

Head 116 — OFFICIAL RECEIVER'S OFFICE

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

Estimate 2009–10	\$140.9m
Establishment ceiling 2009–10 (notional annual mid-point salary value) representing an estimated 215 non-directorate posts as at 31 March 2009 rising by one post to 216 posts as at 31 March 2010 ...	\$76.7m
In addition, there will be an estimated eight directorate posts as at 31 March 2009 and as at 31 March 2010.	
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 and the Treasury).

Detail

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	110.1	134.3	121.0 (–9.9%)	140.9 (+16.4%)
				(or +4.9% on 2008–09 Original)

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 (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	2007 (Actual)	2008 (Actual)	2009 (Plan)
general enquiries in person at public reception counter (%)	10 minutes	100	100	100
applications for bankruptcy searches and winding-up searches				
in person (%).....	2.5 hours	100	100	100
by mail (%).....	2 working days	100	100	100
using computer terminal (%).....	1 hour	100	100	100
batch search (%).....	2 hours	100	100	100
applications for Certificate of Non-bankruptcy (%).....	2 working days	100	100	100

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	Target processing time	2007 (Actual)	2008 (Actual)	2009 (Plan)
lodging Proofs of Debt				
in person (%).....	10 minutes	100	100	100
obtaining assistance of officers to complete a Proof of Debt (%).....	30 minutes	100	100	100
request for copies of Statement of Affairs (%).....	3 working days	100	100	100
distribution of dividends				
completing procedures when the distribution is possible (%).....	9 months	100	100	100
sending dividend cheques by mail (%).....	5 working days	100	100	100
holding meetings of creditors in non-summary cases				
winding-up cases				
making decision to hold meetings (%).....	8 weeks	88	85	90
holding meetings (%).....	12 weeks	88	90	90
bankruptcy cases				
making decision to hold meetings (%).....	12 weeks	98	98	98
holding meetings (%).....	16 weeks	100	99	100
issue of receipt for payment of book debts				
in person (%).....	15 minutes	100	100	100
by mail (%).....	3 working days	100	100	100
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	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
processing invoices including liquidators' bills and arranging payments (%).....	30 calendar days	99	99	99
putting summary cases with insufficient assets for distribution on release programme (%).....	12 months	97	96	97

Indicators

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
new cases	11 518	11 247	12 080
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded	5 653	3 067	3 120
cases put on release programme	3 738	2 811	2 811
cases on release programme at year end.....	4 731	6 262	7 825
cases put on small case programme	8 547	8 656	8 656
cases on small case programme at year end.....	55 480	61 969	68 753
average active case load per Insolvency Officer at year end ...	417	413	424
cases put on adjudication programme.....	2 630	1 596	1 877
proofs of claim adjudicated	24 194	13 129	13 266
cases with dividends declared.....	3 140	2 012	2 033
amount of dividends declared (\$m)	190.1	135.6	137.0
summons issued.....	700	615	620
meetings of creditors held.....	1 650	1 359	1 462
writs issued and other proceedings	29	23	20

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	2007 (Actual)	2008 (Actual)	2009 (Estimate)
non-remunerative cases (i.e. cases with assets of not more than \$50,000)	11 380	11 135	11 920
proportion of non-remunerative cases to new cases (%)	99	99	99

Matters Requiring Special Attention in 2009–10

5 During 2009–10, the ORO will 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;
- 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 a pilot scheme to outsource 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 Department's Service Advisory Committee;
- review the operational procedures in the Department with a view to improving efficiency and productivity; and
- explore the long-term information technology strategy.

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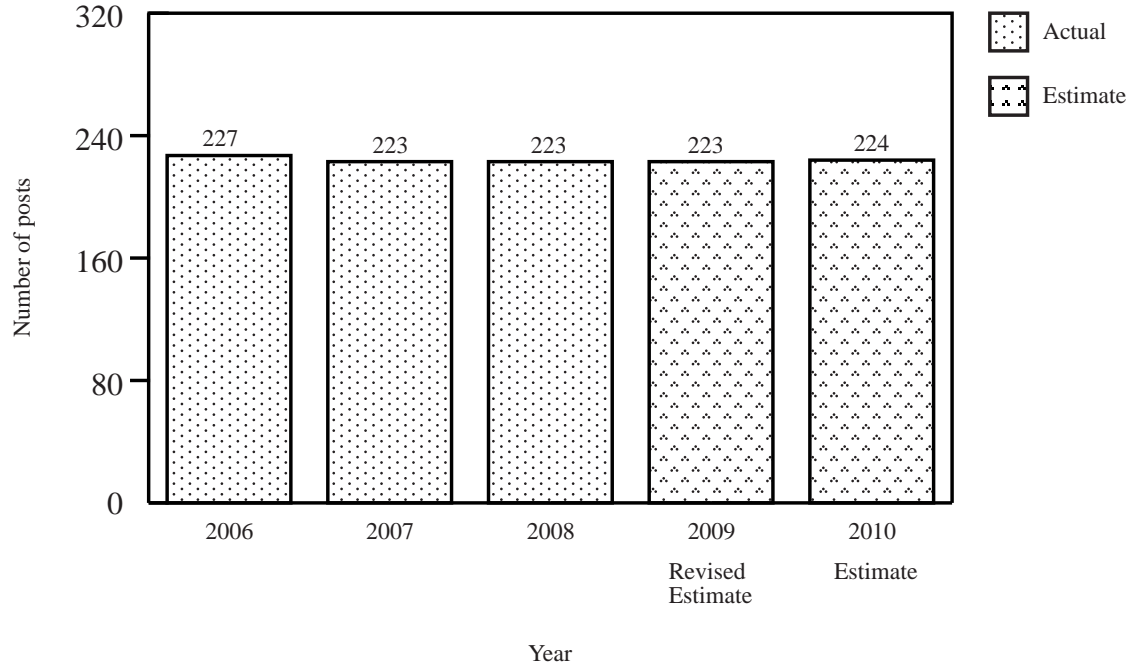
ANALYSIS OF FINANCIAL PROVISION

Programme	2007-08 (Actual) (\$m)	2008-09 (Original) (\$m)	2008-09 (Revised) (\$m)	2009-10 (Estimate) (\$m)
Official Receiver's Office	110.1	134.3	121.0 (-9.9%)	140.9 (+16.4%)
				(or +4.9% on 2008-09 Original)

Analysis of Financial and Staffing Provision

Provision for 2009-10 is \$19.9 million (16.4%) higher than the revised estimate for 2008-09. This is mainly due to the increased provision for anticipated payments in the contracting out of summary winding-up cases, net increase of one post for the rewrite of the Companies Ordinance (Phase II) covering winding-up and insolvency provisions, filling of vacancies and salary increments for staff, partly offset by the reduced requirement for non-recurrent items.

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



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Sub-head (Code)	Actual expenditure 2007-08	Approved estimate 2008-09	Revised estimate 2008-09	Estimate 2009-10	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	109,525	133,474	119,253	140,344
	Total, Recurrent.....	<u>109,525</u>	<u>133,474</u>	<u>119,253</u>	<u>140,344</u>
Non-Recurrent					
700	General non-recurrent	60	810	1,750	510
	Total, Non-Recurrent.....	<u>60</u>	<u>810</u>	<u>1,750</u>	<u>510</u>
	Total, Operating Account	<u>109,585</u>	<u>134,284</u>	<u>121,003</u>	<u>140,854</u>
Capital Account					
Plant, Equipment and Works					
	Minor plant, vehicles and equipment (block vote).....	485	—	—	—
	Total, Plant, Equipment and Works.....	<u>485</u>	<u>—</u>	<u>—</u>	<u>—</u>
	Total, Capital Account.....	<u>485</u>	<u>—</u>	<u>—</u>	<u>—</u>
	 Total Expenditure	 <u>110,070</u>	 <u>134,284</u>	 <u>121,003</u>	 <u>140,854</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2009–10 for the salaries and expenses of the Official Receiver's Office is \$140,854,000. This represents an increase of \$19,851,000 over the revised estimate for 2008–09 and of \$30,784,000 over actual expenditure in 2007–08.

Operating Account

Recurrent

2 Provision of \$140,344,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Official Receiver's Office. The increase of \$21,091,000 (17.7%) over the revised estimate for 2008–09 is mainly due to the increased provision for anticipated payments in the contracting out of summary winding-up cases, net increase of one post, filling of vacancies and salary increments for staff.

3 The establishment as at 31 March 2009 will be 223 permanent posts. It is expected that there will be a net increase of one post in 2009–10. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2009–10, but the notional annual mid-point salary value of all such posts must not exceed \$76,652,000.

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

	2007–08 (Actual) (\$'000)	2008–09 (Original) (\$'000)	2008–09 (Revised) (\$'000)	2009–10 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	88,860	91,613	92,854	96,267
- Allowances	496	914	912	910
- Job-related allowances	—	2	1	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution	53	96	96	156
- Civil Service Provident Fund contribution	36	42	42	43
Departmental Expenses				
- Hire of services and professional fees	5,478	24,243	9,210	25,657
- General departmental expenses	14,602	16,564	16,138	17,309
	109,525	133,474	119,253	140,344

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2008	Revised estimated expenditure for 2008–09	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	003	Pilot scheme to contract out cases of winding-up of companies.....	10,000	8,590	1,400	10
	006	Conducting investigation and directors' disqualification proceedings in the Peregrine Group of Companies.....	8,536	5,029	350	3,157
		Total	18,536	13,619	1,750	3,167