

## Head 116 — OFFICIAL RECEIVER'S OFFICE

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

<b>Estimate 2013–14</b> .....	<b>\$155.2m</b>
<b>Establishment ceiling 2013–14</b> (notional annual mid-point salary value) representing an estimated 225 non-directorate posts as at 31 March 2013 rising by two posts to 227 posts as at 31 March 2014 ..	<b>\$93.0m</b>
In addition, there will be an estimated eight directorate posts as at 31 March 2013 and as at 31 March 2014.	
<b>Commitment balance</b> .....	<b>\$1.0m</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

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	<b>2013–14 (Estimate)</b>
Financial provision (\$m)	126.1	148.2	141.1 (–4.8%)	<b>155.2</b> (+10.0%)
				(or +4.7% on 2012–13 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	2011 (Actual)	2012 (Actual)	<b>2013 (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>

## Head 116 — OFFICIAL RECEIVER'S OFFICE

	Target processing time	2011 (Actual)	2012 (Actual)	2013 (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 (%).....				
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	80	92	<b>90</b>
holding meetings (%).....	12 weeks	80	84	<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*

	2011 (Actual)	2012 (Actual)	2013 (Estimate)
new cases.....	8 314	8 490	<b>8 799</b>
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded.....	5 433	8 021	<b>8 021</b>
cases put on release programme.....	2 486	1 799	<b>1 799</b>
cases on release programme at year end.....	10 213	10 906	<b>11 662</b>
cases put on small case programme.....	4 493	3 678	<b>3 678</b>
cases on small case programme at year end.....	75 402	71 773	<b>68 473</b>
average active case load per Insolvency Officer at year end....	394	451	<b>487</b>
cases put on adjudication programme.....	1 295	921	<b>861</b>
proofs of claim adjudicated.....	5 456	4 340	<b>4 340</b>
cases with dividends declared.....	1 219	1 023	<b>1 023</b>
amount of dividends declared (\$m).....	124.8	88.2	<b>88.2</b>
summonses issued.....	744	766	<b>642</b>
meetings of creditors held.....	902	1 174	<b>1 217</b>
writs issued and other proceedings.....	14	21	<b>15</b>
non-remunerative cases (i.e. cases with assets of not more than \$50,000).....	8 133	8 395	<b>8 700</b>
proportion of non-remunerative cases to new cases (%).....	98	99	<b>99</b>

***Matters Requiring Special Attention in 2013–14***

**5** During 2013–14, the ORO will:

- continue to provide support for the Financial Services and the Treasury Bureau in formulating legislative proposals to improve the corporate insolvency regime and introducing a statutory corporate rescue procedure;
- 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

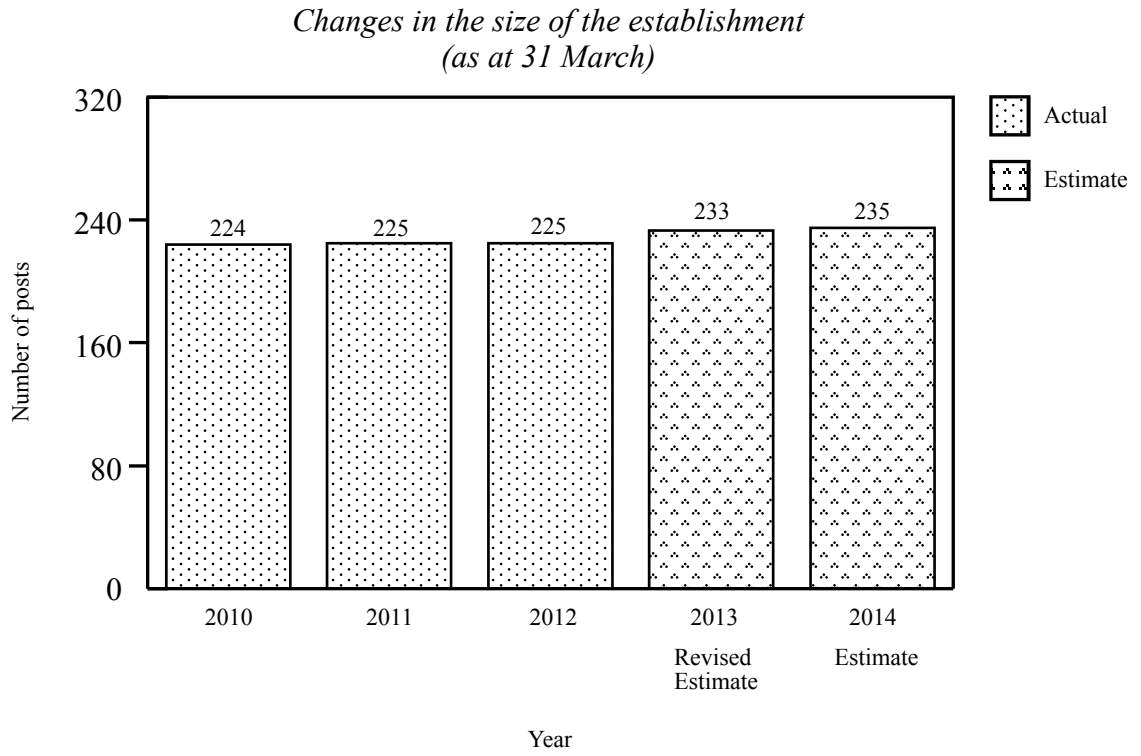
---

### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	2011-12 (Actual) (\$m)	2012-13 (Original) (\$m)	2012-13 (Revised) (\$m)	2013-14 (Estimate) (\$m)
Official Receiver's Office .....	126.1	148.2	141.1 (-4.8%)	155.2 (+10.0%)
				(or +4.7% on 2012-13 Original)

#### Analysis of Financial and Staffing Provision

Provision for 2013-14 is \$14.1 million (10.0%) higher than the revised estimate for 2012-13. This is mainly due to the increased provision for hire of services and professional fees, a net increase of two posts, filling of vacancies, salary increments for staff and increased operating expenses.



**Head 116 — OFFICIAL RECEIVER'S OFFICE**

Sub-head (Code)	Actual expenditure 2011-12	Approved estimate 2012-13	Revised estimate 2012-13	<b>Estimate 2013-14</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	126,029	148,081	141,030	<b>155,059</b>
	Total, Recurrent .....	<u>126,029</u>	<u>148,081</u>	<u>141,030</u>	<b><u>155,059</u></b>
Non-Recurrent					
700	General non-recurrent .....	53	100	60	<b>100</b>
	Total, Non-Recurrent .....	<u>53</u>	<u>100</u>	<u>60</u>	<b><u>100</u></b>
	Total, Operating Account.....	126,082	148,181	141,090	<b>155,159</b>
<hr/>					
	Total Expenditure .....	<u><u>126,082</u></u>	<u><u>148,181</u></u>	<u><u>141,090</u></u>	<b><u><u>155,159</u></u></b>

## Head 116 — OFFICIAL RECEIVER'S OFFICE

### Details of Expenditure by Subhead

The estimate of the amount required in 2013–14 for the salaries and expenses of the Official Receiver's Office (ORO) is \$155,159,000. This represents an increase of \$14,069,000 over the revised estimate for 2012–13 and of \$29,077,000 over actual expenditure in 2011–12.

#### *Operating Account*

#### Recurrent

**2** Provision of \$155,059,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the ORO. The increase of \$14,029,000 (9.9%) over the revised estimate for 2012–13 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 2013 will be 233 permanent posts. It is expected that there will be a net increase of two posts in 2013–14. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2013–14, but the notional annual mid-point salary value of all such posts must not exceed \$93,016,000.

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

	2011–12 (Actual) (\$'000)	2012–13 (Original) (\$'000)	2012–13 (Revised) (\$'000)	<b>2013–14 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	97,432	107,913	106,387	<b>111,046</b>
- Allowances .....	1,078	1,248	2,016	<b>2,007</b>
- Job-related allowances.....	—	2	2	<b>2</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	218	320	297	<b>400</b>
- Civil Service Provident Fund contribution .....	566	1,350	1,349	<b>1,723</b>
Departmental Expenses				
- Hire of services and professional fees .....	4,080	12,200	7,524	<b>14,613</b>
- General departmental expenses .....	22,655	25,048	23,455	<b>25,268</b>
	126,029	148,081	141,030	<b>155,059</b>

## Head 116 — OFFICIAL RECEIVER'S OFFICE

### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2012	Revised estimated expenditure for 2012–13	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	60	1,019
		Total .....	10,000	8,921	60	1,019