

Head 116 — OFFICIAL RECEIVER'S OFFICE

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

Estimate 2012–13	\$148.2m
Establishment ceiling 2012–13 (notional annual mid-point salary value) representing an estimated 217 non-directorate posts as at 31 March 2012 rising by eight posts to 225 posts as at 31 March 2013	\$85.4m
In addition, there will be an estimated eight directorate posts as at 31 March 2012 and as at 31 March 2013.	
Commitment balance	\$1.0m

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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	119.3	136.3	129.7 (–4.8%)	148.2 (+14.3%)
				(or +8.7% on 2011–12 Original)

Aim

2 The aim is to administer the Companies 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 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	2010 (Actual)	2011 (Actual)	2012 (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

Head 116 — OFFICIAL RECEIVER'S OFFICE

	Target processing time	2010 (Actual)	2011 (Actual)	2012 (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 (%).....				
distribution of dividends	3 working days	100	100	100
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	94	80	90
holding meetings (%).....	12 weeks	94	80	90
bankruptcy cases				
making decision to hold meetings (%).....	12 weeks	96	98	98
holding meetings (%).....	16 weeks	97	98	100
issue of receipt for payment of book debts				
in person (%).....	15 minutes	100	#	#
by mail (%).....	3 working days	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	98	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	98	99	97

Given the very limited number of cases with book debts, this item ceased to be a key performance target and was deleted from ORO's performance pledge from 2011 onwards.

Indicators

	2010 (Actual)	2011 (Actual)	2012 (Estimate)
new cases	9 601	8 314	8 402
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded.....	4 047	5 433	6 240
cases put on release programme	2 723	2 486	2 486
cases on release programme at year end	9 041	10 213	11 264
cases put on small case programme	11 317	4 493	4 493
cases on small case programme at year end.....	75 495	75 402	75 090
average active case load per Insolvency Officer at year end....	363	394	414
cases put on adjudication programme.....	1 447	1 295	1 141
proofs of claim adjudicated	10 076	5 456	5 116
cases with dividends declared.....	1 782	1 219	1 143
amount of dividends declared (\$m)	99.8	124.8	117.0
summons issued.....	690	744	640
meetings of creditors held.....	1 007	902	911

Head 116 — OFFICIAL RECEIVER'S OFFICE

	2010 (Actual)	2011 (Actual)	2012 (Estimate)
writs issued and other proceedings	21	14	19
non-remunerative cases (i.e. cases with assets of not more than \$50,000)	9 419	8 133	8 234
proportion of non-remunerative cases to new cases (%).....	98	98	98

Matters Requiring Special Attention in 2012–13

5 During 2012–13, the ORO will:

- provide support for the Financial Services and the Treasury Bureau in launching an exercise to modernise the corporate insolvency provisions in the Companies Ordinance, and continuing to take forward the proposal to introduce a statutory corporate rescue procedure to help companies in financial difficulty turn around;
- 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.

Head 116 — OFFICIAL RECEIVER'S OFFICE

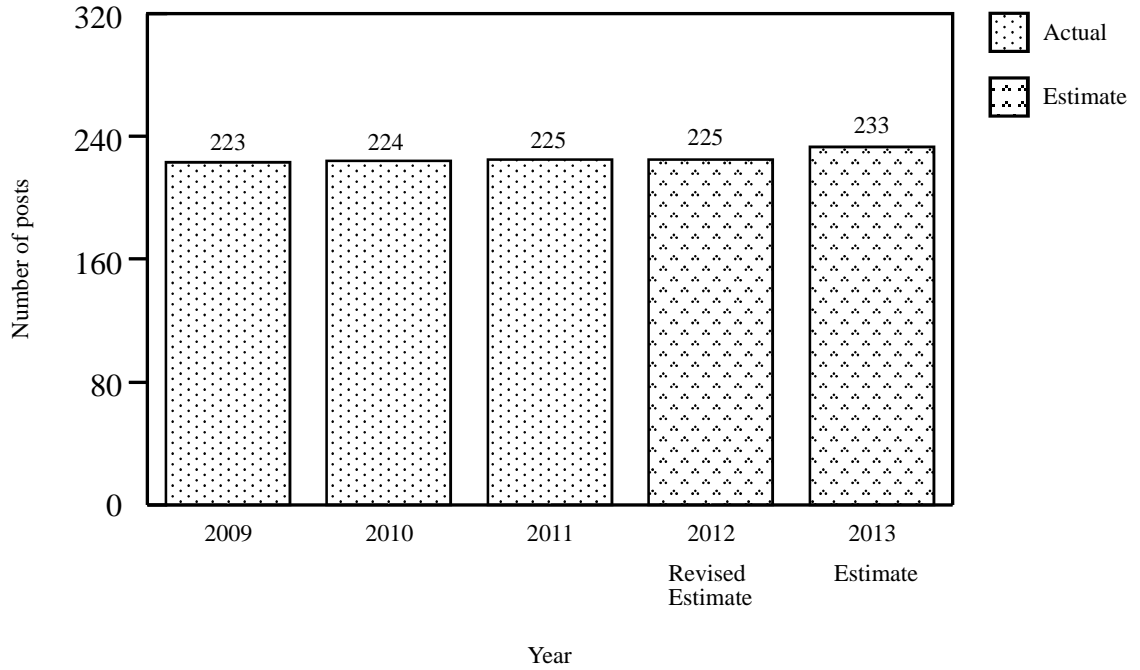
ANALYSIS OF FINANCIAL PROVISION

Programme	2010–11 (Actual) (\$m)	2011–12 (Original) (\$m)	2011–12 (Revised) (\$m)	2012–13 (Estimate) (\$m)
Official Receiver's Office	119.3	136.3	129.7 (–4.8%)	148.2 (+14.3%)
				(or +8.7% on 2011–12 Original)

Analysis of Financial and Staffing Provision

Provision for 2012–13 is \$18.5 million (14.3%) higher than the revised estimate for 2011–12. This is mainly due to the increased provision for hire of services and professional fees, creation of eight posts, filling of vacancies, salary increments for staff and increased operating expenses.

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



Head 116 — OFFICIAL RECEIVER'S OFFICE

Sub-head (Code)	Actual expenditure 2010-11	Approved estimate 2011-12	Revised estimate 2011-12	Estimate 2012-13	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	119,220	136,171	129,588	148,081
	Total, Recurrent	<u>119,220</u>	<u>136,171</u>	<u>129,588</u>	<u>148,081</u>
Non-Recurrent					
700	General non-recurrent	112	160	100	100
	Total, Non-Recurrent	<u>112</u>	<u>160</u>	<u>100</u>	<u>100</u>
	Total, Operating Account	119,332	136,331	129,688	148,181
<hr/>					
	Total Expenditure	<u><u>119,332</u></u>	<u><u>136,331</u></u>	<u><u>129,688</u></u>	<u><u>148,181</u></u>

Head 116 — OFFICIAL RECEIVER'S OFFICE

Details of Expenditure by Subhead

The estimate of the amount required in 2012–13 for the salaries and expenses of the Official Receiver's Office (ORO) is \$148,181,000. This represents an increase of \$18,493,000 over the revised estimate for 2011–12 and of \$28,849,000 over actual expenditure in 2010–11.

Operating Account

Recurrent

2 Provision of \$148,081,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the ORO. The increase of \$18,493,000 (14.3%) over the revised estimate for 2011–12 is mainly due to the increased provision for hire of services and professional fees, filling of vacancies, salary increments for staff and increased operating expenses.

3 The establishment as at 31 March 2012 will be 225 permanent posts. It is expected that there will be an increase of eight posts in 2012–13. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2012–13, but the notional annual mid-point salary value of all such posts must not exceed \$85,365,000.

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

	2010–11 (Actual) (\$'000)	2011–12 (Original) (\$'000)	2011–12 (Revised) (\$'000)	2012–13 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	93,400	99,952	98,814	107,913
- Allowances	570	964	1,182	1,248
- Job-related allowances.....	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution	239	265	265	320
- Civil Service Provident Fund contribution	208	540	540	1,350
Departmental Expenses				
- Hire of services and professional fees	4,642	12,412	5,479	12,200
- General departmental expenses	20,161	22,036	23,306	25,048
	119,220	136,171	129,588	148,081

Head 116 — OFFICIAL RECEIVER'S OFFICE

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2011	Revised estimated expenditure for 2011-12	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	8,868	100	1,032
		Total	<u>10,000</u>	<u>8,868</u>	<u>100</u>	<u>1,032</u>