

## Head 116 — OFFICIAL RECEIVER'S OFFICE

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

<b>Estimate 2000–01</b> .....	<b>\$140.0m</b>
<b>Establishment ceiling 2000–01</b> (notional annual mid-point salary value) representing an estimated 259 non-directorate posts at 31 March 2000 reducing by eight posts to 251 posts at 31 March 2001 ...	<b>\$88.5m</b>
In addition there will be an estimated eight directorate posts at 31 March 2000 and at 31 March 2001.	
<b>Capital Account commitment balance</b> .....	<b>\$4.5m</b>

### Controlling Officer's Report

#### Programme

##### Official Receiver's Office

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

#### Detail

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	<b>2000–01 (Estimate)</b>
Financial provision (\$m)	113.8	145.4 (+27.8%)	125.5 (–13.7%)	<b>140.0 (+11.6%)</b>

#### 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 has broadly achieved its targets in 1999. A similar level of achievement is expected in 2000.

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

#### Targets

	Target Time	1998 (Actual) %	1999 (Actual) %	<b>2000 (Plan) %</b>
general enquiries				
98% of cases in person at public reception counter.....	10 mins	97.1	95.0	<b>97.0</b>
by mail.....	within 10 days or an interim reply will be given on technical matters	N.A.†	N.A.†	<b>100</b>
applications for bankruptcy searches and winding-up searches				
in person.....	1 working day	94.9	99.4	<b>99.5</b>
by mail.....	3 working days	100	99.3	<b>99.5</b>
application for Certificate of non-bankruptcy .....	3 working days	100	100	<b>100</b>

## Head 116 — OFFICIAL RECEIVER'S OFFICE

	Target Time	1998 (Actual) %	1999 (Actual) %	<b>2000 (Plan) %</b>
lodging Proofs of Debt				
in person.....	5–10 mins	85.4	93.9	<b>94.0</b>
obtaining assistance of officers to complete a Proof of Debt.....	15–30 mins	98.9	99.2	<b>99.5</b>
request for copies of Statement of Affairs, if they have been presented, subject to payment of photocopying fees .....	3 working days	100	100	<b>100</b>
collection of dividends in appropriate cases				
in person				
99% of cases which required normal-check ID and Dividend Schedule .....	20 mins	N.A.†	N.A.†	<b>100</b>
95% of cases which were late payment after 6 months- complicated (manual cheque).....	35 mins	N.A.†	N.A.†	<b>100</b>
change name of payee on cheque .....	40 mins	N.A.†	N.A.†	<b>100</b>
by mail.....	5 working days	100	100	<b>100</b>
holding meetings of creditors in non- summary cases				
winding-up and old bankruptcy cases				
95% of cases making decision to hold meetings .....	within 8 weeks	74.8	57.9	<b>90.0</b>
95% of cases .....	within 12 weeks	83.1	66.7	<b>90.0</b>
new bankruptcy cases				
95% of cases making decision to hold meetings .....	within 12 weeks	100	98.7	<b>100</b>
95% of cases .....	within 16 weeks	100	98.7	<b>100</b>
issue of receipt for payment of book debts				
95% of cases in person .....	15 mins	100	100	<b>100</b>
95% of cases by mail .....	3 working days	100	93.7	<b>100</b>
process written fund withdrawal requests from outside liquidators by the due dates, provided the specified notification periods are followed				
Pool Investment Scheme				
97% for amount below \$10m.....	3 working days	100	100	<b>100</b>
100% for amount between \$10m - \$15m.....	5 working days	100	100	<b>100</b>
100% for amount between \$15m - \$20m.....	10 working days	100	100	<b>100</b>
100% for funds invested separately ....	2 working days before maturity of fixed deposit	100	100	<b>100</b>

*Note:* Targets contained in this Report reflect the quantitative standards of service formulated for the department's revised Performance Pledge approved for 1999–2000. The percentages (%) shown represent the percentages (%) of cases for which the time taken to perform the service was within the agreed target.

† Not applicable. There were no such cases in the relevant year.

### Indicators

	1998 (Actual)	1999 (Actual)	<b>2000 (Estimate)</b>
total no. of new cases.....	1 616	3 866	<b>3 960</b>
no. of insolvency cases completed, stayed or rescinded.....	1 067	669	<b>900</b>
cases put on release programme.....	288	289	<b>280</b>
cases on release programme at year end.....	162	267	<b>300</b>
cases put on small case programme .....	715	1 018	<b>1 000</b>
cases on small case programme at year end .....	435	986	<b>940</b>
average active case load per Insolvency Officer.....	58.7	85.0	<b>107</b>
cases put on adjudication programme .....	82	125	<b>108</b>
no. of proofs of claim adjudicated.....	3 376	2 123	<b>2 700</b>
no. of cases with dividends declared.....	208	183	<b>200</b>

## Head 116 — OFFICIAL RECEIVER'S OFFICE

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
amount of dividends declared (\$m) .....	62.5	52.1	<b>60.0</b>
recovery of book debts and judgement sums (\$m)# .....	18.5	8.9	<b>10.0</b>
litigation actions in progress.....	39	41	<b>60</b>
no. of summonses issued .....	125	230	<b>300</b>
amount of fines (\$m) imposed by the court .....	0.1	0.1	<b>0.1</b>
court appearances .....	2 980	5 954	<b>6 000</b>
ex-parte orders obtained .....	3 226	4 255	<b>4 000</b>
no. of meetings of creditors held .....	216	265	<b>280</b>
writs issued and other proceedings .....	3	2	<b>5</b>
filing fees and taxing fees paid to court (\$m)#.....	1.4	1.4	<b>1.2</b>
non-remunerative cases (i.e. cases with assets less than \$50,000).....	1 417	3 455	<b>3 700</b>
proportion of non-remunerative cases to new cases (%).....	87.7	89.4	<b>93.4</b>
revenue collected (\$m)# .....	120.3	136.8	<b>140.0</b>
increase/decrease in revenue on previous year (%)# .....	40.4	13.7	<b>2.3</b>

# Figures are in terms of financial year, and those for 1999 are estimates.

### ***Matters Requiring Special Attention in 2000–01***

**6** During 2000–01, 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;
- monitor the enhanced programmes of the Management Information Computer System and the new programme for bi-lingual public searches;
- 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 to prepare draft legislation where appropriate;
- encourage greater use of the procedures for individual voluntary arrangements by debtors and to 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
- consult professional and academic bodies with a view to setting standards for the licensing of insolvency practitioners.

## Head 116 — OFFICIAL RECEIVER'S OFFICE

---

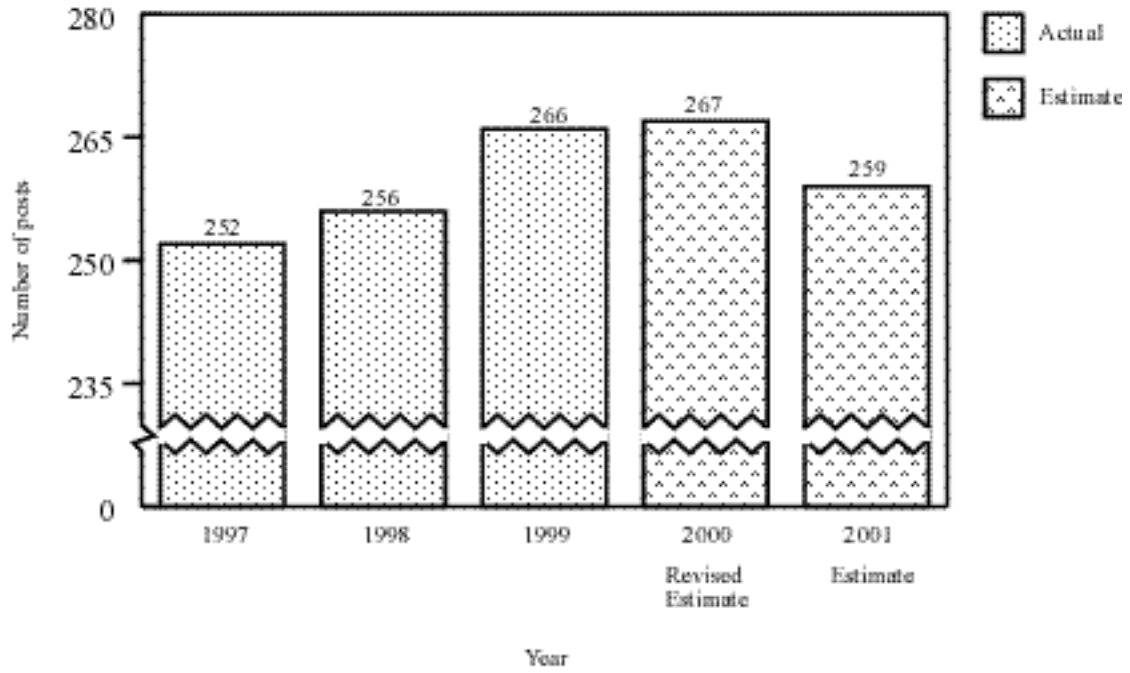
### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	1998-99 (Actual) (\$m)	1999-2000 (Approved) (\$m)	1999-2000 (Revised) (\$m)	<b>2000-01 (Estimate) (\$m)</b>
Official Receiver's Office .....	113.8	145.4 (+27.8%)	125.5 (-13.7%)	<b>140.0 (+11.6%)</b>

#### Analysis of Financial and Staffing Provision

Provision for 2000-01 is \$14.5 million (11.6%) higher than the revised estimate for 1999-2000. The increase is mainly due to salary increments for existing staff, full-year provision for implementing on a regular basis a scheme to contract out summary and non-remunerative liquidation cases to insolvency practitioners in the private sector, partly offset by the deletion of eight posts following completion of a computerisation project and reduced requirement in operating expenses due to streamlining of procedures for name search under the Enhanced Productivity Programme.

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



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

Sub-head (Code )	Actual expenditure 1998-99	Approved estimate 1999-2000	Revised estimate 1999-2000	<b>Estimate 2000-01</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Recurrent Account</b>					
I — Personal Emoluments					
001	Salaries .....	100,421	106,195	104,262	<b>104,606</b>
002	Allowances .....	2,634	2,955	2,914	<b>2,699</b>
007	Job-related allowances .....	328	375	198	<b>201</b>
	Total, Personal Emoluments .....	<u>103,383</u>	<u>109,525</u>	<u>107,374</u>	<b><u>107,506</u></b>
III — Departmental Expenses					
111	Hire of services and professional fees .....	83	21,394	4,086	<b>21,394</b>
149	General departmental expenses .....	6,708	7,669	7,500	<b>7,606</b>
	Total, Departmental Expenses .....	<u>6,791</u>	<u>29,063</u>	<u>11,586</u>	<b><u>29,000</u></b>
	Total, Recurrent Account .....	<u>110,174</u>	<u>138,588</u>	<u>118,960</u>	<b><u>136,506</u></b>
<b>Capital Account</b>					
I — Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote) .....	—	—	—	<b>366</b>
	Total, Plant, Equipment and Works .....	<u>—</u>	<u>—</u>	<u>—</u>	<b><u>366</u></b>
II — Other Non-Recurrent					
700	General other non-recurrent .....	3,626	6,787	6,549	<b>3,172</b>
	Total, Other Non-Recurrent .....	<u>3,626</u>	<u>6,787</u>	<u>6,549</u>	<b><u>3,172</u></b>
	Total, Capital Account .....	<u>3,626</u>	<u>6,787</u>	<u>6,549</u>	<b><u>3,538</u></b>
	Total Expenditure .....	<u><u>113,800</u></u>	<u><u>145,375</u></u>	<u><u>125,509</u></u>	<b><u><u>140,044</u></u></b>

\$140,044,000. This represents an increase of \$14,535,000 over the revised estimate for 1999–2000 and of \$26,244,000 on actual expenditure in 1998–99.

#### *Recurrent Account*

##### Personal Emoluments

**2** Provision of \$107,506,000 for personal emoluments represents an increase of \$132,000 over the revised estimate for 1999–2000 and takes into account the full-year provision for posts created in 1999–2000, salary increments for existing staff and posts likely to be deleted in 2000–01.

**3** The establishment at 31 March 2000 will be 267 permanent posts. It is expected that eight posts will be deleted in 2000–01.

**4** Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate post during 2000–01, but the notional annual mid-point salary value of all such posts must not exceed \$88,485,000, which will be reduced to \$87,394,000 upon deletion of six posts in the course of the year following the completion of a computerisation project.

**5** Provision of \$2,699,000 under *Subhead 002 Allowances* is for standard allowances. The decrease of \$215,000 (7.4%) against revised estimate for 1999–2000 is mainly due to filling of a vacant post in 2000–01 which results in reduced requirement for acting allowance.

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

##### Departmental Expenses

**7** Provision of \$21,394,000 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 \$17,308,000 (423.6%) over the revised estimate for 1999–2000 is mainly due to the full-year provision for implementing on a regular basis the above-mentioned contracting out scheme.

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

---

**Capital Account**

**Commitments**

Sub-head (Code )	Item (Code )	Ambit	Approved commitment	Accumulated expenditure to 31.3.99	Revised estimated expenditure for 1999–2000	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	4,358	1,727	3,143
	003	Pilot scheme to contract out cases of winding-up of companies .....	10,000	5,110	3,857	1,033
	004	Setting up of a task force of temporary staff to handle the problem of automatic discharge of bankrupts .....	2,116	827	965	324
		Total .....	<u>21,344</u>	<u>10,295</u>	<u>6,549</u>	<u>4,500</u>