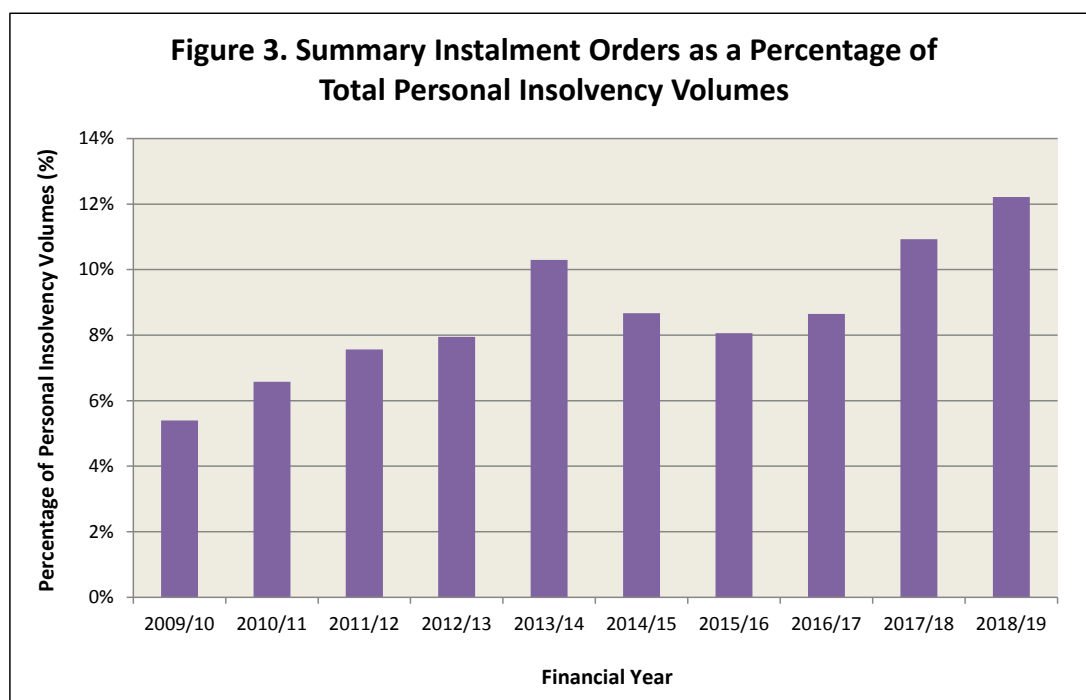


The Summary Instalment Order and No Asset Procedure provide an alternative to bankruptcy. From 2007/08 to 2009/10 both Summary Instalment Order and No Asset Procedure volumes increased dramatically. Since then, Summary Instalment Order volumes have remained consistently between 300 and 400 each financial year. No Asset Procedure volumes have been more variable, volumes decreased significantly between 2009/10 and 2013/14, which has been followed by smaller fluctuations since. In 2018/19, No Asset Procedure volumes were 17% lower than they were in 2017/18.

Bankruptcy volumes also rose between 2007/08 and 2009/10, before commencing a steady decline in annual volumes in 2010/11. Volumes then stabilised in 2014/15 through to 2016/17, which was followed by a 20% decrease in 2017/18, and an 11% decrease in 2018/19.



Debtor applications accounted for 31% of total personal insolvency volumes received in 2018/19 while No Asset Procedures made up 42%. Creditor applications decreased both in volume and as a percentage of total personal insolvency volumes in 2018/19, making up 15% of total volumes.



Summary Instalment Orders as a percentage of total personal insolvency volumes rose steadily from 2007/08, reaching 10% of total volumes in 2013/14. From 2013/14, Summary Instalment Order volumes experienced a two year decline, before increasing once again to a new high of 12% of total personal insolvency volumes in 2018/19.

<b>Table 2. Annual Rate of Personal Insolvency</b>			
<b>Financial Year 1 July - 30 June</b>	<b>Estimated Population*</b>	<b>Personal Insolvencies</b>	<b>Rate of Personal Insolvencies</b>
2009/10	3,226,500	6,417	0.20%
2010/11	3,265,800	5,598	0.17%
2011/12	3,295,100	4,641	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	3,870	0.11%
2016/17	3,609,600	3,516	0.10%
2017/18	3,697,400	3,312	0.09%
2018/19	3,779,500	2,890	0.08%

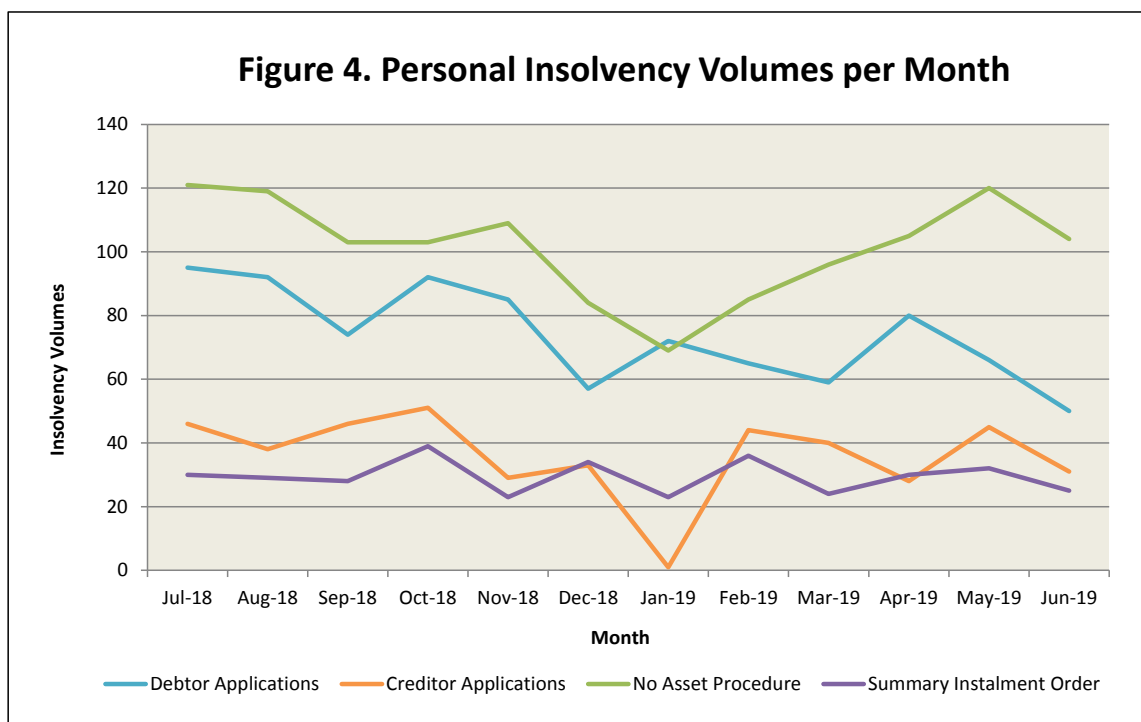
\*Estimated resident population aged 18+ as at 31 March

In 2018/19, 0.08% of the New Zealand population aged 18 and over entered into a personal insolvency procedure<sup>1</sup>, representing the lowest insolvency rate in over 10 years. Table 2. shows the rate of personal insolvency within New Zealand over the last ten years.

<b>Table 3. Monthly Personal Insolvency Volumes</b>					
<b>Month</b>	<b>Total</b>	<b>Debtor Applications</b>	<b>Creditor Applications</b>	<b>No Asset Procedure</b>	<b>Summary Instalment Order</b>
Jul-18	292	95	46	121	30
Aug-18	278	92	38	119	29
Sep-18	251	74	46	103	28
Oct-18	285	92	51	103	39
Nov-18	246	85	29	109	23
Dec-18	208	57	33	84	34
Jan-19	165	72	1	69	23
Feb-19	230	65	44	85	36
Mar-19	219	59	40	96	24
Apr-19	243	80	28	105	30
May-19	263	66	45	120	32
Jun-19	210	50	31	104	25
<b>Total</b>	<b>2,890</b>	<b>887</b>	<b>432</b>	<b>1218</b>	<b>353</b>

During 2018/19 the Insolvency and Trustee Service received an average of 29 Summary Instalment Orders per month, 102 No Asset Procedures and 110 new bankruptcy estates. The lowest number of new personal insolvencies was received in the month of January, followed by December and then June, whilst the highest volume of new personal insolvencies was received in July.

<sup>1</sup> Population estimates from 2009/10 to 2018/19 sourced from Statistics New Zealand (2019), *Estimated Resident Population by Age and Sex (1991+) (Annual-Mar)*. Wellington: Statistics New Zealand.

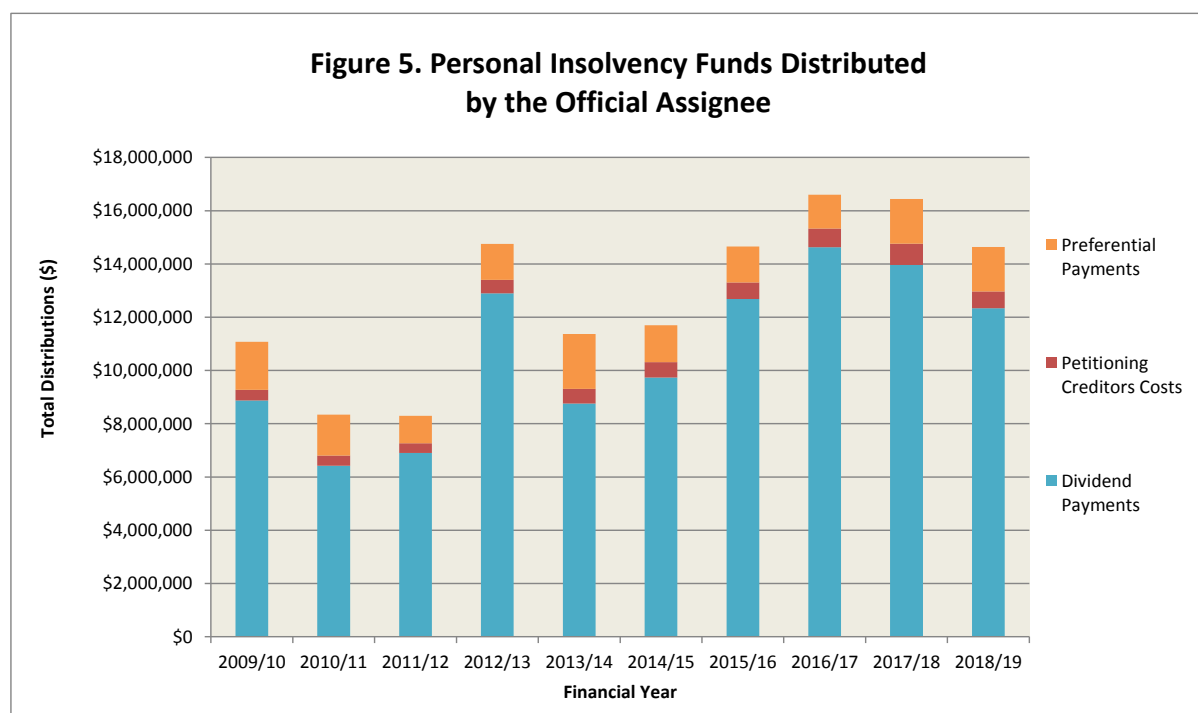


In 2018/19, debtors from the Auckland region accounted for 27% of personal insolvencies nationwide (Auckland plus South Auckland). Canterbury was the second most represented region, accounting for 17%. Overseas debtors made up 8% of total personal insolvency volumes received in 2018/19.

Table 4. Personal Insolvency Volumes per Region 2018/19						
Court Region	%	Total	Debtor Applications	Creditor Applications	No Asset Procedure	Summary Instalment Order
Auckland	24%	688	197	143	287	61
Bay of Plenty	6%	183	42	27	93	21
Canterbury	15%	438	145	54	199	40
Hawkes Bay	4%	110	22	9	55	24
Manawatu	1%	35	9	3	16	7
Marlborough	1%	28	3	8	17	0
Nelson	1%	37	10	1	20	6
Northland	3%	98	24	27	37	10
Otago	4%	119	36	12	54	17
Poverty Bay	1%	15	4	6	3	2
South Auckland	3%	94	25	22	39	8
South Canterbury	2%	47	7	3	19	18
Southland	3%	81	12	6	15	48
Taranaki	2%	55	13	8	26	8
Waikato	9%	274	86	30	124	34
Wairarapa	1%	20	7	1	12	0
Wellington	8%	228	50	44	105	29
West Coast	1%	21	4	10	6	1
Whanganui	3%	98	22	7	55	14
Overseas	8%	221	169	11	36	5
		<b>2890</b>	<b>887</b>	<b>432</b>	<b>1218</b>	<b>353</b>



In the 2018/19 financial year the Official Assignee paid out \$14,635,430.72 in personal insolvency distributions to creditors, which was a decrease of 11% compared to distributions in 2017/18. 84% of these funds were dividend payments to unsecured creditors, 11% were payments to preferential creditors and 4% were distributions towards petitioning creditor's costs.



The length of time that a debtor remains in an insolvency procedure depends on the type of procedure they are in, and in the case of creditor applications, how quickly they submit a Statement of Affairs. As at 30 June 2019, there were 6,330 people undischarged from bankruptcy, 1,331 people in a No Asset Procedure, and 1,085 people in a Summary Instalment Order.

Table 5. Number of personal insolvency estates undischarged as at 30 June 2019	
Estate Type	Number of Estates
Creditor Applications	3,313
Debtor Applications	3,017
No Asset Procedures	1,331
Summary Instalment Orders	1,085

## 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 2019 was 631,810<sup>2</sup>.

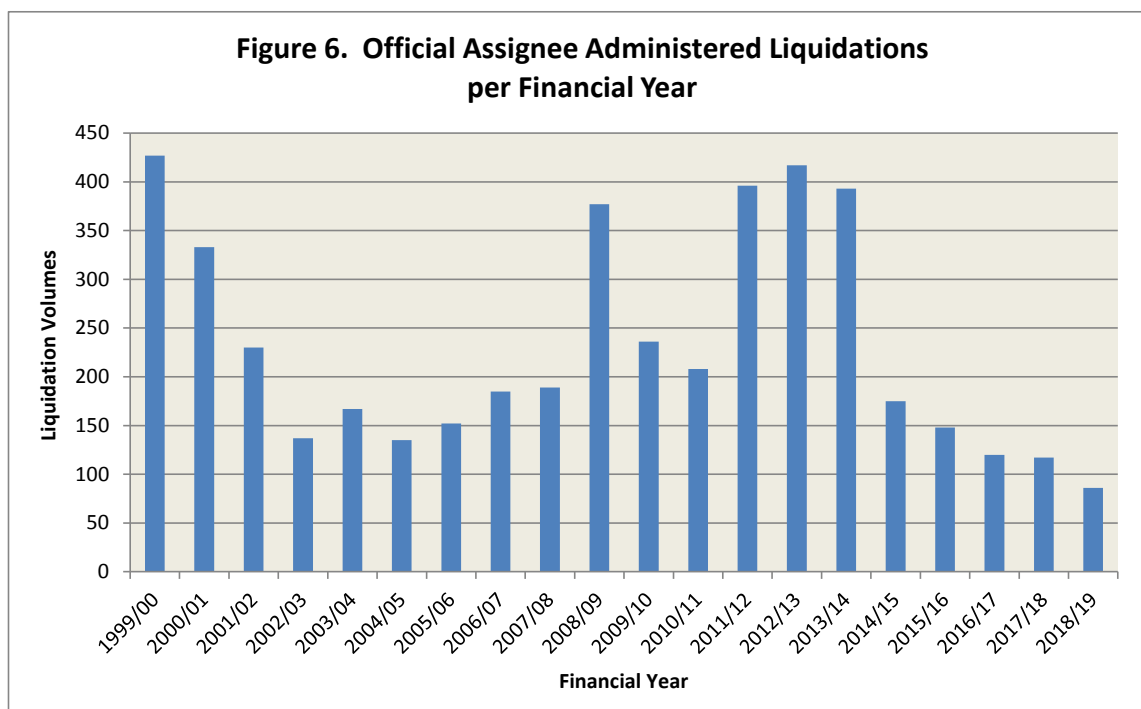
Table 6. Corporate Insolvency Volumes per Financial Year	
Financial Year 1 July - 30 June	Corporate Insolvency Volumes
1999/00	427
2000/01	333
2001/02	230
2002/03	137
2003/04	167
2004/05	135
2005/06	152
2006/07	185
2007/08	189
2008/09	377
2009/10	236
2010/11	208
2011/12	396
2012/13	417
2013/14	393
2014/15	175
2015/16	148
2016/17	120
2017/18	117
2018/19	86

In 2018/19 the Official Assignee was appointed the liquidator of 86 companies which represented the fewest number of Official Assignee appointed liquidations in over 20 years.

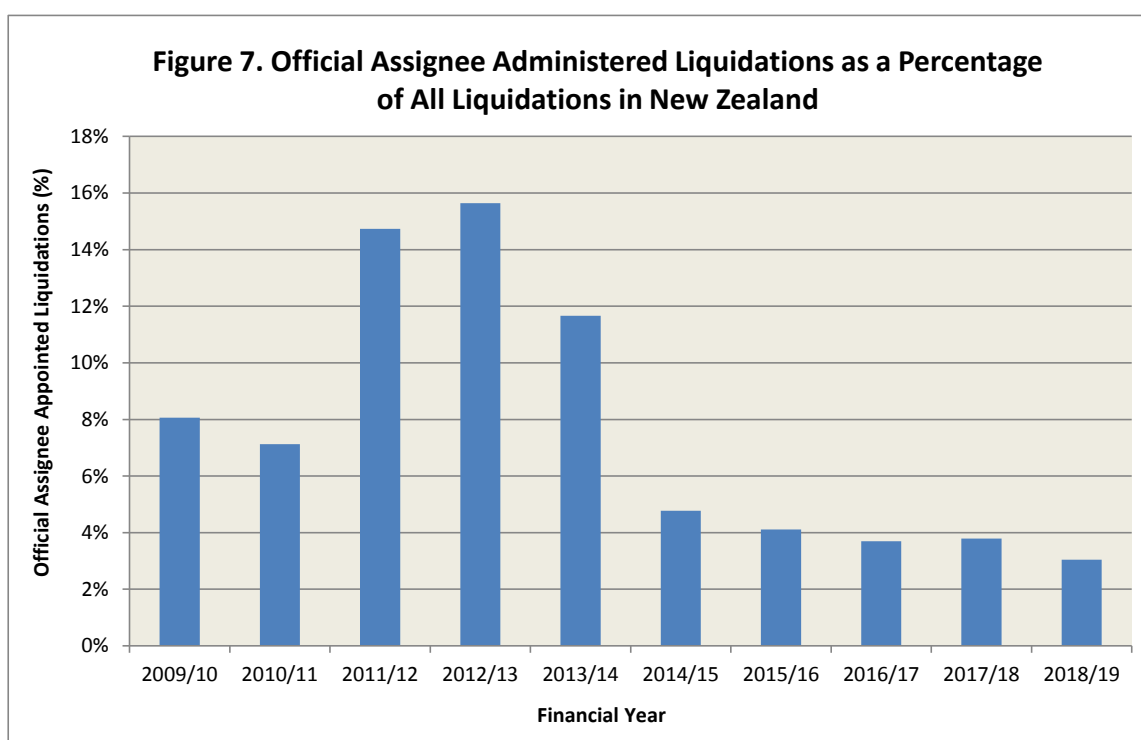
63% of company liquidations were located in the Auckland Region, 9% in Christchurch, with 18% of liquidations spread across the country. Voluntary liquidations made up the remaining 10%.

Table 7. Corporate Insolvency Volumes 2018/19		
Court Region	%	Number of liquidations
Auckland	63%	54
Christchurch	9%	8
Gisborne	1%	1
Hamilton	3%	3
Invercargill	1%	1
Napier	2%	2
New Plymouth	1%	1
Rotorua	1%	1
Tauranga	3%	3
Wanganui	1%	1
Voluntary Liquidation	10%	9
Wellington	1%	1
Whangarei	1%	1
		86

<sup>2</sup> Registered Company statistics sourced from the Companies Office; <http://www.companiesoffice.govt.nz/data-services/>

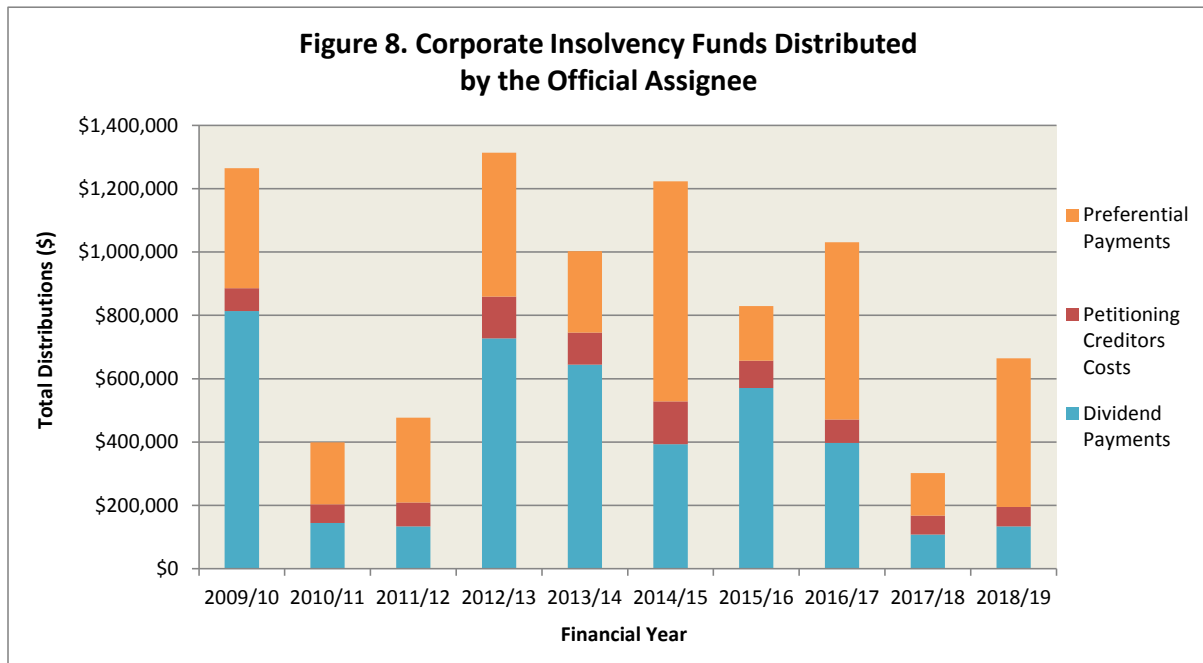


In 2018/19, 2,830 companies were placed into liquidation within New Zealand<sup>3</sup>. In 2018/19 the Official Assignee was appointed the liquidator of 3% of these liquidations.



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

The Official Assignee distributed \$664,736.07 in corporate insolvency distributions in 2018/19. Of these funds, 20% was paid out as dividend payments, 9% was distributions towards petitioning creditor's costs and 71% was distributions towards preferential payments.



## Key Characteristics of Debtors 2017 to 2019

Table 8. Debtor Characteristics 2017 to 2019	Bankrupts		NAP Debtors		SIO Debtors	
	2018/19	2016/17	2018/19	2016/17	2018/19	2016/17
Number	1319	1863	1218	1349	353	304
Gender % male	62%	64%	44%	44%	39%	43%
Age (most represented)	35-39 (16%)	40-44 (18%)	25-29 (18%)	25-29 (15%)	25-29 (17%) 40-44 (17%)	25-29 (19%)
Ethnicity (most represented)	NZ European (68%)	NZ European (67%)	NZ European (68%)	NZ European (68%)	NZ European (70%)	NZ European (65%)
% not employed	38%	37%	72%	72%	38%	37%
Debt < \$20,000	7%	8%	50%	52%	44%	52%

The key characteristics of insolvent debtors have remained fairly consistent between 2017 and 2019 with some minor variations. Men are more likely than women to become bankrupt, while women are more likely than men to enter into a Summary Instalment Order or a No Asset Procedure.

The most common age for debtors to enter into both the No Asset Procedure and the Summary Instalment Order in 2016/17 was 25-29 years, this has remained the most common age group for both procedures in 2018/19, but the 40-44 year age category has become just as common for the Summary Instalment Order in 2018/19. Bankrupt debtors are more likely to be 35-39, which has come down in age from the most common age group in 2016/17 of 40-44 years.

The majority of debtors who enter insolvency procedures within New Zealand identify as being New Zealand European. Debtors who identify as Maori, are greater represented as a percentage of total debtors in Summary Instalment Orders (23%) and No Asset Procedures (26%) than in bankruptcy (16%).

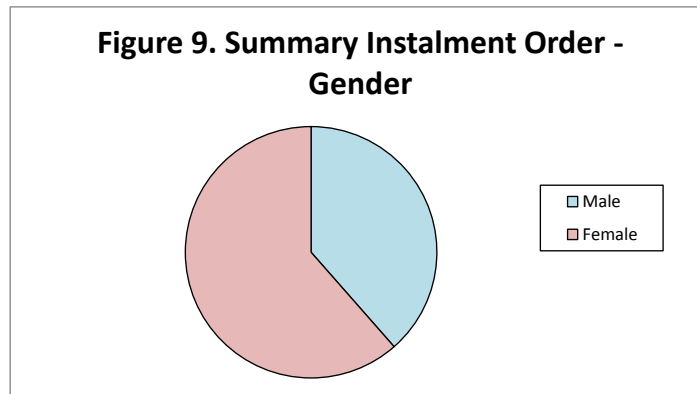
38% of bankrupt debtors and 38% of Summary Instalment Order debtors in 2018/19 were unemployed at the time that they entered into the procedure, while No Asset Procedure debtors represented a higher unemployment rate of 72% as at the date they were admitted.

The indebtedness of debtors who entered into No Asset Procedures and Summary Instalment Orders increased slightly from 2016/17 to 2018/19, with a smaller percentage of new procedures having total debts of less than \$20,000. In comparison, only 8% of bankrupts in 2016/17 and 7% of bankrupts in 2018/19 had total debts of less than \$20,000.

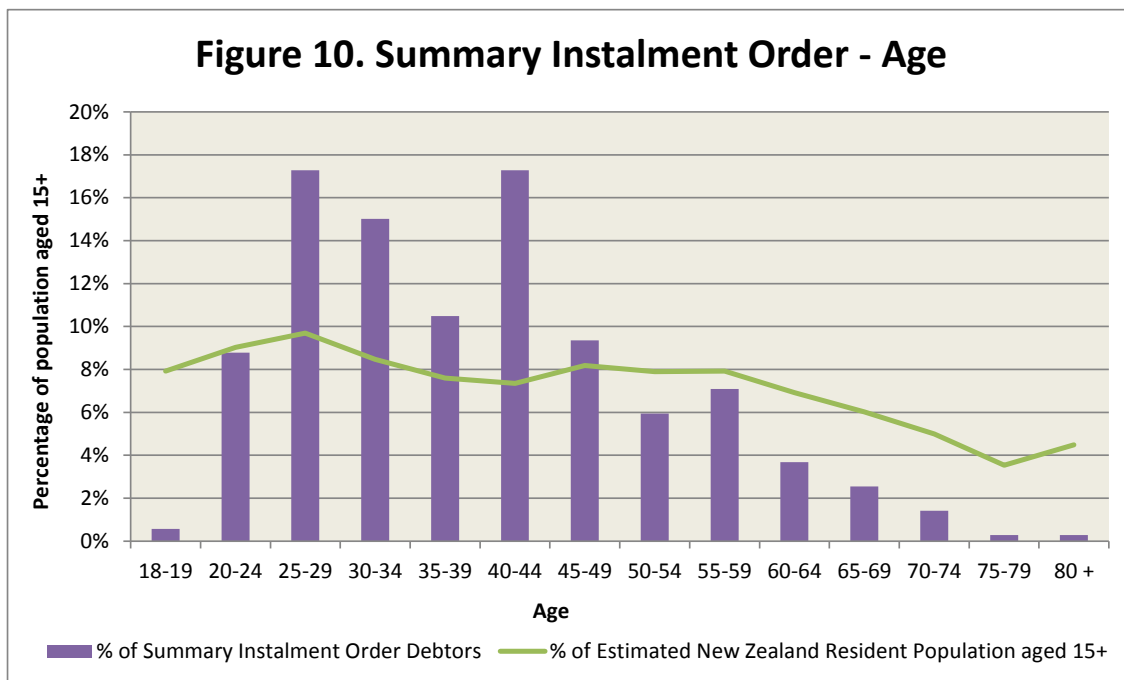
## Summary Instalment Orders

### Age and Gender

A total of 353 debtors entered into a Summary Instalment Order in 2018/19. Of those who did, 39% were male and 61% were female.



Amongst Summary Instalment Order debtors the age groups most commonly represented were 25-29 (17%) and 40-44 (17%). The corresponding percentage of the estimated New Zealand residential population aged over 15 is 10% for those aged 25-29 years and 7% for 40-44 year olds<sup>4</sup>.

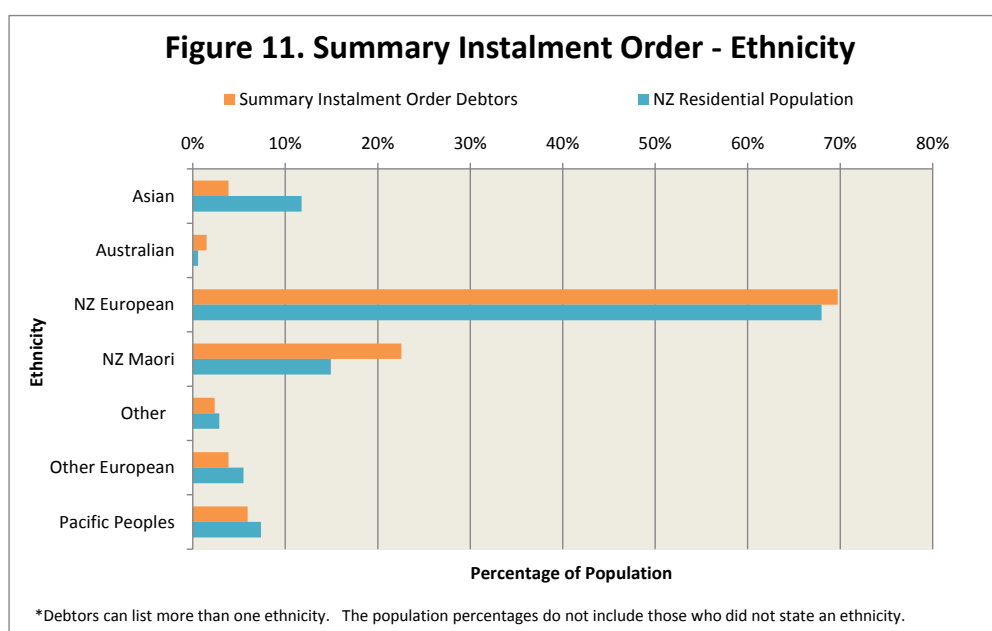


The average age of those who entered into a Summary Instalment Order in 2018/19 was 40 years old.

<sup>4</sup> The New Zealand residential population statistics are sourced from Statistics New Zealand (2019), *Estimated Resident Population of New Zealand: At 30 March 2019 - 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. 70% of debtors who entered into Summary Instalment Orders in 2018/19 and stated an ethnicity identified as being 'New Zealand European' compared to 68% of the New Zealand population<sup>5</sup>. The second most represented ethnicity stated amongst Summary Instalment Order debtors was 'New Zealand Maori' who accounted for 23% of debtors, compared to making up 15% of the New Zealand residential population who stated an ethnicity in the 2013 census.

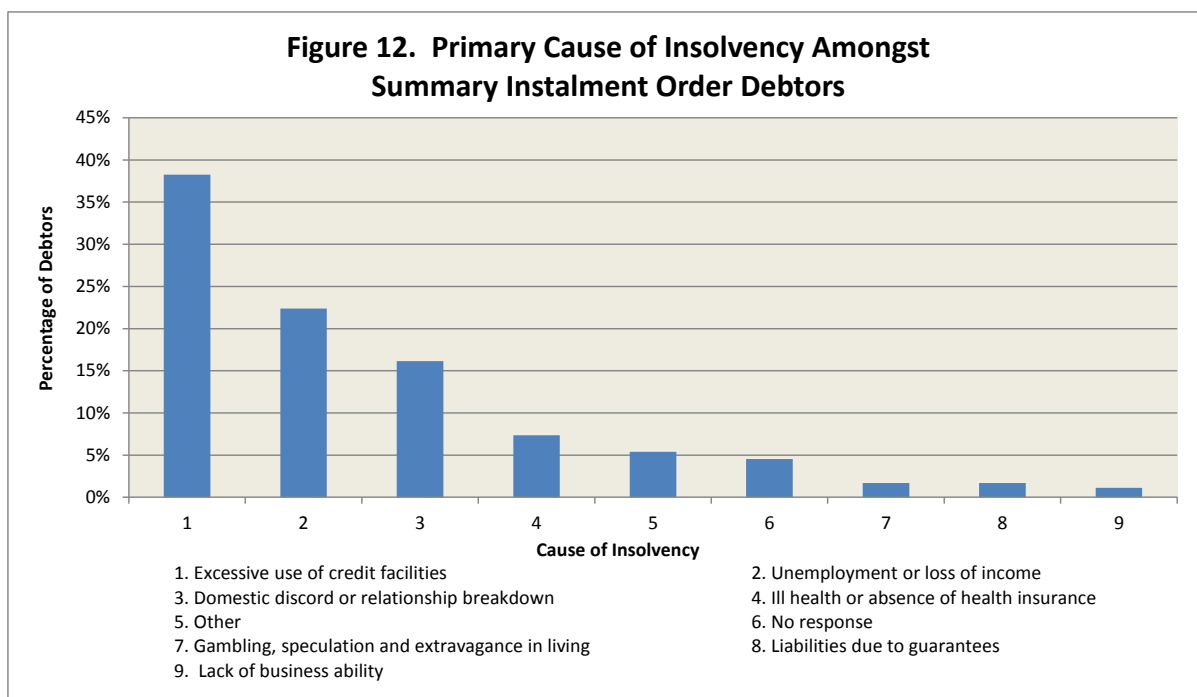


## Cause of Insolvency

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.

95% of debtors who entered Summary Instalment Orders in 2018/19 provided details as to the cause of their insolvency. 'Excessive use of credit facilities' was identified as the most significant cause (38%), followed by 'unemployment or loss of income' (22%).

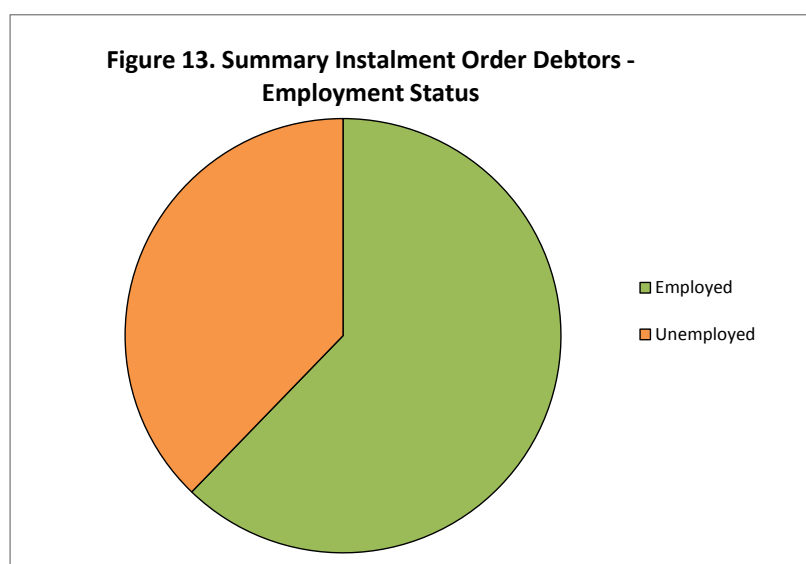
<sup>5</sup> The New Zealand resident population statistics are sourced from Statistics New Zealand (2019), *2013 Census Data*. Wellington: Statistics New Zealand.



## Employment

62% of Summary Instalment Order debtors were employed at the date they entered into the Summary Instalment Order; 55% of female debtors and 74% of male debtors. Most were employed by third parties with just 1% trading on their own account or as a director/shareholder.

38% were recorded as being unemployed, this includes beneficiaries, students, and retirees. The seasonally adjusted national unemployment rate for the March 2019 quarter was 4.2%<sup>6</sup>.

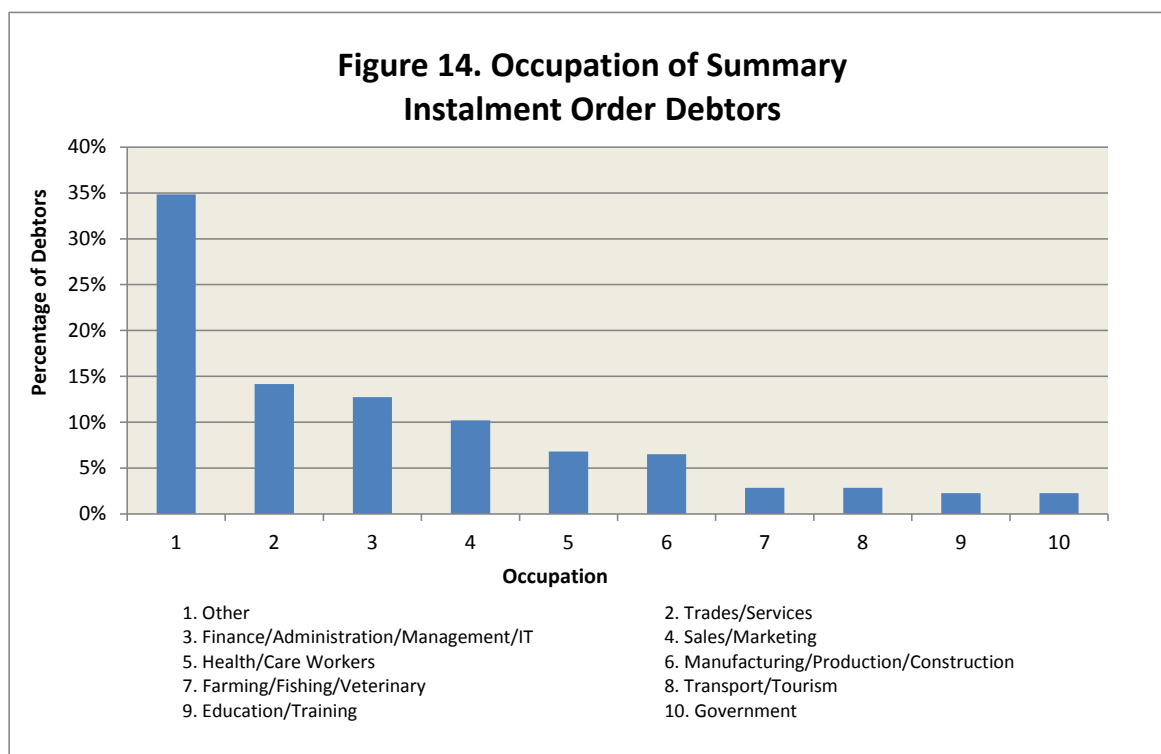


<sup>6</sup> The New Zealand unemployment rate is sourced from Statistics New Zealand (2019), *Unemployment Rate: March 2019 QTR*. Wellington: Statistics New Zealand.

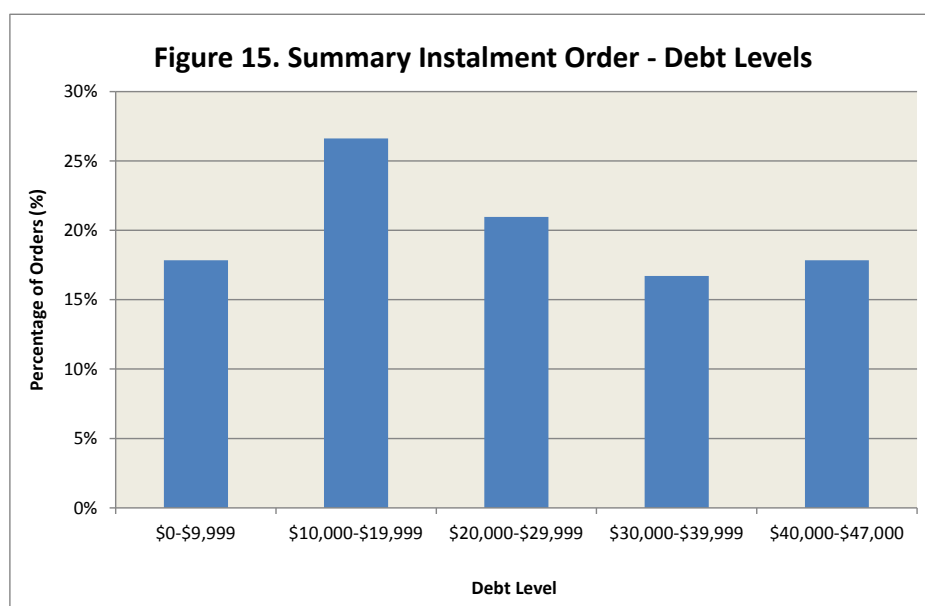


Table 9. Employment Status of Summary Instalment Order Debtors			
Description	Male	Female	Total %
Currently employed	68%	45%	54%
Unemployment benefit	12%	27%	21%
Currently employed and receiving income support	5%	8%	7%
Retired	4%	3%	3%
Sickness Benefit/ACC	4%	3%	3%
Other Benefit	1%	4%	3%
Other	1%	3%	3%
Student	1%	3%	2%
Unemployed no benefit	4%	0%	1%
Trading on own account	0%	1%	1%
Unpaid family worker	0%	1%	1%
Trading as director/shareholder of company	0%	0%	0%
Not Stated	0%	0%	0%

Debtors are asked to list their main occupation in their Statement of Affairs. Of those who entered into a Summary Instalment Order in 2018/19, 14% identified that they were involved in 'trades/services', 13% were involved in 'finance/administration/management/IT' and another 10% were employed in 'sales/marketing' occupations. 35% of debtors were involved in 'other' employment not identified in the listed group classifications.



## Debt Levels



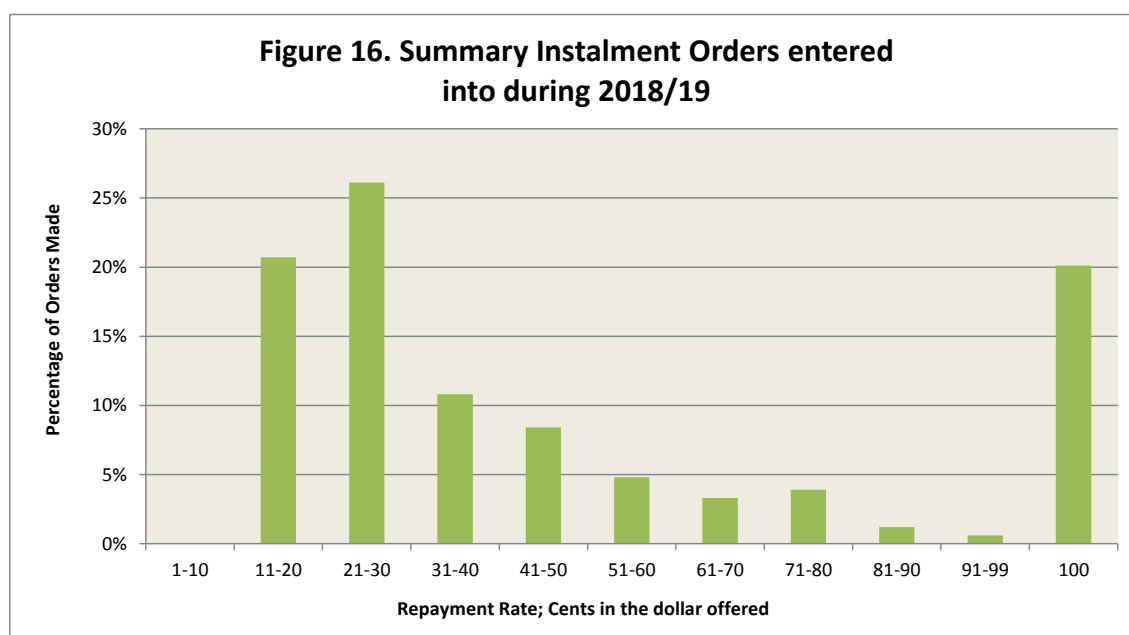
The Official Assignee may grant a Summary Instalment Order if a debtors total unsecured debts (excluding student loans, fines, penalties, and reparation orders) are less than \$NZ47,000. Up until 24 March 2016, the debt limit was \$NZ40,000.

In 2018/19, 18% of Summary Instalment Order debtors had debt levels of less than \$10,000, 27% had debt levels from \$10,000-\$19,999 and 56% had debt levels over \$20,000.

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## Repayment Rate

In 2018/19, 20% of all Summary Instalment Orders entered into were for the repayment of 100 cents in the dollar. In 34% of Orders made, more than 50 cents in the dollar is being repaid to creditors. The average repayment rate for Orders made in 2018/19 was 48 cents in the dollar.



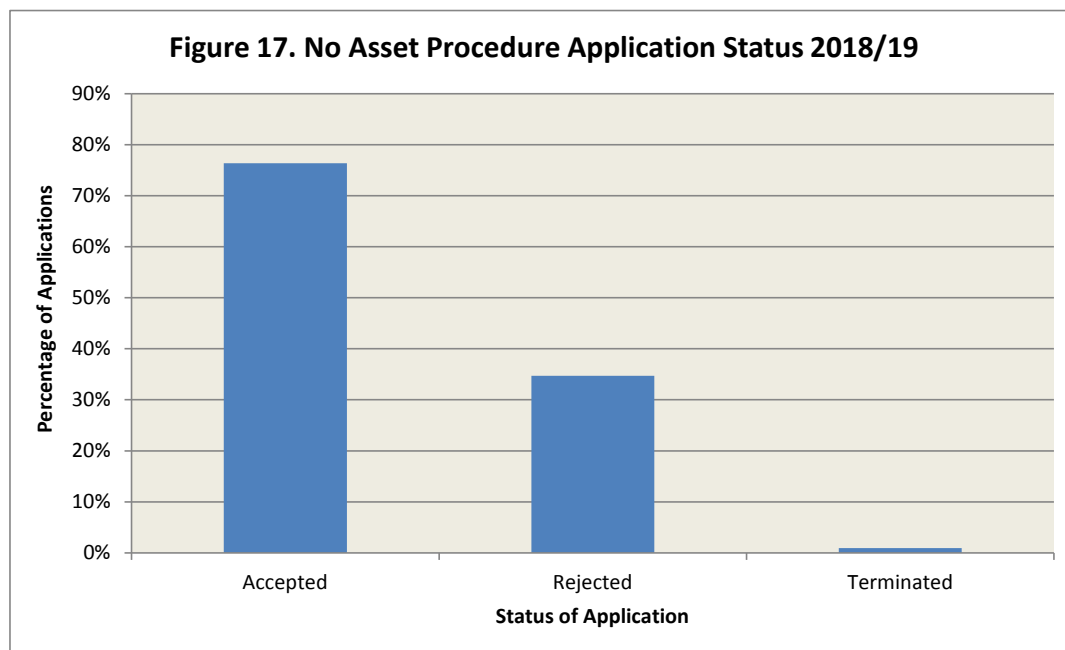
## No Asset Procedures

### Applications – Rejections and Terminations

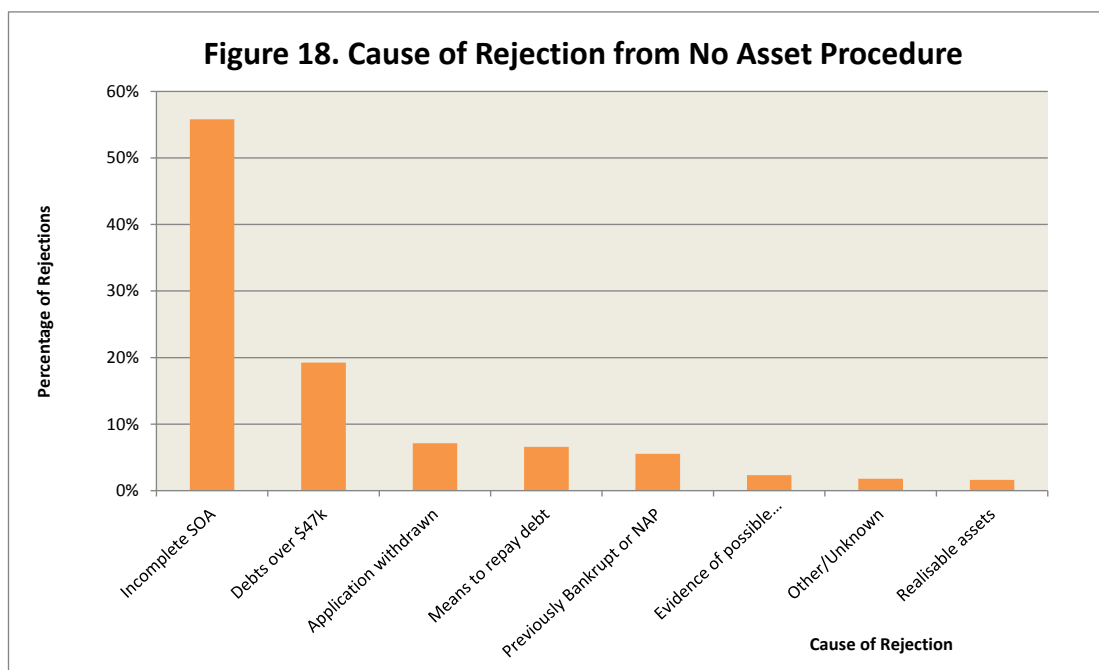
In 2018/19 1,645 applications were received for entry into the No Asset Procedure. Of these, 1,256 were accepted.

Table 10. No Asset Procedure Applications				
	Received	Accepted	Rejected	Terminated
2009/10	4200	3028	1341	68
2010/11	3337	2515	928	53
2011/12	2832	1874	1025	43
2012/13	2290	1449	976	30
2013/14	1860	1145	807	19
2014/15	1614	1228	568	11
2015/16	1865	1565	426	18
2016/17	1722	1349	469	29
2017/18	1872	1483	595	21
2018/19	1645	1256	571	15

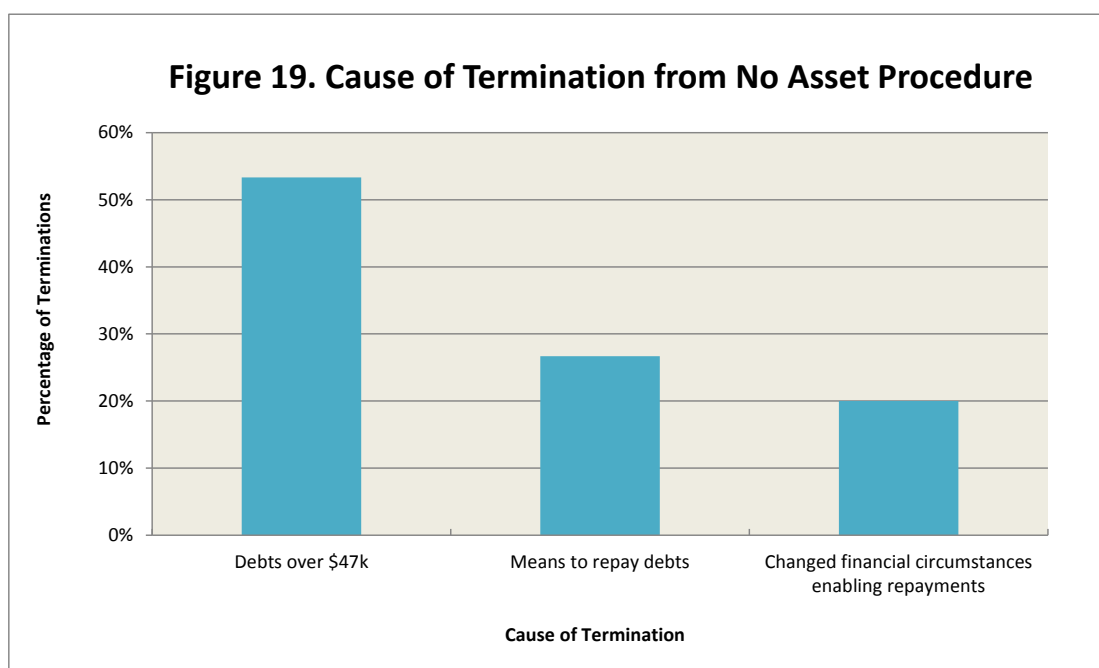
An application that has been rejected from entry into the No Asset Procedure can be resubmitted depending on the reason for the rejection, for example submitting an 'incomplete Statement of Affairs'. In such instances, certain applications may be counted as having been both rejected and later accepted;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



In 2018/19, 76% of No Asset Procedure applications were accepted, 35% were rejected and 1% were ultimately terminated.

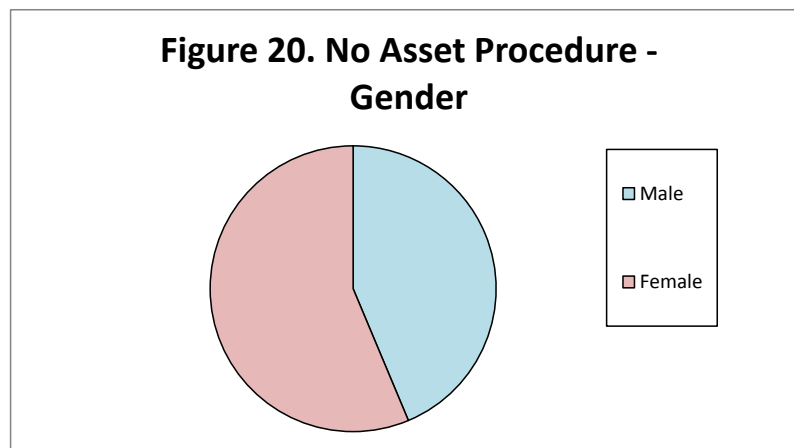


The most common cause of rejection of a No Asset Procedure application in 2018/19 was an 'incomplete Statement of Affairs' which accounted for 56% of rejections. 'Debts over \$47,000' was the second most common cause making up 19% of rejections, with 'application withdrawn' making up a further 7%.



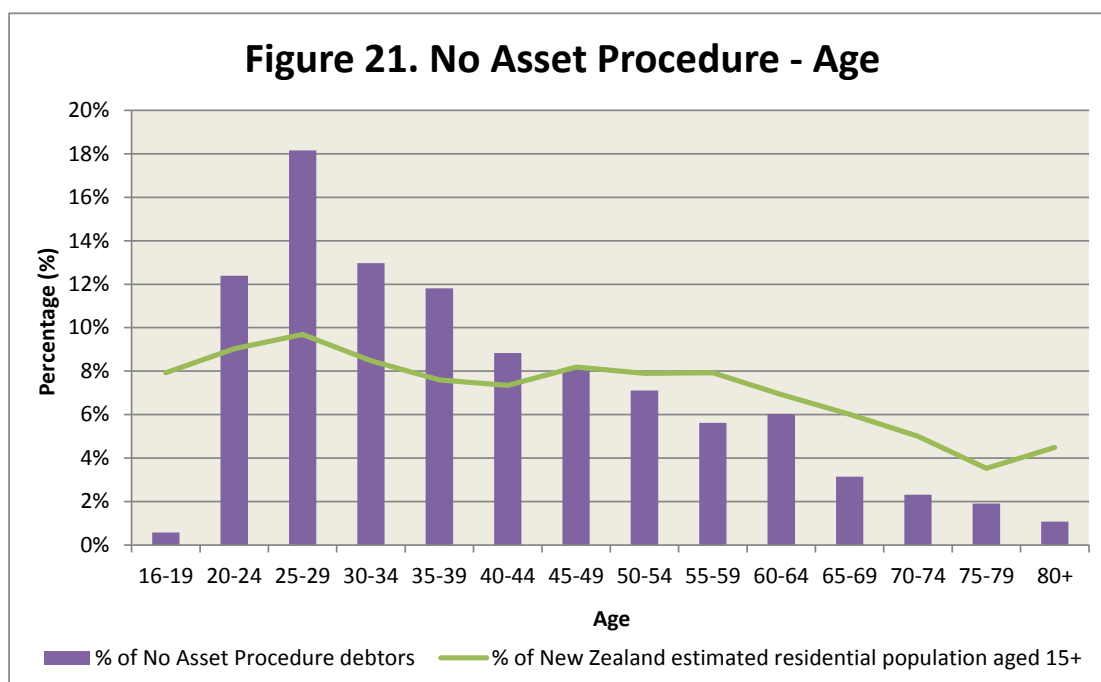
In 2018/19, 1% of No Asset Procedures were terminated; the most common cause was 'debts over \$47,000' which accounted for 53%, or 8, terminations.

## Age and Gender



56% of debtors who entered into a No Asset Procedure in 2018/19 were female, 44% were male.

The most common age of debtors entering into a No Asset Procedure in 2018/19 was between the ages of 25-29, followed by 30-34 years. Debtors in their 20's accounted for 30% of all No Asset Procedure debtors, compared to making up 19% of the estimated New Zealand residential population aged 15 and over<sup>7</sup>. Debtors in their 30's made up 25% of No Asset Procedure debtors compared to 16% of the estimated New Zealand residential population, while debtors in their 40's made up 17% of No Asset Procedure debtors.

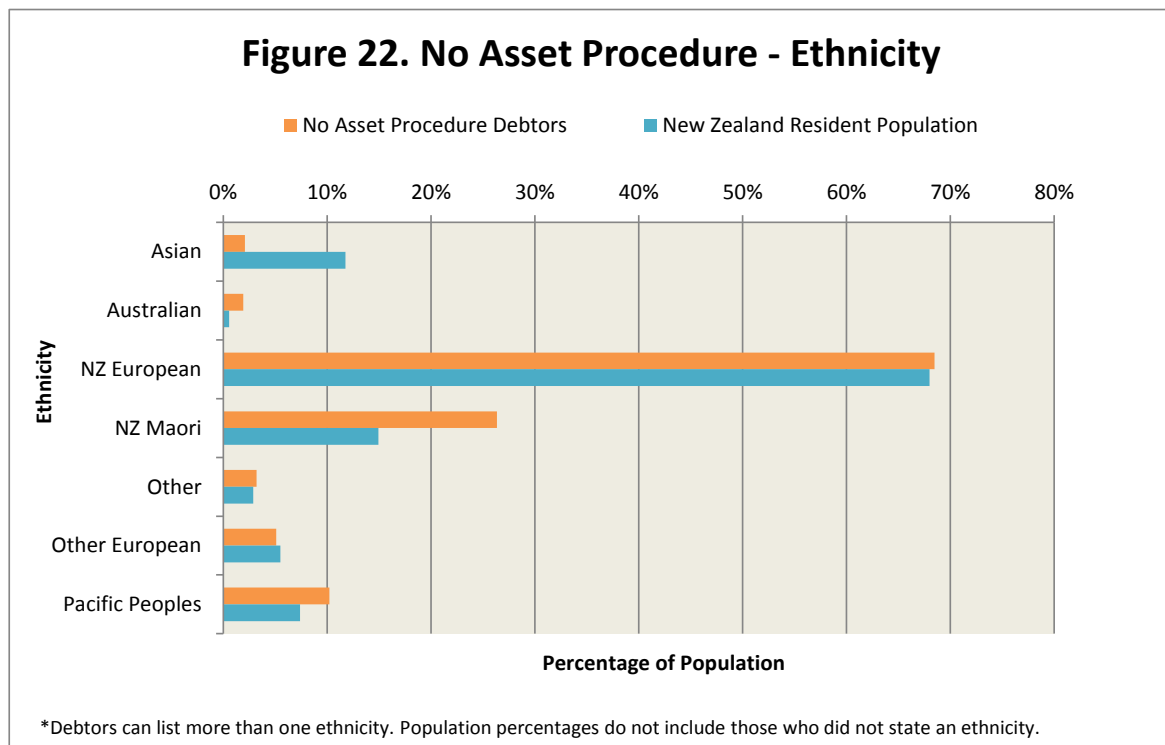


The average age of debtors who entered into a No Asset Procedure in 2018/19 was 41 years.

<sup>7</sup> The New Zealand residential population statistics are sourced from Statistics New Zealand (2019), *National Population Estimates: At 30 June 2019 - tables*. Wellington: Statistics New Zealand.

## Ethnicity

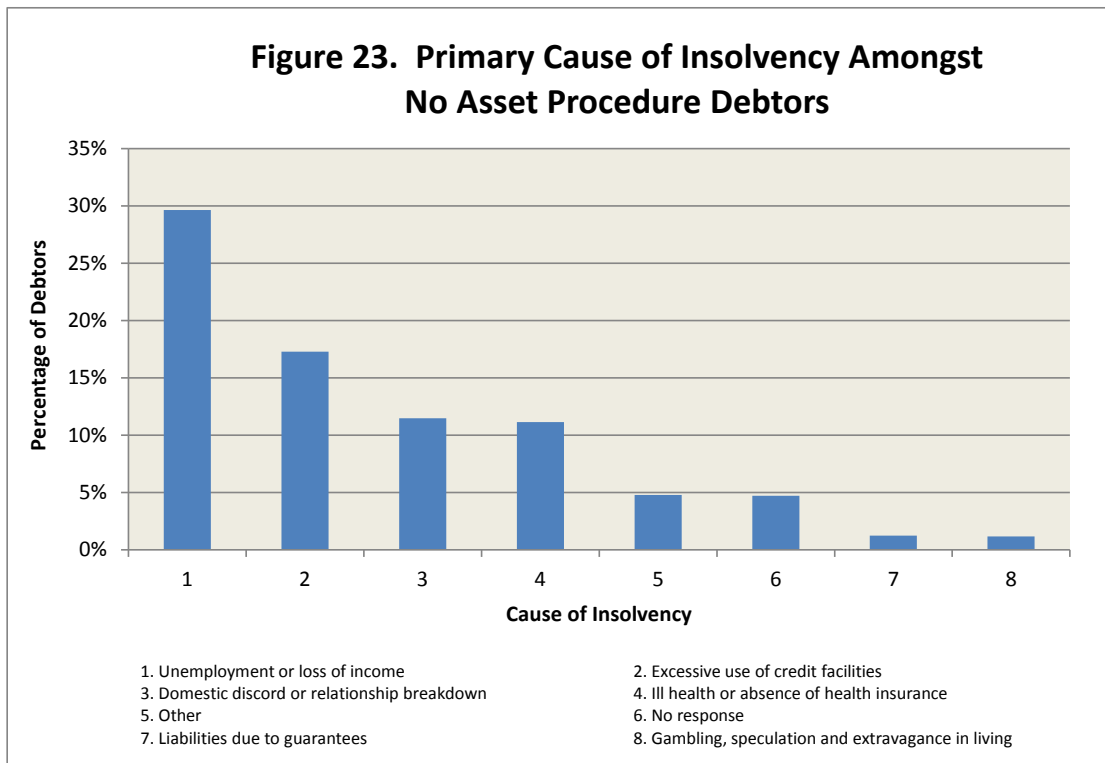
Both 68% of No Asset Procedure debtors in 2018/19, and 68% of the New Zealand resident population in the 2013 census identified as being New Zealand European. 27% of No Asset Procedure debtors identified as being New Zealand Maori, which is higher than the 15% of the residential population who identified as Maori. Another significant difference in the listed categories are in those who identified as 'Asian'; 12% of the New Zealand population identified as Asian, whereas only 2% of No Asset Procedure debtors identified as such, in 2018/19<sup>8</sup>.



## Cause of Insolvency

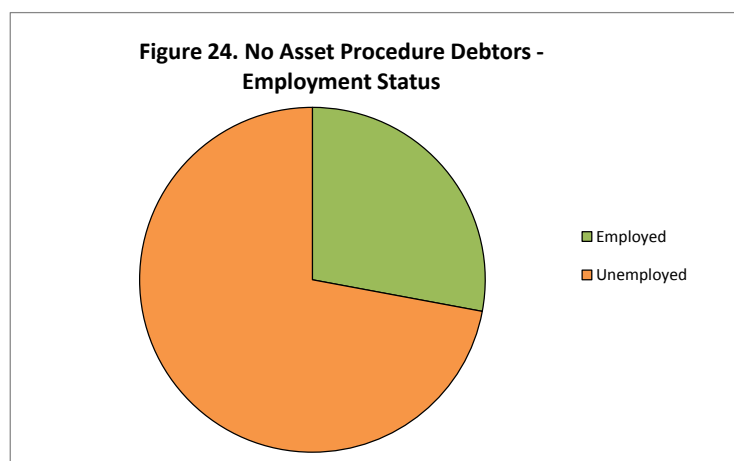
30% of No Asset Procedure debtors listed 'unemployment or loss of income' as the primary cause of their insolvency in 2018/19. The next most common causes were 'excessive use of credit facilities' (17%) and 'domestic discord or relationship breakdown' (12%).

<sup>8</sup> The New Zealand resident population statistics are sourced from Statistics New Zealand (2018), *2013 Census Data*. Wellington: Statistics New Zealand.



## Employment

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

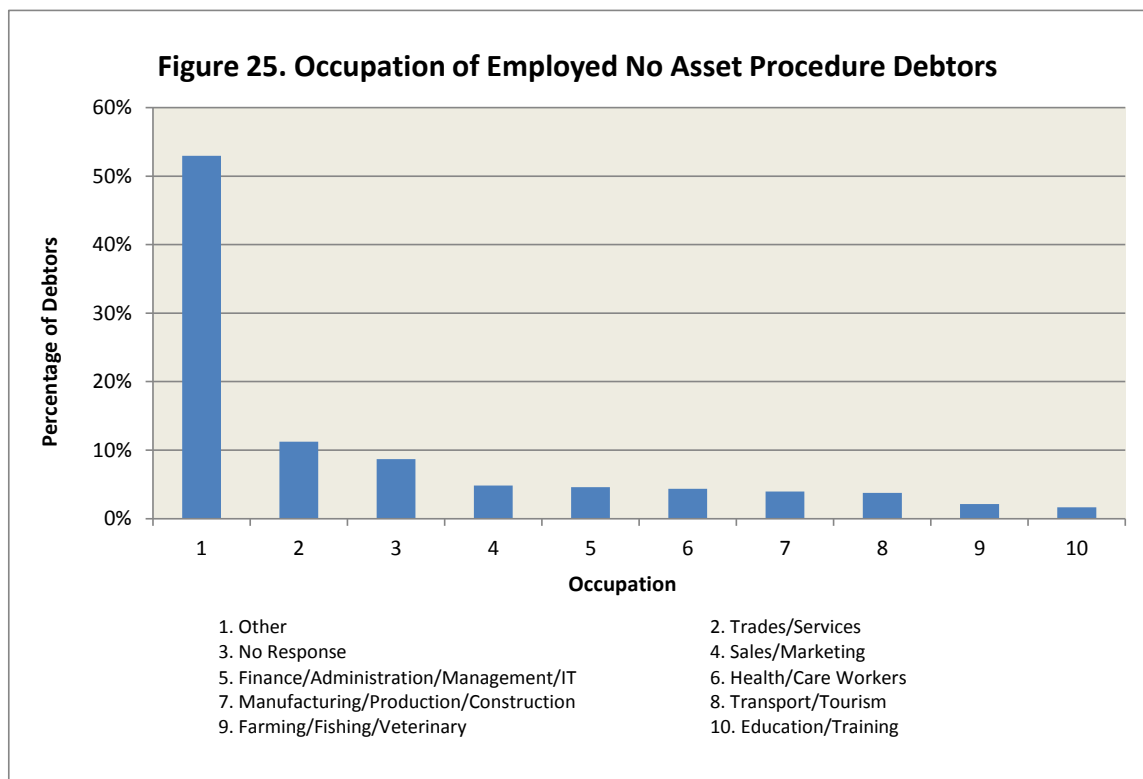


28% of No Asset Procedure debtors noted that they were employed in their Statement of Affairs at the time that they entered into insolvency; this is represented by 30% of male debtors and 26% of female debtors.

Table 11. Employment Status of No Asset Procedure Debtors			
Description	Male	Female	Total %
Unemployment benefit	30%	40%	36%
Currently employed	25%	16%	20%
Unemployed no benefit	15%	7%	10%
Sickness Benefit/ACC	8%	9%	8%
Retired	9%	6%	7%
Currently employed with benefit	4%	8%	6%
Other Benefit	3%	6%	5%
Student	3%	3%	3%
Other	1%	2%	1%
Employed part-time and receiving benefit	1%	2%	1%
Trading on own account	1%	0%	1%
Unpaid family worker	0%	1%	0%
No Response	0%	1%	0%

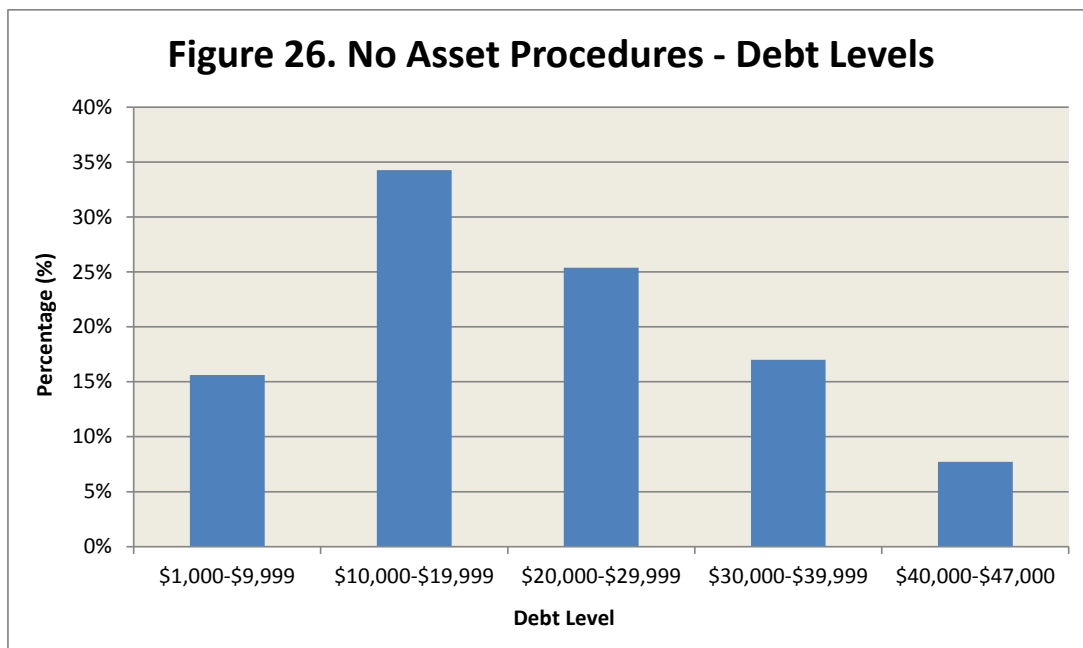
The most common employment status of those who entered into a No Asset Procedure in 2018/19 was to be on the unemployment benefit; 30% of males and 40% of males.

When asked to select their primary occupation, 53% of No Asset Procedure debtors selected 'other' employment not identified in the listed group classifications, 12% selected 'trades/services', and 5% selected 'sales/marketing'.





## Debt Levels



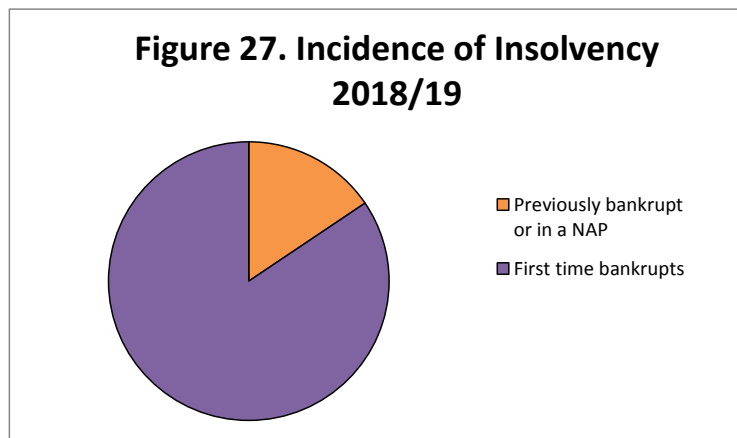
On 24 March 2016 the upper debt limit for entry into the No Asset Procedure increased from \$NZ40,000 to \$NZ47,000. In 2018/19, the most common level of debt amongst No Asset Procedure debtors was \$10,000-\$19,999 (34%). 16% of debtors had debt levels of \$1,000-\$9,999, and another 25% had debt levels of \$20,000-\$29,999. 25% of debtors had debts over \$30,000.

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## Bankruptcies

### Incidence of Insolvency

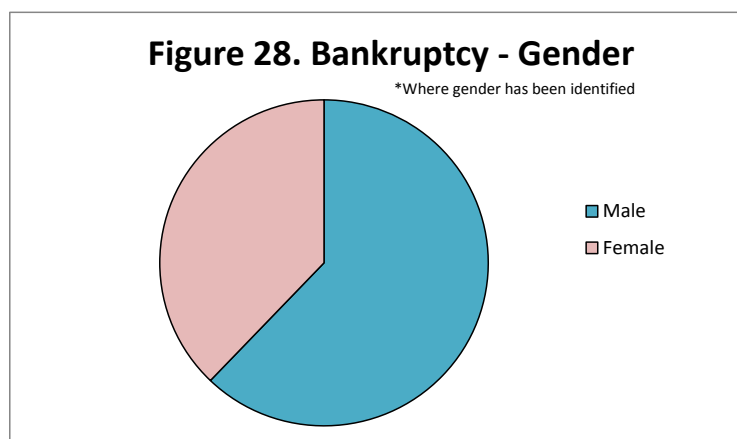
16% of debtors adjudicated bankrupt in 2018/19 had previously entered into bankruptcy or a No Asset Procedure. There is no limit to the number of times a debtor can enter into bankruptcy, whereas debtors are limited to a single entry into the No Asset Procedure over their lifetime. The level of repeat insolvency was higher for those adjudicated by way of a debtor's application with a 'previously insolvent' rate of 20%. Bankrupts adjudicated by way of a creditor's application had previously been insolvent in 6% of cases.



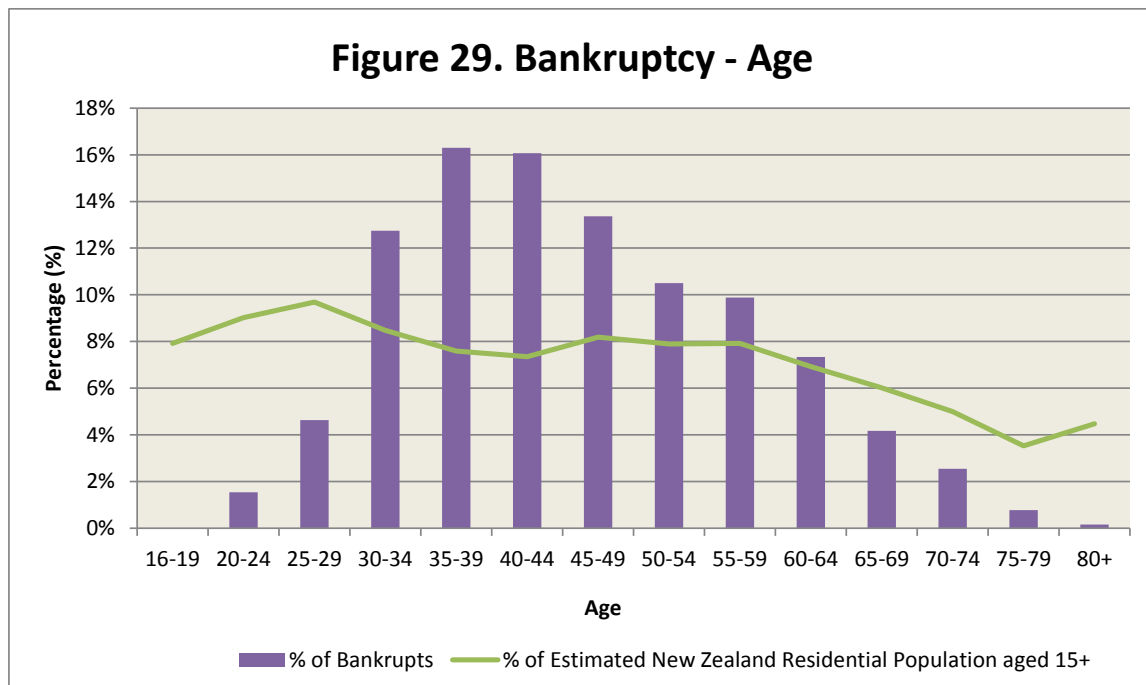
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### Age and Gender

The gender of 8% of debtors who went bankrupt in 2018/19 is unknown, of those who selected a gender, 62% 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 (78%) than debtor's applications (56%).



The most commonly represented age group of people who went bankrupt in 2018/19 was 35-40 years. 29% of Bankrupts were between the ages of 30-39, compared to 16% of the estimated New Zealand Residential Population aged 15 and over<sup>9</sup>. Another 29% of debtors were between the ages of 40-49. Debtors in their 30's, 40s and 50's were over-represented compared to their respective New Zealand residential population age-group percentages.



Of the people who entered into bankruptcy during 2018/19; the youngest person was 20, the oldest person was 83 and the average age was 46 years old.

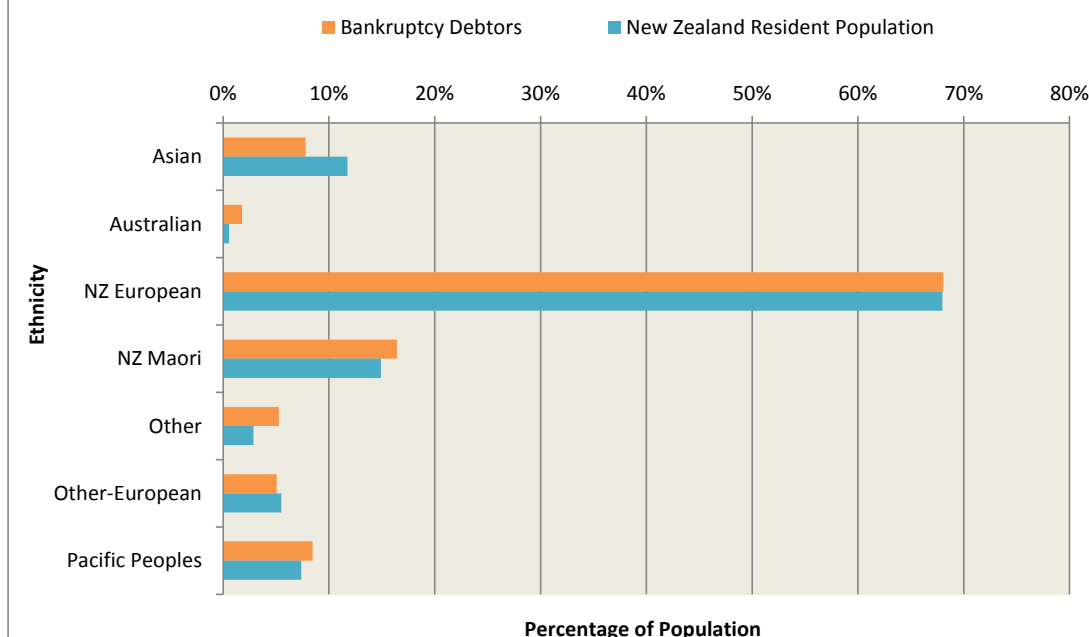
## Ethnicity

Of the bankrupt debtors who identified an ethnicity in their Statement of Affairs, 68% identified as being New Zealand European and 16% identified as being New Zealand Maori. Both categories were on par with the ethnicities selected by New Zealand residents in the 2013 census. In the less populated categories, 8% of bankrupt debtors identified as Pacific Peoples, 8% Asian and 7% 'other European' (including Australian)<sup>10</sup>.

<sup>9</sup> The Estimated New Zealand Resident Population age statistics are taken from Statistics New Zealand (2019), *National Population Estimates: At 30 March 2019 - tables*. Wellington: Statistics New Zealand.

<sup>10</sup> The Estimated New Zealand Resident Population ethnicity statistics are taken from Statistics New Zealand (2019), *2013 Census Data*. Wellington: Statistics New Zealand.

**Figure 30. Bankruptcy - Ethnicity**



\*Debtors can list more than one ethnicity. Percentage populations do not include debtors who did not state an ethnicity.

### Cause of Bankruptcy

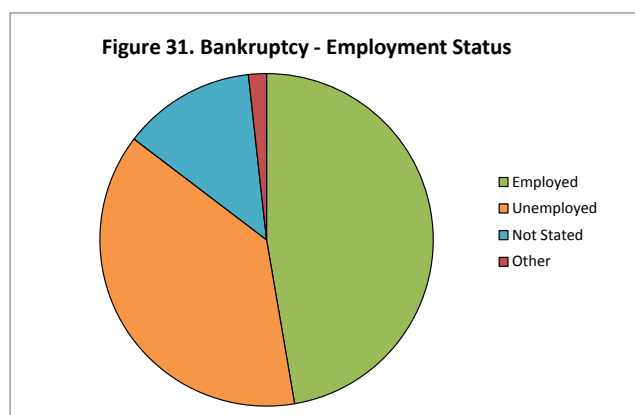
The most common cause of insolvency selected by bankrupts who were adjudicated in 2018/19 was 'unemployment or loss of income'. 16% of debtors listed this reason as the primary cause of their insolvency. 'Excessive use of credit facilities' and 'domestic discord or relationship breakdowns' were the next most common causes of bankruptcy identified by debtors.

**Table 12. Primary Cause of Bankruptcy**

Cause	Debtor Application	Creditor Application	Total
No response	3%	43%	16%
Unemployment or loss of income	22%	4%	16%
Excessive use of credit facilities	16%	2%	11%
Domestic discord or relationship breakdowns	12%	6%	10%
Other	13%	3%	10%
Failure to provide for taxation	5%	16%	9%
Ill health or absence of health insurance	9%	2%	7%
Adverse legal action	2%	9%	4%
Liabilities due to guarantees	4%	4%	4%
Economic conditions affecting industry	2%	4%	3%
Failure to keep proper books and records	4%	0%	3%
Lack of business ability	3%	0%	2%
Lack of sufficient working capital	1%	3%	1%
Gambling, speculation and extravagance in living	1%	0%	1%
Failure of another business organisation	0%	3%	1%
Excessive interest payments	1%	0%	1%

## Employment

47% of bankrupts adjudicated in 2018/19 stated that they were employed at the date of adjudication, 38% stated that they were unemployed, while the remaining 15% did not state their employment status, or selected 'other'. Of those who provided details regarding their employment, debtors who were adjudicated by way of a debtor's application had a similar employment rate (55%) to those who were adjudicated by way of a creditor's application (53%).



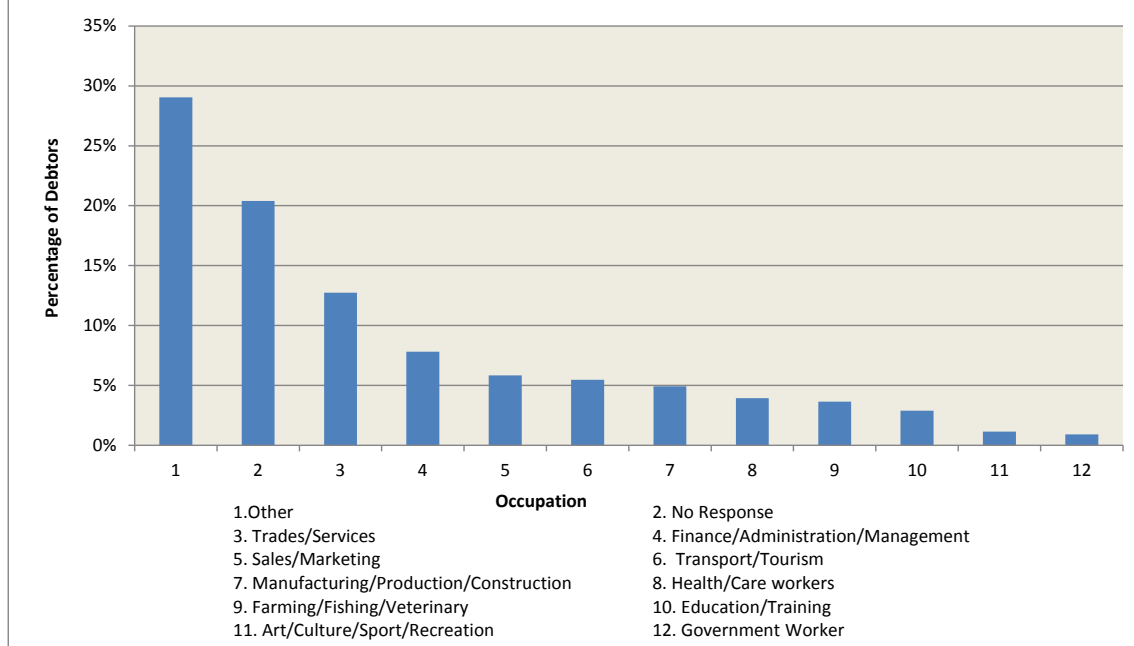
41% of debtors adjudicated bankrupt in 2018/19 were employed by third parties either full time or part time, while an additional 6% were either trading as a director/shareholder, in partnership or trading on their own account.

Table 13. Employment Status of Bankrupts				
Description	Male	Female	Unknown	Total
Currently Employed	42%	36%	10%	37%
Unemployment Benefit	10%	24%	0%	14%
No Response	9%	3%	85%	13%
Unemployed no Benefit	14%	9%	2%	11%
Sickness Benefit/ACC	5%	5%	1%	5%
Retired	5%	4%	2%	4%
Trading on own account	5%	3%	0%	4%
Currently employed and receiving income support	2%	8%	0%	4%
Trading in partnership or as a director/shareholder of company	4%	1%	0%	2%
Other Benefit	1%	3%	0%	2%
Other	2%	2%	0%	2%
Unpaid Family Worker	0%	2%	0%	1%
Student	1%	1%	0%	1%

In their Statement of Affairs, debtors are asked to identify their primary occupation. 29% 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' with 8%.

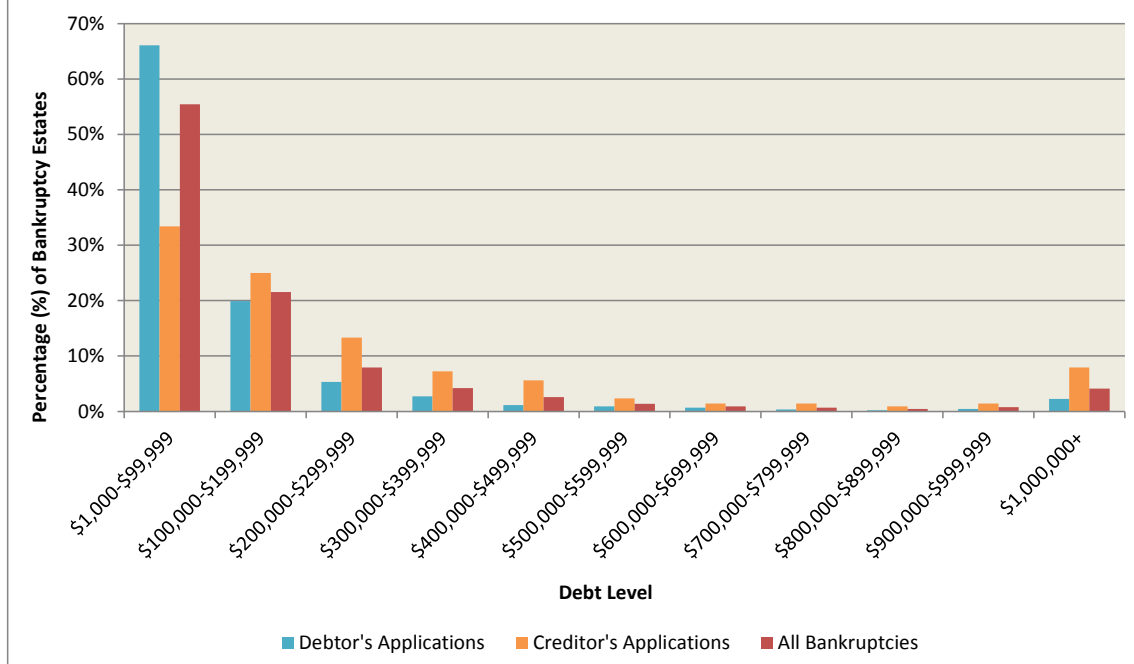
**Figure 32. Occupation of Bankrupts**



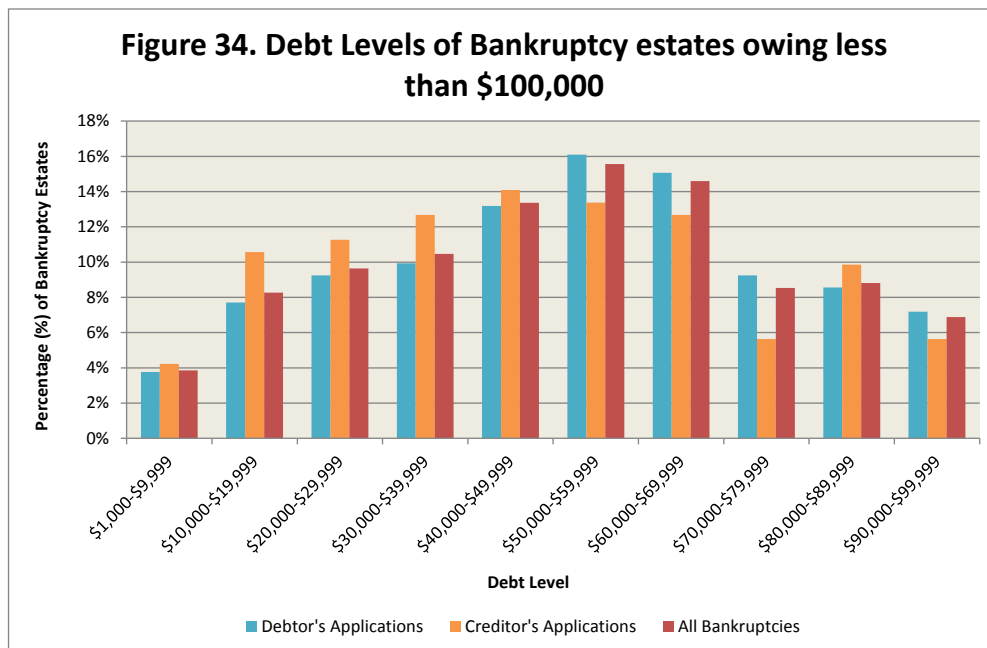
## Debt Levels

Unlike No Asset Procedures and Summary Instalment Orders there is no upper limit to the level of debt a bankrupt can have; 55% of bankrupts adjudicated in 2018/19 had debt of less than \$100,000, 22% of bankrupts had debt levels of between \$100,000-\$200,000, and 23% had debt levels over \$200,000.

**Figure 33. Bankruptcy - Debt Levels**



Of those bankruptcy estates that had less than \$100,000 in total debt, 46% owed less than \$50,000, and 54% had total debt of \$50,000-\$100,000.



## Corporate Insolvencies

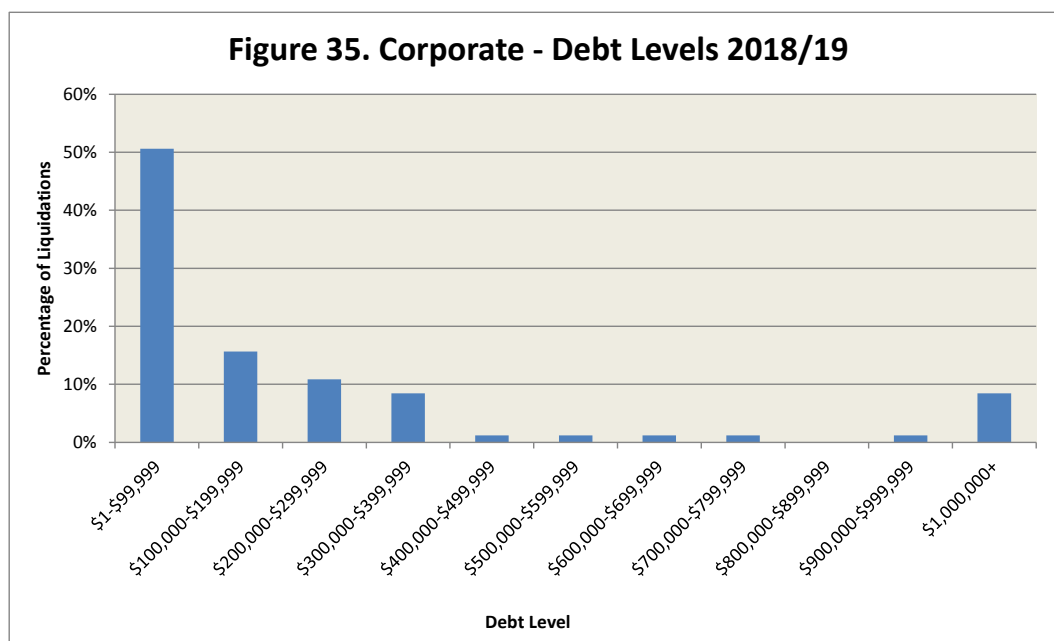
### Cause of Liquidation

Upon the commencement of a liquidation the Official Assignee seeks to obtain a completed Statement of Affairs for the company. In 2018/19, 'adverse legal action' and 'failure to provide for taxation' were listed as the top two primary causes of liquidation by those who completed a company Statement of Affairs and provided a response to this question.

Table 14. Primary Cause of Liquidation	
Cause	Percentage
No response	55%
Adverse legal action	10%
Failure to provide for taxation	7%
Inability to collect debts	7%
Other	6%
Lack of business ability	3%
Ill health or absence of health insurance	2%
Lack of sufficient working capital	2%
Liabilities due to guarantees	2%
Economic conditions affecting industry	1%
Excessive drawings	1%
Excessive interest payments due	1%
Excessive use of credit facilities	1%

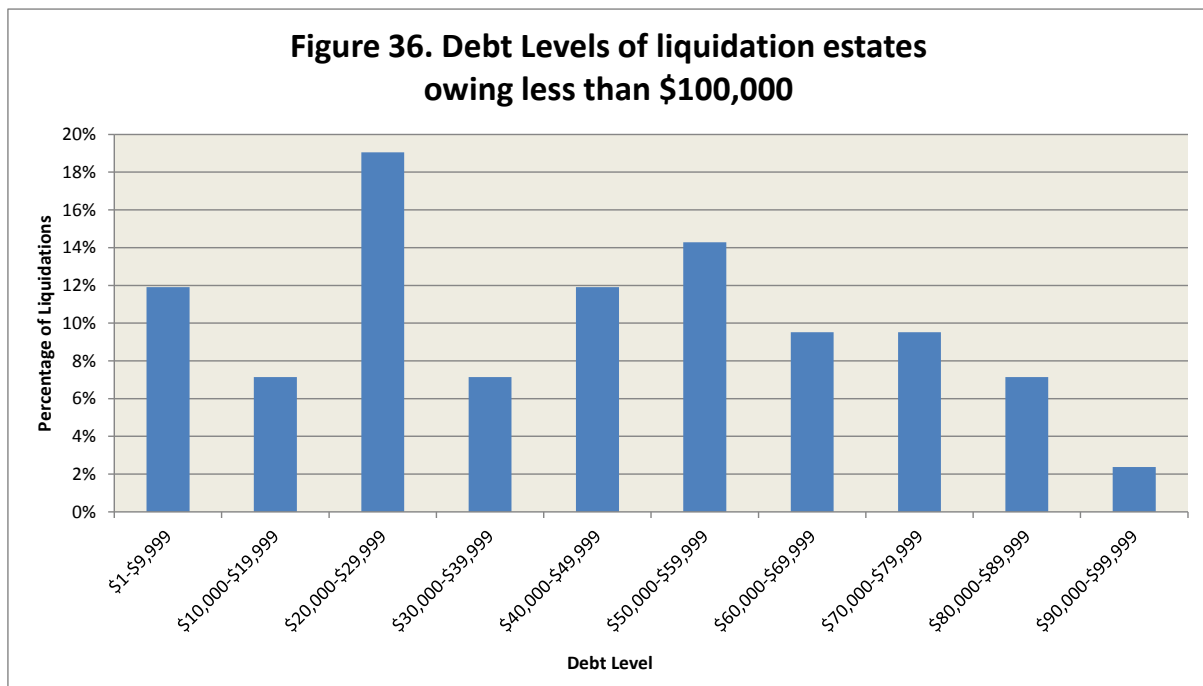
### Debt Level

51% of liquidations administered by the Official Assignee in 2018/19 had total debt of less than \$100,000, while 49% of liquidations had debt of more than \$100,000.





Of the liquidation estates that had total debt of less than \$100,000, 57% had debt of less than \$50,000, and 43% had debt of \$50,000-\$100,000.







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