

## Head 116 — OFFICIAL RECEIVER'S OFFICE

**Controlling officer:** the Official Receiver will account for expenditure under this Head.

<b>Estimate 2014–15</b> .....	<b>\$147.6m</b>
<b>Establishment ceiling 2014–15</b> (notional annual mid-point salary value) representing an estimated 227 non-directorate posts as at 31 March 2014 rising by seven posts to 234 posts as at 31 March 2015 .....	<b>\$100.8m</b>
In addition, there will be an estimated eight directorate posts as at 31 March 2014 and as at 31 March 2015.	
<b>Commitment balance</b> .....	<b>\$1.0m</b>

### Controlling Officer's Report

#### Programme

##### Official Receiver's Office

This programme contributes to Policy Area 1: Financial Services (Secretary for Financial Services and the Treasury).

#### Detail

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	<b>2014–15 (Estimate)</b>
Financial provision (\$m)	133.9	155.2	140.1 (–9.7%)	<b>147.6</b> (+5.4%)
				(or –4.9% on 2013–14 Original)

#### Aim

2 The aim is to administer the Companies Ordinance (Cap. 32) relating to the compulsory winding-up of companies and the Bankruptcy Ordinance (Cap. 6) relating to the estates of bankrupts.

#### Brief Description

3 The Official Receiver's Office (ORO) is responsible for the effective administration of insolvency matters pertaining to compulsory liquidation of companies and individual bankruptcies. This work involves:

- the delivery of an effective in-house management insolvency service when appointed by the court and creditors as liquidator or trustee, and the management of the schemes for contracting out insolvency cases to the private sector;
- the effective realisation of assets of insolvent companies and bankrupts at the earliest opportunity, adjudication of creditors' claims, and declaration of dividends to preferential and ordinary creditors as soon as possible; and
- investigation into the conduct of bankrupts, directors and officers of insolvent companies and the causes of business failures, prosecution of insolvency offenders and implementation of the statutory provisions relating to the disqualification of company directors of insolvent companies.

4 The key performance measures in respect of the administration of insolvency cases are:

#### Targets

	Target processing time	2012 (Actual)	2013 (Actual)	<b>2014 (Plan)</b>
general enquiries in person at public reception counter (%) .....	10 minutes	100	100	<b>100</b>
applications for bankruptcy searches and winding-up searches				
in person (%) .....	2.5 hours	100	100	<b>100</b>
by mail (%) .....	2 working days	100	100	<b>100</b>
using computer terminal (%) .....	1 hour	100	100	<b>100</b>
batch search (%) .....	2 hours	100	100	<b>100</b>
applications for Certificate of Non-bankruptcy (%) .....	2 working days	100	100	<b>100</b>

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	Target processing time	2012 (Actual)	2013 (Actual)	2014 (Plan)
lodging Proofs of Debt				
in person (%).....	10 minutes	100	100	<b>100</b>
obtaining assistance of officers to complete a Proof of Debt (%).....	30 minutes	100	100	<b>100</b>
request for copies of Statement of Affairs (%).....	3 working days	100	100	<b>100</b>
distribution of dividends				
completing procedures when the distribution is possible (%).....	9 months	100	100	<b>100</b>
sending dividend cheques by mail (%).....	5 working days	100	100	<b>100</b>
holding meetings of creditors in non-summary cases				
winding-up cases				
making decision to hold meetings (%).....	8 weeks	92	82	<b>90</b>
holding meetings (%).....	12 weeks	84	82	<b>90</b>
bankruptcy cases				
making decision to hold meetings (%).....	12 weeks	98	98	<b>98</b>
holding meetings (%).....	16 weeks	99	99	<b>100</b>
processing written fund withdrawal requests from outside liquidators by the due dates, provided the specified notification periods are followed				
Pool Investment Scheme				
amount below \$10m (%).....	3 working days	100	100	<b>100</b>
amount between \$10m - \$15m (%).....	5 working days	100	100	<b>100</b>
amount between \$15m - \$20m (%).....	10 working days	100	100	<b>100</b>
funds invested separately (%).....	2 working days before maturity of fixed deposit	100	100	<b>100</b>
processing invoices including liquidators' bills and arranging payments (%).....	30 calendar days	99	98	<b>99</b>
putting summary cases with insufficient assets for distribution on release programme (%).....	12 months	99	99	<b>97</b>

### *Indicators*

	2012 (Actual)	2013 (Actual)	2014 (Estimate)
new cases.....	8 490	9 645	<b>10 310</b>
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded.....	8 021	26 168	<b>26 168</b>
cases put on release programme.....	1 799	1 644	<b>1 644</b>
cases on release programme at year end.....	10 906	9 678	<b>8 543</b>
cases put on small case programme.....	3 678	4 659	<b>4 659</b>
cases on small case programme at year end.....	71 773	52 616	<b>33 886</b>
average active in-house case load per Insolvency Officer at year end#.....	—	168	<b>214</b>
average active non in-house case load per Insolvency Officer at year end#.....	—	467	<b>499</b>
cases put on adjudication programme.....	921	1 119	<b>1 014</b>
proofs of claim adjudicated.....	4 340	3 815	<b>3 815</b>
cases with dividends declared.....	1 023	964	<b>964</b>
amount of dividends declared (\$m).....	88.2	108.3	<b>108.3</b>
summons issued.....	766	644	<b>677</b>
meetings of creditors held.....	1 174	1 891	<b>2 024</b>
writs issued and other proceedings.....	21	19	<b>15</b>

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	2012 (Actual)	2013 (Actual)	2014 (Estimate)
non-remunerative cases (i.e. cases with assets of not more than \$50,000).....	8 395	9 400	<b>10 048</b>
proportion of non-remunerative cases to new cases (%) .....	99	97	<b>97</b>

# New indicators as from 2013. In-house cases are cases where the Official Receiver acts as trustee/liquidator. Non-in-house cases are cases where practitioners in the private sector act as trustee/liquidator and the Official Receiver is responsible for monitoring the practitioners' conduct.

### *Matters Requiring Special Attention in 2014–15*

5 During 2014–15, the ORO will:

- continue to provide support for the Financial Services and the Treasury Bureau in preparing legislation for improving the corporate insolvency regime and engaging stakeholders on proposals to introduce a statutory corporate rescue procedure,
- continue to implement the scheme to contract out summary liquidation cases (each with estimated realisable assets of not more than \$200,000) to practitioners in the private sector,
- continue to monitor the Administrative Panel Scheme for contracting out non-summary liquidation cases (each with estimated realisable assets of more than \$200,000) to practitioners in the private sector,
- continue to implement the scheme for outsourcing preliminary examination of bankrupts to practitioners in the private sector,
- continue to implement the scheme to outsource a certain number of debtor-petition summary bankruptcy cases (each with estimated realisable assets of not more than \$200,000) to practitioners in the private sector,
- continue to encourage greater use of individual voluntary arrangements by debtors as an alternative to bankruptcy,
- continue to closely review existing targets of performance pledges and determine any new areas for improvement in consultation with the ORO's Service Advisory Committee,
- continue to review the operational procedures in the ORO with a view to improving efficiency and productivity, and
- continue to explore the long-term information technology strategy.

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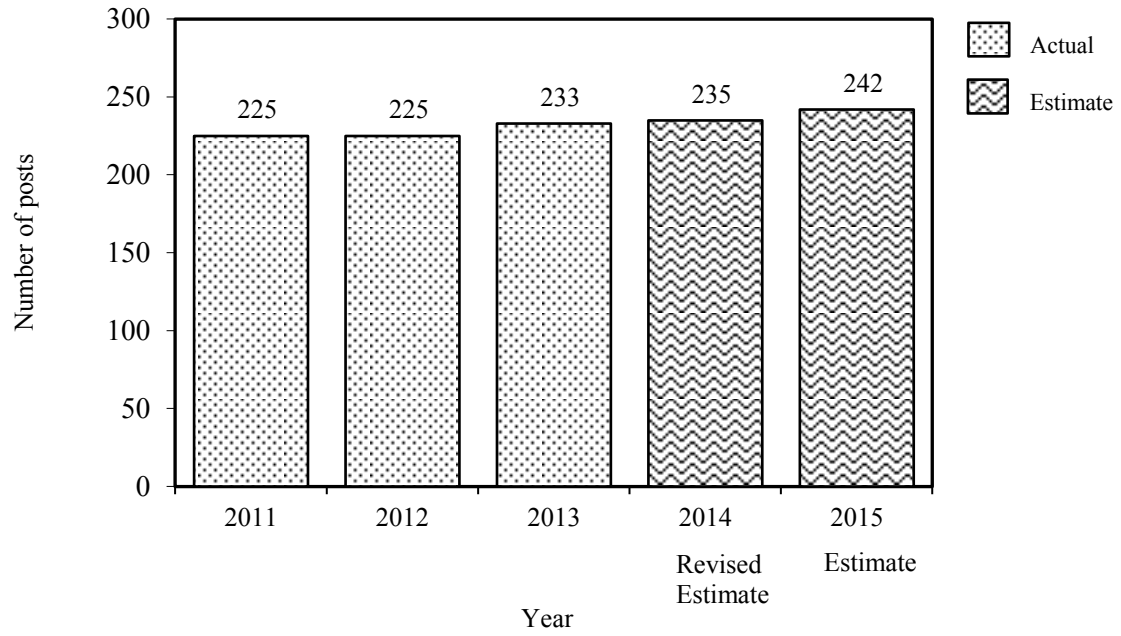
### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	2012-13 (Actual) (\$m)	2013-14 (Original) (\$m)	2013-14 (Revised) (\$m)	2014-15 (Estimate) (\$m)
Official Receiver's Office .....	133.9	155.2	140.1 (-9.7%)	147.6 (+5.4%)
				<b>(or -4.9% on 2013-14 Original)</b>

### Analysis of Financial and Staffing Provision

Provision for 2014-15 is \$7.5 million (5.4%) higher than the revised estimate for 2013-14. This is mainly due to the increased provision for the creation of posts, filling of vacancies, salary increments and provident fund contributions for staff.

*Changes in the size of the establishment  
(as at 31 March)*



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Sub-head (Code)	Actual expenditure 2012-13	Approved estimate 2013-14	Revised estimate 2013-14	<b>Estimate 2014-15</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	133,875	155,059	139,994	<b>147,564</b>
	Total, Recurrent.....	133,875	155,059	139,994	<b>147,564</b>
Non-Recurrent					
700	General non-recurrent .....	—	100	60	<b>60</b>
	Total, Non-Recurrent.....	—	100	60	<b>60</b>
	Total, Operating Account .....	133,875	155,159	140,054	<b>147,624</b>
	Total Expenditure .....	133,875	155,159	140,054	<b>147,624</b>
		133,875	155,159	140,054	<b>147,624</b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2014–15 for the salaries and expenses of the Official Receiver's Office (ORO) is \$147,624,000. This represents an increase of \$7,570,000 over the revised estimate for 2013–14 and of \$13,749,000 over actual expenditure in 2012–13.

#### *Operating Account*

#### Recurrent

**2** Provision of \$147,564,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the ORO.

**3** The establishment as at 31 March 2014 will be 235 permanent posts. It is expected that there will be an increase of seven posts in 2014–15. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2014–15, but the notional annual mid-point salary value of all such posts must not exceed \$100,791,000.

**4** An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2012–13 (Actual) (\$'000)	2013–14 (Original) (\$'000)	2013–14 (Revised) (\$'000)	<b>2014–15 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries.....	103,749	111,046	106,400	<b>112,700</b>
- Allowances.....	1,876	2,007	2,829	<b>2,847</b>
- Job-related allowances.....	—	2	2	<b>2</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	306	400	414	<b>574</b>
- Civil Service Provident Fund contribution.....	1,332	1,723	1,972	<b>2,844</b>
Departmental Expenses				
- Hire of services and professional fees .....	3,961	14,613	5,610	<b>5,676</b>
- General departmental expenses .....	22,651	25,268	22,767	<b>22,921</b>
	133,875	155,059	139,994	<b>147,564</b>

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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2013	Revised estimated expenditure for 2013–14	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	003	Pilot scheme to contract out cases of winding-up of companies .....	10,000	8,921	60	1,019
		Total .....	<u>10,000</u>	<u>8,921</u>	<u>60</u>	<u>1,019</u>