

Head 116 — OFFICIAL RECEIVER'S OFFICE

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

Estimate 2001–02..... **\$137.9m**

Establishment ceiling 2001–02 (notional annual mid-point salary value) representing an estimated 249 non-directorate posts at 31 March 2001 reducing by two posts to 247 posts at 31 March 2002 **\$83.0m**

In addition there will be an estimated nine directorate posts at 31 March 2001 and at 31 March 2002.

Capital Account commitment balance..... **\$3.2m**

Controlling Officer's Report

Programme

Official Receiver's Office

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

Detail

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	125.4	140.0 (+11.6%)	127.2 (–9.1%)	137.9 (+8.4%)

Aim

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

Brief Description

3 The Official Receiver's Office 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 liquidation 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 debtors, 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.

4 The Official Receiver's Office broadly achieved its targets in 2000.

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

Targets

	Target Time	1999 (Actual) %	2000 (Actual) %	2001 (Plan) %
general enquiries in person at public reception counter.....	10 minutes	95	96	98
applications for bankruptcy searches and winding-up searches				
in person.....	3 hours	N.A.†	99	95
by mail	3 working days	99	100	100
using computer terminal.....	1 hour	N.A.†	100	90
application for Certificate of non-bankruptcy	3 working days	100	100	100
lodging Proofs of Debt				
in person.....	10 minutes	94	99	100
obtaining assistance of officers to complete a Proof of Debt.....	30 minutes	99	99	100

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	Target Time	1999 (Actual) %	2000 (Actual) %	2001 (Plan) %
request for copies of Statement of Affairs, if they have been presented, subject to payment of photocopying fees	3 working days	100	100	100
distribution of dividends				
making a distribution of dividend when the distribution is possible ...	within 9 months	N.A.†	N.A.†	100
sending dividend cheques by mail.....	5 working days	100	100	100
holding meetings of creditors in non- summary cases				
winding-up				
making decision to hold meetings.....	within 8 weeks	58	81	95
holding meetings	within 12 weeks	67	81	95
bankruptcy cases				
making decision to hold meetings.....	within 12 weeks	99	100	100
holding meetings	within 16 weeks	99	100	100
issue of receipt for payment of book debts				
in person.....	15 minutes	100	100	100
by mail	3 working days	94	97	95
process 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	100
amount between \$10m - \$15m..	5 working days	100	100	100
amount between \$15m - \$20m..	10 working days	100	100	100
funds invested separately	2 working days before maturity of fixed deposit	100	100	100
process invoices and arrange payments to vendors including liquidators' bills	within 30 calendar days	98	98	98
put summary cases with insufficient assets for distribution on release programme	within 12 months	N.A.†	90	80

Note: Targets contained in this Report reflect the quantitative standards of service formulated for the department's revised Performance Pledge approved for 2000-01.

† New pledge introduced in 2000-01. Data not available.

Indicators

	1999 (Actual)	2000 (Actual)	2001 (Estimate)
total no. of new cases	3 866	5 516	6 619
no. of insolvency cases completed, stayed or rescinded.....	669	2 579†	3 095†
cases put on release programme	289	809†	868†
cases on release programme at year end.....	267	409†	450
cases put on small case programme.....	1 018	2 921†	4 381†
cases on small case programme at year end.....	986	1 976†	2 180
average active case load per Insolvency Officer.....	85	131	131
cases put on adjudication programme	125	640@	400@
no. of proofs of claim adjudicated.....	2 123	10 354@	6 600@
no. of cases with dividends declared.....	183	775@	460@
amount of dividends declared (\$m)	52	249@	52@
recovery of book debts and judgement sums (\$m)#	9	22	22
litigation actions in progress	41	42	42
no. of summonses issued.....	230	220	250
court appearances	5 954	8 309§	8 440§
ex-parte orders obtained.....	4 255	8 797§	10 556§

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	1999 (Actual)	2000 (Actual)	2001 (Estimate)
no. of meetings of creditors held.....	265	224	240
writs issued and other proceedings	2	1	2
non-remunerative cases (i.e. cases with assets less than \$50,000).....	3 455	4 948	5 940
proportion of non-remunerative cases to new cases (%)	89	90	90
revenue collected (\$m)#	152	290	211
increase/decrease in revenue on previous year (%)#	26	91	-27

Figures are in terms of financial year, and those for 2000 are estimates.

† The substantial increase in output is achieved through enhanced efficiency resulting from the reorganisation of the case management teams into specialised winding-up and bankruptcy teams and the centralisation of release work in a special task force.

@ The increase in 2000 is mainly the result of two special dividend programs jointly undertaken by Insolvency Officers and Legal Officers during 2000 to pay out to creditors for cases which were more than one year old. Due to the introduction of a new pledge for dividend distribution, it is estimated that there will still be distribution in a large number of cases with small assets in 2001.

§ The increase is due to increase in number of new cases.

Matters Requiring Special Attention in 2001-02

6 During 2001-02, the Official Receiver's Office will:

- monitor the scheme to contract out summary and non-remunerative liquidation cases (each with estimated realisable assets of less than \$200,000) to insolvency 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 insolvency practitioners in the private sector;
- consider the feasibility of further enhancement to the computer program of the Management Information System and the results of the combined feasibility study on an Electronic Service Delivery System for on-line public search and electronic transactions under the Electronic Transactions Ordinance;
- introduce the relevant legislation to facilitate the administration of companies in financial trouble by providing a statutory scheme for corporate rescue;
- review the statutory framework for the winding-up of companies under the Companies Ordinance based on the Law Reform Commission Report and prepare draft legislation where appropriate;
- review the statutory framework for individual bankruptcies under the Bankruptcy Ordinance with a view to further simplifying and streamlining the procedures for the administration of bankruptcies;
- encourage greater use of the procedures for individual voluntary arrangements by debtors and provide user-friendly guidelines and information to debtors who wish to present petitions for their own bankruptcy;
- closely review existing targets of performance pledges and determine any new areas for improvement in consultation with the department's Service Advisory Committee; and
- take forward a revamp of the management system and an overhaul of the operational procedures in the department.

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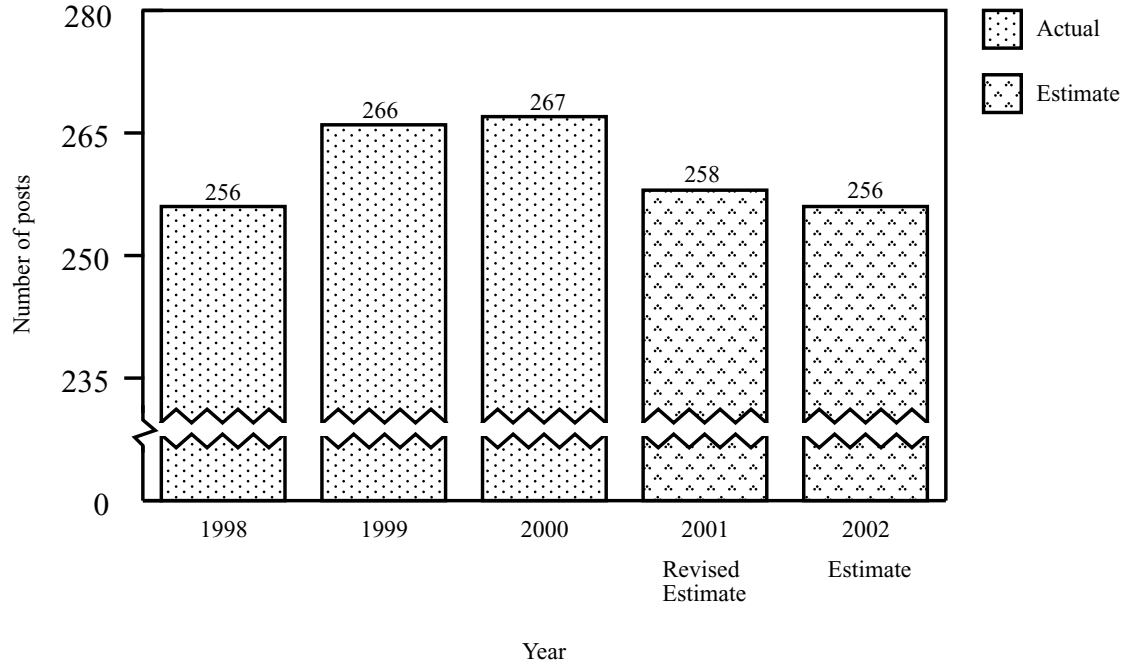
ANALYSIS OF FINANCIAL PROVISION

Programme	1999-2000 (Actual) (\$m)	2000-01 (Approved) (\$m)	2000-01 (Revised) (\$m)	2001-02 (Estimate) (\$m)
Official Receiver's Office	125.4	140.0 (+11.6%)	127.2 (-9.1%)	137.9 (+8.4%)

Analysis of Financial and Staffing Provision

Provision for 2001-02 is \$10.7 million (8.4%) higher than the revised estimate for 2000-01. The increase is mainly due to more summary cases expected to be contracted out to private sector insolvency practitioners in 2001-02, partly offset by deletion of two posts and reduced staffing requirement for temporary staff under the Enhanced Productivity Programme.

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



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Sub-head (Code)		Actual expenditure 1999-2000	Approved estimate 2000-01	Revised estimate 2000-01	Estimate 2001-02
		\$ 000	\$ 000	\$ 000	\$'000
Recurrent Account					
I — Personal Emoluments					
001	Salaries.....	103,638	104,606	101,413	103,547
002	Allowances.....	2,717	2,699	2,506	2,312
007	Job-related allowances.....	141	201	201	201
	Total, Personal Emoluments	<u>106,496</u>	<u>107,506</u>	<u>104,120</u>	<u>106,060</u>
III — Departmental Expenses					
111	Hire of services and professional fees.....	8,010	21,394	10,286	21,168
149	General departmental expenses.....	6,123	7,606	7,724	7,357
	Total, Departmental Expenses	<u>14,133</u>	<u>29,000</u>	<u>18,010</u>	<u>28,525</u>
	Total, Recurrent Account	<u>120,629</u>	<u>136,506</u>	<u>122,130</u>	<u>134,585</u>
Capital Account					
I — Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	—	366	190	176
	Total, Plant, Equipment and Works	<u>—</u>	<u>366</u>	<u>190</u>	<u>176</u>
II — Other Non-Recurrent					
700	General other non-recurrent.....	4,731	3,172	4,924	3,124
	Total, Other Non-Recurrent.....	<u>4,731</u>	<u>3,172</u>	<u>4,924</u>	<u>3,124</u>
	Total, Capital Account.....	<u>4,731</u>	<u>3,538</u>	<u>5,114</u>	<u>3,300</u>
	Total Expenditure	<u><u>125,360</u></u>	<u><u>140,044</u></u>	<u><u>127,244</u></u>	<u><u>137,885</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2001–02 for the salaries and expenses of the Official Receiver's Office is \$137,885,000. This represents an increase of \$10,641,000 over the revised estimate for 2000–01 and of \$12,525,000 over actual expenditure in 1999–2000.

Recurrent Account

Personal Emoluments

2 Provision of \$106,060,000 for personal emoluments represents an increase of \$1,940,000 over the revised estimate for 2000–01.

3 The establishment at 31 March 2001 will be 257 permanent posts and one supernumerary post. It is expected that two posts will be deleted in 2001–02.

4 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate post during 2001–02, but the notional annual mid-point salary value of all such posts must not exceed \$83,000,000.

5 Provision of \$2,312,000 under *Subhead 002 Allowances* is for standard allowances. The decrease of \$194,000 (7.7%) against the revised estimate for 2000–01 is mainly due to reduction in requirement of overtime allowances.

6 Provision of \$201,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances.

Departmental Expenses

7 Provision of \$21,168,000 under *Subhead 111 Hire of services and professional fees* is for contracting out summary and non-remunerative liquidation cases to insolvency practitioners in the private sector and the employment of accountants and lawyers as expert witnesses for disqualification of directors actions. The increase of \$10,882,000 (105.8%) over the revised estimate for 2000–01 is mainly due to more summary cases expected to be contracted out to private sector insolvency practitioners in 2001–02.

8 Provision of \$7,357,000 under *Subhead 149 General departmental expenses* represents a decrease of \$367,000 (4.8%) against the revised estimate for 2000–01. This is mainly due to reduction in staffing requirement for temporary staff under the Enhanced Productivity Programme.

Capital Account

Plant, Equipment and Works

9 Provision of \$176,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$14,000 (7.4%) against the revised estimate for 2000–01. This is mainly due to a decrease in the cashflow requirement for the Interactive Voice Processing System.

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Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2000	Revised estimated expenditure for 2000-01	Balance
			\$ 000	\$ 000	\$ 000	\$ 000
700		<i>General other non-recurrent</i>				
	002	Setting up of a task force of temporary staff to clear backlog cases	9,228	6,056	1,848	1,324
	003	Pilot scheme to contract out cases of winding-up of companies	10,000	7,110	1,000	1,890
		Total.....	19,228	13,166	2,848	3,214
			19,228	13,166	2,848	3,214