

**Bills Committee on Bankruptcy (Amendment) Bill 2004
Second meeting on 15 December 2004**

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

1. To address members' concern about the cost-effectiveness of the Administration's proposal of outsourcing summary bankruptcy cases to the private-sector insolvency practitioners (PIPs), the Administration is requested to provide a written response to the following points:
 - (a) A mechanism should be set up to check and maintain the costs for handling the outsourced summary bankruptcy cases at a reasonable level so that the bankrupts' small estates would not be eaten up by the costs;
 - (b) In connection with item (a) above, consideration should be given by the Administration to work out a scale of costs with the private sector; and
 - (c) According to the verbal reply given by the Administration at the meeting, the Official Receiver's Office (ORO) would normally deduct a sum between \$2,000 and \$3,000 from the debtor deposit of \$8,650. What are the purposes for which the deducted sum is used?

2. To address the concern of members and deputations about the quality of service provided by PIPs in the handling of summary bankruptcy cases, the Administration is requested to consider the following views or suggestions expressed at the meeting and provide a written response:
 - (a) Whether it is appropriate to outsource summary bankruptcy cases to company secretaries;
 - (b) To set out in the legislation the qualification criteria for appointment as provisional trustees or trustees for summary bankruptcy cases;
 - (c) To establish a panel of PIPs qualified for appointment as provisional trustees or trustees for summary bankruptcy cases;
 - (d) To set a reasonable level of remuneration (such as a fixed level of remuneration) for provisional trustees or trustees so as to encourage competent PIPs to participate in the outsourced summary bankruptcy cases; and

- (e) To introduce contingency fees for provisional trustees or trustees so as to provide incentives for PIPs to recover assets of the bankrupt's estate.
3. On the monitoring of the performance of PIPs in handling the outsourced bankruptcy cases, the Administration is requested to provide the following information:
- (a) Measures to be taken by ORO for monitoring the performance of PIPs, including the measures for ensuring that the PIPs have complied with the requirements set out in the outsourced contracts, and the measures for dealing with a situation where a PIP sits on the outsourced bankruptcy case;
 - (b) Power of ORO, if any, and the mechanism involved, for removing a PIP from the office of trustee due to his unsatisfactory performance; and
 - (c) Follow-up actions to be taken by ORO in handling the outsourced bankruptcy case after the removal of the PIP from the office of trustee.