



Insolvency Statistics and Debtor Profile Report

▶ 1 JULY 2019 TO 30 JUNE 2020



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

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Introduction

This report is divided into the following six sections:

Annual Statistics

For further comparative data on previous financial years please refer to the Insolvency and Trustee Service website, www.insolvency.govt.nz.

Key Characteristics of Debtors 2018 to 2020

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.

Debt Repayment Orders (previously known as Summary Instalment Orders)

A Debt Repayment Order (DRO) 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 Debt Repayment Order may be entered into if total unsecured debts are less than \$NZ50,000 and the debtor is unable to pay those debts immediately. Debt Repayment 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 \$NZ50,000 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

This report covers the period from 28 February 2020 when New Zealand's first COVID-19 case was identified, to 30 June 2020. New Zealand introduced a four-level alert system on 21 March 2020, initially placing New Zealand at alert level 2, before moving to level 3 on 23 March, followed by a nationwide level 4 lockdown on 25 March.

As New Zealand became successful at eliminating COVID-19 spread in the community the country began a move back down through the alert levels, moving to level 3 on 27 April, level 2 on 13 May, before eventually lifting all remaining restrictions except border controls on 8 June with the move to level 1.

The Insolvency and Trustee Service experienced a large reduction in new insolvencies between 1 April and 30 June 2020. This can be attributed to the impact of having both the alert level restrictions in place, as well as Government support initiatives such as the Wage Subsidy.

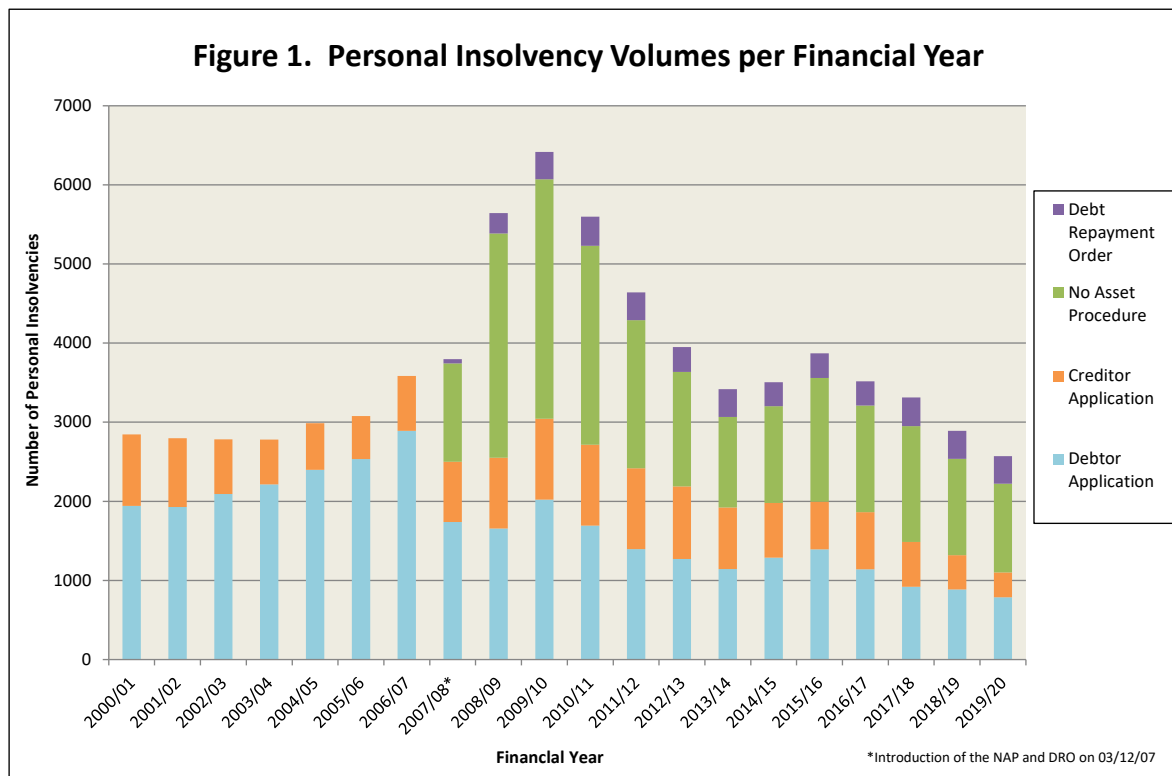
Table 1. Personal Insolvency Volumes per Financial Year					
Financial Year	Total	Debtor Application	Creditor Application	No Asset Procedure	Debt Repayment Order
2000/01	2846	1942	904		
2001/02	2797	1928	869		
2002/03	2782	2093	689		
2003/04	2781	2214	567		
2004/05	2986	2397	589		
2005/06	3077	2533	544		
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
2019/20	2572	786	316	1121	349

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

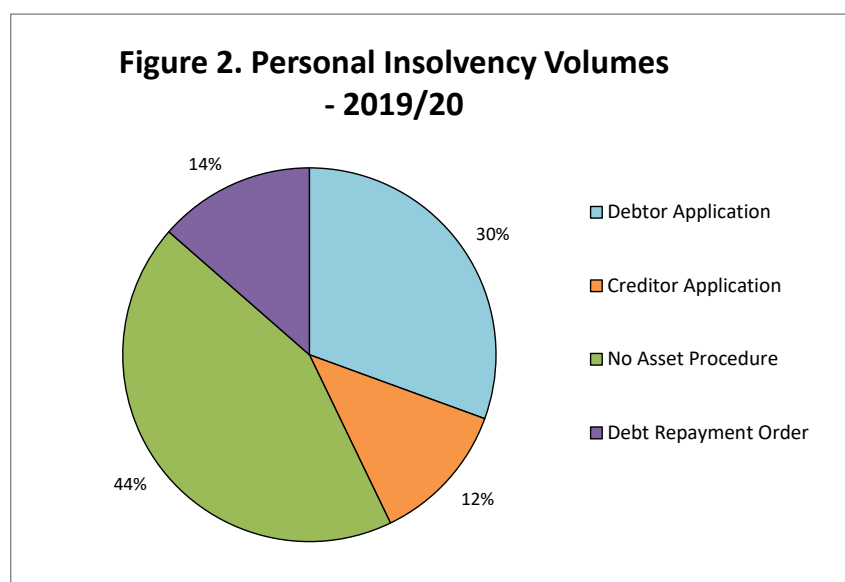
In 2019/20 the Insolvency and Trustee Service administered 2,572 new personal insolvency procedures which was a decrease of 11% compared to the previous financial year. The total personal insolvency volume is made up of Debt Repayment Orders (DRO), No Asset Procedures (NAPs) and Bankruptcies (both Debtor and Creditor applications).

The Debt Repayment Order and No Asset Procedure provide an alternative to bankruptcy. From 2007/08 to 2009/10 both Debt Repayment Order and No Asset Procedure volumes increased significantly. Since then, Debt Repayment Order volumes have remained consistently between 300 and 400 each financial year. No Asset Procedure volumes have been more variable, in 2019/20 just 1,121 No Asset Procedures were accepted, which was an 8% decrease compared to

2018/19, and the lowest volume received in any financial year since the No Asset Procedure was introduced in 2007/08.

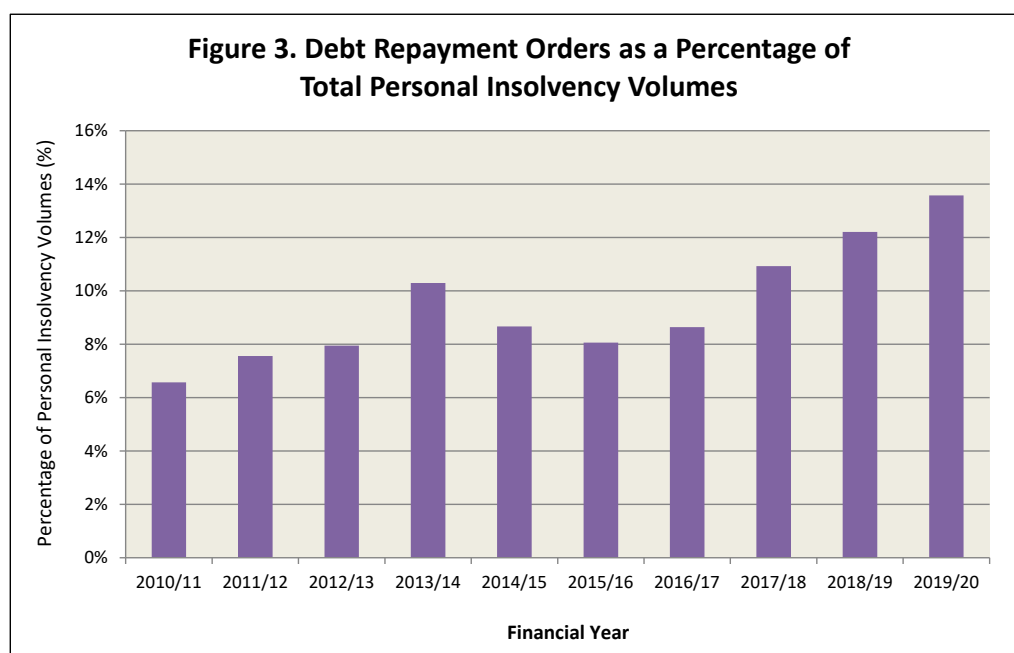


Bankruptcy volumes also rose between 2007/08 and 2009/10, before commencing a steady decline in annual volumes in 2010/11. Volumes then stabilised in 2014/15 through to 2016/17, which was followed by a 20% decrease in 2017/18, an 11% decrease in 2018/19, and a further 16% decrease in 2019/20.



No Asset Procedures made up the largest percentage of personal insolvency volumes in 2019/20 at 44%, this was followed by Debtor applications at 30%. Creditor applications decreased both in volume and as a percentage of personal insolvency volumes in 2019/20, making up just 12%.

Debt Repayment Orders as a percentage of personal insolvency volumes has been rising steadily since 2015/16, reaching a new high of 14% of personal insolvency volumes in 2019/20.



In 2019/20, 0.07% of the New Zealand population aged 18 and over entered into a personal insolvency procedure¹, representing the lowest insolvency rate in New Zealand in over 10 years. Table 2. shows the rate of personal insolvency within New Zealand over the last decade.

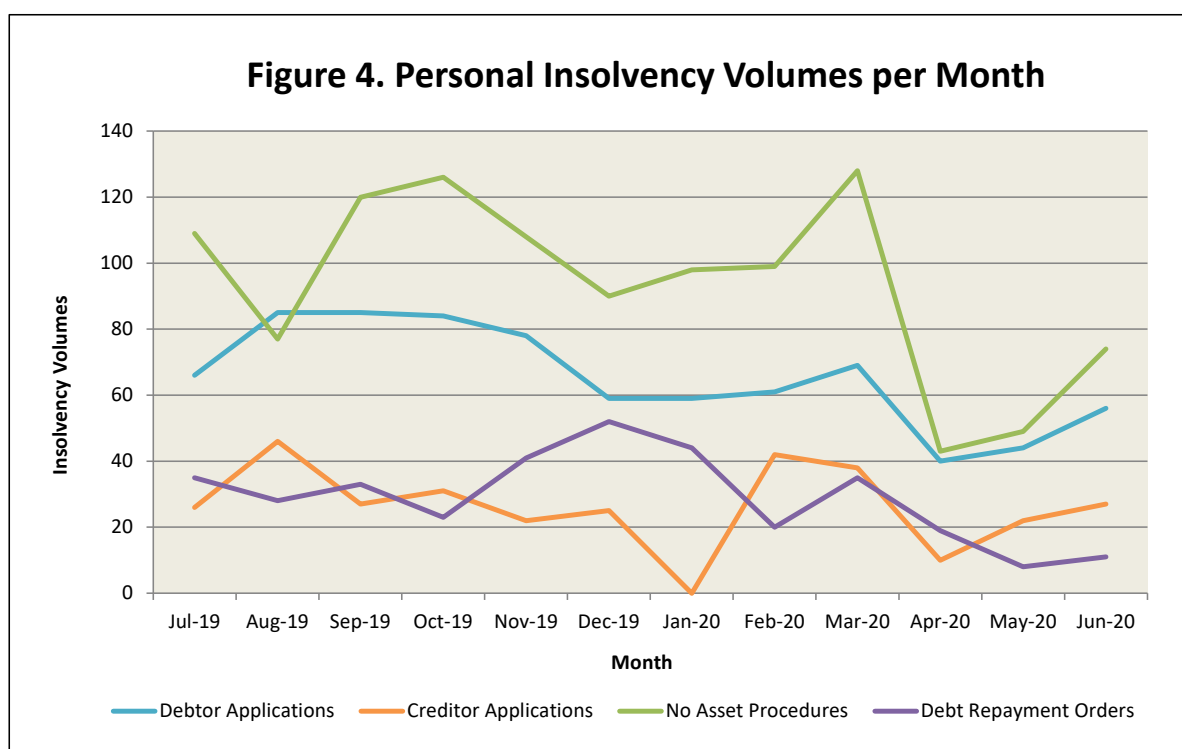
Financial Year 1 July - 30 June	Estimated Population*	Personal Insolvencies	Rate of Personal Insolvencies
2010/11	3,265,800	5,598	0.17%
2011/12	3,295,100	4,641	0.14%
2012/13	3,321,300	3,950	0.12%
2013/14	3,363,000	3,418	0.10%
2014/15	3,428,700	3,506	0.10%
2015/16	3,505,900	3,870	0.11%
2016/17	3,586,500	3,516	0.10%
2017/18	3,658,200	3,312	0.09%
2018/19	3,726,700	2,890	0.08%
2019/20	3,798,100	2,572	0.07%

*Estimated resident population aged 18+ as at 31 March

¹ Population estimates from 2010/11 to 2019/20 sourced from Statistics New Zealand (2020), *Estimated Resident Population by Age and Sex (1991+) (Annual-Mar)*. Wellington: Statistics New Zealand.

Table 3. Monthly Personal Insolvency Volumes					
Month	Total	Debtor Applications	Creditor Applications	No Asset Procedures	Debt Repayment Orders
Jul-19	236	66	26	109	35
Aug-19	236	85	46	77	28
Sep-19	265	85	27	120	33
Oct-19	264	84	31	126	23
Nov-19	249	78	22	108	41
Dec-19	226	59	25	90	52
Jan-20	201	59	0	98	44
Feb-20	222	61	42	99	20
Mar-20	270	69	38	128	35
Apr-20	112	40	10	43	19
May-20	123	44	22	49	8
Jun-20	168	56	27	74	11
Total	2,572	786	316	1121	349

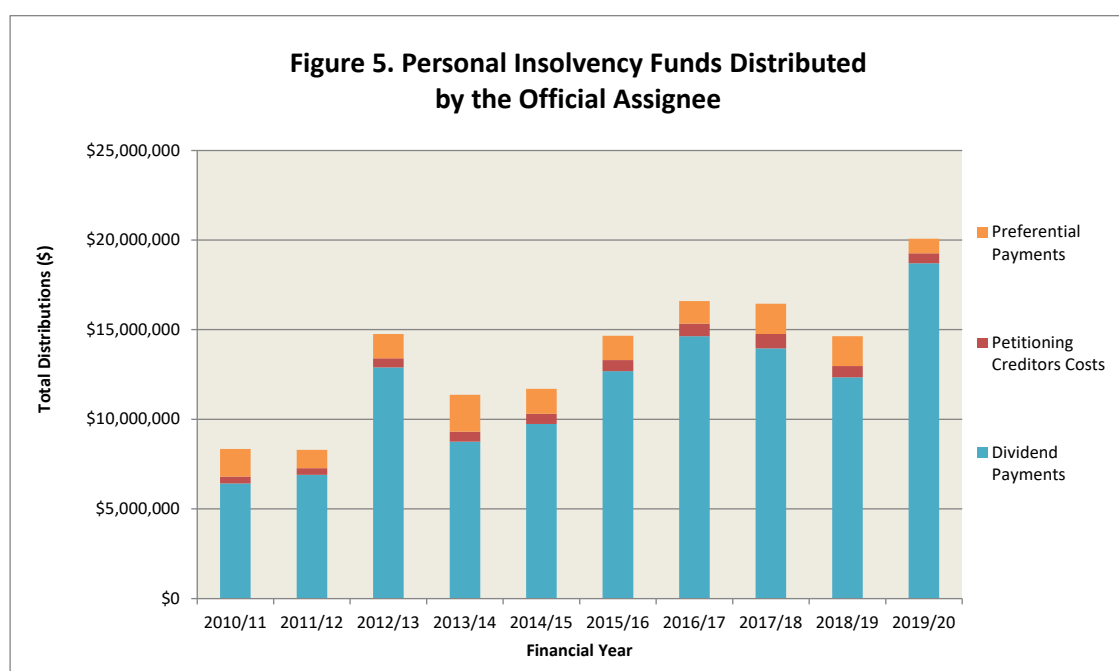
During 2019/20 the Insolvency and Trustee Service received an average of 29 Debt Repayment Orders per month, 93 No Asset Procedures and 92 new bankruptcy estates. The lowest number of new personal insolvencies was received in the month of April when New Zealand was in Alert Level 4 due to COVID-19. The highest volume of new personal insolvencies was received in September, closely followed by October.



In 2019/20, debtors from the Auckland region accounted for 26% of personal insolvencies nationwide (Auckland plus South Auckland). Canterbury was the second most represented region, accounting for 16%. Overseas debtors made up 8% of total personal insolvency volumes received in 2019/20.

Table 4. Personal Insolvency Volumes per Region 2019/20						
Court Region	%	Total	Debtor Applications	Creditor Applications	No Asset Procedures	Debt Repayment Orders
Auckland	24%	629	170	121	277	61
Bay of Plenty	6%	154	35	30	70	19
Canterbury	15%	374	109	41	168	56
Chatam Islands	0%	1	1	0	0	0
Hawkes Bay	5%	124	30	3	54	37
Manawatu	2%	42	7	4	22	9
Marlborough	1%	32	9	1	19	3
Nelson	2%	41	14	4	20	3
Northland	4%	101	31	8	57	5
Otago	2%	64	21	6	24	13
Poverty Bay	1%	19	5	1	10	3
South Auckland	2%	63	20	11	24	8
South Canterbury	1%	37	8	6	14	9
Southland	3%	80	15	9	7	49
Taranaki	2%	55	13	6	25	11
Waikato	9%	230	61	17	124	28
Wairarapa	0%	10	4	0	4	2
Wellington	8%	209	55	26	108	20
West Coast	1%	18	3	5	6	4
Whanganui	3%	79	13	11	51	4
Overseas	8%	210	162	6	37	5
		2572	786	316	1121	349

In the 2019/20 financial year the Official Assignee paid out \$20,072,255.66 in personal insolvency distributions to creditors, which was an increase of 37% compared to distributions in 2018/19. 93% of these funds were dividend payments to unsecured creditors, 4% were payments to preferential creditors and 3% 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 completed Statement of Affairs. As at 30 June 2020, there were 5,482 people undischarged from bankruptcy, 1,108 people in a No Asset Procedure, and 1,056 people in a Debt Repayment Order.

Table 5. Number of personal insolvency estates undischarged as at 30 June 2020	
Estate Type	Number of Estates
Creditor Applications	2,903
Debtor Applications	2,579
No Asset Procedures	1,108
Debt Repayment Orders	1,056

Annual Statistics - 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 2020 was 664,514².

Table 6. Corporate Insolvency Volumes per Financial Year	
Financial Year 1 July - 30 June	Corporate Insolvency Volumes
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	121
2017/18	117
2018/19	86
2019/20	58

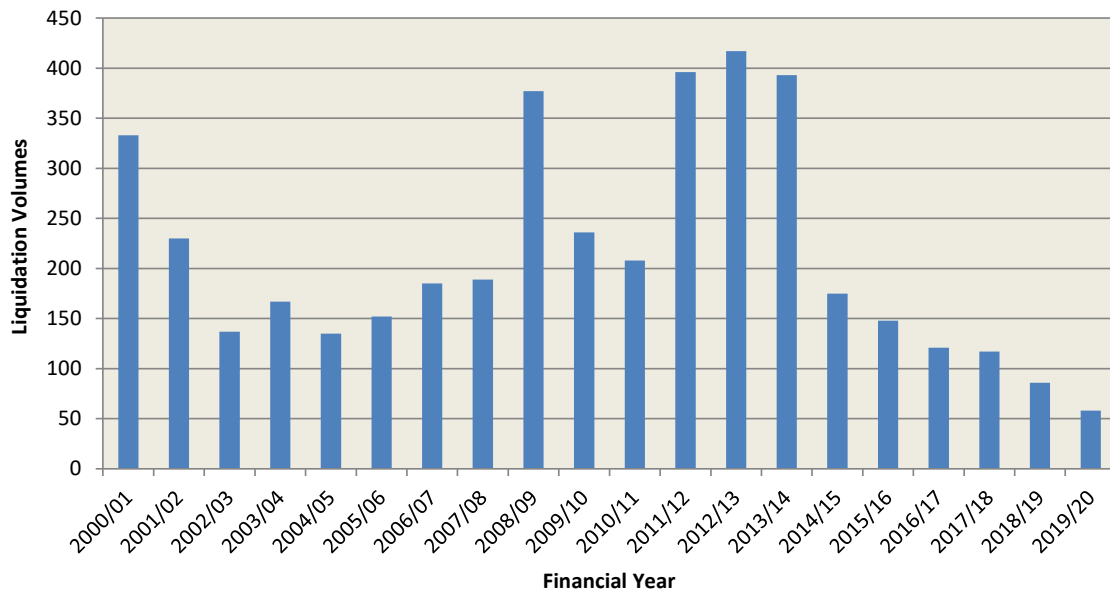
In 2019/20 the Official Assignee was appointed the liquidator of 58 companies which represented the fewest number of Official Assignee appointed liquidations in over 20 years.

43% of company liquidations were located in the Auckland Region, 9% in Hamilton and 9% in Tauranga. Voluntary liquidations made up 7% of total liquidations.

Table 7. Corporate Insolvency Volumes 2019/20		
Court Region	%	Number of liquidations
Auckland	43%	25
Blenheim	2%	1
Christchurch	3%	2
Dunedin	5%	3
Hamilton	9%	5
Invercargill	2%	1
Nelson	2%	1
New Plymouth	2%	1
Palmerston North	3%	2
Rotorua	5%	3
Tauranga	9%	5
Voluntary Liquidation	7%	4
Wellington	7%	4
Whangarei	2%	1
		58

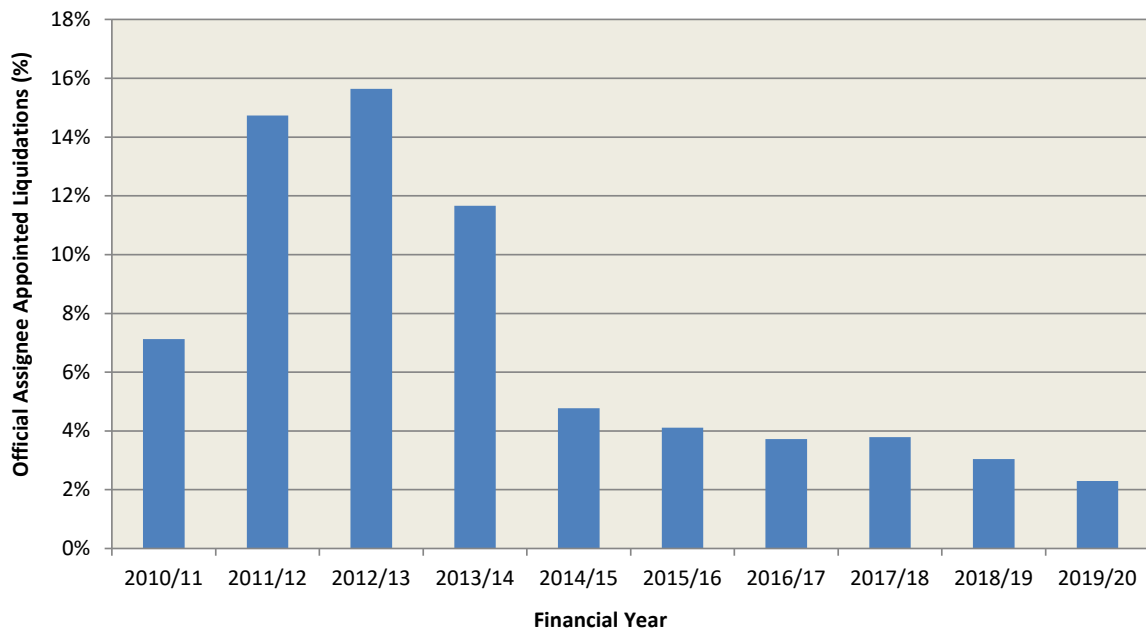
² Registered Company statistics sourced from the Companies Office; <http://www.companiesoffice.govt.nz/data-services/>

Figure 6. Official Assignee Administered Liquidations per Financial Year



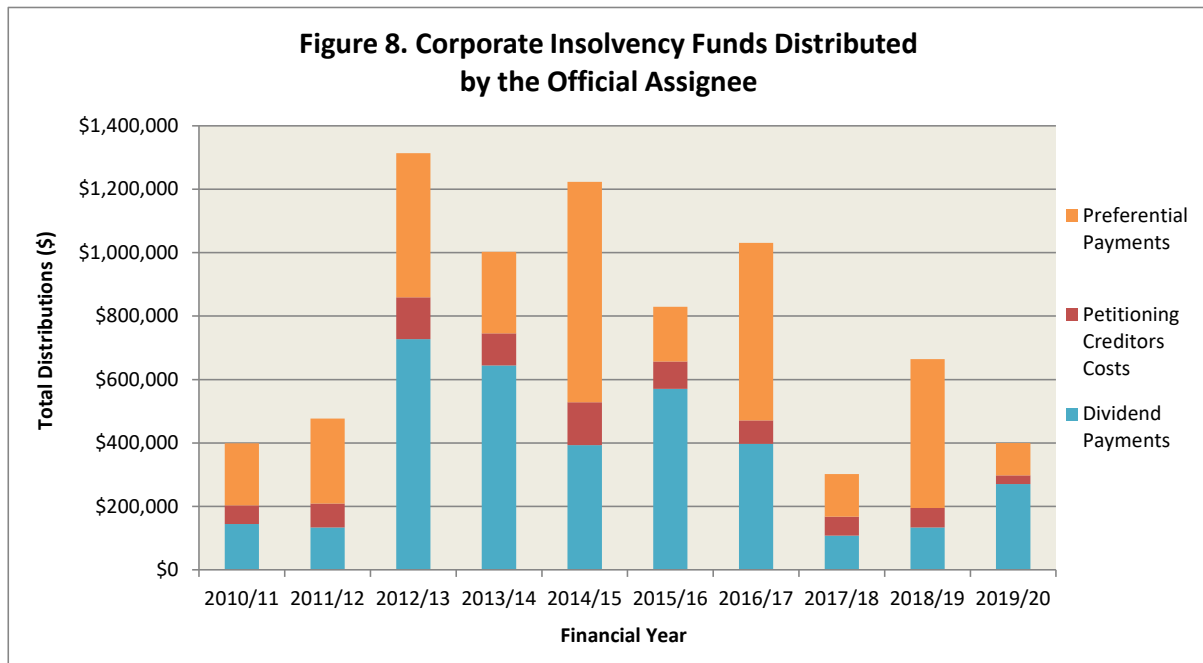
In 2019/20, 2,524 companies were placed into liquidation within New Zealand³. In 2019/20 the Official Assignee was appointed the liquidator of 2% of these liquidations.

Figure 7. Official Assignee Administered Liquidations as a Percentage of All Liquidations in New Zealand



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

The Official Assignee distributed \$399,777.57 in corporate insolvency distributions in 2019/20. Of these funds, 68% was paid out as dividend payments, 7% was distributions towards petitioning creditor's costs and 25% was distributions towards preferential payments.



Key Characteristics of Debtors 2018 to 2020

Table 8. Debtor Characteristics 2018 to 2020	Bankrupts		NAP Debtors		DRO Debtors	
	2019/20	2017/18	2019/20	2017/18	2019/20	2017/18
Number	1102	1486	1121	1464	349	362
Gender % male (*where identified)	60%	62%	44%	41%	40%	37%
Age (most represented)	35-39 (16%)	40-44 (17%)	25-29 (19%)	25-29 (18%)	25-29 (22%)	25-29 (17%)
Ethnicity (most represented)	European (72%)	European (74%)	European (70%)	European (74%)	European (69%)	European (74%)
% not employed	42%	35%	70%	73%	34%	43%
Debt < \$20,000	7%	8%	46%	52%	42%	51%

The key characteristics of insolvent debtors have remained fairly consistent between 2018 and 2020 with some minor variations. Men are more likely than women to become bankrupt, while women are more likely than men to enter into a Debt Repayment Order or a No Asset Procedure.

The most common age for debtors to enter into both the No Asset Procedure and the Debt Repayment Order in 2017/18 was 25-29 years, this has remained the most common age group for both procedures in 2019/20. The most common age amongst bankruptcy debtors has reduced down from 40-44 years in 2017/18, to 35-39 years in 2019/20.

The majority of debtors who enter insolvency procedures within New Zealand identify as being European. Debtors who identify as Maori have a higher representation as a percentage of total debtors in Debt Repayment Orders (25%) and No Asset Procedures (28%) than in bankruptcy (18%).

42% of bankrupt debtors and 34% of Debt Repayment Order debtors in 2019/20 were unemployed at the time that they entered into the procedure, while No Asset Procedure debtors represented a higher unemployment rate of 70% as at the date they were admitted into the procedure.

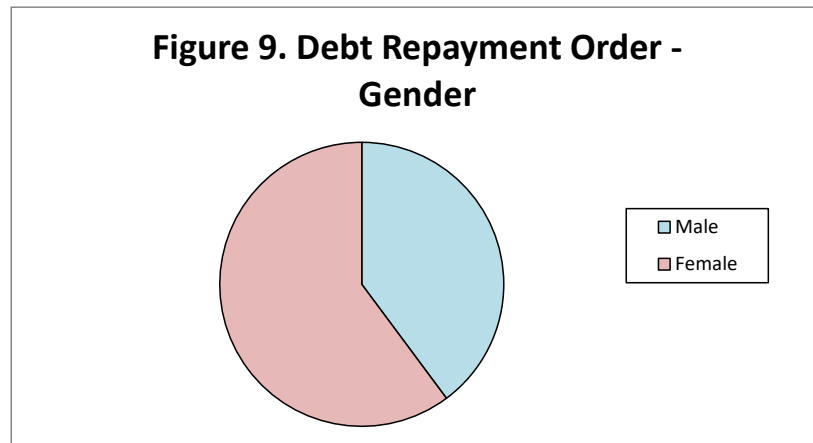
The indebtedness of debtors who entered into No Asset Procedures and Debt Repayment Orders increased from 2017/18 to 2019/20, with a smaller percentage of new procedures having total debts of less than \$20,000. By comparison, only 8% of bankrupts in 2017/18 and 7% of bankrupts in 2019/20 had total debts of less than \$20,000.

Debt Repayment Orders

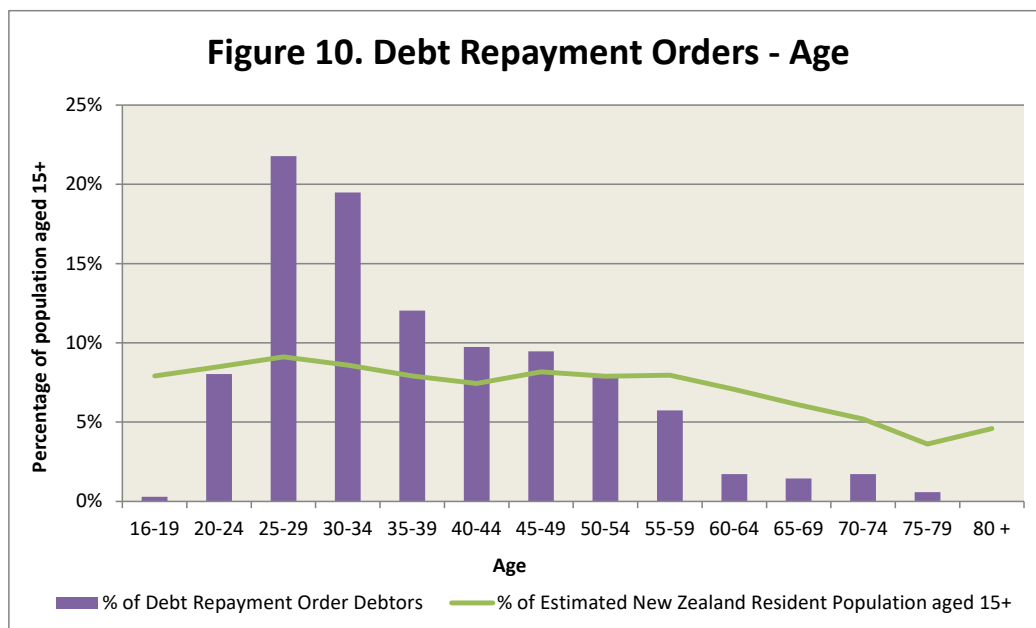
(previously known as Summary Instalment Orders)

Age and Gender

A total of 349 debtors entered into a Debt Repayment Order in 2019/20. Of those who did, 40% were male and 60% were female.



Amongst Debt Repayment Order debtors the age groups most commonly represented were 25-29 (22%) and 30-34 (19%). The corresponding percentage of the estimated New Zealand residential population aged over 15 is 9% for those aged 25-29 years and 9% for 30-34 year olds⁴.

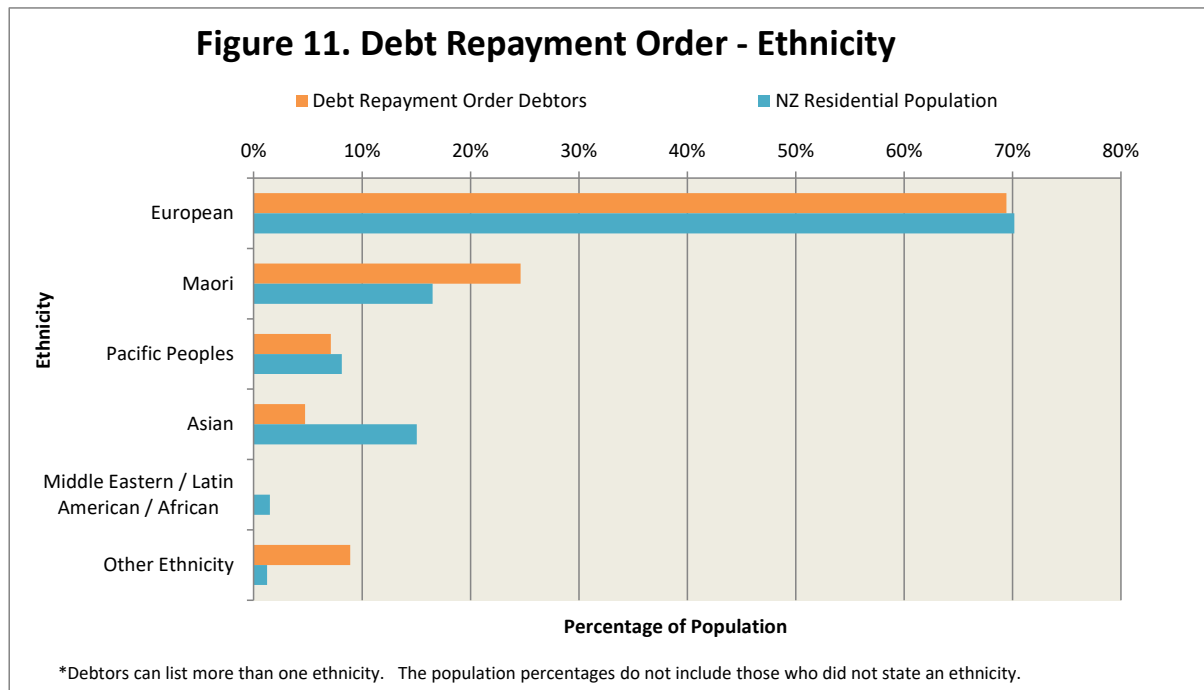


The average age of debtors who entered into a Debt Repayment Order in 2019/20 was 38 years old.

⁴ The New Zealand residential population statistics are sourced from Statistics New Zealand (2020), *Estimated Resident Population of New Zealand: At 30 March 2020 - tables*. Wellington: Statistics New Zealand.

Ethnicity

On the Statement of Affairs form debtors are asked to tick as many boxes as they need to show which ethnic group(s) they belong to. Ethnicity is self-perceived and people can belong to more than one ethnic group. 69% of debtors who entered into a Debt Repayment Order in 2019/20 and stated an ethnicity identified as being European compared to 70% of the New Zealand population⁵. The second most represented ethnicity stated amongst Debt Repayment Order debtors was 'Maori' who accounted for 25% of debtors, compared to making up 17% of the New Zealand residential population who stated an ethnicity in the 2018 census.

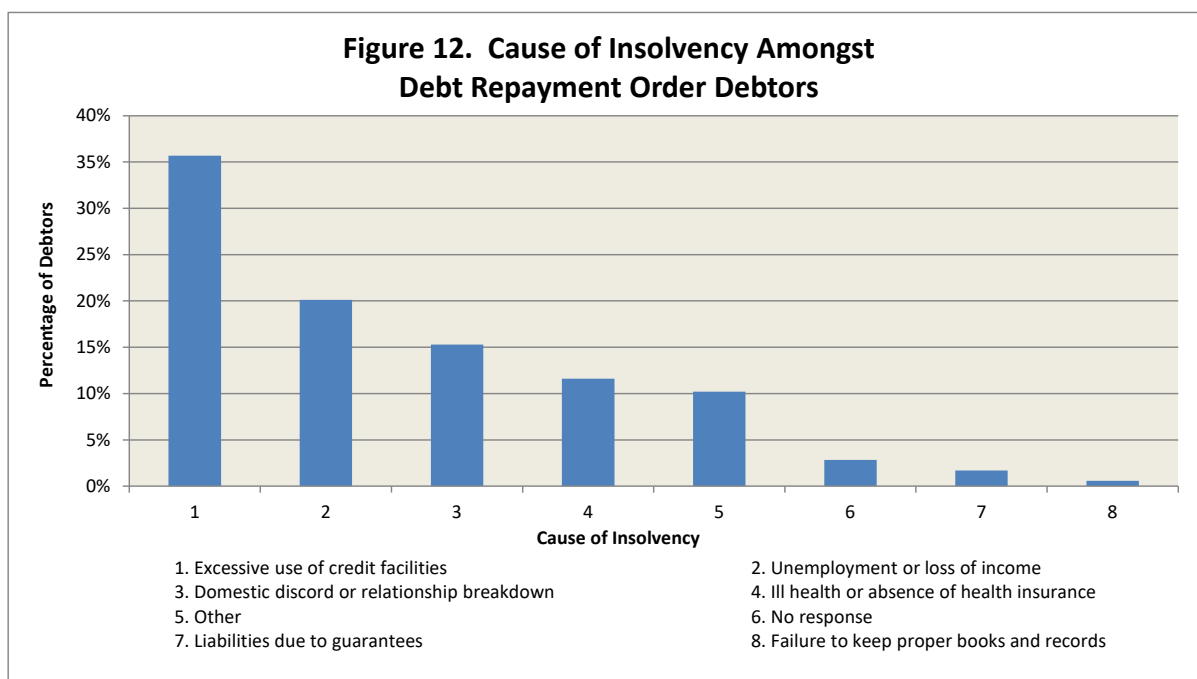


Cause of Insolvency

Debtors are asked to identify the cause of their insolvency from a selection in the Statement of Affairs with the option of selecting 'other' and specifying a cause.

97% of debtors who entered Debt Repayment Orders in 2019/20 provided details as to the cause of their insolvency. 'Excessive use of credit facilities' was identified as the most common cause (36%), followed by 'unemployment or loss of income' (20%).

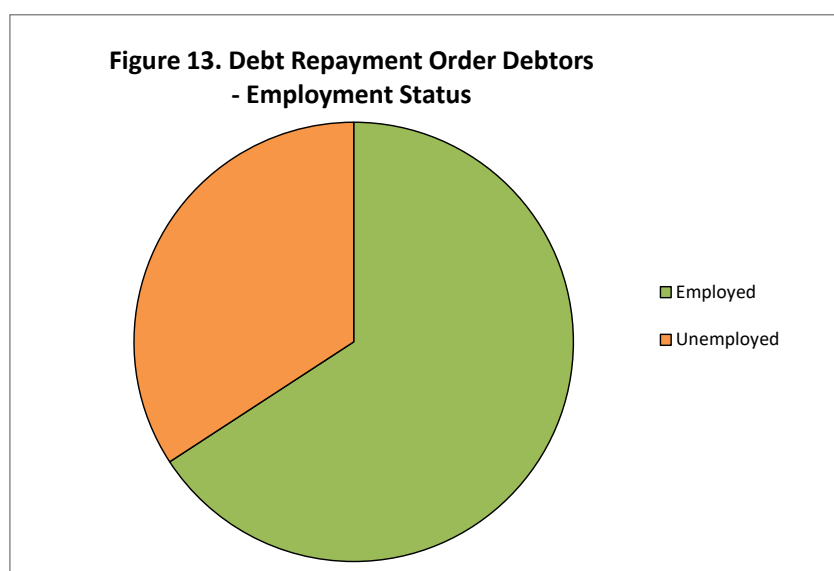
⁵ The New Zealand resident population statistics are sourced from Statistics New Zealand (2020), *2018 Census Data*. Wellington: Statistics New Zealand.



Employment

66% of Debt Repayment Order debtors were employed at the date they entered into the Debt Repayment Order; 56% of female debtors and 81% of male debtors. Most were employed by third parties with just 1% trading on their own account or as a director/shareholder.

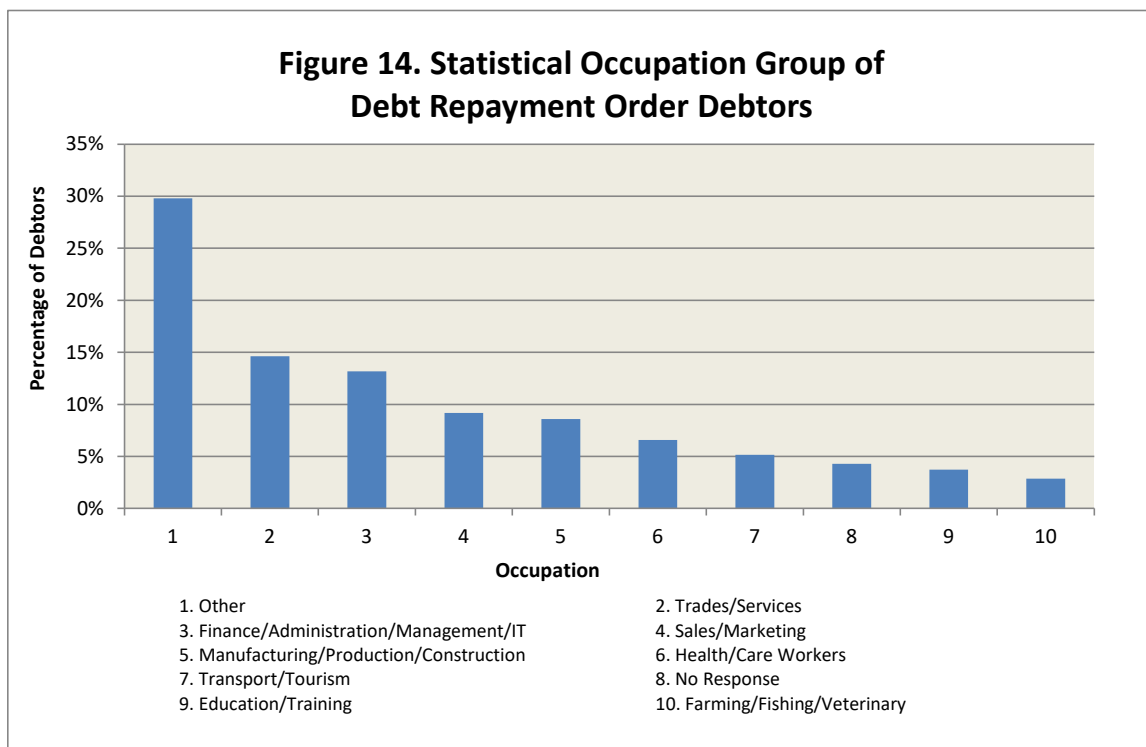
34% were recorded as being unemployed, this includes beneficiaries, students, and retirees. The seasonally adjusted national unemployment rate for the June 2020 quarter was 4.0%⁶.



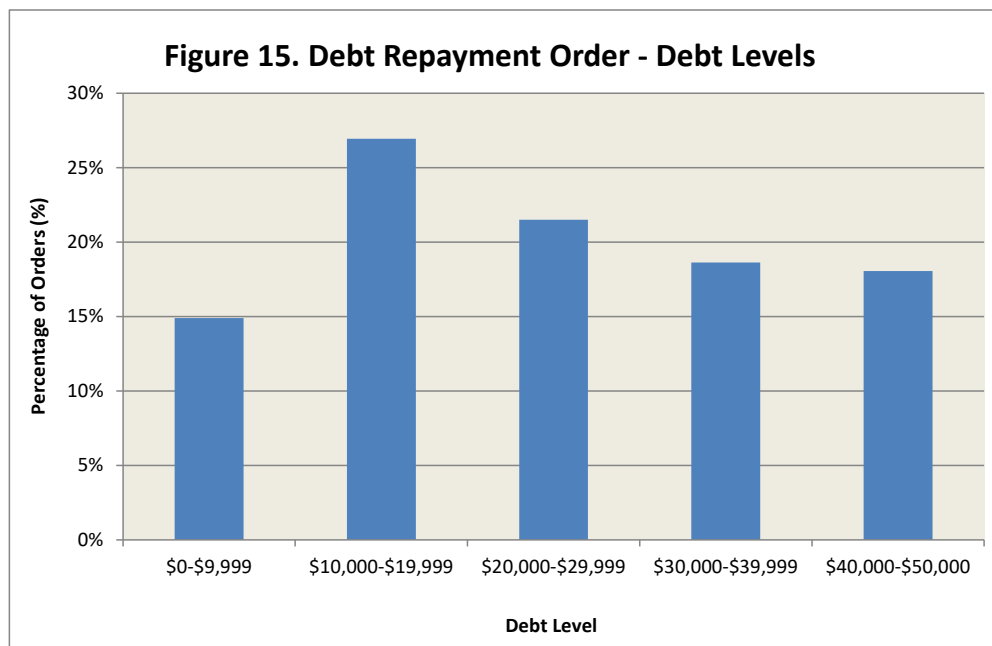
⁶ The New Zealand unemployment rate is sourced from Statistics New Zealand (2020), *Unemployment Rate: June 2020 QTR*. Wellington: Statistics New Zealand.

Table 9. Employment Status of Debt Repayment Order Debtors			
Description	Male	Female	Total %
Currently employed	75%	46%	57%
Unemployment benefit	12%	26%	20%
Currently employed and receiving income support	2%	9%	6%
Retired	4%	4%	4%
Sickness Benefit/ACC	2%	3%	3%
Student	1%	3%	2%
Other benefit	0%	3%	2%
Employed part-time and receiving benefit	1%	2%	2%
Other	1%	2%	2%
Trading on own account	1%	0%	1%
Unemployed no benefit	0%	1%	1%
Unpaid family worker	0%	1%	1%

Debtors are asked to list their main occupation in their Statement of Affairs. Of those who entered into a Debt Repayment Order in 2019/20, 15% identified that they were involved in 'trades/services', 13% were involved in 'finance/administration/management/IT' and another 9% were employed in 'sales/marketing' occupations. 30% of debtors were involved in 'other' statistical occupation groups not in the listed group classifications.



Debt Levels

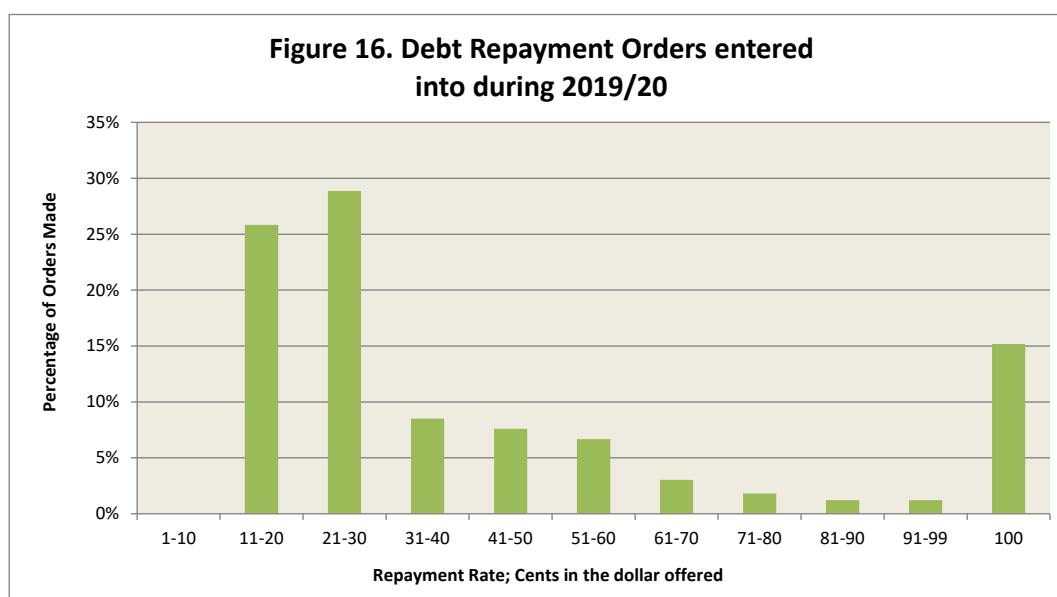


The Official Assignee may grant a Debt Repayment Order if a debtors total unsecured debts (excluding student loans, fines, penalties, and reparation orders) are less than \$NZ50,000. Up until January 2020, the debt limit was \$NZ47,000.

In 2019/20, 15% of Debt Repayment Order debtors had debt levels of less than \$10,000, 27% had debt levels from \$10,000-\$19,999 and 58% had debt levels over \$20,000.

Repayment Rate

In 2019/20, 15% of all Debt Repayment Orders entered into were for the repayment of 100 cents in the dollar. In 29% of Orders made, more than 50 cents in the dollar is being repaid to creditors. The average repayment rate for Orders made in 2019/20 was 44 cents in the dollar.



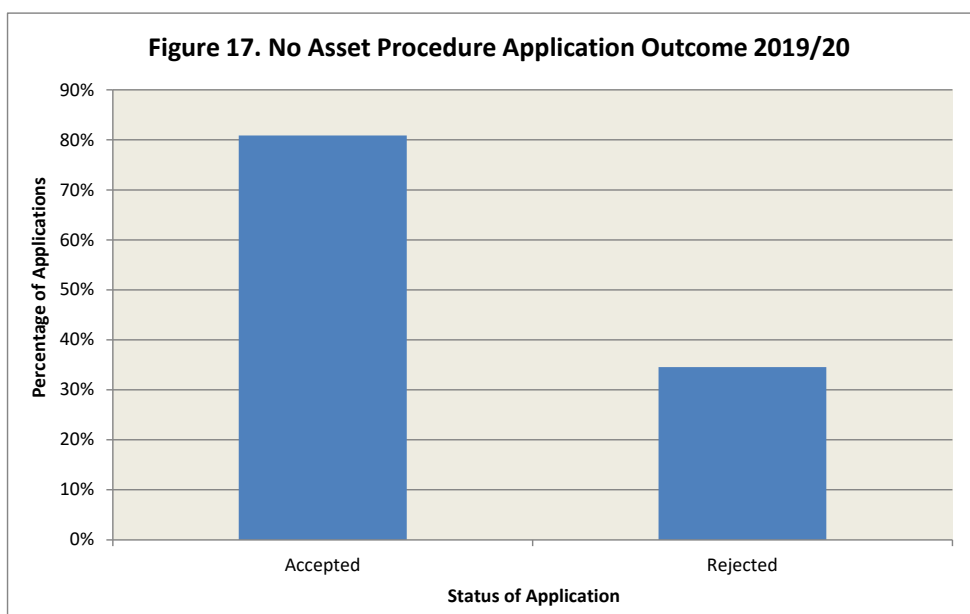
No Asset Procedures

Applications – Rejections and Terminations

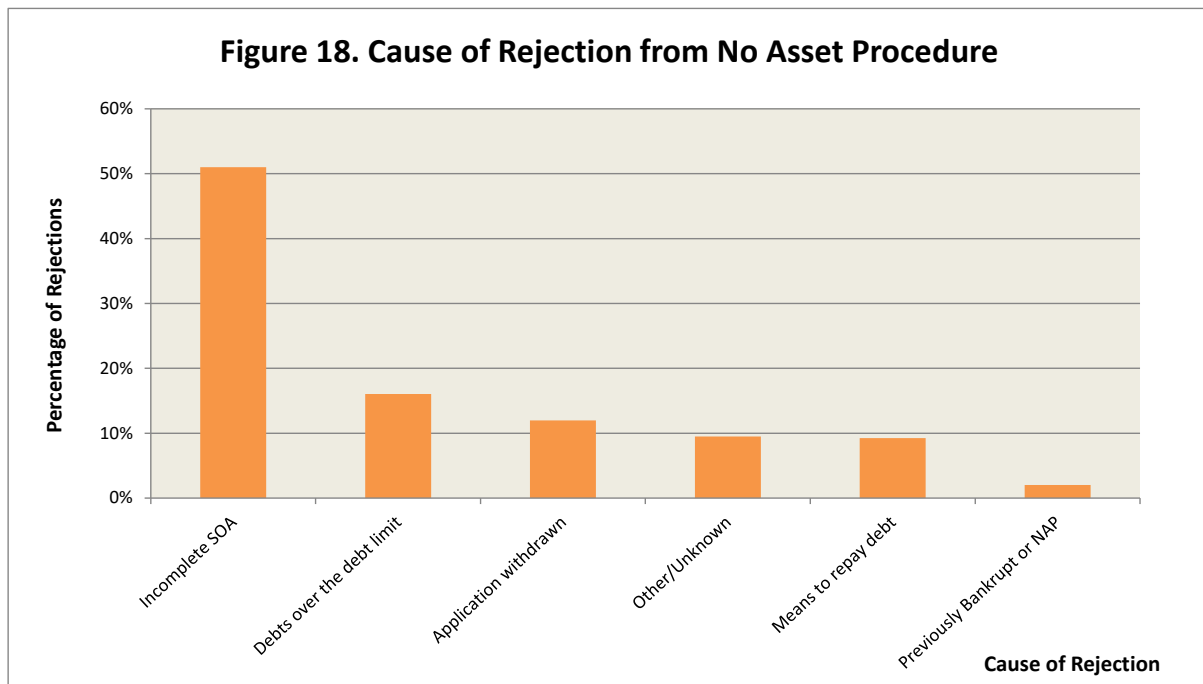
In 2019/20 1,386 applications were received for entry into the No Asset Procedure. Of these, 1,121 were accepted.

Table 10. No Asset Procedure Applications				
	Received	Accepted	Rejected	Terminated
2010/11	3329	2515	919	53
2011/12	2817	1872	1008	43
2012/13	2273	1448	961	32
2013/14	1839	1145	782	19
2014/15	1596	1223	560	11
2015/16	1852	1563	412	18
2016/17	1706	1349	449	29
2017/18	1840	1464	551	21
2018/19	1597	1218	502	15
2019/20	1386	1121	479	16

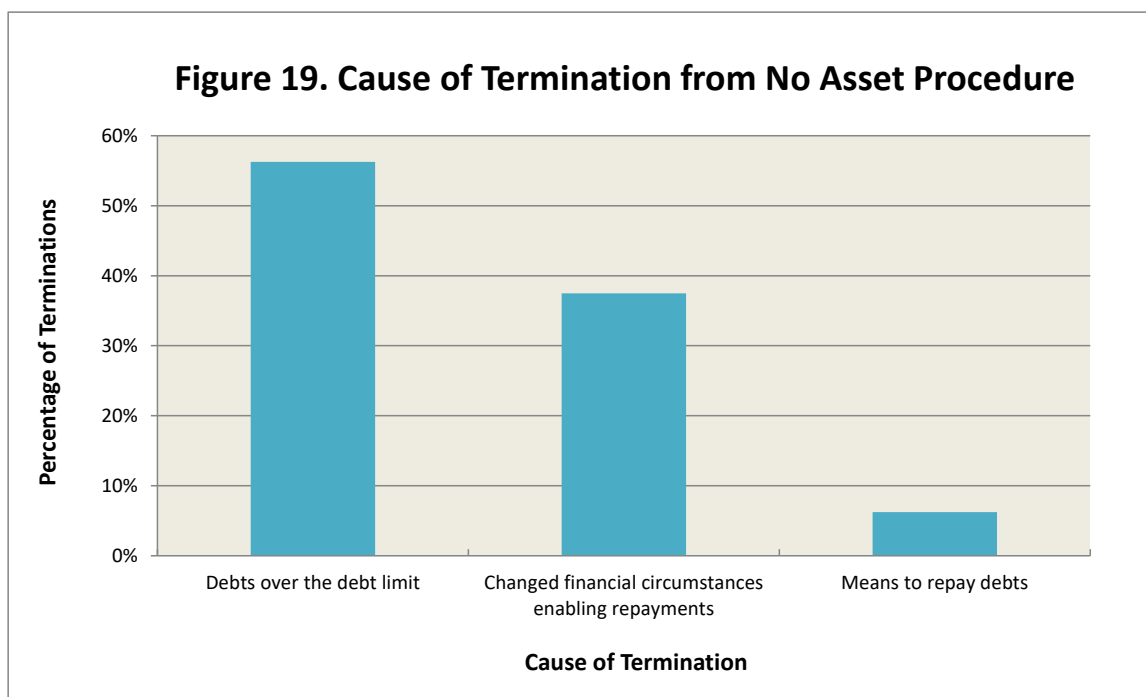
An application that has been rejected from entry into the No Asset Procedure can be resubmitted depending on the reason for the rejection, for example submitting an 'incomplete Statement of Affairs'. In such instances, certain applications may be counted as having been both rejected and later accepted; likewise an application which has been accepted can then be terminated. For this reason the number of 'accepted' and 'rejected' applications in Table 10. does not equal the number of 'received' applications, nor do the percentages in Figure 17. add up to 100%.



Of the 1,386 No Asset Procedure applications that were received in 2019/20, 35% were rejected. Some of these rejected applications were resubmitted and in the end 81% of all those submitted throughout the year were accepted.

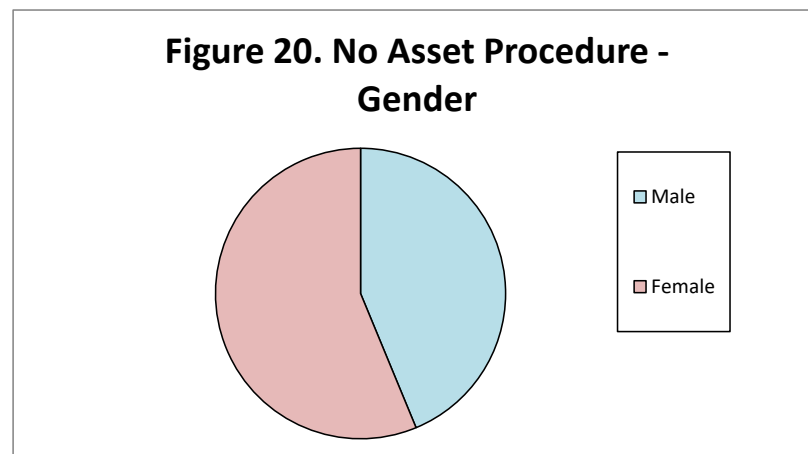


The most common cause of rejection of a No Asset Procedure application in 2019/20 was due to having an 'incomplete Statement of Affairs' which accounted for 51% of rejections. 'Debts over the debt limit' was the second most common cause making up 16% of rejections, with 'application withdrawn' making up a further 12%.



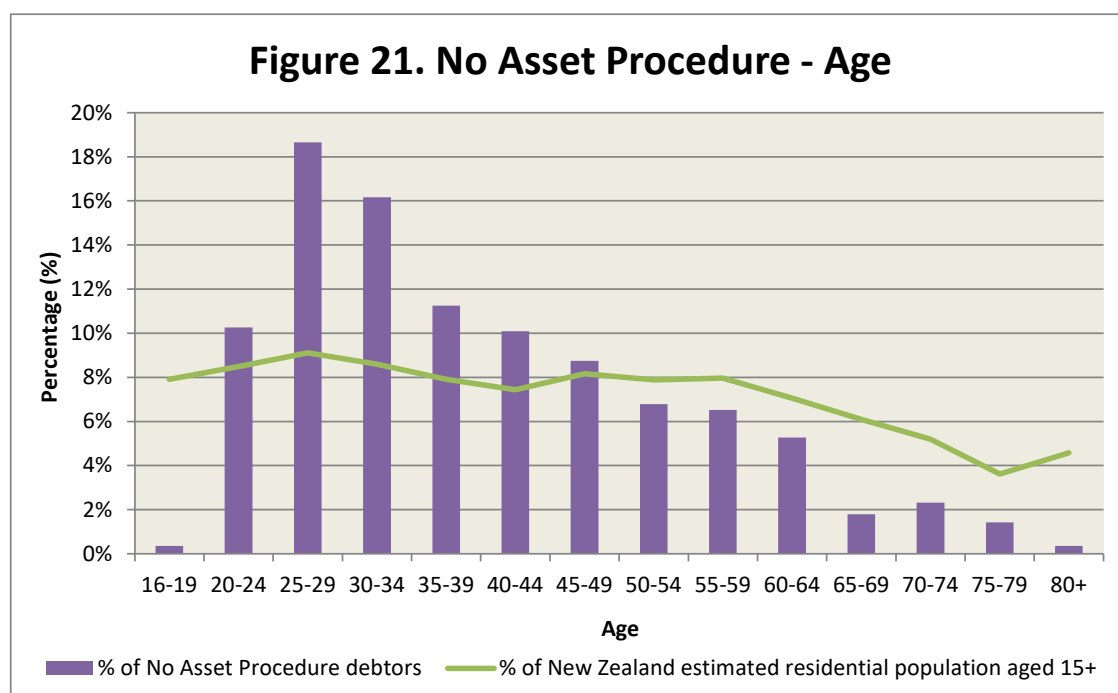
In 2019/20, 16 No Asset Procedures were terminated; the most common cause was 'debts over the limit' which accounted for 56%, or 9, terminations.

Age and Gender



56% of debtors who entered into a No Asset Procedure in 2019/20 were female, 44% were male.

The most common age of debtors entering into a No Asset Procedure in 2019/20 was between the ages of 25-29, followed by 30-34 years. Debtors in their 20's accounted for 29% of all No Asset Procedure debtors, compared to making up 18% of the estimated New Zealand residential population aged 15 and over⁷. Debtors in their 30's made up 27% of No Asset Procedure debtors compared to 17% of the estimated New Zealand residential population, while debtors in their 40's made up 19% of No Asset Procedure debtors.

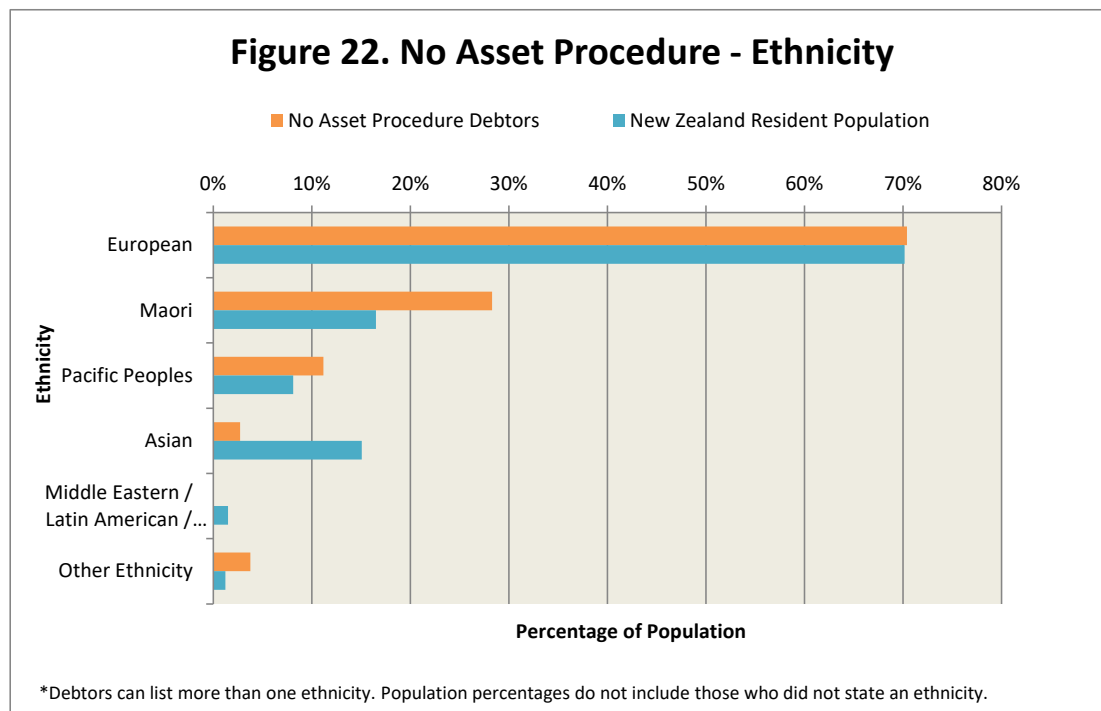


The average age of debtors who entered into a No Asset Procedure in 2019/20 was 40 years.

⁷ The New Zealand residential population statistics are sourced from Statistics New Zealand (2020), *National Population Estimates: At 30 March 2020 - tables*. Wellington: Statistics New Zealand.

Ethnicity

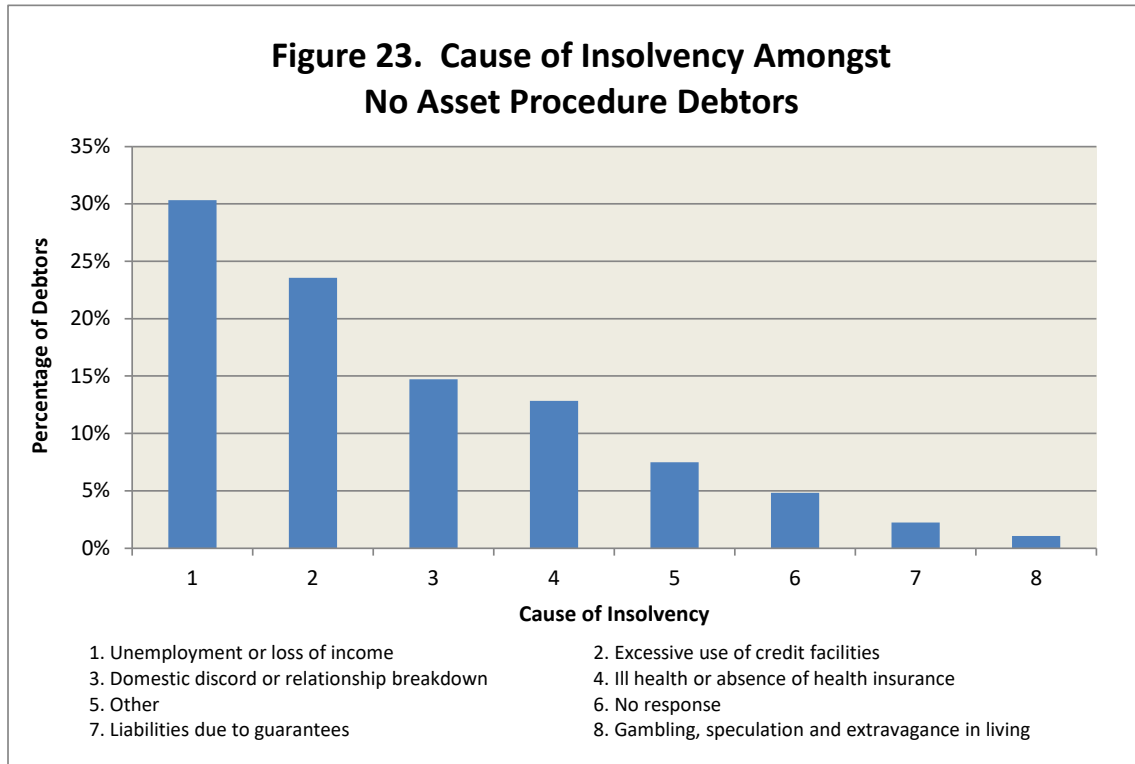
Both 70% of No Asset Procedure debtors in 2019/20, and 70% of the New Zealand resident population in the 2018 census identified as being European. 28% of No Asset Procedure debtors identified as Maori, compared to making up 17% of the residential population. Another significant difference in the listed categories are with those who identified as 'Asian'; 15% of the New Zealand population identified as Asian, whereas only 3% of No Asset Procedure debtors identified as such, in 2019/20⁸.



Cause of Insolvency

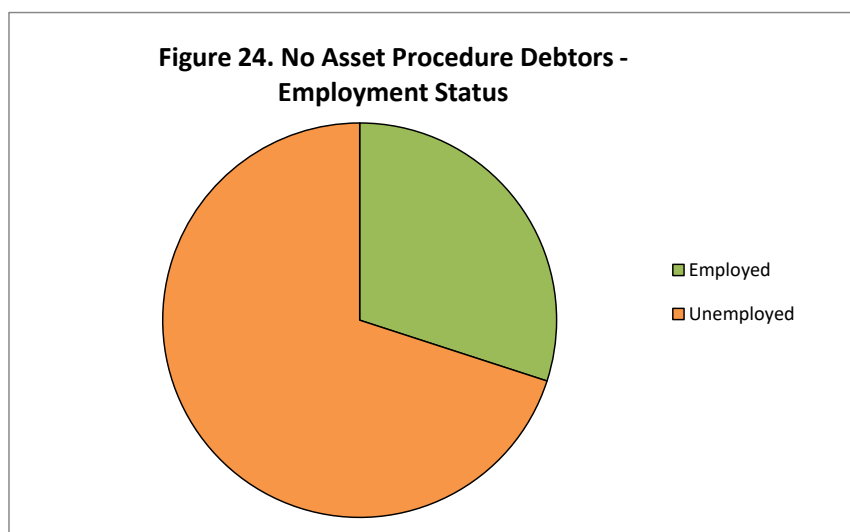
30% of No Asset Procedure debtors listed 'unemployment or loss of income' as the cause of their insolvency in 2019/20. The next most common causes were 'excessive use of credit facilities' (24%) and 'domestic discord or relationship breakdown' (15%).

⁸ The New Zealand resident population statistics are sourced from Statistics New Zealand (2020), *2018 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.

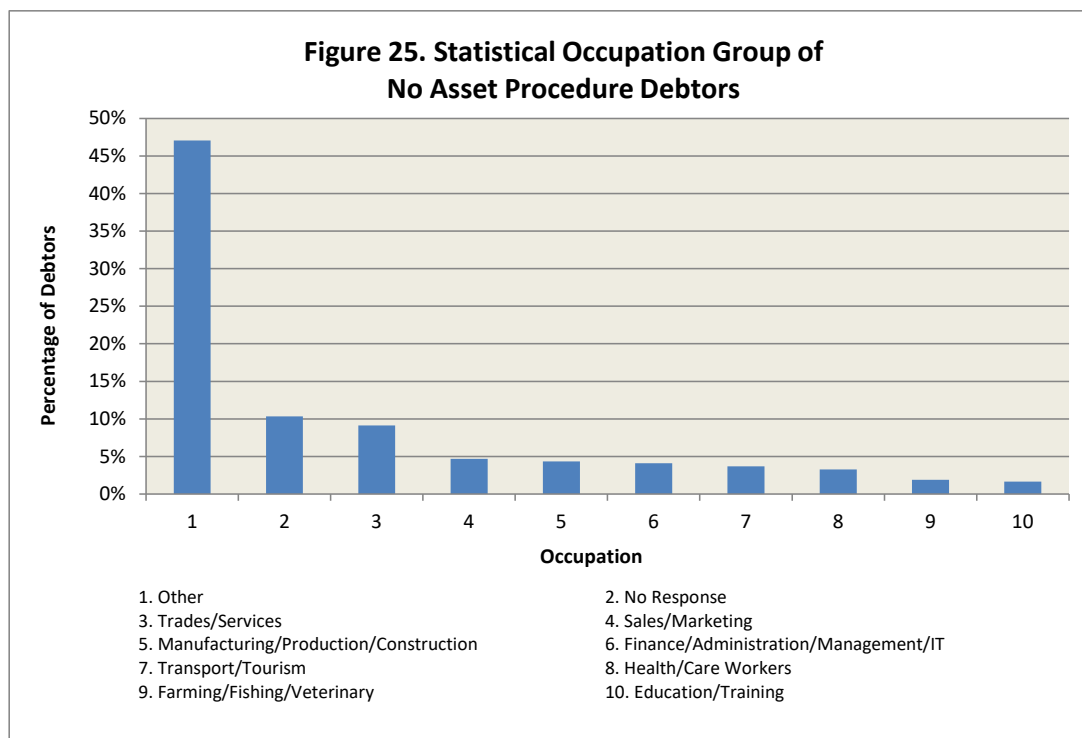


30% of No Asset Procedure debtors noted that they were employed in their Statement of Affairs at the time that they entered into insolvency; this is represented by 36% of male debtors and 25% of female debtors.

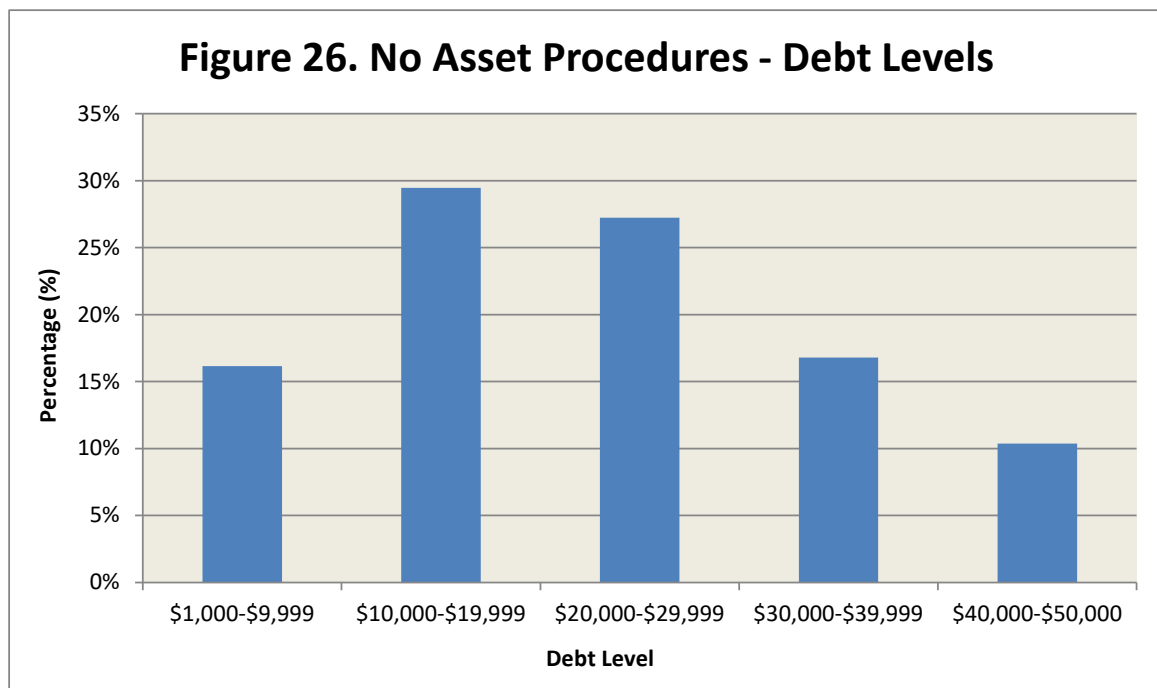
Table 11. Employment Status of No Asset Procedure Debtors			
Description	Male	Female	Total %
Unemployment benefit	31%	45%	39%
Currently employed	32%	17%	23%
Unemployed no benefit	10%	8%	9%
Sickness Benefit/ACC	10%	7%	9%
Currently employed and receiving income support	3%	7%	5%
Retired	6%	4%	5%
Other Benefit	2%	4%	3%
Other	2%	3%	3%
Student	1%	3%	2%
Employed part-time and receiving benefit	0%	1%	1%
Unpaid family worker	0%	1%	1%
No response	1%	0%	1%
Trading on own account	1%	0%	1%

The most common employment status of those who entered into a No Asset Procedure in 2019/20 was to be on the unemployment benefit; 31% of males and 45% of females.

When asked to select their primary occupation, 47% of No Asset Procedure debtors selected 'other' employment not identified in the statistical occupation groups listed. 9% selected 'trades/services', and 5% selected 'sales/marketing'. 10% of debtors did not give a response to this question.



Debt Levels

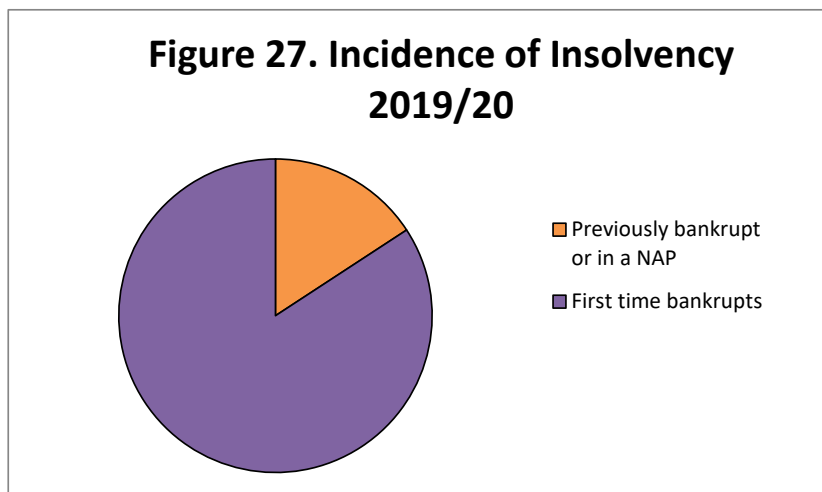


In January 2020 the upper debt limit for entry into the No Asset Procedure increased from \$NZ47,000 to \$NZ50,000. In 2019/20, the most common level of debt amongst No Asset Procedure debtors was \$10,000-\$19,999 (29%). 16% of debtors had debt levels of \$1,000-\$9,999, and another 27% had debt levels of \$20,000-\$29,999. 27% of debtors had debts over \$30,000.

Bankruptcies

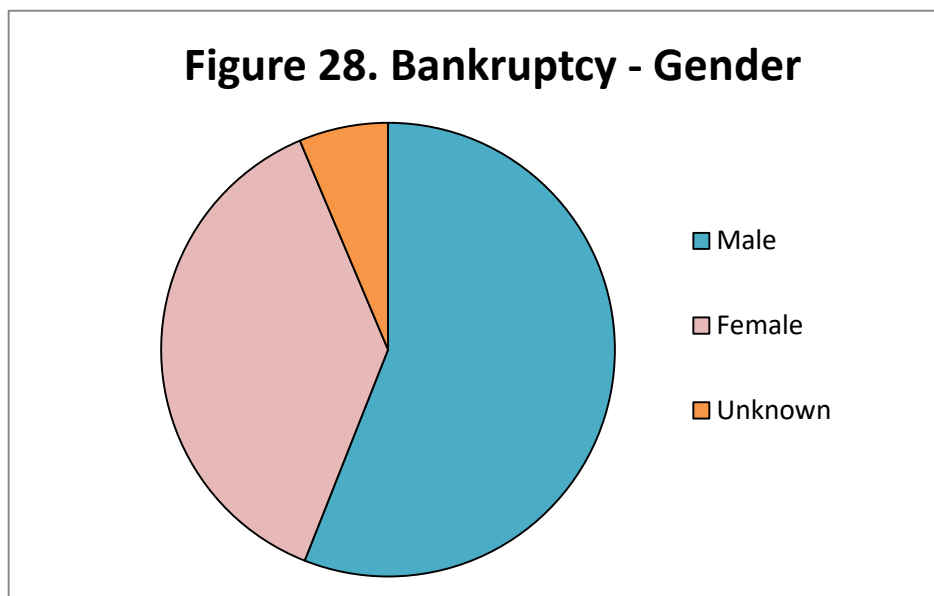
Incidence of Insolvency

16% of debtors adjudicated bankrupt in 2019/20 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 bankrupt or in a No Asset Procedure in 6% of cases.

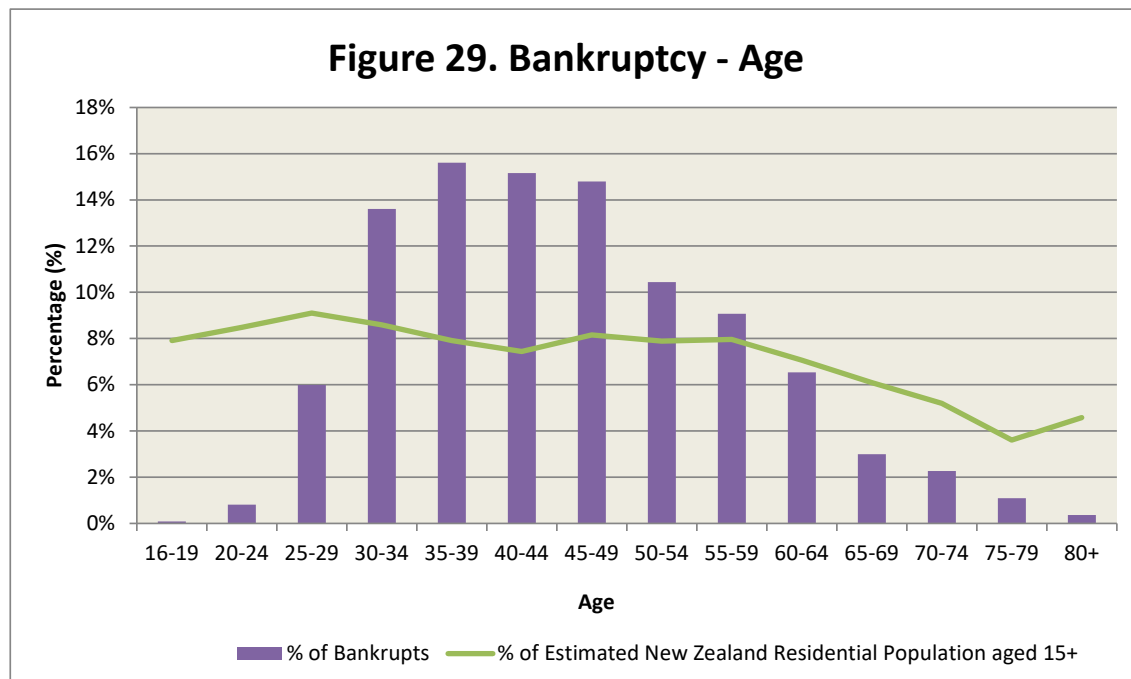


Age and Gender

The gender of 6% of debtors who went bankrupt in 2019/20 is unknown, 56% were male and 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 than debtor's applications.



The most commonly represented age group of people who went bankrupt in 2019/20 was 35-39 years. 30% of Bankrupts were between the ages of 30-39, compared to 17% of the estimated New Zealand Residential Population aged 15 and over⁹. Another 30% 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.



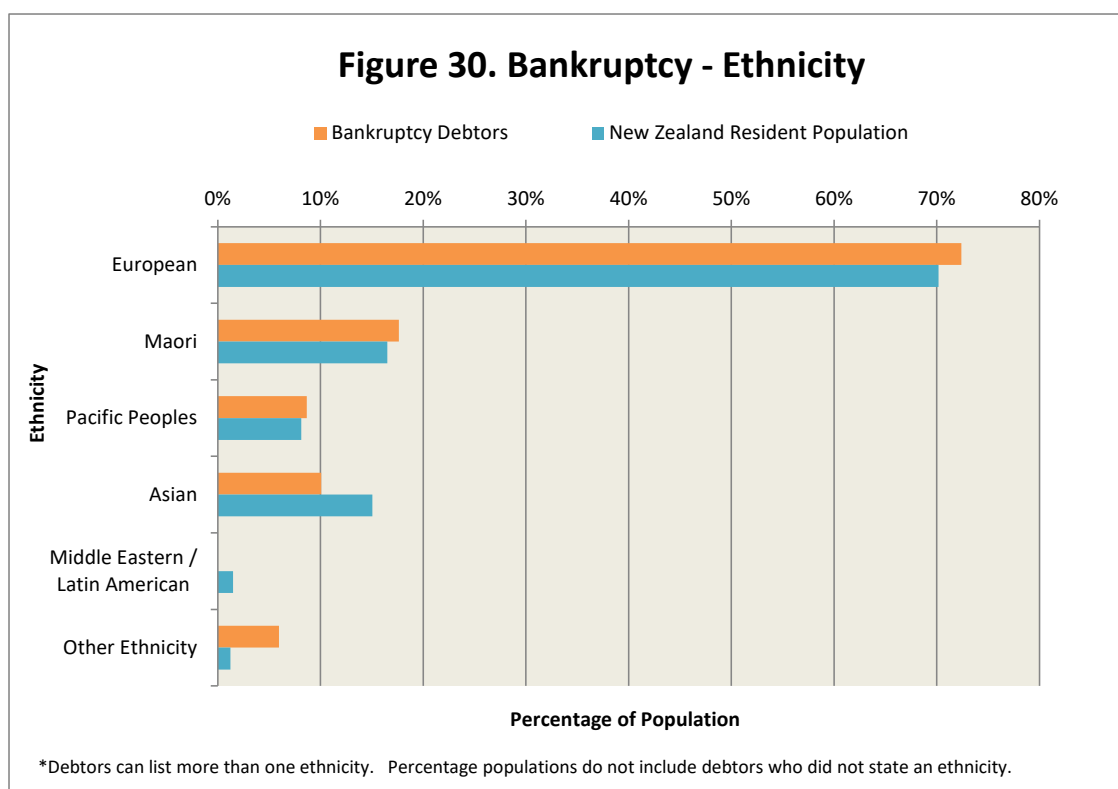
Of the people who entered into bankruptcy during 2019/20; the youngest person was 19, the oldest person was 86 and the average age was 45 years old.

Ethnicity

Of the bankrupt debtors who identified an ethnicity in their Statement of Affairs, 72% identified as being European and 18% identified as being Maori. In the 2018 census 70% of the New Zealand resident population identified as being European, while 17% identified as Maori. In the less populated categories, 9% of bankrupt debtors identified as Pacific Peoples, 10% Asian and 6% 'other ethnicity'¹⁰. Debtors can identify as being more than one ethnicity.

⁹ The Estimated New Zealand Resident Population age statistics are taken from Statistics New Zealand (2020), *National Population Estimates: At 30 March 2020 - tables*. Wellington: Statistics New Zealand.

¹⁰ The Estimated New Zealand Resident Population ethnicity statistics are taken from Statistics New Zealand (2020), *2018 Census Data*. Wellington: Statistics New Zealand.



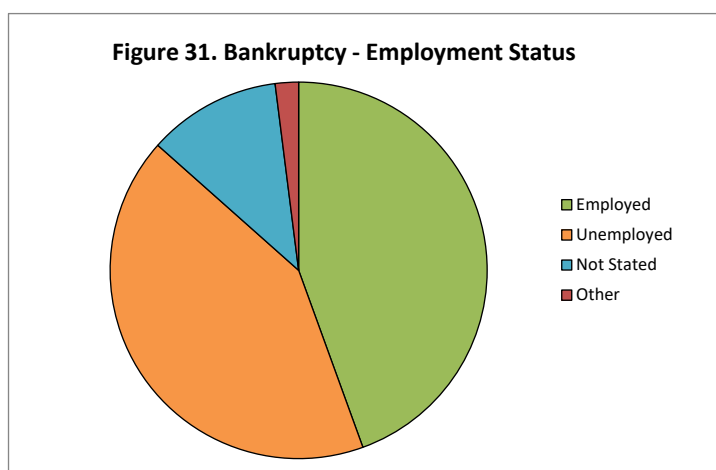
Cause of Bankruptcy

The most common cause of insolvency selected by bankrupts who were adjudicated in 2019/20 was 'unemployment or loss of income'. 15% of debtors listed this reason as the 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. Cause of Bankruptcy			
Cause	Debtor Application	Creditor Application	Total
Unemployment or loss of income	20%	3%	15%
No Response	3%	44%	15%
Other	17%	4%	13%
Excessive use of credit facilities	15%	0%	11%
Domestic discord or relationship breakdown	10%	6%	9%
Ill health or absence of health insurance	10%	2%	8%
Failure to provide for taxation	4%	11%	6%
Liabilities due to guarantees	5%	7%	5%
Lack of business ability	5%	0%	4%
Economic conditions affecting industry	2%	8%	4%
Adverse legal action	1%	9%	4%
Failure to keep proper books or records	3%	0%	2%
Lack of sufficient working capital	1%	2%	1%
Gambling, speculation and extravagance in living	2%	1%	1%
Impact of Coronavirus (COVID-19)	1%	1%	1%
Seasonal conditions including floods and drought	1%	0%	1%

Employment

45% of bankrupts adjudicated in 2019/20 stated that they were employed at the date of adjudication, 42% stated that they were unemployed, while the remaining 13% 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 an employment rate of 49%, while those who were adjudicated by way of a creditor's application had an employment rate of 34%.



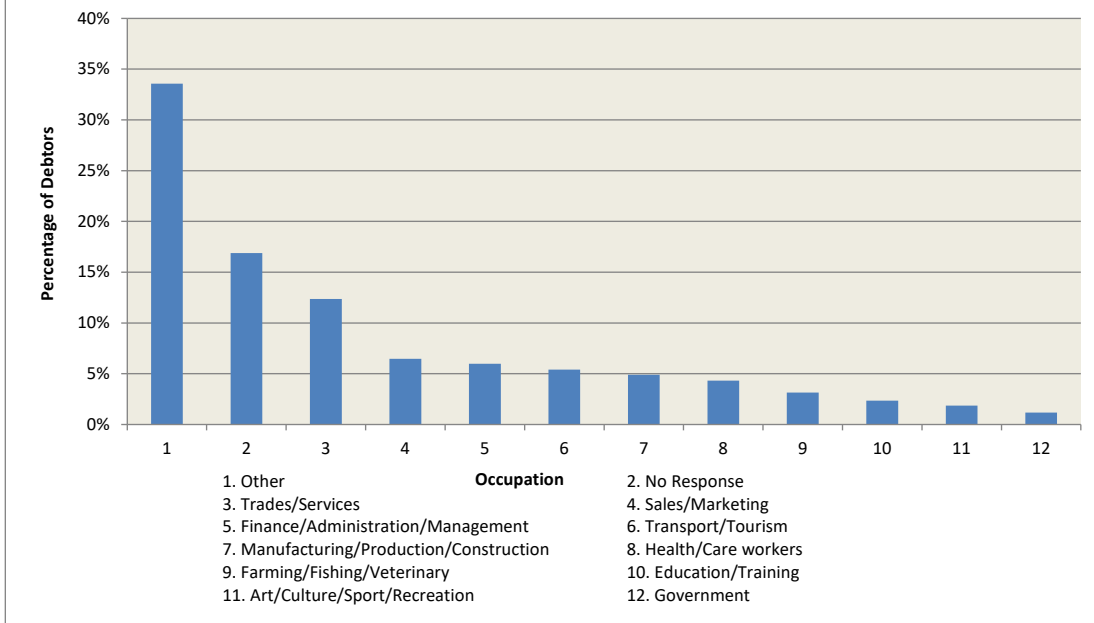
39% of debtors adjudicated bankrupt in 2019/20 were employed by third parties either full time or part time, while an additional 6% were either trading as a director/shareholder or trading on their own account.

Description	Male	Female	Unknown	Total
Currently Employed	40%	33%	4%	35%
Unemployment Benefit	13%	24%	1%	17%
Unemployed no Benefit	16%	10%	3%	13%
No Response	8%	4%	87%	11%
Sickness benefit/ACC	5%	5%	0%	5%
Trading on own account	6%	2%	1%	4%
Retired	4%	4%	1%	4%
Currently employed and receiving income support	1%	4%	0%	2%
Other	2%	2%	0%	2%
Unpaid family worker	1%	3%	1%	2%
Other Benefit	1%	3%	0%	2%
Trading in Partnership or as a Director/Shareholder	2%	1%	0%	2%
Employed part-time and receiving a benefit	1%	2%	0%	1%
Student	1%	2%	0%	1%

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 12% of bankrupts working in these fields, the second most common occupational field identified was 'sales/marketing' with 7%.

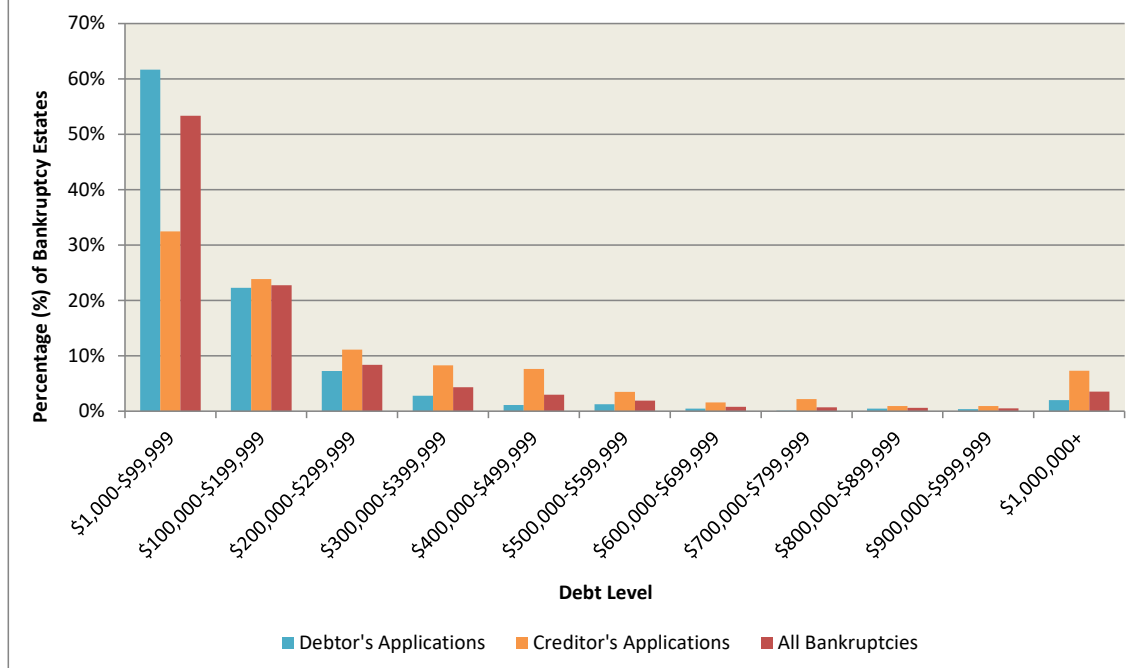
Figure 32. Occupation of Bankrupts



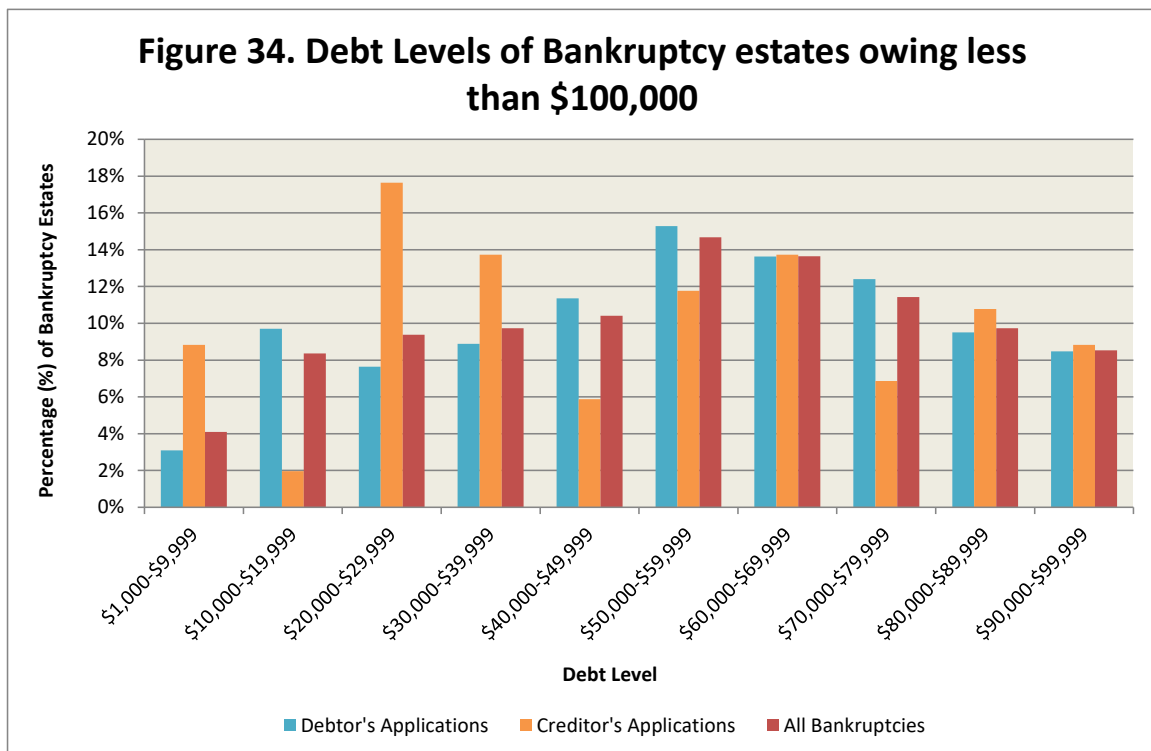
Debt Levels

Unlike No Asset Procedures and Debt Repayment Orders there is no upper limit to the level of debt a bankrupt can have; 53% of bankrupts adjudicated in 2019/20 had debt of less than \$100,000, 23% of bankrupts had debt levels of between \$100,000-\$200,000, and 24% had debt levels over \$200,000.

Figure 33. Bankruptcy - Debt Levels



Of those bankruptcy estates that had less than \$100,000 in total debt, 42% owed less than \$50,000, and 58% had total debt of \$50,000-\$100,000.



Corporate Insolvencies

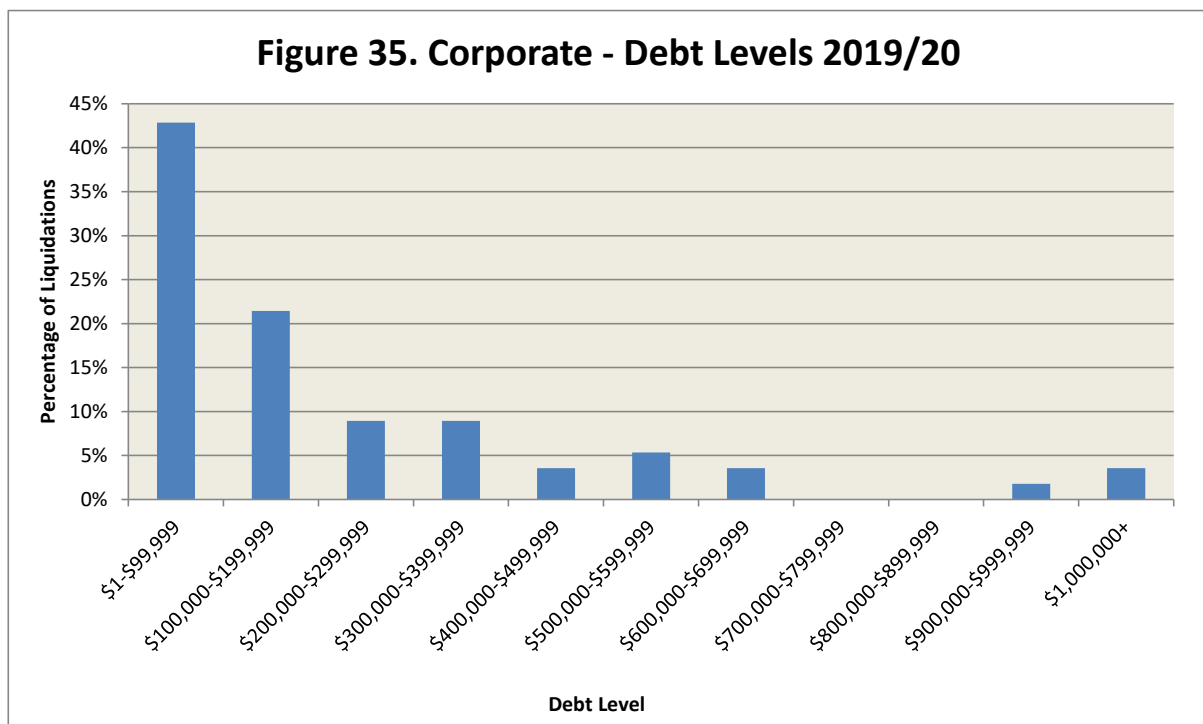
Cause of Liquidation

Upon the commencement of a liquidation the Official Assignee seeks to obtain a completed Statement of Affairs for the company. In 2019/20, 'adverse legal action' and 'lack of sufficient working capital' were listed as the top two causes of liquidation by those who completed a company Statement of Affairs and provided a response to this question.

Table 14. Cause of Liquidation	
Cause	Percentage
No response	57%
Adverse legal action	12%
Lack of sufficient working capital	7%
Ill health or absence of health insurance	5%
Failure of another business organisation	3%
Failure to provide for taxation	3%
Other	3%
Domestic discord or relationship breakdown	2%
Economic conditions affecting industry	2%
Excessive drawings	2%
Lack of business ability	2%
Liabilities due to guarantees	2%

Debt Level

43% of liquidations administered by the Official Assignee in 2019/20 had total debt of less than \$100,000, while 57% of liquidations had debt of more than \$100,000.



Of the liquidation estates that had total debt of less than \$100,000, 92% had debt of less than \$50,000, and 8% had debt between \$50,000-\$100,000.

