



Australian Government

Australian Financial Security Authority

GUIDE TO BUSINESS AND NON-BUSINESS PERSONAL INSOLVENCY STATISTICS

Learn more about the business and non-business personal insolvency statistics. This guide is copied from the AFSA website: <https://www.afsa.gov.au/statistics/guide-0>.

Owner: Statistics and Economic Analysis

Update: 30 October 2019

Introduction

We publish a breakdown of the number of debtors with business and non-business personal insolvencies on a quarterly basis.

Personal insolvencies are categorised as business or non-business related based on individual debtor's responses on whether their personal insolvency is business related.

The number of debtors with a non-business related personal insolvency includes instances where the debtor has not stated whether the personal insolvency is business related.

Data collection

Every debtor who becomes bankrupt or proposes a debt agreement or personal insolvency agreement is required to lodge a completed statement of affairs form with AFSA. The business and non-business personal insolvency statistics are generally sourced from this form.

When a bankruptcy is the result of a sequestration order, there may be a delay before the bankrupt lodges a statement of affairs. When this occurs, we record the bankruptcy as non-business related. We update the record with information supplied by the bankrupt when the statement of affairs is lodged. Bankruptcies resulting from sequestration orders accounted for 10% of bankruptcies in 2011–12. We do not revise the provisional business and non-business statistics with this updated data.

Defining a business related personal insolvency

A business related personal insolvency occurs where an individual's bankruptcy, debt agreement or personal insolvency agreement is directly related to his or her proprietary interest in a business.

The statement of affairs form does not provide guidance, including this definition of business.

The business and non-business personal insolvency statistics may be affected by differences in debtors' interpretations of what constitutes a business and whether a proprietary interest in a business was the primary cause of insolvency.

Scope and coverage

The business and non-business personal insolvency statistics are published at the state and territory level. When possible, this information is based on the state of

residence reported on the statement of affairs form. When a bankruptcy is the result of a sequestration order, we record the debtors address supplied by the court. We update this address when the bankrupt lodges a statement of affairs.

Our quarterly statistics report on the most recent debtor's address supplied to us. We validate these addresses as correct addresses.

The business and non-business personal insolvency statistics solely relate to personal insolvencies and not corporate insolvencies. Debtors are not asked for further information on their proprietary interest in a business such as the size of the business.

Time series

We extract our personal insolvency statistics using a new method of geographic coding from the September quarter 2017. This change is a break in series for our statistical publications.

This change includes a shift to the Australian Statistical Geographic Standard (ASGS) 2016 (from ASGS 2011) regions. You can read more about the changes in boundaries on the Australian Bureau of Statistics (ABS) website.

This time series break affects information at the state and territory level but does not impact on the national total.

From the September quarter 2017, we have also implemented a minor change to how we count new personal insolvency agreements. This change relates to the date that a new personal insolvency agreement commences. There are multiple stages in a personal insolvency agreement, including a creditor meeting and signing of the agreement. These may occur on different dates. Personal insolvency agreements are now included in our statistics from the date they were signed. We previously counted them from the date the vote occurred.

The *Bankruptcy Amendment (Debt Agreement Reform) Act 2018* received Royal Assent on Thursday 27 September 2018. The majority of the amendments commenced on 27 June 2019. These reforms are a break in series for our statistical publications. See [Debt agreements law reform – Statistics](#) for more information.

Comparison with other datasets

Insolvency proceedings involving two or more partners are treated as one administration.

We report personal information, including whether a debtor's personal insolvency is business related, based on the number of people not administrations.

Information presented in the business and non-business personal insolvency statistics is not directly reconcilable with information in other publications.

Personal insolvency activity is recorded on a live system and can change regularly. Our publications are correct as at the time of compilation.

Data quality

Great care is taken to ensure that the personal insolvency statistics are correct and accurate at the time of compilation.

Information continues to be processed and stored in our systems after we release the provisional statistics, however we do not revise these statistics. Delays in the receipt, processing and administration of personal insolvencies may affect the statistics.

Revisions

Business and non-business personal insolvency statistics are not revised unless an error is identified.

Statistics enquiries

For enquiries about our statistics or to provide feedback, please email statistics@afsa.gov.au.