

New Zealand Quarterly Insolvency Trends 2026 Q1

Key Insights (1/2)

Formal appointments have continued to increase, with the latest figures for the twelve months to Q1 2026 indicating that these elevated levels are being maintained rather than returning to previous norms. This ongoing trend suggests that underlying financial pressures remain present within the system.



Formal insolvency activity remains elevated but is beginning to stabilise

Formal insolvency activity remained high in 2026 Q1, continuing the elevated levels seen through late 2025. While appointment volumes are still tracking above long-term averages, the rate of increase has moderated compared with the 2025 Q4. This suggests insolvency activity may be approaching a cyclical peak, rather than continuing to accelerate at the pace observed in last few years.



Interest-rate relief is lagging and has yet to materially reduce insolvency risk

Although current interest rate settings are more supportive, the benefits of reduced borrowing costs take time to flow through to consumer and business confidence, leading to ongoing financial pressures. Many firms commenced 2026 with limited working capital and diminished financial resilience, which means the advantages of lower interest rates are not being realised quickly enough to prevent some business failures. With interest rates expected to increase in the near future, businesses already experiencing challenges may face further pressure.

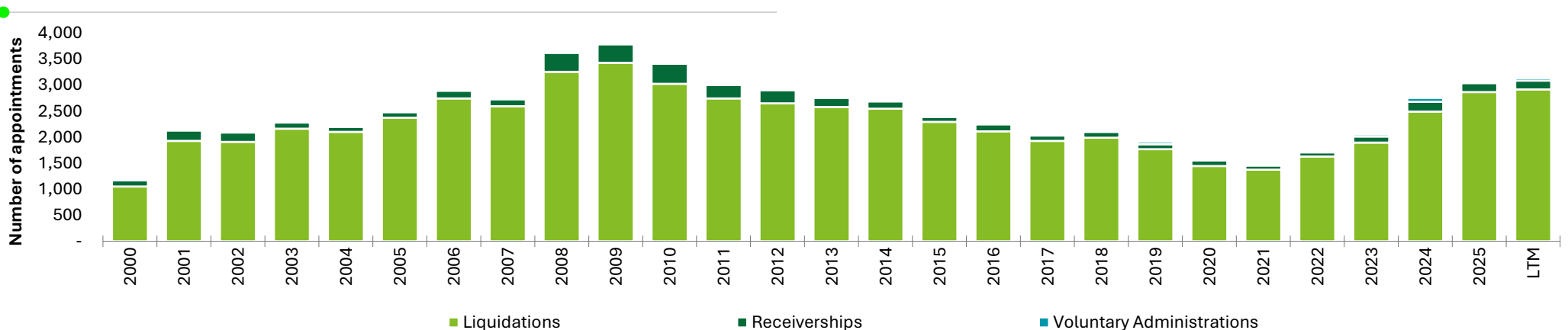


Recovery signals are tentative, as tighter financial conditions keep insolvency risk elevated

While some early recovery indicators are emerging, the operating environment remains constrained by high borrowing costs, renewed inflation risks and elevated uncertainty. Geopolitical tensions and rising oil prices are reinforcing the risk that interest rates remain higher for longer, or tighten further, limiting relief for leveraged businesses. As a result, insolvency risk is expected to stay elevated through much or all of 2026.

* We note for completeness that the data used in our analysis does not capture entity types other than companies, such as Limited Partnerships or Incorporated Societies.

Formal appointments | 2000 - 2025 annually & Last 12 months (LTM)



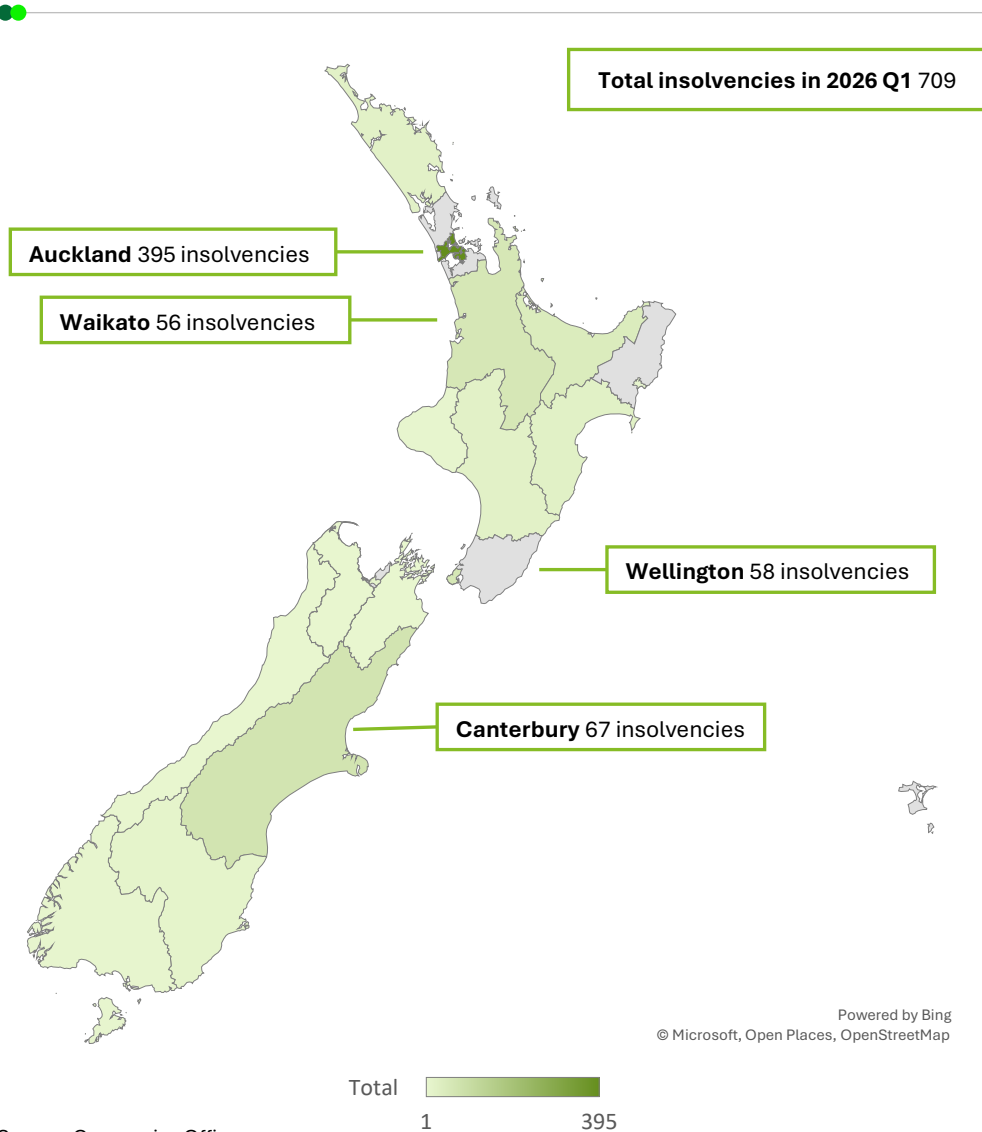
Source: Companies Office

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Key Insights (2/2)

Auckland, Waikato, Wellington and Canterbury were the top 4 regions in terms of total insolvency numbers. Construction sector continued to show distress across all regions.

Insolvency types by location | 2026 Q1



The **total number of insolvencies** across New Zealand in 2026 Q1 was 709. Of these, liquidations made up 94.4%.



Auckland had the greatest number of insolvencies (55.7%), followed by **Canterbury** (9.4%), **Wellington** (8.2%) and **Waikato** (7.9%).

Construction remained the most distressed sector across all of the four regions. Of the total insolvencies in each region, construction made up 24.8% in Auckland, 37.3% in Canterbury, 25.0% in Waikato, and 37.9% in Wellington.



Accommodation and Food Services also showed stress across the sector. Of the total insolvencies in each region, accommodation and food services made up 12.2% in Auckland, 9.0% in Canterbury, 14.3% in Waikato, and 17.2% in Wellington.



Inland Revenue's enforcement approach

Inland Revenue's enforcement activity is one of the main drivers of formal appointments in the market. It has shifted from a "support first" model to firmer, more targeted enforcement. Automation, third-party tools, and increased capability are scaling action against persistent and high-risk non-compliance.



Transition from a predominantly "support-first" approach to firmer enforcement

Inland Revenue has reduced tolerance for prolonged non-engagement from debtors, shifting toward more decisive intervention. This includes a greater and more consistent use of statutory enforcement tools where early support measures have resulted in compliance.



Expansion of enforcement activity through automation and data-driven decision-making

Automated systems are increasingly used to identify and deploy "next-best actions" at scale. These systems support timely interventions across a range of channels, including instalment arrangements, automated bank deductions, outbound contact activity, and in-person visits, improving efficiency and consistency of outcomes.



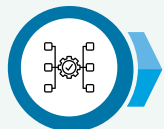
Greater reliance on third-party providers and enhanced visibility tools

External collection agencies (e.g. Baycorp) have been engaged to support the recovery of low-value debts. In parallel, the use of credit-reporting warnings have increased, and debt-visibility mechanisms have been expanded to strengthen incentives for early engagement and repayment.



More targeted management of high-risk and complex debt cases

Active case management has been intensified for approx. 2,000 complex cases, representing more than \$600 million in outstanding debt. These cases are subject to closer oversight, with an increased application of statutory demands and, where appropriate, liquidation proceedings to address persistent non-compliance.



Structural uplift in debt-management capability and operating model

A dedicated Revenue Operations Management function has been established to strengthen end-to-end debt management. Additional resourcing has been allocated to improve forecasting capability, customer segmentation, and the design and delivery of targeted GST and PAYE compliance and collection campaigns.

Inland Revenue credit reporting threshold

Inland Revenue has commenced credit reporting a small volume of eligible overdue debt and has signalled this will remain an ongoing enforcement mechanism. Since November 2025, Inland Revenue has incrementally increased its use of this mechanism.

1

Monetary threshold is \$150,000 of unpaid tax

2

Even if the debt is <\$150,000, Inland Revenue may still credit report if **both** of the following apply:

- Tax debt has been unpaid for 12 months or more; and
- The unpaid amount equals 30% or more of the company's assessable income.

3

Applies to businesses and companies; not individuals.

4

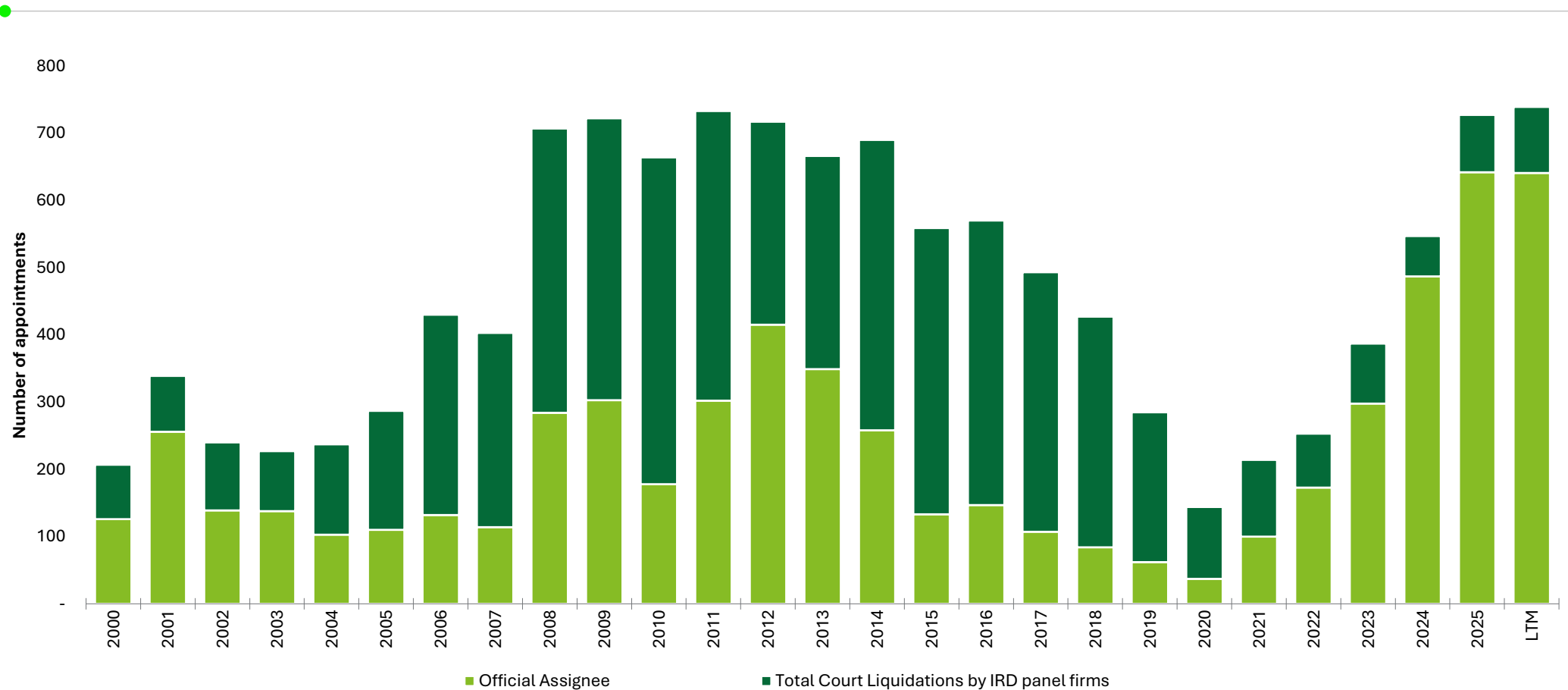
Inland Revenue have made 'reasonable efforts' to collect the debt. Reasonable effort means having issued overdue reminders, offered payment options, given the company a formal notice and a 30-day opportunity to engage.

Source: Taxation (Disclosure of Information to Approved Credit Reporting Agencies) Regulations 2017, Inland Revenue website

Other insights of note

The number of liquidation appointments by the Official Assignee has increased significantly following COVID-19, primarily due to continued growth in liquidation actions initiated by Inland Revenue. The current volume of appointments is the highest recorded since at least 2000. This suggests that there is a considerable number of so-called ‘Zombie’ companies that need to be wound-up.

Court appointments taken by Inland Revenue Panel | 2000 to 2025 & Last 12 months (LTM)



* We note for completeness that the above numbers capture all Court appointments taken by those that are/were on the Inland Revenue Panel, but does not specifically all relate to those petitioned by Inland Revenue.

Source: Companies Office

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