

**Bills Committee on Bankruptcy (Amendment) Bill 2004
Third meeting on 11 January 2005**

List of follow-up actions to be taken by the Administration

1. To address members' concern about the financial viability of the Administration's proposal of outsourcing summary bankruptcy cases to the private-sector insolvency practitioners (PIPs) and that the quality of service provided by PIPs in handling such cases may be compromised in the event of insufficient funding, the Administration is requested to respond to some members' suggestion in item (a) below and to provide the required information under items (b) to (e):
 - (a) Given that the fees and expenses incurred by the Official Receiver's Office (ORO) for each summary bankruptcy case will be deducted from the debtor-deposit of \$8,650 before the case is outsourced to PIPs, the amount for each item of the fees and expenses incurred by ORO should be capped so as to ensure that there will be sufficient balance to be accounted to the debtor's estate for meeting the costs, charges and other expenses to be incurred by PIPs in handling the case;
 - (b) In connection with item (a) above, the contingency plan in the event that the total amount of the fees and expenses incurred by ORO exceeds the debtor-deposit;
 - (c) The likely costs, charges and other expenses to be incurred by PIPs in handling summary bankruptcy cases;
 - (d) In connection with item (c) above, how the costs, charges and other expenses incurred by PIPs will be met in the event that the debtor's estate is insufficient to cover them; and
 - (e) In respect of the existing scheme for outsourcing summary liquidation cases to PIPs -
 - (i) the range of costs, charges and other expenses incurred by PIPs in handling the outsourced summary liquidation cases;
 - (ii) the range of remuneration for the PIPs concerned; and
 - (iii) in the best case scenario where ORO is able to minimize the amount of its fees and expenses, such as by consolidating the publication of several orders in one notice in the Gazette and consolidating the publication of several orders in one advertisement in a newspaper, the amount of remuneration for the PIP concerned.

2. To address members' concern about whether the proposed outsourcing scheme will be able to attract competent PIPs to participate in the scheme, the Administration is requested to provide the following information on the participation of PIPs in the existing scheme for outsourcing summary liquidation cases:
 - (a) Number of PIPs/firms which have submitted bids in each tender, with a breakdown by the nature of the firms, e.g. solicitors' firms, accountants' firms and company secretaries, etc. and a breakdown by the scale of the firms concerned; and
 - (b) Number of PIPs/firms awarded the contracts in each tender, with a breakdown by the nature of the firms, e.g. solicitors' firms, accountants' firms and company secretaries, etc. and a breakdown by the scale of the firms concerned.
3. To ensure the quality of service to be provided by PIPs in the handling of the outsourced summary bankruptcy cases and to enhance the transparency of the outsourcing scheme, the Administration is invited to further consider some members' suggestion of setting out in the legislation (main ordinance or subsidiary legislation) the qualification criteria for appointment as provisional trustees or trustees for summary bankruptcy cases. In this connection, the Administration undertakes to consult relevant professional bodies and other stakeholders on the suggestion and report the outcome to the Bills Committee at its next meeting to be held on 21 February 2005.

Council Business Division 1
Legislative Council Secretariat
21 January 2005