

Head 116 — OFFICIAL RECEIVER'S OFFICE

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

Estimate 2008–09 **\$134.3m**

Establishment ceiling 2008–09 (notional annual mid-point salary value) representing an estimated 215 non-directorate posts as at 31 March 2008 and as at 31 March 2009 **\$71.6m**

In addition, there will be an estimated eight directorate posts as at 31 March 2008 and as at 31 March 2009.

Commitment balance **\$4.8m**

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

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	2008–09 (Estimate)
Financial provision (\$m)	107.4	132.3	115.1 (–13.0%)	134.3 (+16.7%)
				(or +1.5% on 2007–08 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	2006 (Actual)	2007 (Actual)	2008 (Plan)
		% within target		
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	2006 (Actual)	2007 (Actual)	2008 (Plan)
		% within target		
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	95	88	90
holding meetings.....	12 weeks	95	88	90
bankruptcy cases				
making decision to hold meetings.....	12 weeks	98	98	100
holding meetings.....	16 weeks	100	100	100
issue of receipt for payment of book debts				
in person.....	15 minutes	N.A.Ω	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	97	97

Ω No case processed during the period

Indicators

	2006 (Actual)	2007 (Actual)	2008 (Estimate)
new cases	10 876	11 518	11 518
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded.....	3 829	5 653	3 120
cases put on release programme.....	2 748	3 738	3 738
cases on release programme at year end	3 869	4 731	6 909
cases put on small case programme	8 294	8 547	8 547
cases on small case programme at year end.....	50 195	55 480	62 467
average active case load per Insolvency Officer at year end....	396	417	404
cases put on adjudication programme.....	3 034	2 630	2 083
proofs of claim adjudicated.....	27 457	24 194	20 341
cases with dividends declared.....	3 019	3 140	2 640
amount of dividends declared (\$m)	219.3	190.1	159.8
summonses issued	730	700	700
meetings of creditors held.....	1 406	1 650	1 650
writs issued and other proceedings	29	29	31
non-remunerative cases (i.e. cases with assets of not more than \$50,000)	10 748	11 380	11 380
proportion of non-remunerative cases to new cases (%).....	99	99	99

Matters Requiring Special Attention in 2008–09

5 During 2008–09, the ORO will continue to:

- implement the scheme to contract out summary and non-remunerative 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.

Head 116 — OFFICIAL RECEIVER'S OFFICE

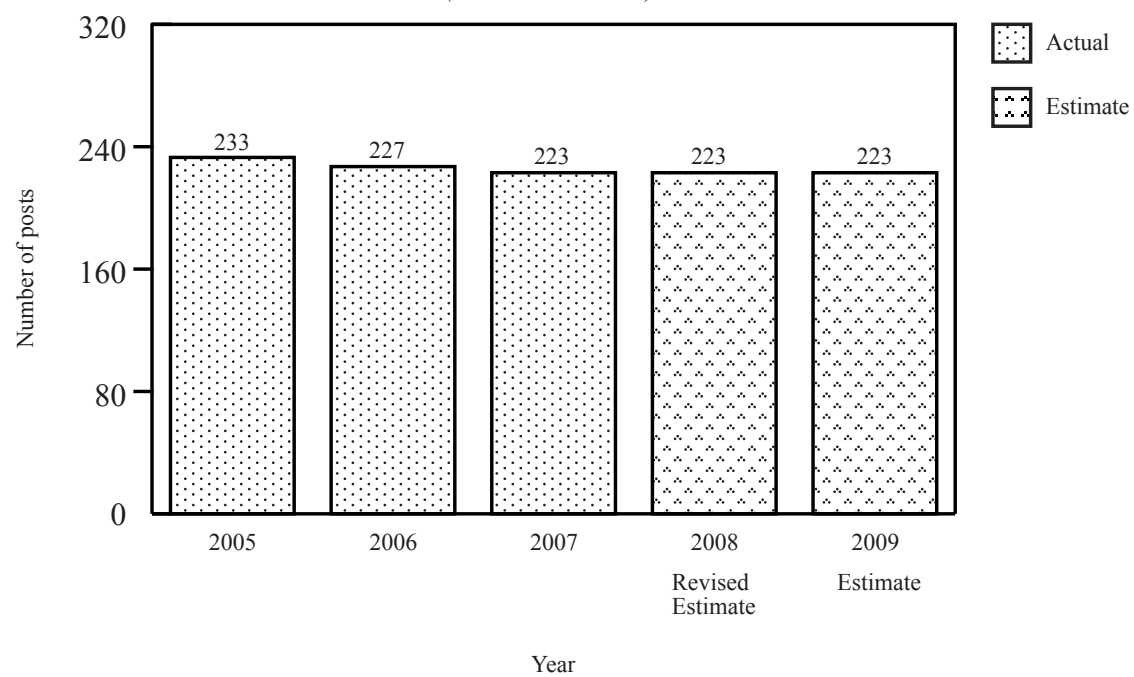
ANALYSIS OF FINANCIAL PROVISION

Programme	2006–07 (Actual) (\$m)	2007–08 (Original) (\$m)	2007–08 (Revised) (\$m)	2008–09 (Estimate) (\$m)
Official Receiver's Office	107.4	132.3	115.1 (–13.0%)	134.3 (+16.7%)
				(or +1.5% on 2007–08 Original)

Analysis of Financial and Staffing Provision

Provision for 2008–09 is \$19.2 million (16.7%) higher than the revised estimate for 2007–08. This is mainly due to the increased provision for anticipated payments in the contracting out of summary winding-up cases, filling of vacancies and salary increments for staff, partly offset by reduced requirement for non-recurrent items and completion of a capital account item.

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



Head 116 — OFFICIAL RECEIVER'S OFFICE

Sub-head (Code)	Actual expenditure 2006–07	Approved estimate 2007–08	Revised estimate 2007–08	Estimate 2008–09
	\$'000	\$'000	\$'000	\$'000
Operating Account				
Recurrent				
000 Operational expenses	107,017	127,556	112,614	133,474
Total, Recurrent.....	107,017	127,556	112,614	133,474
Non-Recurrent				
700 General non-recurrent	335	4,731	2,000	810
Total, Non-Recurrent.....	335	4,731	2,000	810
Total, Operating Account	107,352	132,287	114,614	134,284
Capital Account				
Plant, Equipment and Works				
Minor plant, vehicles and equipment (block vote)	—	—	485	—
Total, Plant, Equipment and Works.....	—	—	485	—
Total, Capital Account.....	—	—	485	—
Total Expenditure	107,352	132,287	115,099	134,284

Head 116 — OFFICIAL RECEIVER'S OFFICE

Details of Expenditure by Subhead

The estimate of the amount required in 2008–09 for the salaries and expenses of the Official Receiver's Office is \$134,284,000. This represents an increase of \$19,185,000 over the revised estimate for 2007–08 and of \$26,932,000 over actual expenditure in 2006–07.

Operating Account

Recurrent

2 Provision of \$133,474,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Official Receiver's Office. The increase of \$20,860,000 (18.5%) over the revised estimate for 2007–08 is mainly due to the increased provision for anticipated payments in the contracting out of summary winding-up cases, filling of vacancies and salary increments for staff.

3 The establishment as at 31 March 2008 will be 223 permanent posts. No net change in establishment is expected in 2008–09. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2008–09, but the notional annual mid-point salary value of all such posts must not exceed \$71,605,000.

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

	2006–07 (Actual) (\$'000)	2007–08 (Original) (\$'000)	2007–08 (Revised) (\$'000)	2008–09 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	83,431	83,387	89,805	91,613
- Allowances	694	1,084	484	914
- Job-related allowances	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution	20	50	61	96
- Civil Service Provident Fund contribution	3	—	37	42
Departmental Expenses				
- Hire of services and professional fees	7,549	19,880	6,746	24,243
- General departmental expenses	15,320	23,153	15,479	16,564
	107,017	127,556	112,614	133,474

Head 116 — OFFICIAL RECEIVER'S OFFICE

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2007	Revised estimated expenditure for 2007–08	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	4,977	500	3,059
	008	Conducting investigation and directors' disqualification proceedings in the C.A. Pacific Group of Companies	4,994	3,178	100	1,716
		Total	<u>23,530</u>	<u>16,745</u>	<u>2,000</u>	<u>4,785</u>