

Insolvency Statistics and Debtor Profile Report

1 JULY 2021 TO 30 JUNE 2022

Ministry of Business, Innovation and Employment (MBIE) Hīkina Whakatutuki – Lifting to make successful

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

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1 JULY 2021 TO 30 JUNE 2022

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The Insolvency and Trustee Service (ITS) is a business unit within the Ministry of Business, Innovation and Employment (MBIE). The unit is part of the Market Integrity Branch, the General Manager of Market Integrity is the Official Assignee for New Zealand (OANZ).

The ITS acts on behalf of the OANZ who is appointed under the State Sector Act 1988 to administer the Insolvency Act 2006 and parts of the Companies Act 1993. We also have the Insolvency (Personal Insolvency) Regulations 2007.

The OANZ administers all Bankruptcies, No Asset Procedures, Debt Repayment Orders and some Court-appointed liquidations. The ITS maintain both an [Insolvency Register](#) and a [Debt Repayment Order Register](#). These registers are publicly available.

Lowest personal insolvency numbers in 30 years

In what has been unprecedented times with the global COVID-19 pandemic and the associated disruption this has placed on economies around the world over the last few years, New Zealand's economy has of course also faced pressure.

It may have been expected that after the lockdowns that insolvency numbers would increase, however, since the Covid-19 lockdowns began in March 2020 personal insolvency volumes have remained very low. In 2021/22 there were just 1,241 personal insolvencies which was the lowest annual volume received in over 30 years and represented a 37% decrease compared to 2020/21.

While all types of personal insolvency have dropped it is encouraging that the Debt Repayment Order as a percentage of insolvencies has continue to increase. The Debt Repayment Order is an important alternative to bankruptcy which enables debtors to complete a payment plan that creditors share equally at a low cost. We are keen to see the Debt Repayment Order continue to grow as an alternative to bankruptcy.

The Official Assignee's liquidation appointments increased to 97 for 2021/22 from 70 in 2020/21 and is the highest number received since 2017/18. This increase is due to the Official Assignee being appointed to a greater share of all liquidations as the total number of liquidations has also decreased since the Covid-19 lockdowns.

Aotearoa New Zealand has emerged from the pandemic in relatively good shape with economic reports showing we are not in a recession with 1.7% economic growth in the June quarter and unemployment rate remaining low at 3.3%. However, interest rates have increased significantly in 2021/22 which will put pressure on some borrowers. How that will impact insolvency numbers in 2022/23 is very hard to predict. So far in 2022/23 personal insolvency numbers appear to be tracking similarly to 2021/22. The Insolvency and Trustee Service continues to encourage anyone having trouble managing their debts to get advice on the many options available, including talking to a free financial mentor that can help explore financial options and create a budget. The mentor can also speak to lenders, debt collectors, and others on behalf of those affected.

Russell Fildes

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Annual Statistics – Personal Insolvency Volumes

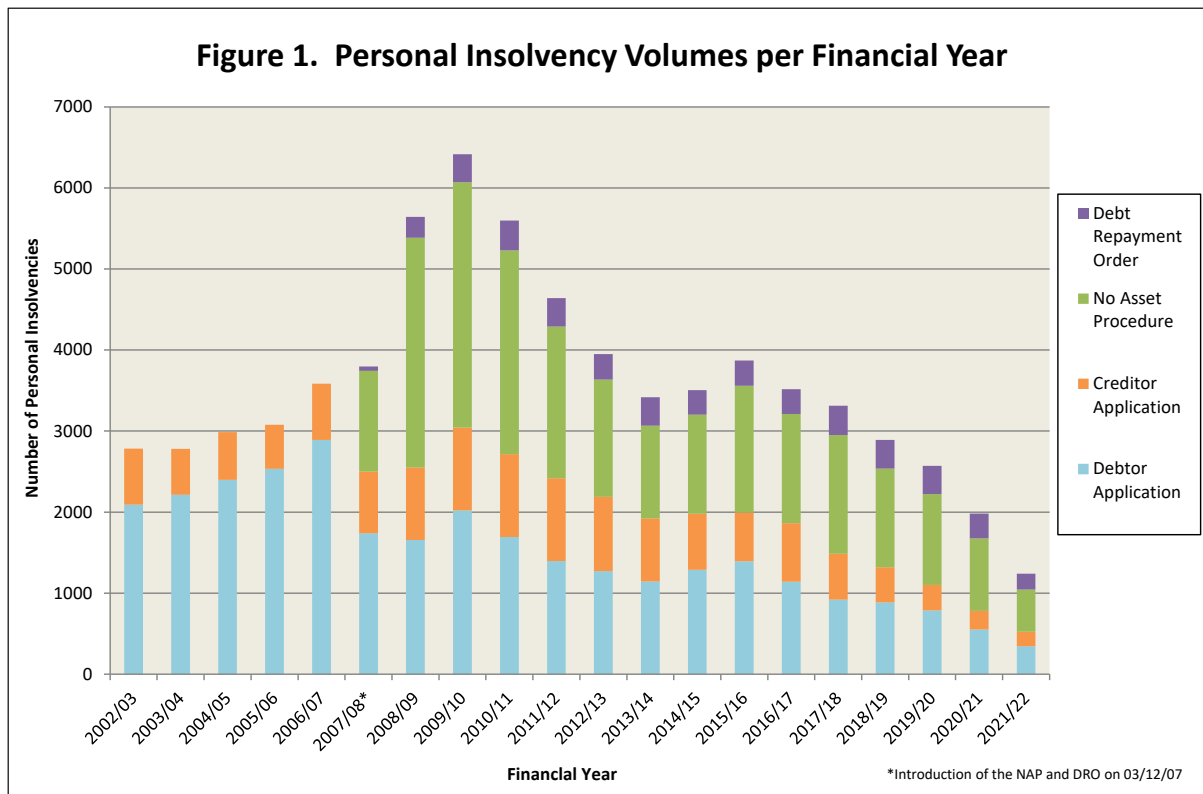
In 2021/22 the Insolvency and Trustee Service administered 1,241 new personal insolvency procedures. This was the lowest annual volume received in over 30 years and represented a 37% decrease compared to 2020/21. The total personal insolvency volume is made up of Debt Repayment Orders (DRO), No Asset Procedures (NAPs) and Bankruptcies (both Debtor and Creditor applications).

Table 1. Personal Insolvency Volumes per Financial Year					
Financial Year	Total	Debtor Application	Creditor Application	No Asset Procedure	Debt Repayment Order
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	2571	786	315	1121	349
2020/21	1982	551	231	893	307
2021/22	1241	346	179	519	197

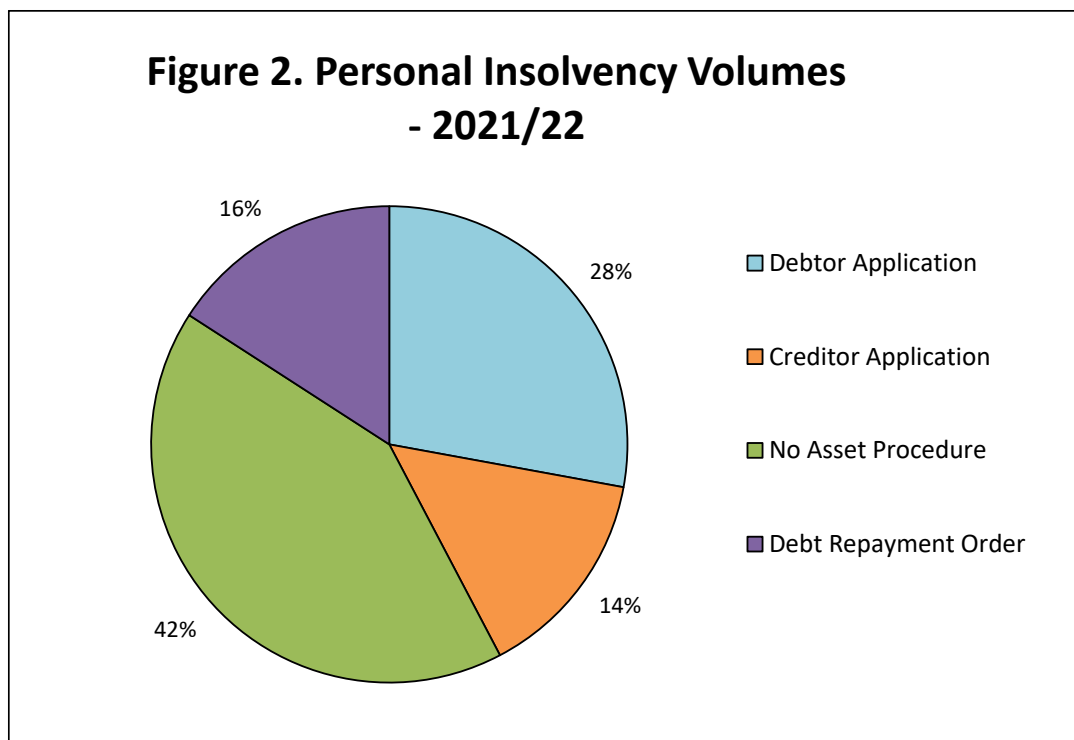
*Introduction of the NAP and DRO on 03/12/2007

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. For just over ten years Debt Repayment Order volumes remained consistently between 300 and 400 each financial year, before dropping to just 197 in 2021/22. No Asset Procedure volumes have been more variable, in 2021/22 just 519 No Asset Procedures were accepted, which was a 42% decrease compared to 2020/21 and the lowest volume received in any financial year since the No Asset Procedure was introduced in 2007/08.

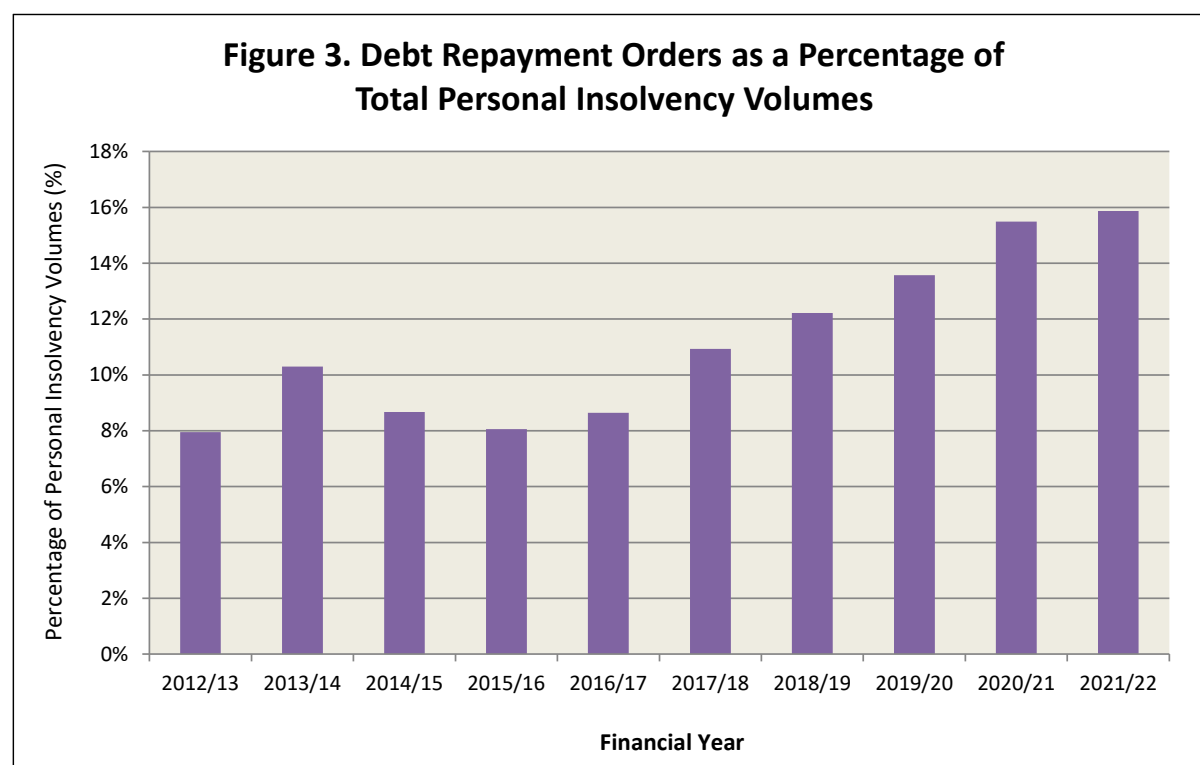
Bankruptcy volumes also rose between 2007/08 and 2009/10 during the Global Financial Crisis, before commencing a steady decline in annual volumes in 2010/11. Bankruptcy volumes then stabilised for four years from 2013/14 to 2016/17 before continuing the downward trend in 2017/18 through to 2021/22. 525 bankruptcy adjudications were made in 2021/22, which was a 33% decrease compared to 2021/22, and a 52% reduction on 2019/20 volumes.



No Asset Procedures made up the largest percentage of personal insolvency volumes in 2021/22 at 42%. This was followed by Debtor Applications at 28%, Debt Repayment Orders accounted for 16% and Creditor Applications made up the remaining 14%.



Debt Repayment Orders as a percentage of personal insolvency volumes has been rising steadily since 2015/16, reaching a new high of 16% of personal insolvency volumes in 2021/22.



In 2021/22, 0.03% 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.

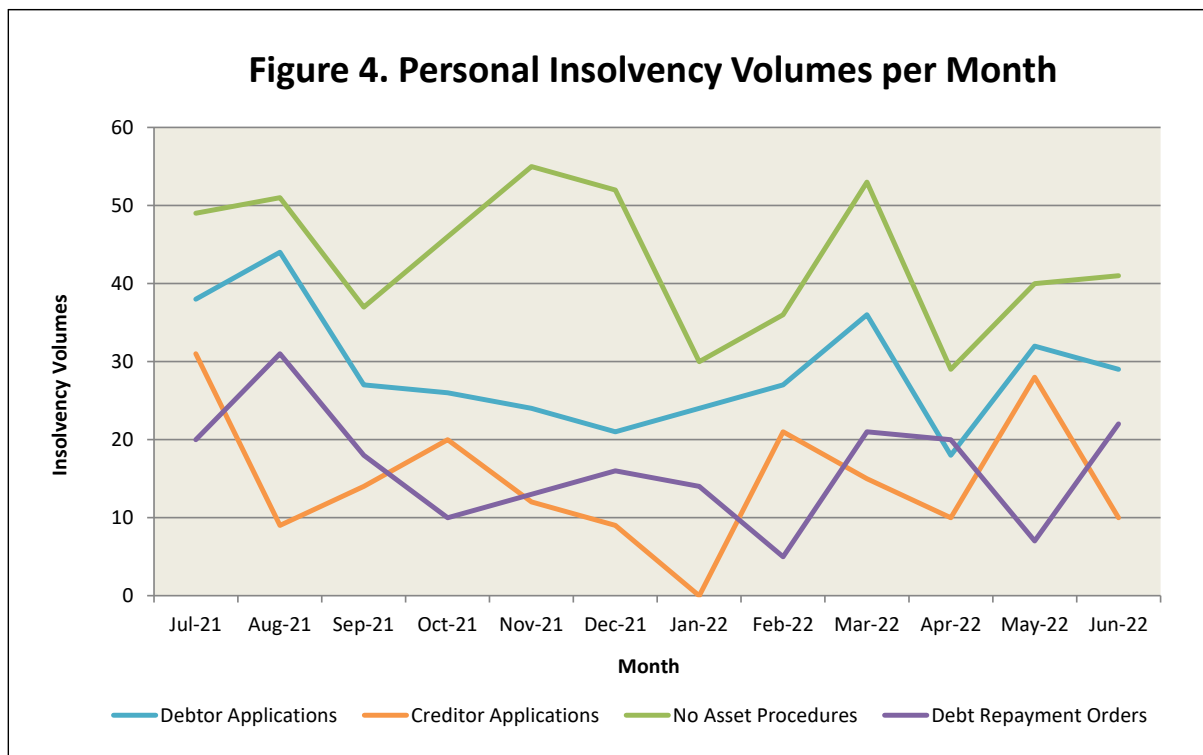
Financial Year 1 July - 30 June	Estimated Population*	Personal Insolvencies	Rate of Personal Insolvencies
2012/13	3,321,300	3,950	0.12%
2013/14	3,366,300	3,418	0.10%
2014/15	3,443,600	3,506	0.10%
2015/16	3,532,800	3,870	0.11%
2016/17	3,625,300	3,516	0.10%
2017/18	3,708,700	3,312	0.09%
2018/19	3,785,600	2,890	0.08%
2019/20	3,865,800	2,571	0.07%
2020/21	3,942,100	1,982	0.05%
2021/22	3,958,400	1,241	0.03%

*Estimated resident population aged 18+ as at 31 March

¹ Population estimates sourced from Statistics New Zealand (2022), *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-21	138	38	31	49	20
Aug-21	135	44	9	51	31
Sep-21	96	27	14	37	18
Oct-21	102	26	20	46	10
Nov-21	104	24	12	55	13
Dec-21	98	21	9	52	16
Jan-22	68	24	0	30	14
Feb-22	89	27	21	36	5
Mar-22	125	36	15	53	21
Apr-22	77	18	10	29	20
May-22	107	32	28	40	7
Jun-22	102	29	10	41	22
Total	1,241	346	179	519	197

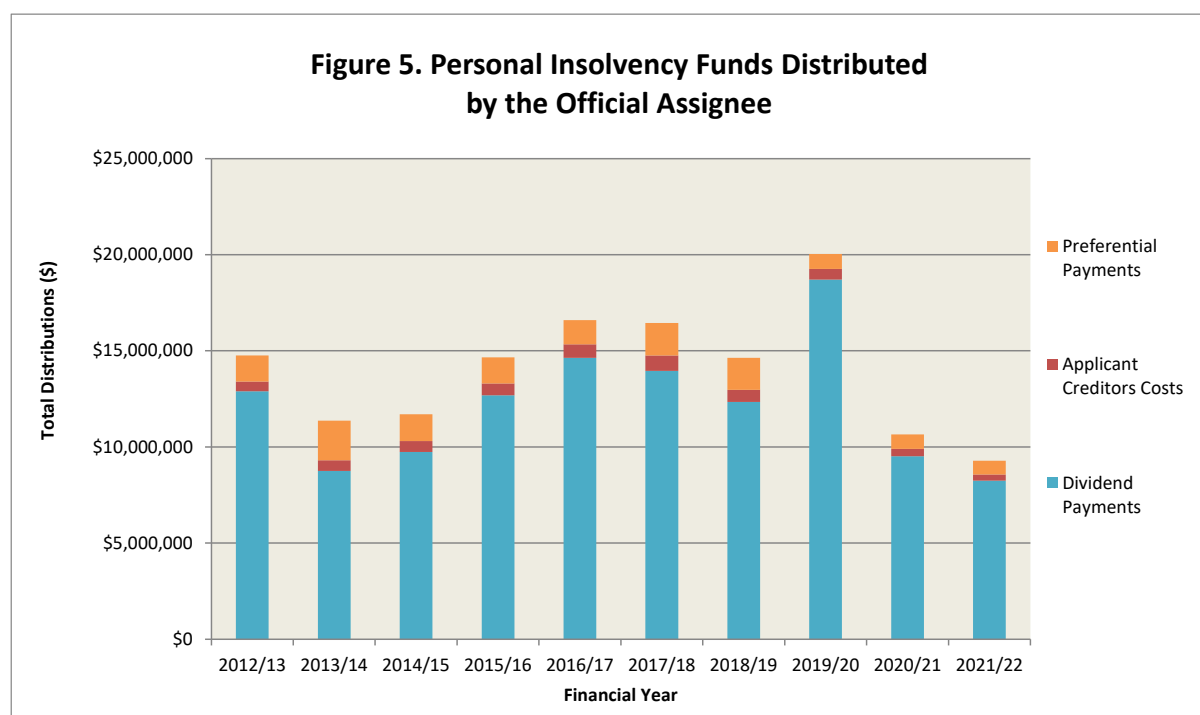
During 2021/22 the Insolvency and Trustee Service received an average of 16 Debt Repayment Orders per month, 43 No Asset Procedures and 44 new bankruptcy estates. The lowest number of new personal insolvencies was received in the month of January, while the highest volume of new personal insolvencies was received in July, followed closely by August.



In 2021/22, debtors from the Auckland region accounted for 24% of personal insolvencies nationwide. Canterbury was the second most represented region, accounting for 16%, followed by the Waikato which made up 9% of new personal insolvencies.

Table 4. Personal Insolvency Volumes per Region 2021/22						
Court Region	%	Total	Debtor Applications	Creditor Applications	No Asset Procedures	Debt Repayment Orders
Auckland	24%	298	102	55	117	24
Bay of Plenty	7%	82	25	13	27	17
Canterbury	16%	200	50	24	87	39
Gisborne	0%	5	1	2	2	0
Hawkes Bay	6%	77	14	3	28	32
Manawatu-Whanganui	6%	72	15	4	45	8
Marlborough	1%	9	0	0	7	2
Nelson	1%	9	3	1	5	0
Northland	4%	44	9	7	25	3
Otago	4%	52	11	4	29	8
Southland	3%	43	6	7	5	25
Taranaki	4%	47	8	4	26	9
Tasman	1%	9	5	1	2	1
Waikato	9%	112	29	19	51	13
Wellington	8%	105	30	17	45	13
West Coast	1%	15	5	3	6	1
Overseas	0%	0	0	0	0	0
Unknown	5%	62	33	15	12	2
		1241	346	179	519	197

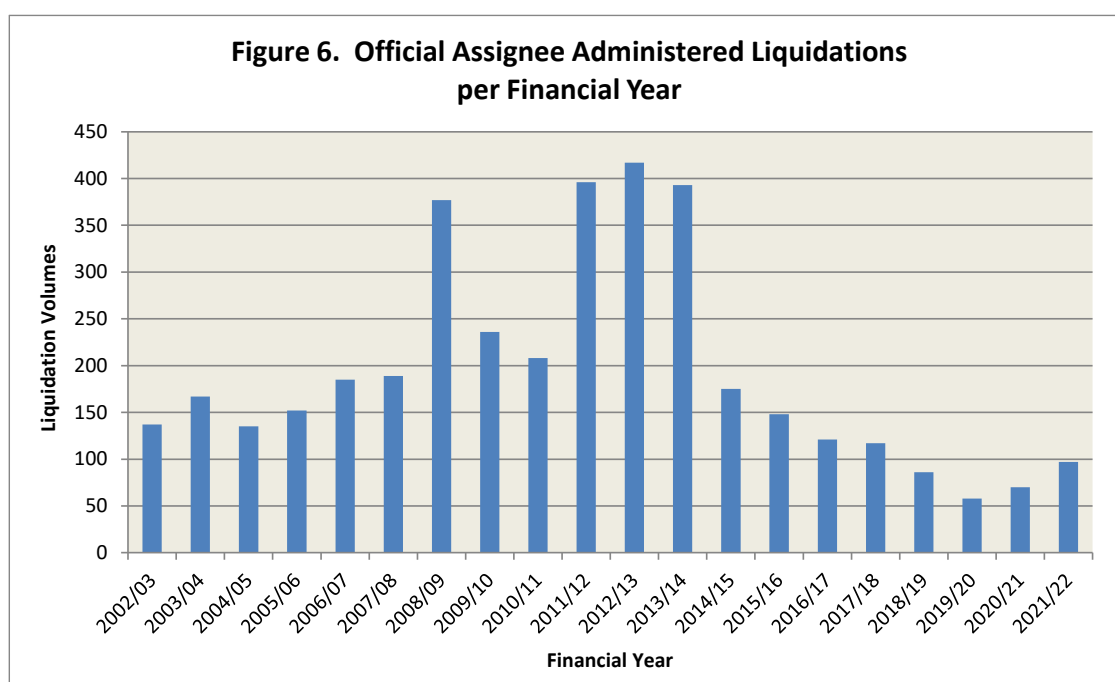
In the 2021/22 financial year the Official Assignee paid out \$9,281,072.64 in personal insolvency distributions to creditors. 89% of these funds were dividend payments to unsecured creditors, 8% were payments to preferential creditors and 3% were distributions towards applicant creditor's costs. Of the total funds paid in personal insolvency distributions, 27% of funds (\$2,548,387.58) was paid to Debt Repayment Order creditors.



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 2022 was 703,631².

Table 5. Corporate Insolvency Volumes per Financial Year	
Financial Year 1 July - 30 June	Corporate Insolvency Volumes
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
2020/21	70
2021/22	97

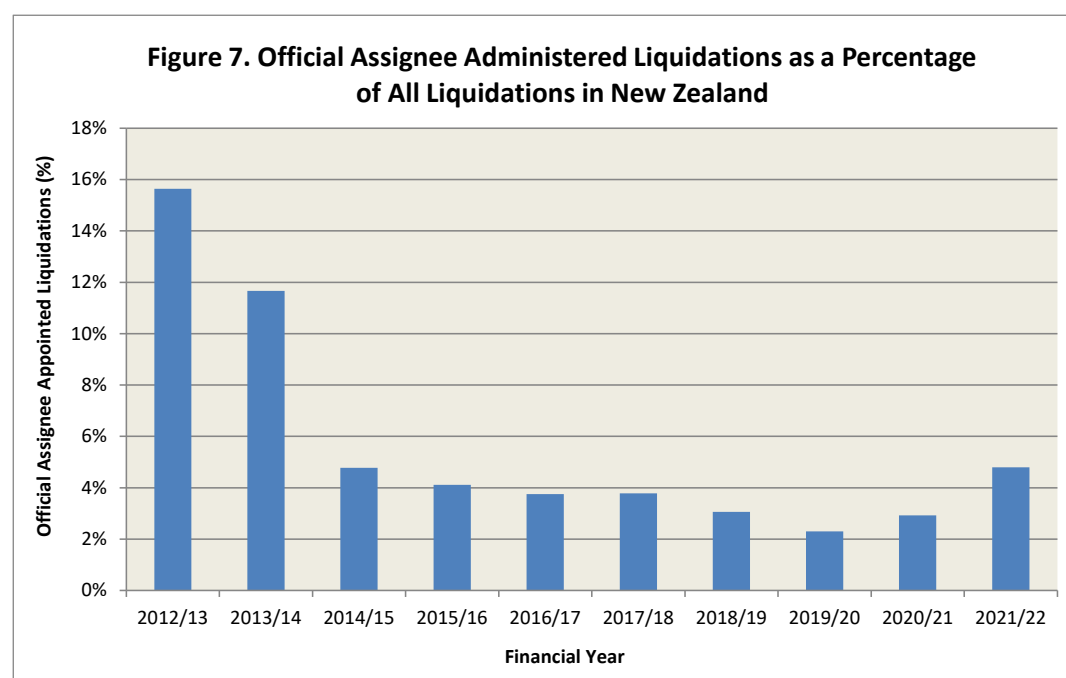


² Registered Company statistics sourced from the Companies Office; <http://www.companiesoffice.govt.nz/data-services/>

In 2021/22 the Official Assignee was appointed the liquidator of 97 companies, which was an increase of 39% compared to 2020/21. 36% of company liquidations originated in the Auckland Region, 10% in Christchurch and 9% in Tauranga. Voluntary liquidations made up 6% of total liquidations administered by the Official Assignee.

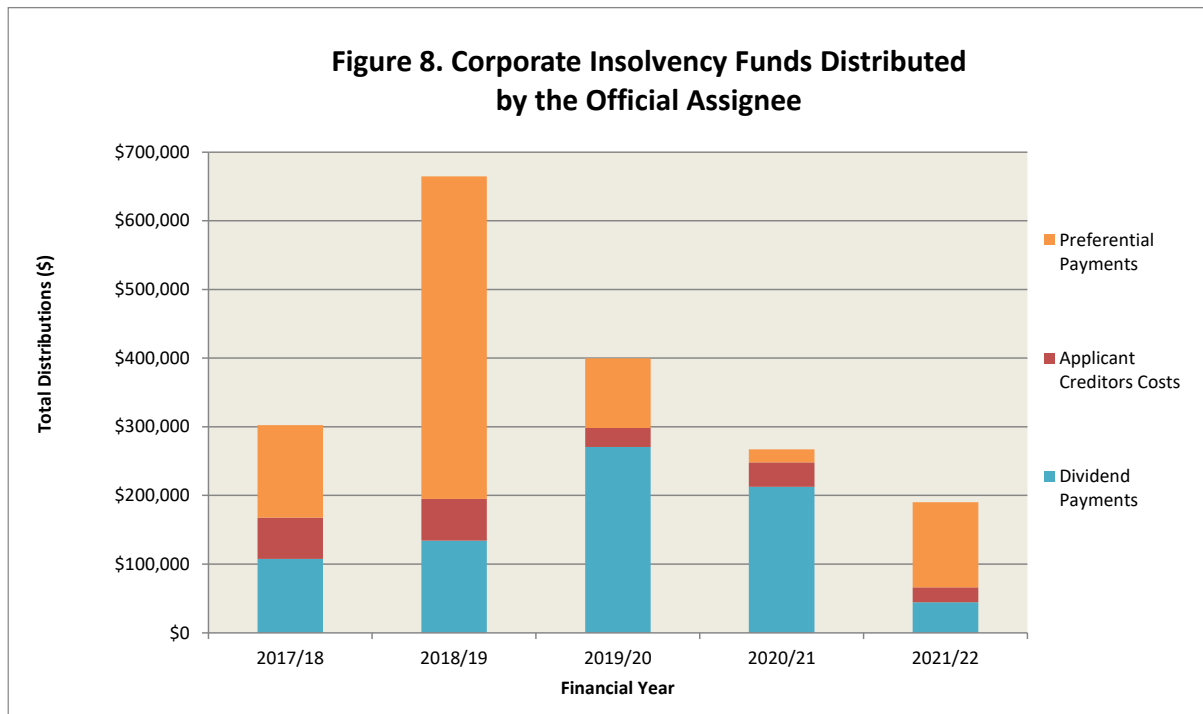
Table 6. Corporate Insolvency Volumes 2021/22		
Court Region	%	Number of liquidations
Auckland	36%	35
Christchurch	10%	10
Dunedin	5%	5
Hamilton	8%	8
Masterton	3%	3
Napier	4%	4
Nelson	1%	1
New Plymouth	2%	2
Palmerston North	1%	1
Rotorua	1%	1
Tauranga	9%	9
Timaru	2%	2
Wanganui	1%	1
Wellington	6%	6
Whangarei	3%	3
Voluntary Liquidation	6%	6
		97

In 2021/22, 2,025 companies were placed into liquidation within New Zealand³. The Official Assignee was appointed the liquidator of 4.8% of these liquidations.



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

The Official Assignee distributed \$190,112.52 in corporate insolvency distributions in 2021/22. Of these funds, 23% were paid out as dividend payments, 12% were distributions towards applicant creditor's costs and the majority of the funds (65%) were received by preferential creditors as preferential payments.



Key Characteristics of Debtors 2020 to 2022

Table 7. Debtor Characteristics 2020 to 2022	Bankrupts		NAP Debtors		DRO Debtors	
	2021/22	2019/20	2021/22	2019/20	2021/22	2019/20
Number	525	1102	519	1121	197	349
Gender % male (where identified)	52%	60%	39%	44%	40%	40%
Age (most represented)	35-39 (14%)	35-39 (16%)	30-34 (20%)	25-29 (19%)	25-29 (21%)	25-29 (22%)
Ethnicity* (most represented)	European (70%)	European (72%)	European (68%)	European (70%)	European (70%)	European (69%)
% not employed (of those known)	48%	47%	75%	71%	44%	34%
Debt < \$20,000	12%	7%	39%	46%	41%	42%

Despite volumes having changed significantly between 2020 and 2022, the key characteristics of insolvent debtors have remained consistent with some minor variations.

Of the 1,241 debtors who entered into insolvency during 2021/22 the gender of 1,148 of them is known. 614, or (53%) were women, and 527 (46%) were men. In 2022, men are still more likely than women to enter into bankruptcy (although the gap is closing), while women are more likely than men to enter into a No Asset Procedure or a Debt Repayment Order.

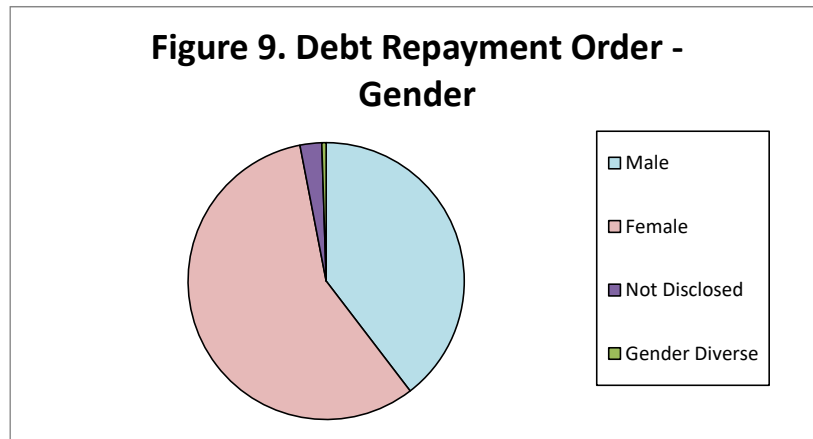
There has not been any significant change in the age of debtors entering into insolvency between 2020 to 2022. 35-39 years is still the most common age to enter into bankruptcy and 25-29 years is the most common age of Debt Repayment Order debtors. The most common age of debtors who entered into a No Asset Procedure has aged slightly to 30-34 years, from 25-29 years in 2020.

There has been a slight increase in the percentage of unemployed debtors across all three insolvency procedures between 2020 and 2022. The percentage of unemployed bankrupt debtors rose from 47% to 48%, unemployed No Asset Procedure debtors rose from 71% to 75% and unemployed Debt Repayment Order debtors rose from 34% to 44%.

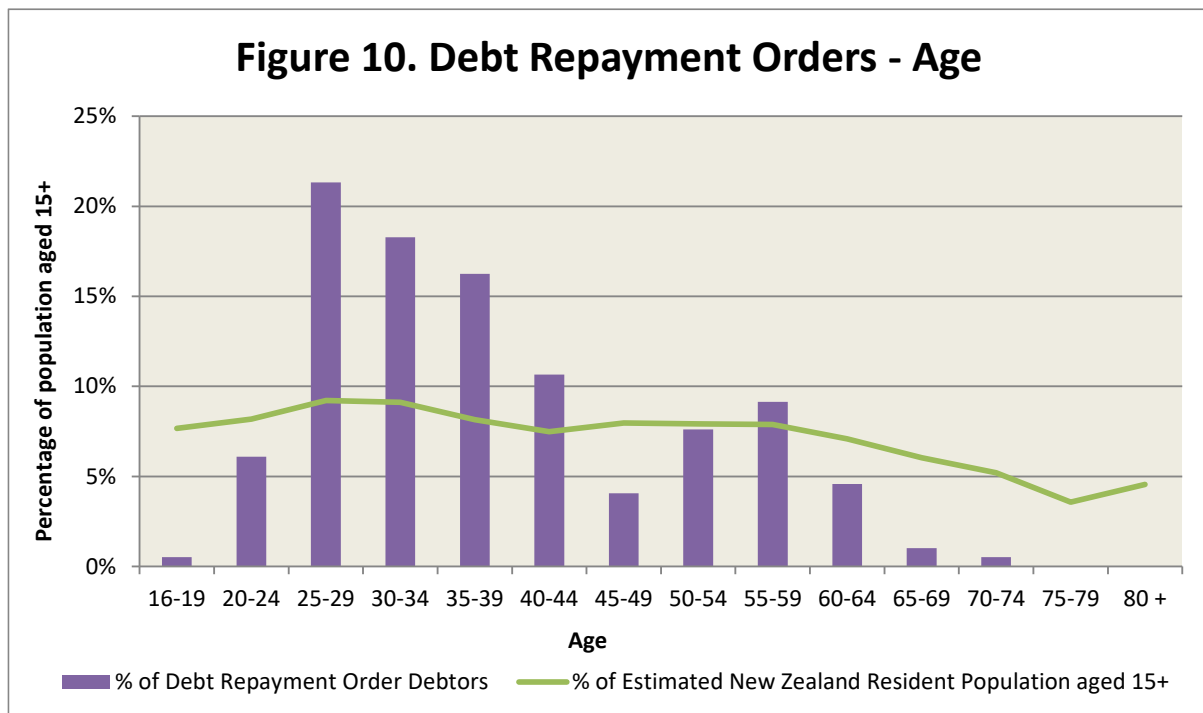
Debt Repayment Orders

Age and Gender

A total of 197 debtors entered into a Debt Repayment Order in 2021/22. Of those who did, 78 debtors (40%) were male and 113 (57%) were female. Five people did not disclose their gender and one person identified as 'gender diverse'.



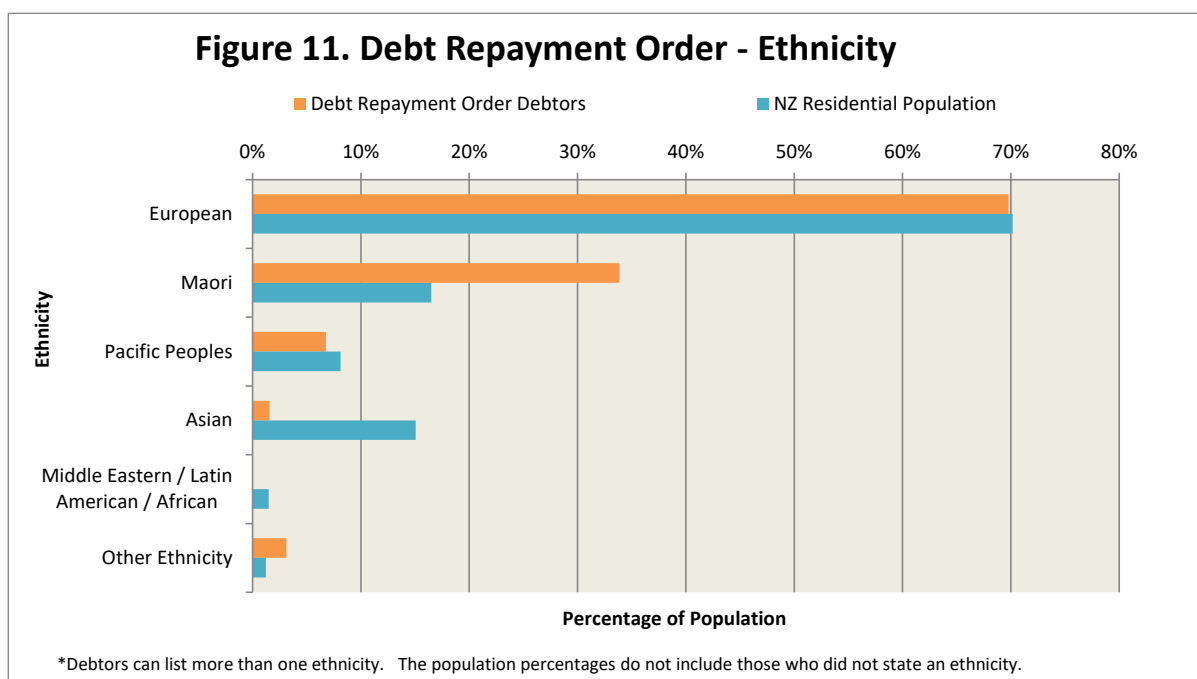
Amongst Debt Repayment Order debtors, the age groups most represented were 25-29 years (21%) and 30-34 years (18%). The corresponding percentage of the estimated New Zealand residential population aged over 15 is 9% for those aged 25-29 years and 9% for 30-34 year-olds⁴. The average age of debtors who entered a Debt Repayment Order in 2021/22 was 38 years old.



⁴ The New Zealand residential population statistics are sourced from Statistics New Zealand (2022), *Estimated Resident Population of New Zealand: At 30 March 2022 - 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 a Debt Repayment Order in 2021/22 and stated an ethnicity identified as being European, this is on par with the New Zealand residential population, 70% of whom identify as European⁵. The second most represented ethnicity stated amongst Debt Repayment Order debtors was 'Maori' who accounted for 34% of debtors compared to making up 17% of the New Zealand residential population who stated an ethnicity in the 2018 census.



Employment

53% of Debt Repayment Order debtors were employed at the date they entered into the Debt Repayment Order; 50% of female debtors and 62% of male debtors.

43% were recorded as being unemployed, this includes beneficiaries, students, and retirees. The seasonally adjusted national unemployment rate for the June 2022 quarter was 3.3%⁶.

⁵ The New Zealand resident population statistics are sourced from Statistics New Zealand (2022), *2018 Census Data*. Wellington: Statistics New Zealand.

⁶ The New Zealand unemployment rate is sourced from Statistics New Zealand (2022), *Unemployment Rate: June 2022 QTR*. Wellington: Statistics New Zealand.

**Figure 12. Debt Repayment Order Debtors
- Employment Status**

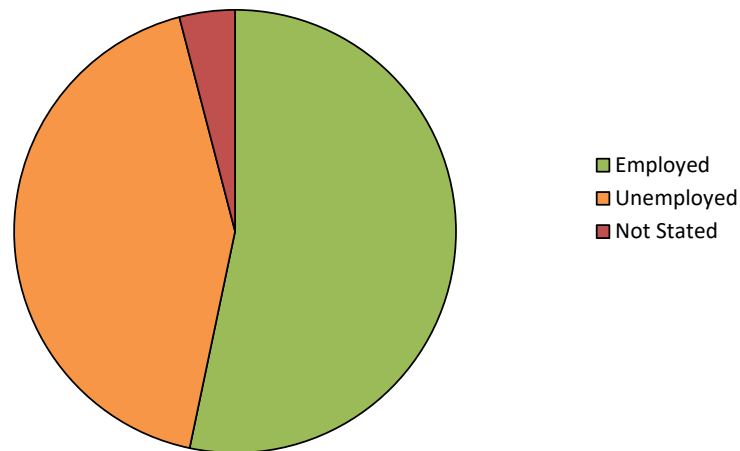
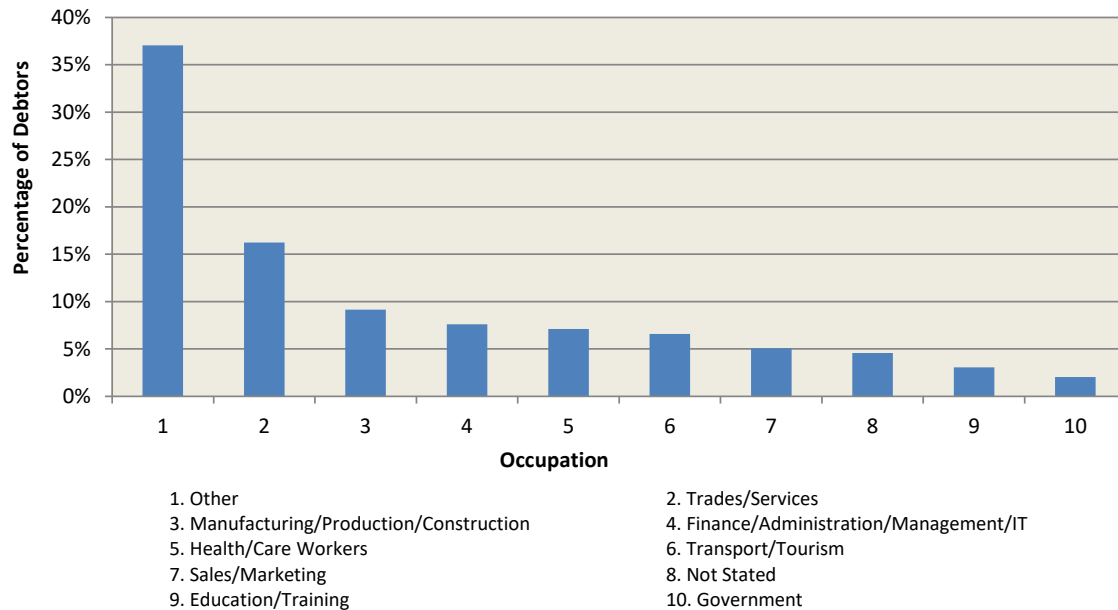


Table 8. Employment Status of Debt Repayment Order Debtors

Description	Male	Female	Total %
Currently employed	55%	36%	43%
Unemployment benefit	18%	34%	26%
Currently employed and receiving income support	3%	11%	7%
Sickness Benefit/ACC	10%	4%	6%
Employed part-time and receiving benefit	3%	3%	3%
Other	3%	3%	3%
Student	1%	3%	2%
Retired	3%	2%	2%
Unemployed no benefit	1%	2%	2%
Unpaid family worker	0%	3%	2%
Trading on own account or as a director/shareholder	1%	0%	1%
Not stated	3%	2%	4%

Debtors are asked to list their main occupation in their Statement of Affairs. Of those who entered into a Debt Repayment Order in 2021/22, 16% identified that they were involved in 'trades/services', 9% were involved in 'manufacturing/production/construction' and another 8% were employed in 'finance/administration/management/IT' occupations. 37% of debtors were involved in 'other' statistical occupation groups not in the listed group classifications.

Figure 13. Statistical Occupation Group of Debt Repayment Order Debtors

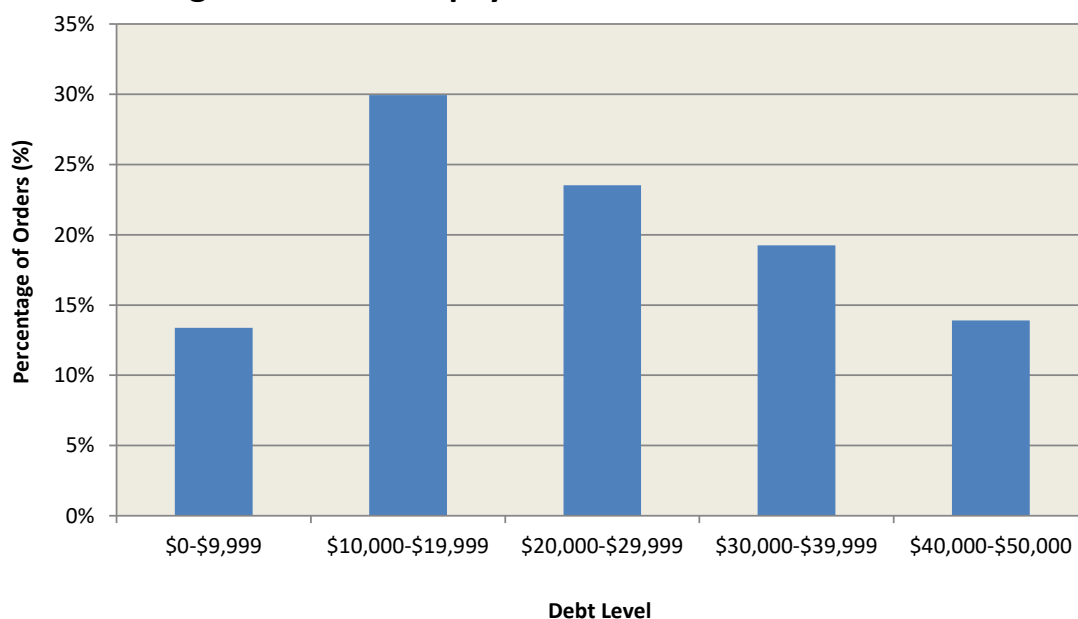


Debt Levels

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 2021/22, 13% of Debt Repayment Order debtors had debt levels of less than \$10,000, 30% had debt levels from \$10,000-\$19,999 and 57% had debt levels over \$20,000.

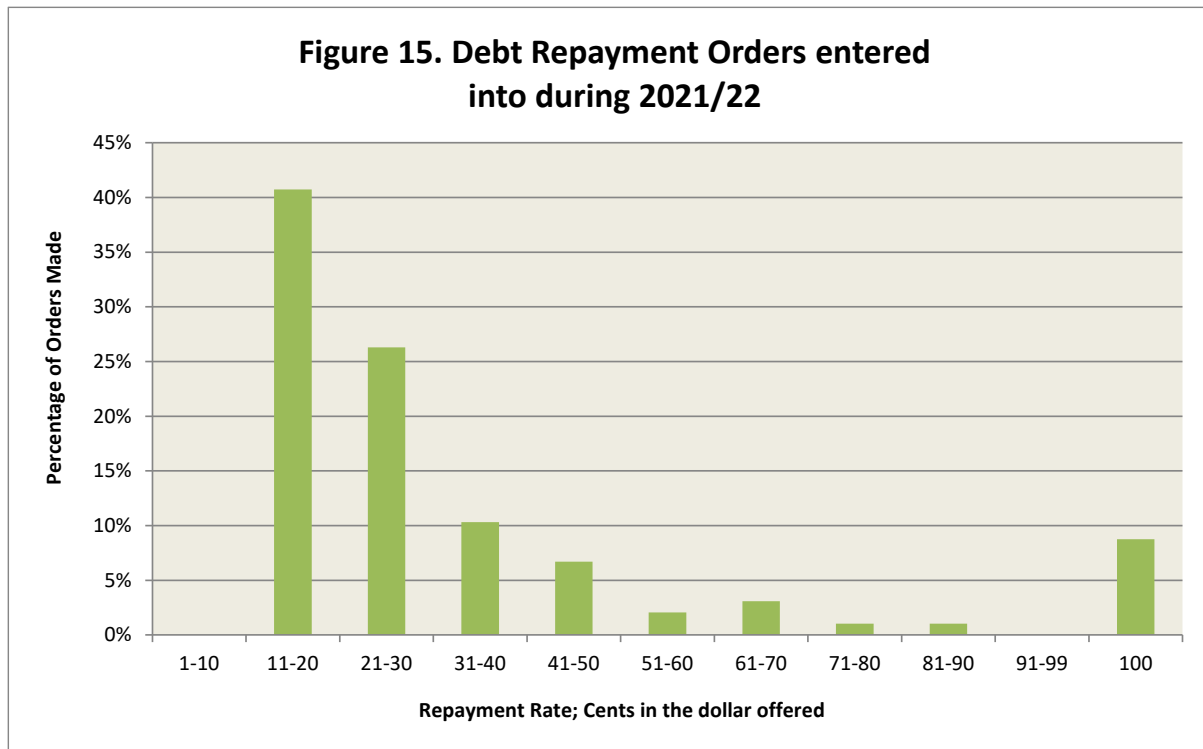
Figure 14. Debt Repayment Order - Debt Levels



Repayment Rate

In 2021/22, 9% of all Debt Repayment Orders entered into were for the repayment of 100 cents in the dollar to creditors. In 16% of Orders made, more than 50 cents in the dollar is being repaid to creditors, however, the most common repayment rate was between 11-20 cents in the dollar (41%) followed by 21-30 cents in the dollar (26%).

The average repayment rate for Debt Repayment Orders made in 2021/22 was 35 cents in the dollar.



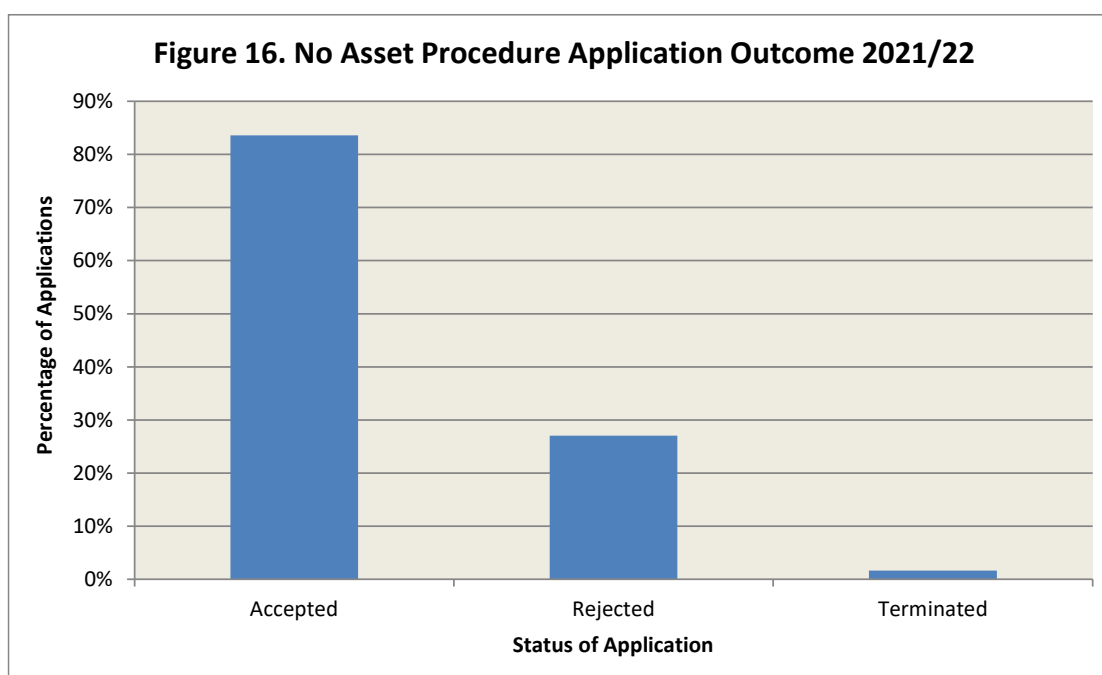
No Asset Procedures

Applications – Rejections and Terminations

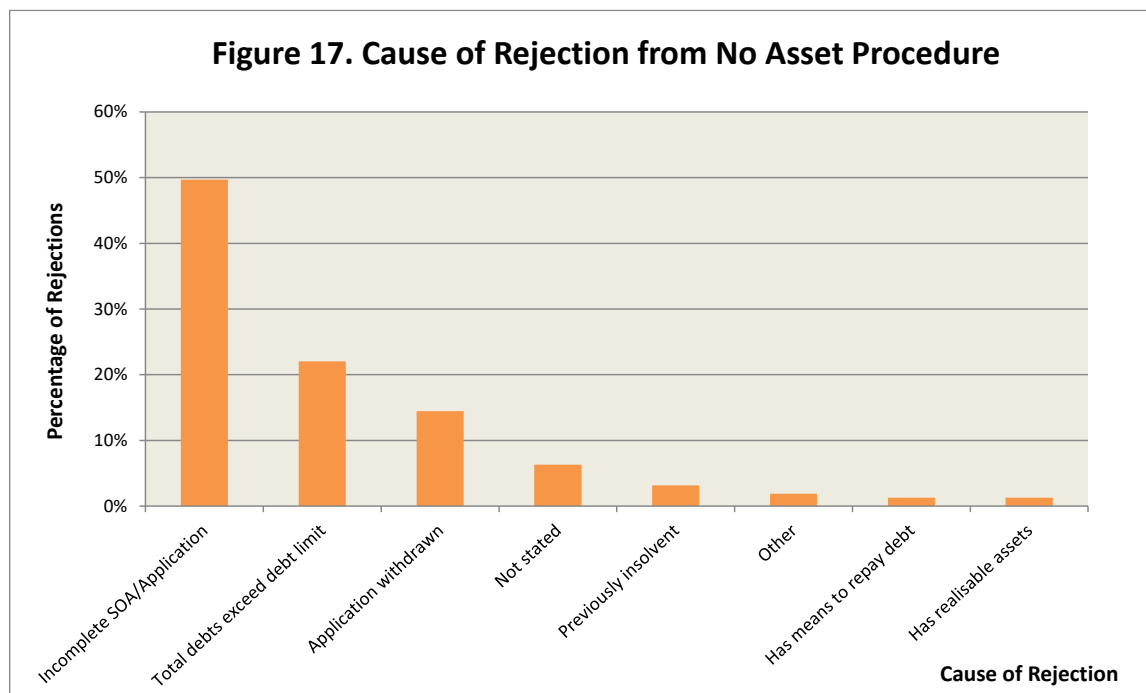
In 2021/22 621 applications were received for entry into the No Asset Procedure. Of these, 519 were accepted.

Table 9. No Asset Procedure Applications				
	Received	Accepted	Rejected	Terminated
2007/08	1654	1213	383	8
2008/09	4310	2833	1432	106
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
2019/20	1410	1147	510	16
2020/21	1077	904	333	11
2021/22	621	519	168	10

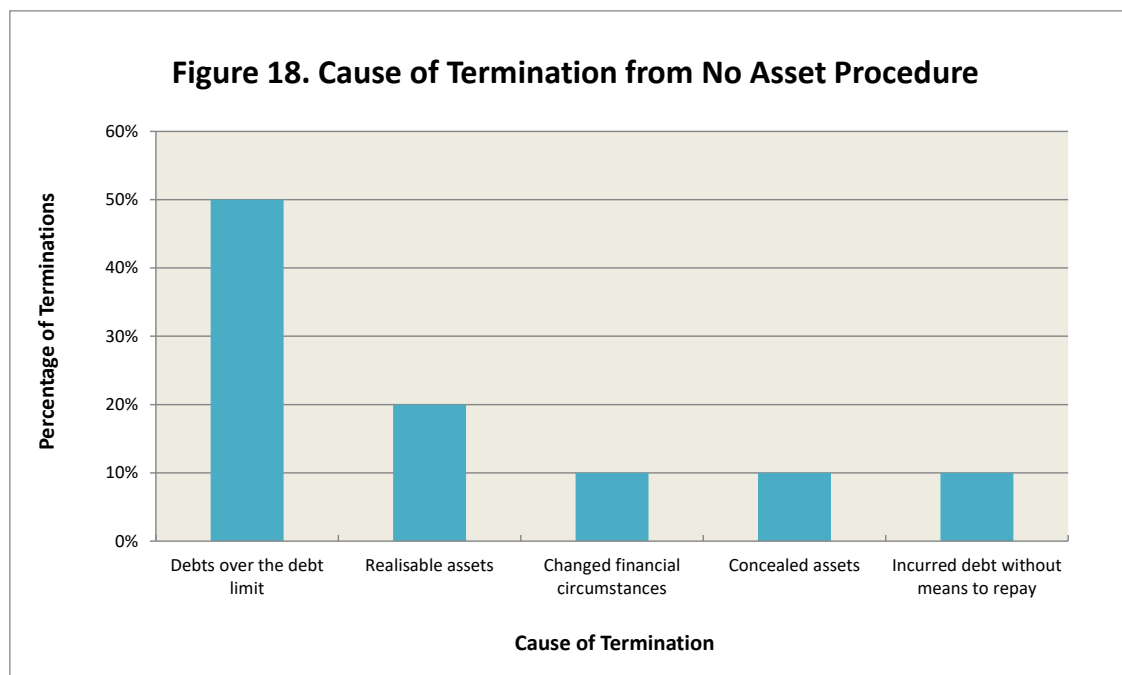
An application that has been rejected from entry into the No Asset Procedure can be resubmitted depending on the reason for the rejection, for example submitting an 'incomplete Statement of Affairs'. In such instances, certain applications may be counted as having been both rejected and later accepted; likewise, an application which has been accepted can then be terminated. For this reason, the number of 'accepted' and 'rejected' applications in Table 9. does not equal the number of 'received' applications, nor do the percentages in Figure 16. add up to 100%.



Of the 621 No Asset Procedure applications that were received in 2021/22, 27% were rejected. Some of these rejected applications were resubmitted, in the end 84% of all those submitted throughout the year were accepted.



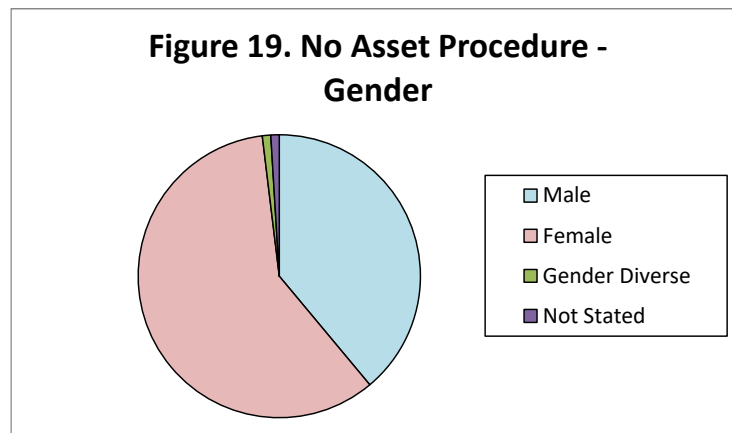
The most common cause of rejection of a No Asset Procedure application in 2021/22 was due to having an 'incomplete Statement of Affairs/application' which accounted for 50% of rejections. 'Total debts exceed debt limit' was the second most common cause making up 22% of rejections, with 'application withdrawn' making up a further 14%.



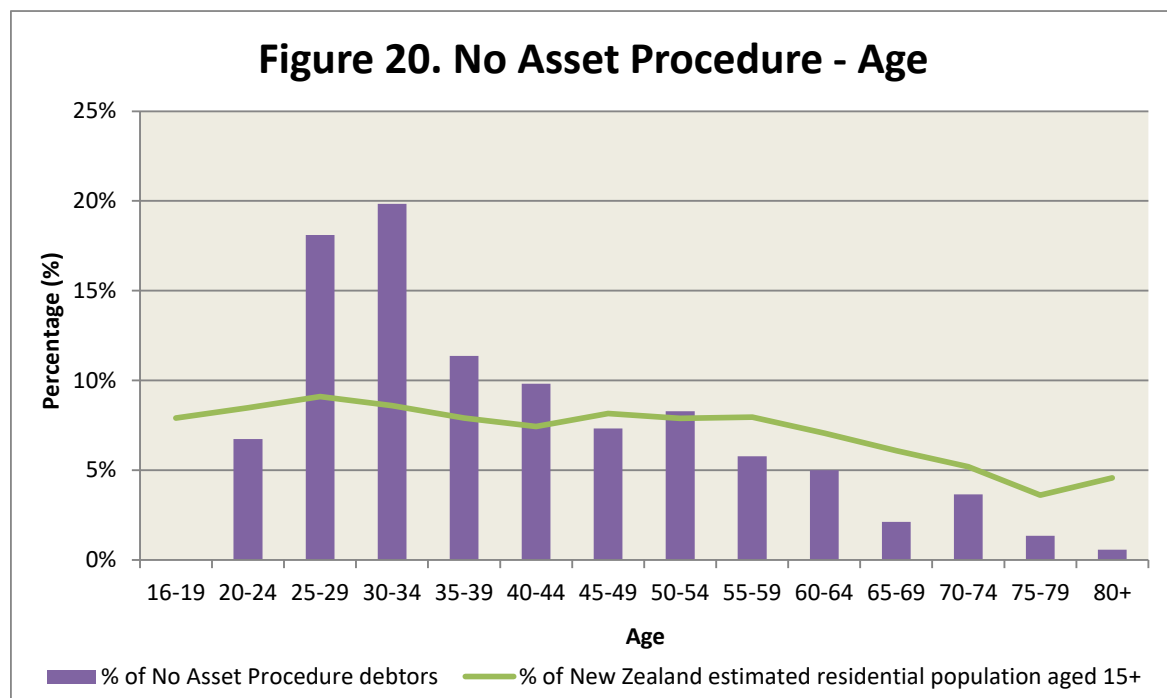
In 2021/22, 10 No Asset Procedures were terminated; the most common cause was 'debts over the debt limit' which accounted for 50%, or 5, terminations.

Age and Gender

59% of debtors who entered into a No Asset Procedure in 2021/22 were female, 39% were male, 1% identified as Gender Diverse and 1% did not state their gender.



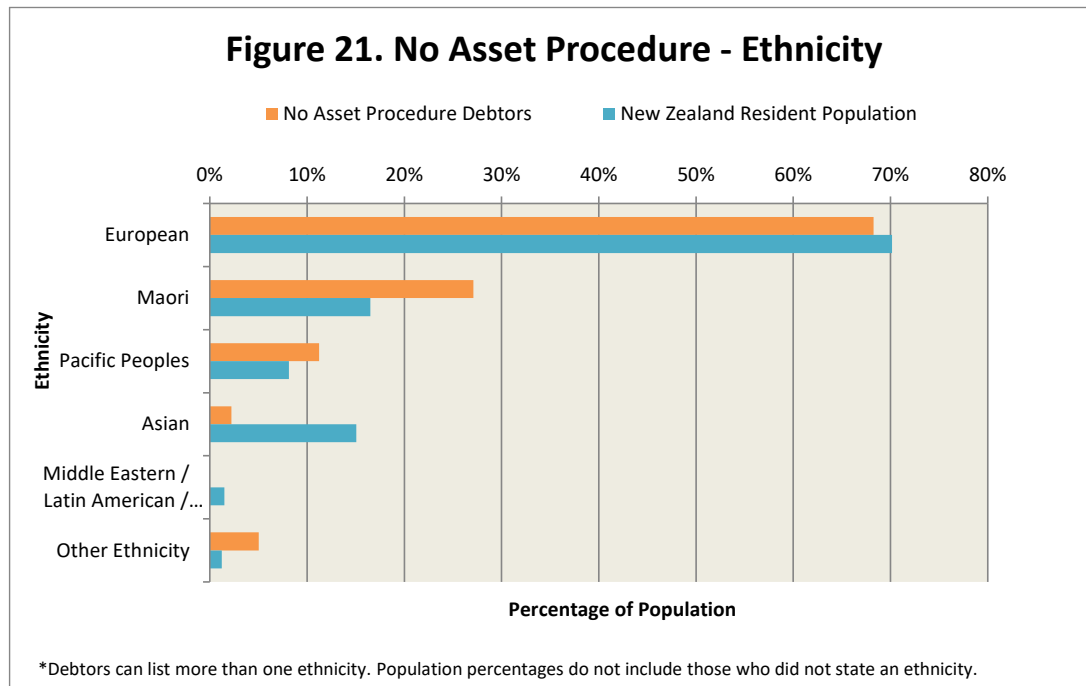
The most common age of debtors entering into a No Asset Procedure in 2021/22 was 30-34 years, followed closely by 25-29 years. Debtors in their 20's accounted for 25% of all No Asset Procedure debtors, which is overrepresented compared to making up 18% of the estimated New Zealand residential population⁷. Debtors in their 30's made up 31% of No Asset Procedure debtors compared to 17% 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 2021/22 was 41 years.



⁷ The New Zealand residential population statistics are sourced from Statistics New Zealand (2022), *National Population Estimates: At 30 March 2022 - tables*. Wellington: Statistics New Zealand.

Ethnicity

68% of No Asset Procedure debtors in 2021/22 identified as being European. This is on par with 70% of the New Zealand resident population in the 2018 census having identified as being European. 27% of No Asset Procedure debtors identified as Māori; which is overrepresented compared to making up just 17% of the residential population⁸.

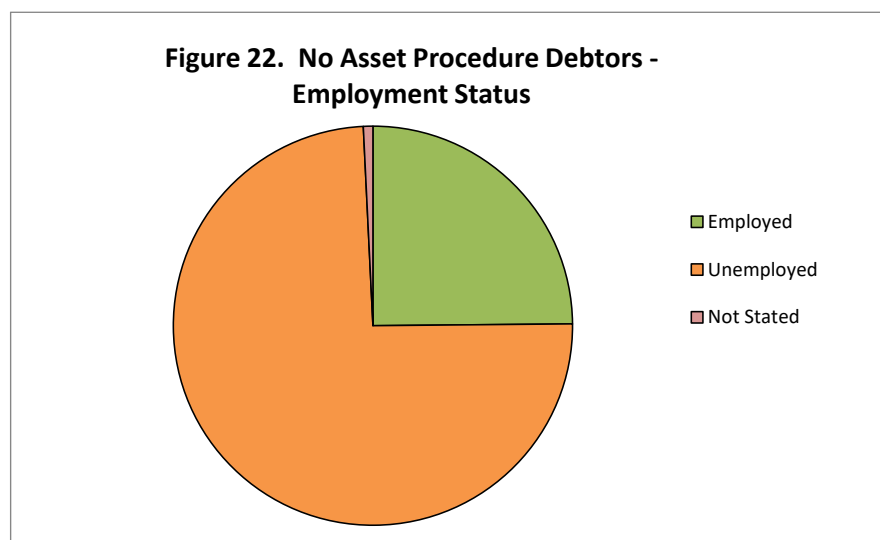


Employment

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 are not 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.

25% of No Asset Procedure debtors noted that they were employed in their Statement of Affairs at the time that they entered into insolvency; 27% of male debtors and 24% of female debtors.

⁸ The New Zealand resident population statistics are sourced from Statistics New Zealand (2022), *2018 Census Data*. Wellington: Statistics New Zealand.

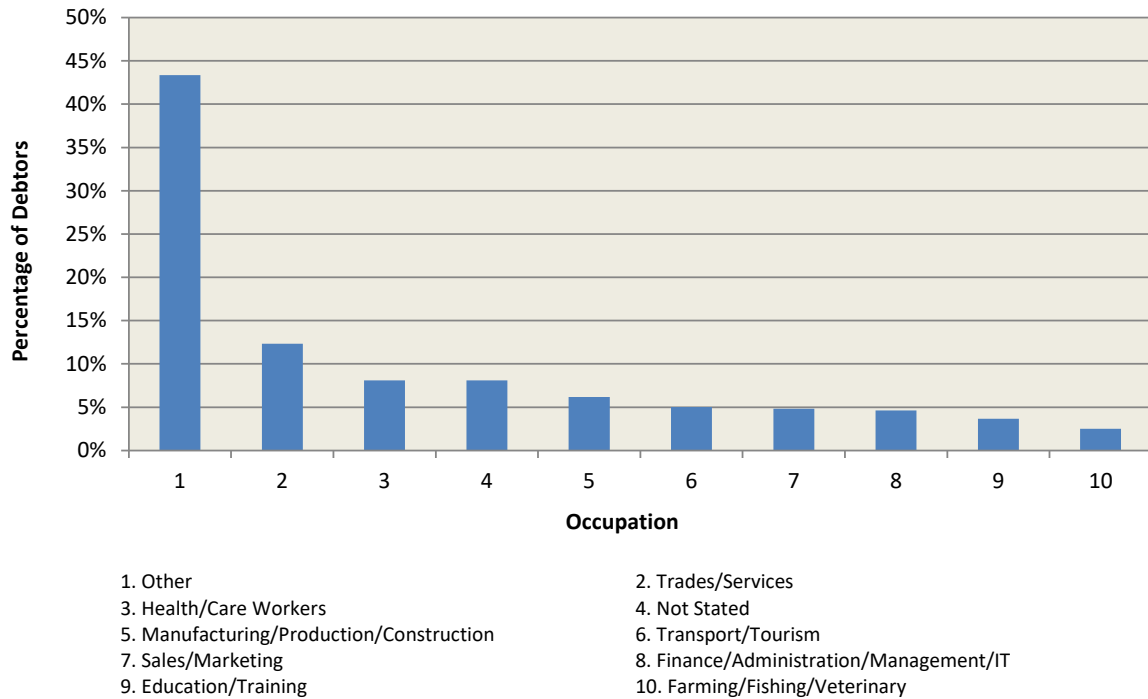


The most common employment status of those who entered into a No Asset Procedure in 2021/22 was to be on the 'unemployment benefit'; 40% of males and 42% of females.

Table 10. Employment Status of No Asset Procedure Debtors			
Description	Male	Female	Total %
Unemployment benefit	40%	42%	40%
Currently employed	24%	14%	18%
Other benefit	4%	15%	11%
Retired	7%	6%	7%
Sickness benefit/ACC	10%	4%	7%
Currently employed and receiving income support	1%	8%	5%
Unemployed no benefit	6%	5%	5%
Student	3%	3%	3%
Employed part-time and receiving benefit	0%	2%	2%
Other	1%	2%	2%
No response	0%	0%	1%

When asked to select their primary occupation, 43% of No Asset Procedure debtors selected 'other' employment not identified in the statistical occupation groups listed. 12% selected 'trades/services' and 8% selected 'health/care workers'. 8% of debtors did not give a response to this question.

Figure 23. Statistical Occupation Group of No Asset Procedure Debtors

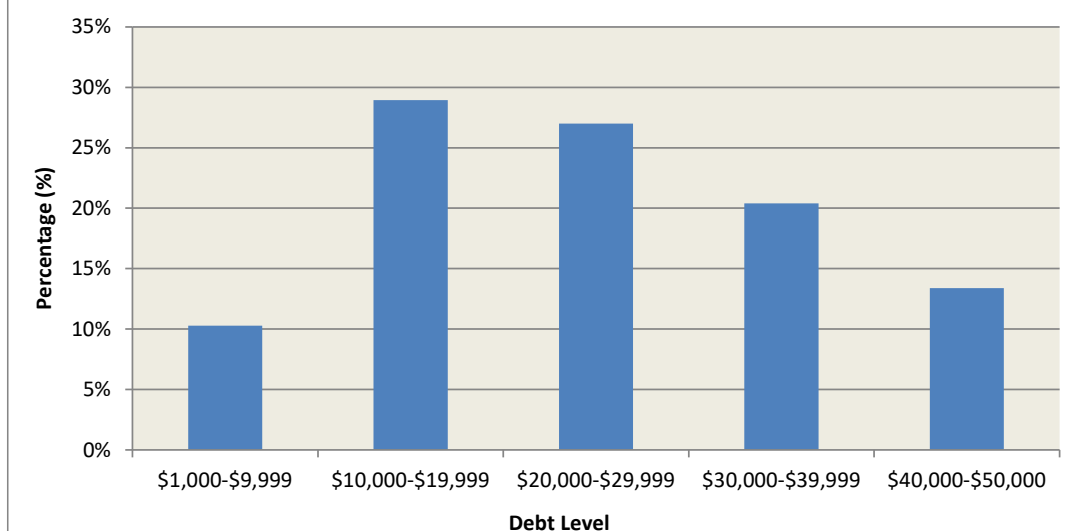


Debt Levels

In January 2020 the upper debt limit for entry into the No Asset Procedure increased from \$NZ47,000 to \$NZ50,000.

In 2021/22, the most common level of debt amongst No Asset Procedure debtors was \$10,000-\$19,999 (29%). 10% of debtors had debt levels of \$1,000-\$9,999, and another 27% had debt levels of \$20,000-\$29,999. 33% of debtors had debts over \$30,000.

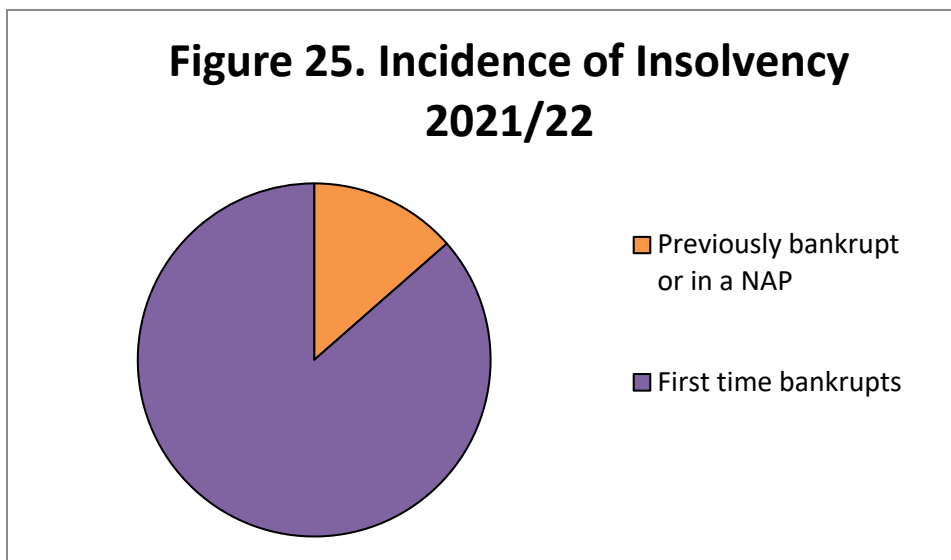
Figure 24. No Asset Procedures - Debt Levels



Bankruptcies

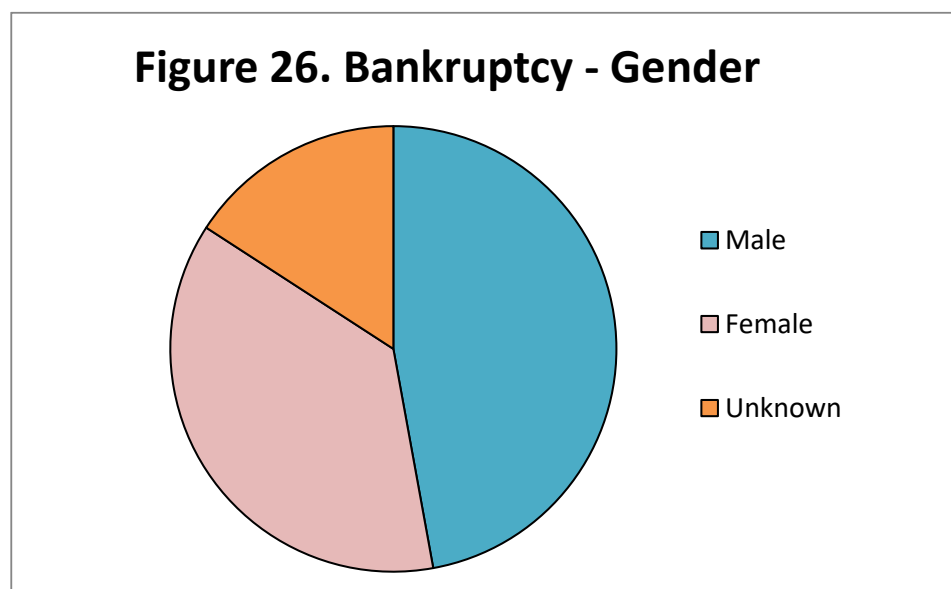
Incidence of Insolvency

14% of debtors adjudicated bankrupt in 2021/22 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 17%. Debtors adjudicated by way of a creditor's application had previously been bankrupt or in a No Asset Procedure in 6% of cases.

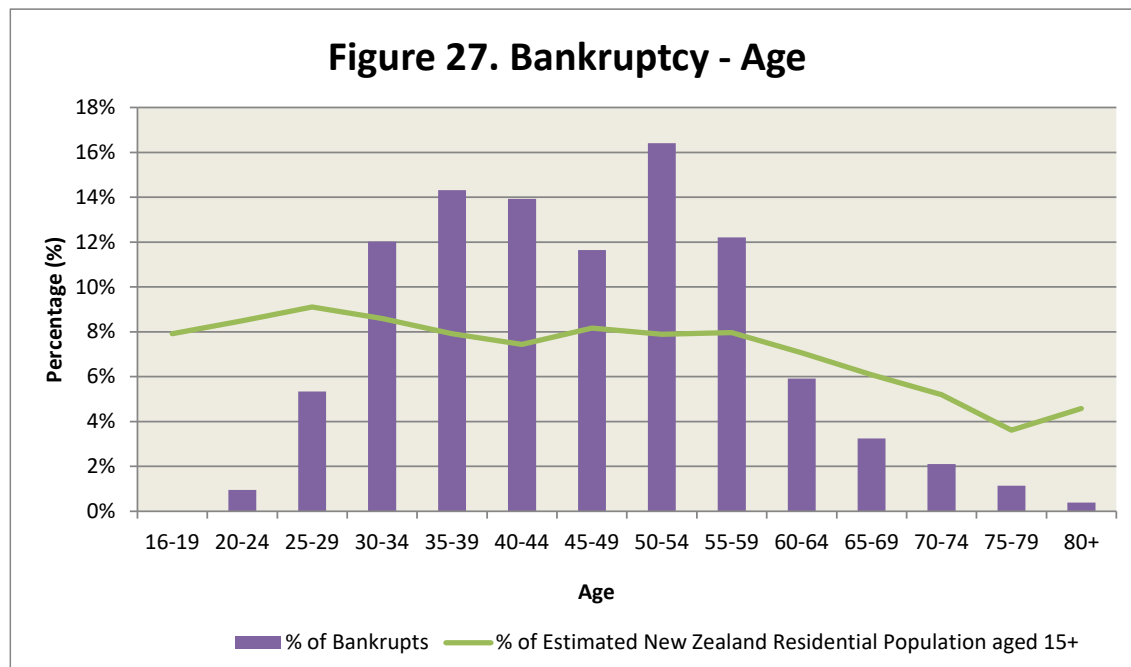


Age and Gender

The gender of 16% of debtors who went bankrupt in 2021/22 is unknown, 47% were male and 37% were female. Of those debtors whose gender is known, a higher proportion of creditor applicant debtors are male (69%) compared to those who submitted a debtor's application for bankruptcy (52%).



The most commonly represented age of people who went bankrupt in 2021/22 was 50-54 years. 26% of bankruptcy debtors were between the ages of 30-39, 26% of debtors were aged 40-49 and 29% of debtors were aged 50-59 years. Debtors in their 30's, 40's and 50's were over-represented compared to their respective New Zealand residential population age-group percentages⁹.



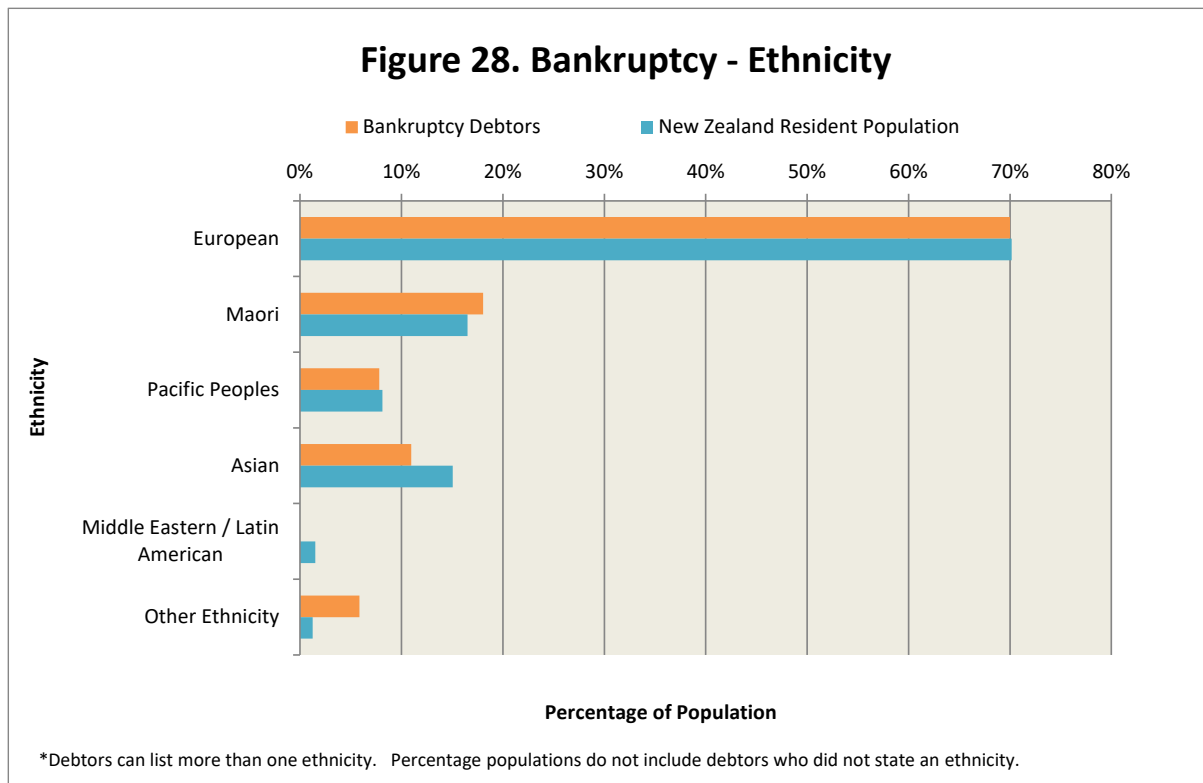
Of the people who entered into bankruptcy during 2021/22; the youngest person was 20, the oldest person was 81 and the average age was 46 years old.

Ethnicity

Of the bankrupt debtors who identified an ethnicity in their Statement of Affairs, 70% 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, 11% of bankrupt debtors identified as Asian, 8% Pacific Peoples and 6% 'other ethnicity'¹⁰. Debtors can identify as being more than one ethnicity.

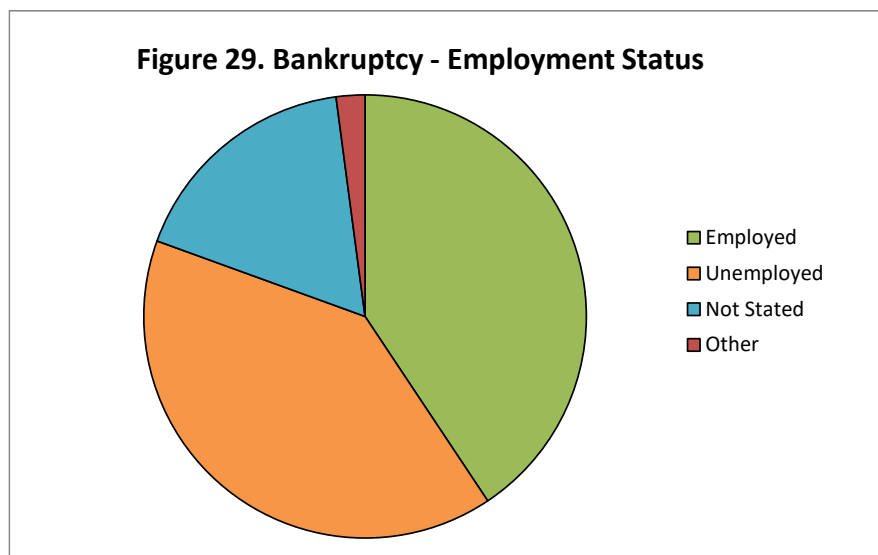
⁹ The New Zealand residential population statistics are sourced from Statistics New Zealand (2022), *National Population Estimates: At 30 March 2022 - tables*. Wellington: Statistics New Zealand.

¹⁰ The Estimated New Zealand Resident Population ethnicity statistics are taken from Statistics New Zealand (2022), *2018 Census Data*. Wellington: Statistics New Zealand.



Employment

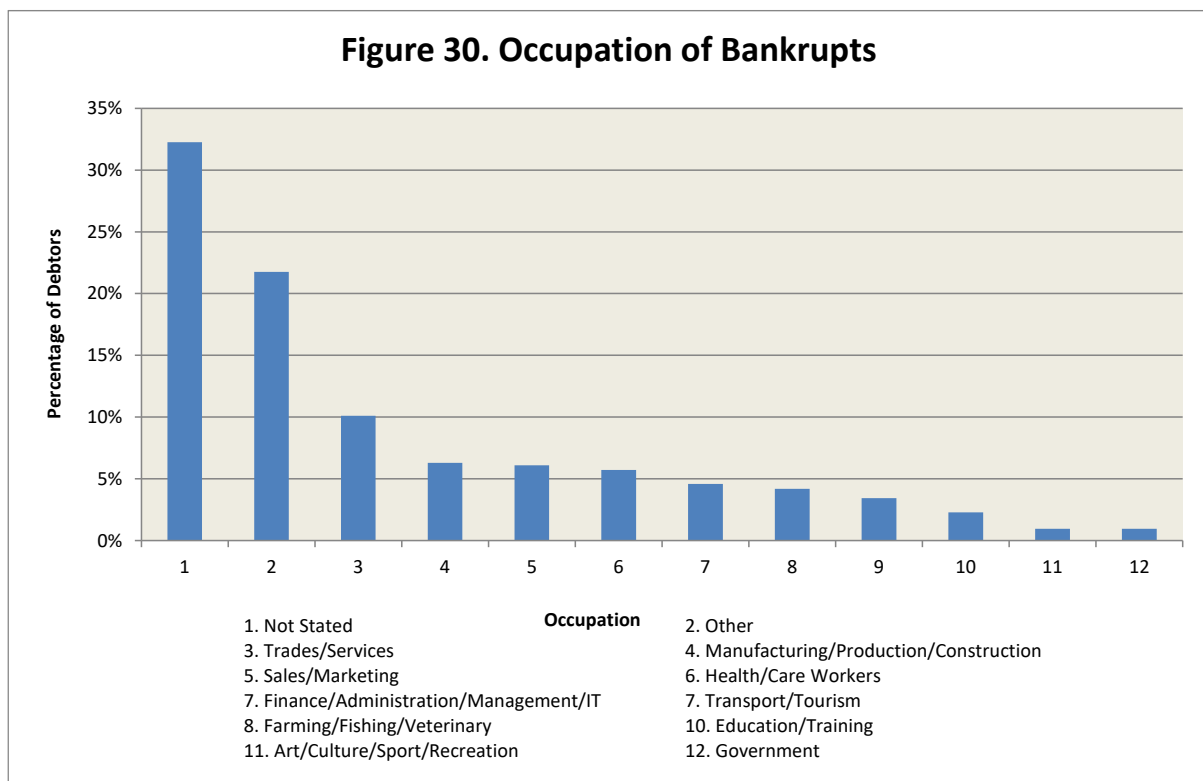
41% of bankrupt debtors adjudicated in 2021/22 stated that they were employed at the date of adjudication, 40% stated that they were unemployed, while the remaining 19% did not state their employment status, or selected 'other'.



Of the debtors adjudicated bankrupt in 2021/22 who stated that they were employed, 87% were employed by third parties either full time or part time, while the remaining 13% were either trading as a director/shareholder, trading on their own account or trading in partnership.

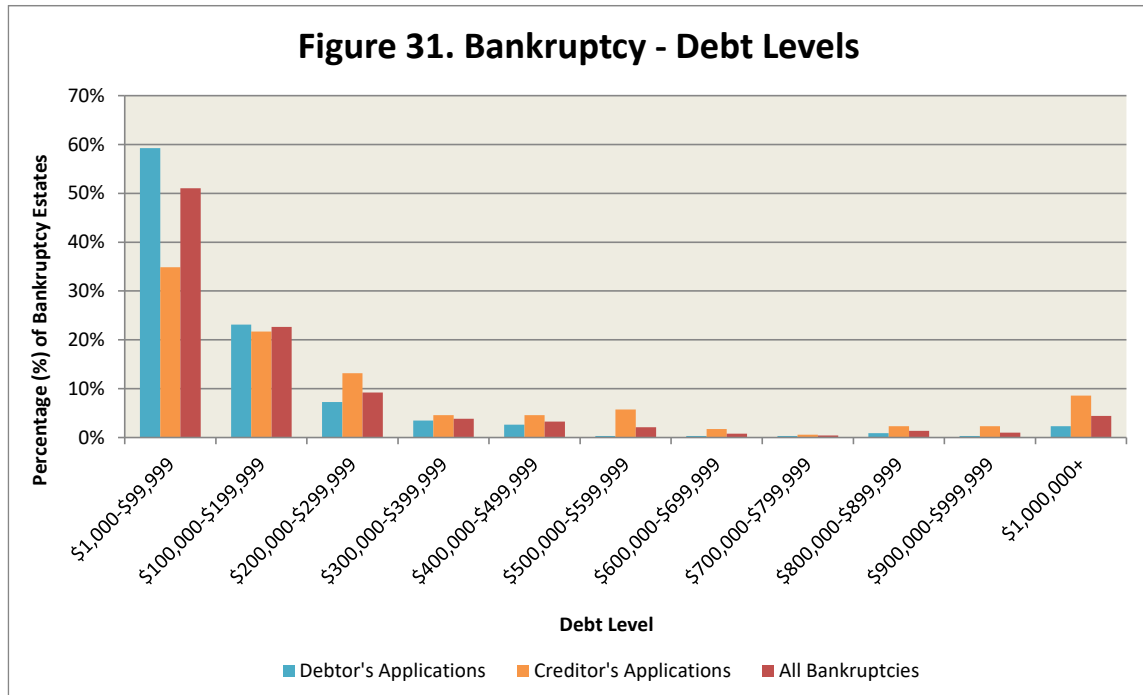
Table 12. Employment Status of Bankrupts				
Description	Male	Female	Unknown	Total
Currently Employed	43%	28%	5%	31%
Unemployment Benefit	15%	25%	4%	17%
Unemployed no Benefit	11%	9%	0%	8%
Retired	6%	6%	1%	6%
Currently employed and receiving income support	1%	7%	0%	3%
Other Benefit	2%	6%	0%	3%
Sickness Benefit/ACC	6%	6%	0%	5%
Trading as Director/Shareholder	4%	2%	0%	2%
Trading on own account	4%	1%	1%	2%
Other	1%	3%	2%	2%
Employed part-time and receiving a benefit	0%	1%	1%	1%
Unpaid family worker	0%	2%	0%	1%
Student	1%	1%	0%	1%
Trading in partnership	0%	1%	1%	1%
Not Stated	6%	3%	84%	17%

In their Statement of Affairs, debtors are asked to identify their primary occupation. 32% of debtors did not state their occupation, while another 22% selected 'other' employment not identified in the listed group classifications. 'Trades/services' was the highest defined occupational category with 10% of bankrupts working in these fields, the second most common occupational group identified was 'manufacturing/production/construction' with 6%.

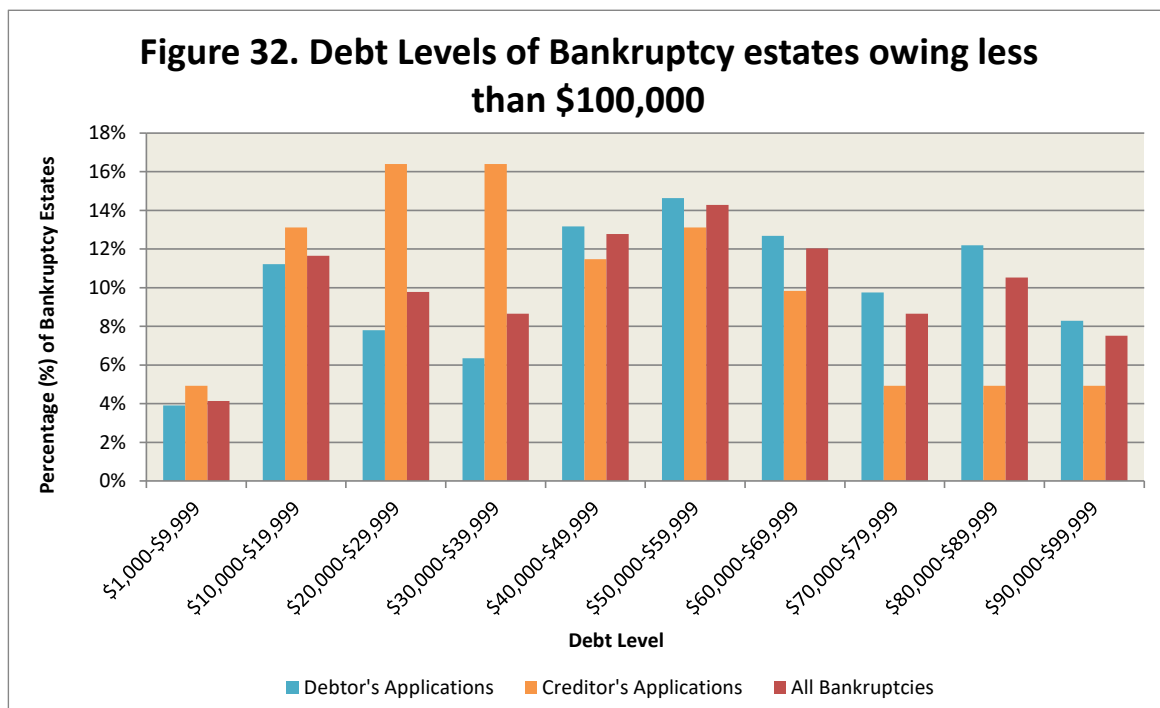


Debt Levels

Unlike No Asset Procedures and Debt Repayment Orders there is no upper limit to the level of debt a bankrupt can have; 51% of bankrupts adjudicated in 2021/22 had debt of less than \$100,000, 23% of bankrupts had debt levels of between \$100,000-\$200,000, and 26% had debt levels over \$200,000.



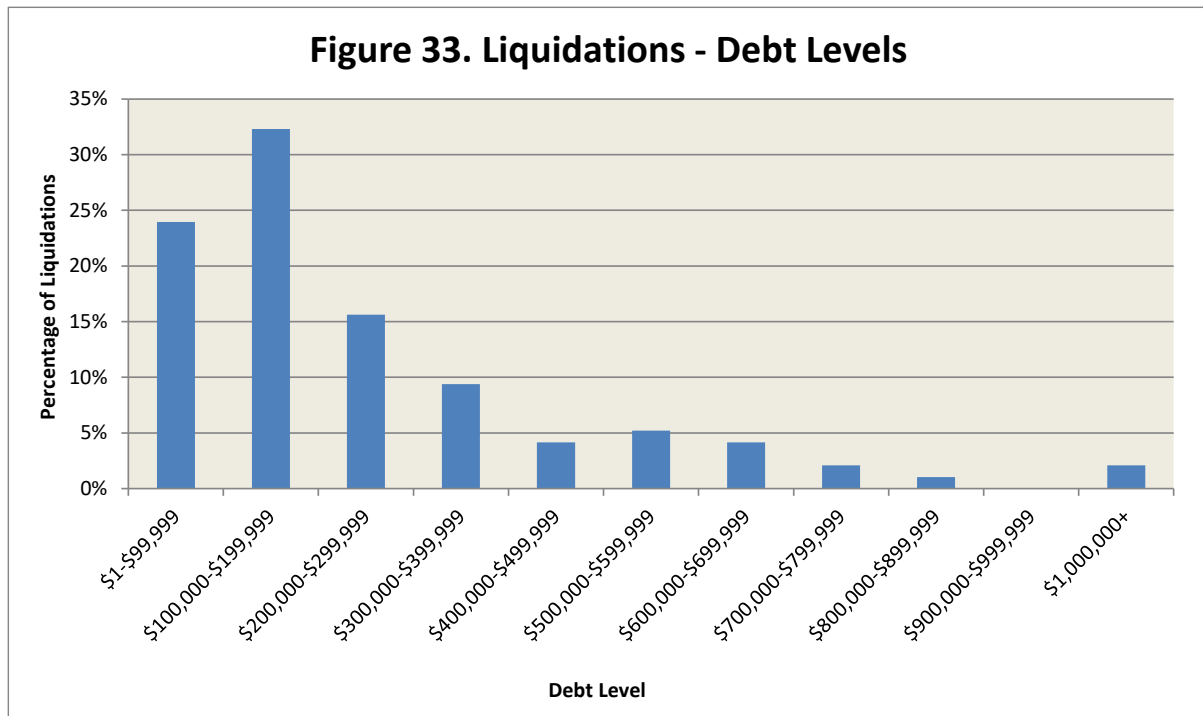
Of those bankruptcy estates that had less than \$100,000 in total debt, 47% owed less than \$50,000, and 53% had total debt of \$50,000-\$100,000.



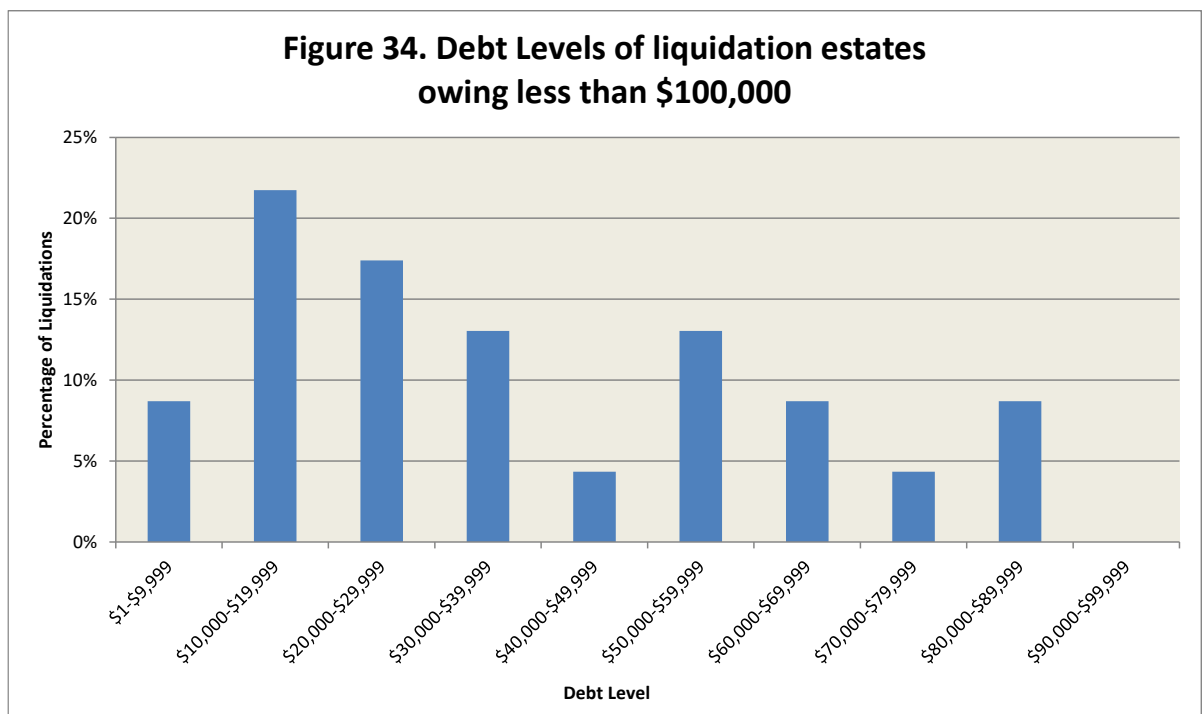
Corporate Insolvencies

Debt Level

56% of liquidations administered by the Official Assignee in 2020/21 had total debt of less than \$200,000, while 44% of liquidations had debt of more than \$200,000.



Of the 23 liquidation estates that had total debt of less than \$100,000, 43% had debt of less than \$50,000, and 57% had debt between \$50,000-\$100,000.



Glossary

Key Characteristics of Debtors 2020 to 2022

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

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

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



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