

## Head 116 — OFFICIAL RECEIVER'S OFFICE

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

**Estimate 2019–20** ..... **\$223.2m**

**Establishment ceiling 2019–20** (notional annual mid-point salary value) representing an estimated 265 non-directorate posts as at 31 March 2019 rising by 20 posts to 285 posts as at 31 March 2020..... **\$152.7m**

In addition, there will be an estimated eight directorate posts as at 31 March 2019 and as at 31 March 2020.

**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

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)	<b>2019–20 (Estimate)</b>
Financial provision (\$m)	180.8	343.6	340.0 (–1.0%)	<b>223.2</b> (–34.4%)
				(or –35.0% on 2018–19 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 processing time	2017 (Actual)	2018 (Actual)	<b>2019 (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	2017 (Actual)	2018 (Actual)	2019 (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	94	97	<b>90</b>
holding meetings (%).....	12 weeks	96	91	<b>90</b>
bankruptcy cases				
making decision to hold meetings (%).....	12 weeks	98	98	<b>98</b>
holding meetings (%).....	16 weeks	98	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	99	<b>99</b>
putting summary cases with insufficient assets for distribution on release programme (%).....	12 months	99	99	<b>97</b>

**Indicators**

	2017 (Actual)	2018 (Actual)	2019 (Estimate)
new cases.....	7 923	7 401	<b>7 468</b>
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded.....	8 503	8 273	<b>8 454</b>
cases put on release programme.....	2 171	2 846	<b>2 846</b>
cases on release programme at year end.....	1 172	1 414	<b>1 112</b>
cases put on small case programme.....	3 318	2 577	<b>2 577</b>
cases on small case programme at year end.....	15 151	9 885	<b>7 156</b>
average active in-house case load per Insolvency Officer at year end.....	146	141	<b>179</b>
average active non in-house case load per Insolvency Officer at year end.....	722	684	<b>682</b>
cases put on adjudication programme.....	1 094	1 049	<b>1 083</b>
proofs of debt adjudicated.....	4 545	3 482	<b>3 482</b>
cases with dividends declared.....	1 196	912	<b>912</b>
amount of dividends declared (\$m).....	124.4	110.1	<b>110.1</b>
summonses issued.....	805	587	<b>750</b>
meetings of creditors held.....	2 398	2 478	<b>2 509</b>
writs issued and other proceedings.....	12	13	<b>12</b>

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	2017 (Actual)	2018 (Actual)	<b>2019 (Estimate)</b>
non-remunerative cases (i.e. cases with assets of not more than \$50,000).....	7 728	7 309	<b>7 375</b>
proportion of non-remunerative cases to new cases (%) .....	97	98	<b>98</b>

***Matters Requiring Special Attention in 2019–20***

**5** During 2019–20, the ORO will continue to:

- provide support for the Financial Services and the Treasury Bureau in formulating legislative proposals and preparing legislation for a statutory corporate rescue procedure and insolvent trading provisions;
- 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;
- 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;
- implement the scheme for outsourcing preliminary examination of bankrupts to practitioners in the private sector;
- 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;
- encourage greater use of individual voluntary arrangements by debtors as an alternative to bankruptcy;
- closely review existing targets of performance pledges and determine any new areas for improvement in consultation with the ORO’s Service Advisory Committee; and
- review the operational procedures in the ORO with a view to improving efficiency and productivity.

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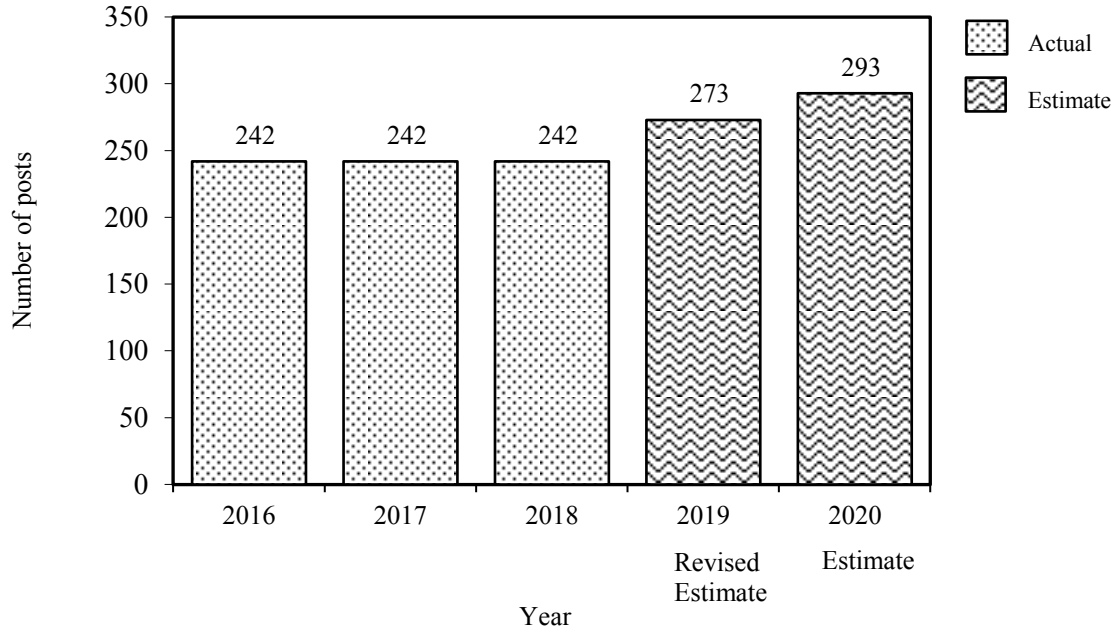
### ANALYSIS OF FINANCIAL PROVISION

	2017-18 (Actual) (\$m)	2018-19 (Original) (\$m)	2018-19 (Revised) (\$m)	2019-20 (Estimate) (\$m)
<b>Programme</b>				
Official Receiver's Office .....	180.8	343.6	340.0 (-1.0%)	<b>223.2</b> <b>(-34.4%)</b>
				<b>(or -35.0% on 2018-19 Original)</b>

#### Analysis of Financial and Staffing Provision

Provision for 2019-20 is \$116.8 million (34.4%) lower than the revised estimate for 2018-19. This is mainly due to the decreased provision for return of revenue in respect of some liquidation cases and other general departmental expenses, partly offset by the increased provision for 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 2017-18	Approved estimate 2018-19	Revised estimate 2018-19	<b>Estimate 2019-20</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	180,819	342,858	339,322	<b>223,141</b>
	Total, Recurrent.....	<u>180,819</u>	<u>342,858</u>	<u>339,322</u>	<u><b>223,141</b></u>
Non-Recurrent					
700	General non-recurrent .....	—	60	—	<b>60</b>
	Total, Non-Recurrent.....	<u>—</u>	<u>60</u>	<u>—</u>	<u><b>60</b></u>
	Total, Operating Account .....	<u>180,819</u>	<u>342,918</u>	<u>339,322</u>	<u><b>223,201</b></u>
<b>Capital Account</b>					
Plant, Equipment and Works					
	Minor plant, vehicles and equipment (block vote).....	—	638	638	—
	Total, Plant, Equipment and Works.....	<u>—</u>	<u>638</u>	<u>638</u>	<u>—</u>
	Total, Capital Account.....	<u>—</u>	<u>638</u>	<u>638</u>	<u>—</u>
	Total Expenditure .....	<u><u>180,819</u></u>	<u><u>343,556</u></u>	<u><u>339,960</u></u>	<u><u><b>223,201</b></u></u>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2019–20 for the salaries and expenses of the Official Receiver's Office is \$223,201,000. This represents a decrease of \$116,759,000 against the revised estimate for 2018–19 and an increase of \$42,382,000 over the actual expenditure in 2017–18.

#### *Operating Account*

#### Recurrent

**2** Provision of \$223,141,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Official Receiver's Office. The decrease of \$116,181,000 (34.2%) against the revised estimate for 2018–19 is mainly due to the decreased provision for return of revenue in respect of some liquidation cases and other general departmental expenses, partly offset by the increased provision for creation of posts, filling of vacancies, salary increments and provident fund contributions for staff.

**3** The establishment as at 31 March 2019 will be 273 permanent posts. It is expected that there will be a net increase of 20 posts in 2019–20. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2019–20, but the notional annual mid-point salary value of all such posts must not exceed \$152,736,000.

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

	2017–18 (Actual) (\$'000)	2018–19 (Original) (\$'000)	2018–19 (Revised) (\$'000)	2019–20 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	129,879	147,010	143,000	<b>165,830</b>
- Allowances.....	3,328	3,696	2,129	<b>2,599</b>
- Job-related allowances.....	—	2	2	<b>2</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	555	995	867	<b>1,427</b>
- Civil Service Provident Fund contribution.....	5,278	6,562	6,367	<b>7,557</b>
Departmental Expenses				
- Hire of services and professional fees .....	4,660	5,841	5,750	<b>5,560</b>
- General departmental expenses .....	37,119	178,752	181,207	<b>40,166</b>
	180,819	342,858	339,322	<b>223,141</b>

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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2018	Revised estimated expenditure for 2018–19	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>