

## Head 116 — OFFICIAL RECEIVER'S OFFICE

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

<b>Estimate 2020–21</b> .....	<b>\$237.7m</b>
<b>Establishment ceiling 2020–21</b> (notional annual mid-point salary value) representing an estimated 285 non-directorate posts as at 31 March 2020 rising by three posts to 288 posts as at 31 March 2021 .....	<b>\$161.9m</b>
In addition, there will be an estimated eight directorate posts as at 31 March 2020 and as at 31 March 2021.	
<b>Commitment balance</b> .....	<b>\$1.1m</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

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	<b>2020–21 (Estimate)</b>
Financial provision (\$m)	335.7	223.2	218.7 (–2.0%)	<b>237.7</b> (+8.7%)
				(or +6.5% on 2019–20 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	2018 (Actual)	2019 (Actual)	<b>2020 (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	2018 (Actual)	2019 (Actual)	2020 (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	97	95	<b>90</b>
holding meetings (%).....	12 weeks	91	95	<b>90</b>
bankruptcy cases				
making decision to hold meetings (%).....	12 weeks	98	98	<b>98</b>
holding meetings (%).....	16 weeks	99	98	<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	96	<b>99</b>
putting summary cases with insufficient assets for distribution on release programme (%).....	12 months	99	99	<b>97</b>

**Indicators**

	2018 (Actual)	2019 (Actual)	2020 (Estimate)
new cases.....	7 401	8 006	<b>8 803</b>
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded.....	8 273	7 120	<b>7 113</b>
cases put on release programme.....	2 846	2 869	<b>2 869</b>
cases on release programme at year end .....	1 414	1 707	<b>1 673</b>
cases put on small case programme .....	2 577	3 325	<b>3 325</b>
cases on small case programme at year end.....	9 885	12 124	<b>11 239</b>
average active in-house case load per Insolvency Officer at year end.....	141	141	<b>181</b>
average active non in-house case load per Insolvency Officer at year end.....	684	716	<b>718</b>
cases put on adjudication programme.....	1 049	865	<b>905</b>
proofs of debt adjudicated.....	3 482	2 797	<b>2 797</b>
cases with dividends declared.....	912	745	<b>745</b>
amount of dividends declared (\$m).....	110.1	116.9	<b>116.9</b>
summons issued.....	587	663	<b>580</b>
meetings of creditors held.....	2 478	2 937	<b>3 233</b>
writs issued and other proceedings .....	13	29	<b>16</b>

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	2018 (Actual)	2019 (Actual)	2020 (Estimate)
non-remunerative cases (i.e. cases with assets of not more than \$50,000).....	7 309	7 895	<b>8 681</b>
proportion of non-remunerative cases to new cases (%) .....	98	99	<b>99</b>

### *Matters Requiring Special Attention in 2020–21*

5 During 2020–21, 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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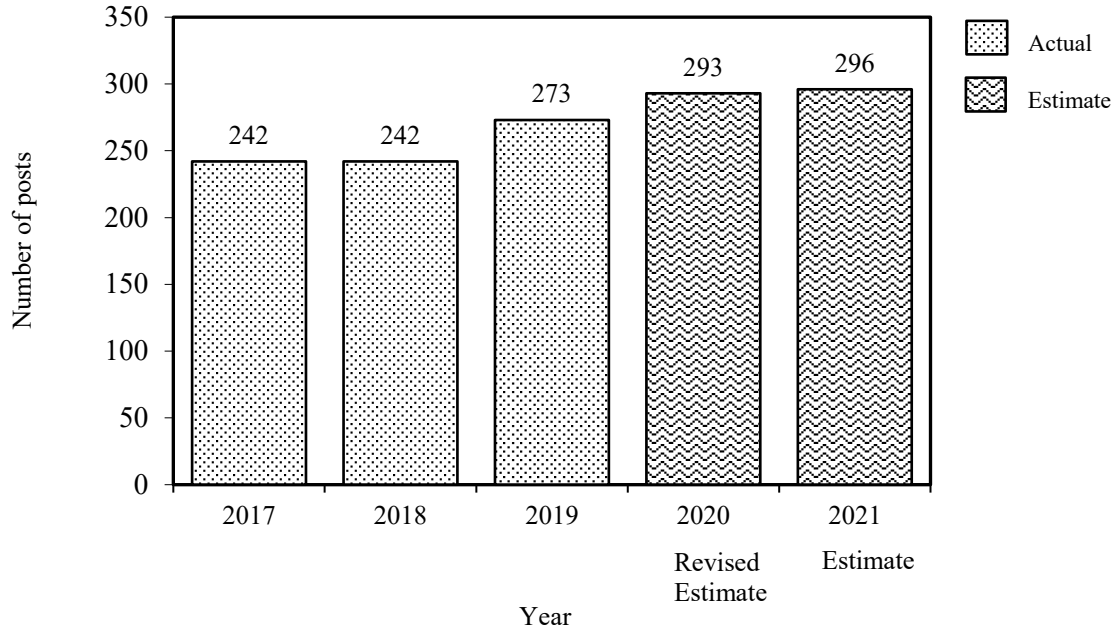
**ANALYSIS OF FINANCIAL PROVISION**

<b>Programme</b>	2018-19 (Actual) (\$m)	2019-20 (Original) (\$m)	2019-20 (Revised) (\$m)	<b>2020-21 (Estimate) (\$m)</b>
Official Receiver's Office .....	335.7	223.2	218.7 (-2.0%)	<b>237.7 (+8.7%)</b>
				<b>(or +6.5% on 2019-20 Original)</b>

**Analysis of Financial and Staffing Provision**

Provision for 2020-21 is \$19.0 million (8.7%) higher than the revised estimate for 2019-20. This is mainly due to the increased provision for salary increments, filling of vacancies, creation of posts, provident fund contributions for staff and other general departmental expenses.

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



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Sub-head (Code)	Actual expenditure 2018–19	Approved estimate 2019–20	Revised estimate 2019–20	<b>Estimate 2020–21</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	335,164	223,141	218,729	<b>236,352</b>
	Total, Recurrent.....	335,164	223,141	218,729	<b>236,352</b>
Non-Recurrent					
700	General non-recurrent .....	—	60	—	<b>60</b>
	Total, Non-Recurrent.....	—	60	—	<b>60</b>
	Total, Operating Account .....	335,164	223,201	218,729	<b>236,412</b>
<b>Capital Account</b>					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	496	—	—	<b>1,300</b>
	Total, Plant, Equipment and Works.....	496	—	—	<b>1,300</b>
	Total, Capital Account.....	496	—	—	<b>1,300</b>
	Total Expenditure .....	335,660	223,201	218,729	<b>237,712</b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2020–21 for the salaries and expenses of the Official Receiver's Office is \$237,712,000. This represents an increase of \$18,983,000 over the revised estimate for 2019–20 and a decrease of \$97,948,000 against the actual expenditure in 2018–19.

#### *Operating Account*

##### Recurrent

**2** Provision of \$236,352,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Official Receiver's Office.

**3** The establishment as at 31 March 2020 will be 293 permanent posts. It is expected that there will be a net increase of three posts in 2020–21. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2020–21, but the notional annual mid-point salary value of all such posts must not exceed \$161,855,000.

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

	2018–19 (Actual) (\$'000)	2019–20 (Original) (\$'000)	2019–20 (Revised) (\$'000)	<b>2020–21 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	141,360	165,830	159,100	<b>170,900</b>
- Allowances .....	1,829	2,599	3,906	<b>4,021</b>
- Job-related allowances.....	—	2	2	<b>2</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	784	1,427	1,012	<b>1,087</b>
- Civil Service Provident Fund contribution .....	6,252	7,557	7,706	<b>9,727</b>
Departmental Expenses				
- Hire of services and professional fees .....	4,550	5,560	6,776	<b>5,924</b>
- General departmental expenses .....	180,389	40,166	40,227	<b>44,691</b>
	335,164	223,141	218,729	<b>236,352</b>

#### *Capital Account*

##### Plant, Equipment and Works

**5** Provision of \$1,300,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* is for replacement of mobile shelving system at the government office building.

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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2019	Revised estimated expenditure for 2019–20	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>