

## Head 116 — OFFICIAL RECEIVER'S OFFICE

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

**Estimate 2015–16** ..... **\$154.4m**

**Establishment ceiling 2015–16** (notional annual mid-point salary value) representing an estimated 234 non-directorate posts as at 31 March 2015 and as at 31 March 2016..... **\$106.0m**

In addition, there will be an estimated eight directorate posts as at 31 March 2015 and as at 31 March 2016.

**Commitment balance**..... **\$1.1m**

### 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

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	<b>2015–16 (Estimate)</b>
Financial provision (\$m)	139.8	147.6	149.9 (+1.6%)	<b>154.4</b> (+3.0%)
				(or +4.6% on 2014–15 Original)

#### Aim

2 The aim is to administer the Companies (Winding Up and Miscellaneous Provisions) 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 or 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	2013 (Actual)	2014 (Actual)	<b>2015 (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	2013 (Actual)	2014 (Actual)	2015 (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	82	93	<b>90</b>
holding meetings (%).....	12 weeks	82	89	<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	98	99	<b>99</b>
putting summary cases with insufficient assets for distribution on release programme (%).....	12 months	99	99	<b>97</b>

### *Indicators*

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
new cases.....	9 645	9 945	<b>11 017</b>
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded.....	26 168	37 137	<b>20 093</b>
cases put on release programme.....	1 644	1 747	<b>1 747</b>
cases on release programme at year end.....	9 678	5 103	<b>3 470</b>
cases put on small case programme.....	4 659	4 504	<b>4 504</b>
cases on small case programme at year end.....	52 616	25 885	<b>13 676</b>
average active in-house case load per Insolvency Officer at year end.....	168	166	<b>209</b>
average active non in-house case load per Insolvency Officer at year end.....	467	517	<b>536</b>
cases put on adjudication programme.....	1 119	1 048	<b>1 051</b>
proofs of claim adjudicated.....	3 815	3 953	<b>4 776</b>
cases with dividends declared.....	964	1 023	<b>1 236</b>
amount of dividends declared (\$m).....	108.3	85.2	<b>102.9</b>
summonses issued.....	644	634	<b>641</b>
meetings of creditors held.....	1 891	2 140	<b>2 369</b>
writs issued and other proceedings.....	19	13	<b>12</b>

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	2013 (Actual)	2014 (Actual)	2015 (Estimate)
non-remunerative cases (i.e. cases with assets of not more than \$50,000).....	9 400	9 683	<b>10 727</b>
proportion of non-remunerative cases to new cases (%) .....	97	97	<b>97</b>

### *Matters Requiring Special Attention in 2015–16*

5 During 2015–16, the ORO will:

- continue to provide support for the Financial Services and the Treasury Bureau in preparing legislation for reforming the abscondee regime under the Bankruptcy Ordinance and improving the corporate insolvency regime as well as formulating legislative proposals for a statutory corporate rescue procedure and insolvent trading,
- 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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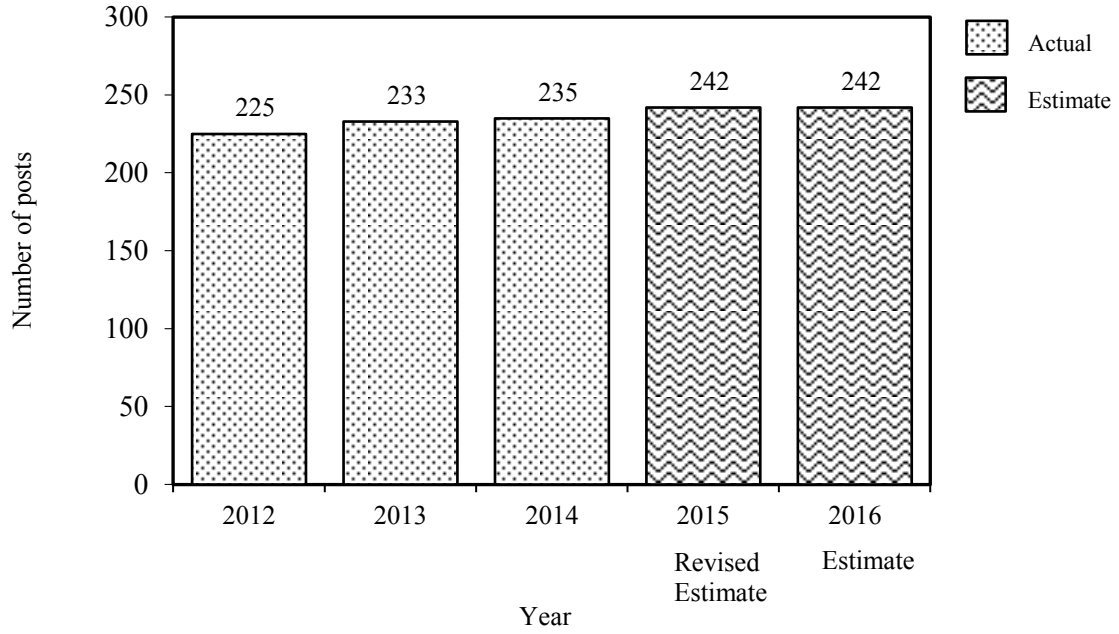
### ANALYSIS OF FINANCIAL PROVISION

	2013-14 (Actual) (\$m)	2014-15 (Original) (\$m)	2014-15 (Revised) (\$m)	2015-16 (Estimate) (\$m)
<b>Programme</b>				
Official Receiver's Office .....	139.8	147.6	149.9 (+1.6%)	<b>154.4</b> <b>(+3.0%)</b>
				<b>(or +4.6% on 2014-15 Original)</b>

#### Analysis of Financial and Staffing Provision

Provision for 2015-16 is \$4.5 million (3.0%) higher than the revised estimate for 2014-15. This is mainly due to the increased provision for the filling of vacancies, salary increments and provident fund contributions for staff, partly offset by reduced requirement for general departmental expenses.

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



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Sub-head (Code)	Actual expenditure 2013-14	Approved estimate 2014-15	Revised estimate 2014-15	<b>Estimate 2015-16</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	139,798	147,564	149,856	<b>154,313</b>
	Total, Recurrent.....	139,798	147,564	149,856	<b>154,313</b>
Non-Recurrent					
700	General non-recurrent .....	—	60	—	<b>60</b>
	Total, Non-Recurrent.....	—	60	—	<b>60</b>
	Total, Operating Account .....	139,798	147,624	149,856	<b>154,373</b>
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	Total Expenditure .....	139,798	147,624	149,856	<b>154,373</b>
		<u>139,798</u>	<u>147,624</u>	<u>149,856</u>	<u><b>154,373</b></u>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2015–16 for the salaries and expenses of the Official Receiver's Office (ORO) is \$154,373,000. This represents an increase of \$4,517,000 over the revised estimate for 2014–15 and of \$14,575,000 over the actual expenditure in 2013–14.

#### *Operating Account*

#### Recurrent

**2** Provision of \$154,313,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the ORO.

**3** The establishment as at 31 March 2015 will be 242 permanent posts. No net change in establishment is expected in 2015–16. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2015–16, but the notional annual mid-point salary value of all such posts must not exceed \$106,003,000.

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

	2013–14 (Actual) (\$'000)	2014–15 (Original) (\$'000)	2014–15 (Revised) (\$'000)	<b>2015–16 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries.....	106,635	112,700	116,670	<b>120,480</b>
- Allowances.....	2,605	2,847	2,635	<b>2,308</b>
- Job-related allowances.....	—	2	2	<b>2</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	388	574	559	<b>571</b>
- Civil Service Provident Fund contribution.....	1,950	2,844	2,484	<b>3,611</b>
Departmental Expenses				
- Hire of services and professional fees .....	4,327	5,676	4,404	<b>4,715</b>
- General departmental expenses .....	23,893	22,921	23,102	<b>22,626</b>
	139,798	147,564	149,856	<b>154,313</b>

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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2014	Revised estimated expenditure for 2014–15	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	—	1,079
		Total .....	<u>10,000</u>	<u>8,921</u>	<u>—</u>	<u>1,079</u>