

Head 116 — OFFICIAL RECEIVER'S OFFICE

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

Estimate 2011–12	\$136.3m
Establishment ceiling 2011–12 (notional annual mid-point salary value) representing an estimated 217 non-directorate posts as at 31 March 2011 and as at 31 March 2012.....	\$76.5m
In addition, there will be an estimated eight directorate posts as at 31 March 2011 and as at 31 March 2012.	
Commitment balance	\$4.2m

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

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	115.4	138.6	122.9 (–11.3%)	136.3 (+10.9%)
				(or –1.7% on 2010–11 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	2009 (Actual)	2010 (Actual)	2011 (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
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

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	Target processing time	2009 (Actual)	2010 (Actual)	2011 (Plan)
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	79	94	90
holding meetings (%)	12 weeks	75	94	90
bankruptcy cases making decision to hold meetings (%)	12 weeks	98	96	98
holding meetings (%)	16 weeks	99	97	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	98	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 workings 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	96	98	97

Indicators

	2009 (Actual)	2010 (Actual)	2011 (Estimate)
new cases	16 730	9 601	8 445
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded	3 383	4 047	4 680
cases put on release programme	2 321	2 723	2 723
cases on release programme at year end	7 412	9 041	10 547
cases put on small case programme	8 500	11 317	11 317
cases on small case programme at year end	67 471	75 495	83 349
average active case load per Insolvency Officer at year end	427	363	283
cases put on adjudication programme	2 262	1 447	1 353
proofs of claim adjudicated	11 670	10 076	8 346
cases with dividends declared	1 927	1 782	1 476
amount of dividends declared (\$m)	103.5	99.8	82.7
summons issued	628	690	640
meetings of creditors held	2 048	1 007	888
writs issued and other proceedings	21	21	19
non-remunerative cases (i.e. cases with assets of not more than \$50,000)	16 393	9 419	8 285
proportion of non-remunerative cases to new cases (%)	98	98	98

Matters Requiring Special Attention in 2011–12

5 During 2011–12, 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 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;
- 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 ORO's Service Advisory Committee;
- review the operational procedures in the ORO with a view to improving efficiency and productivity; and
- explore the long-term information technology strategy.

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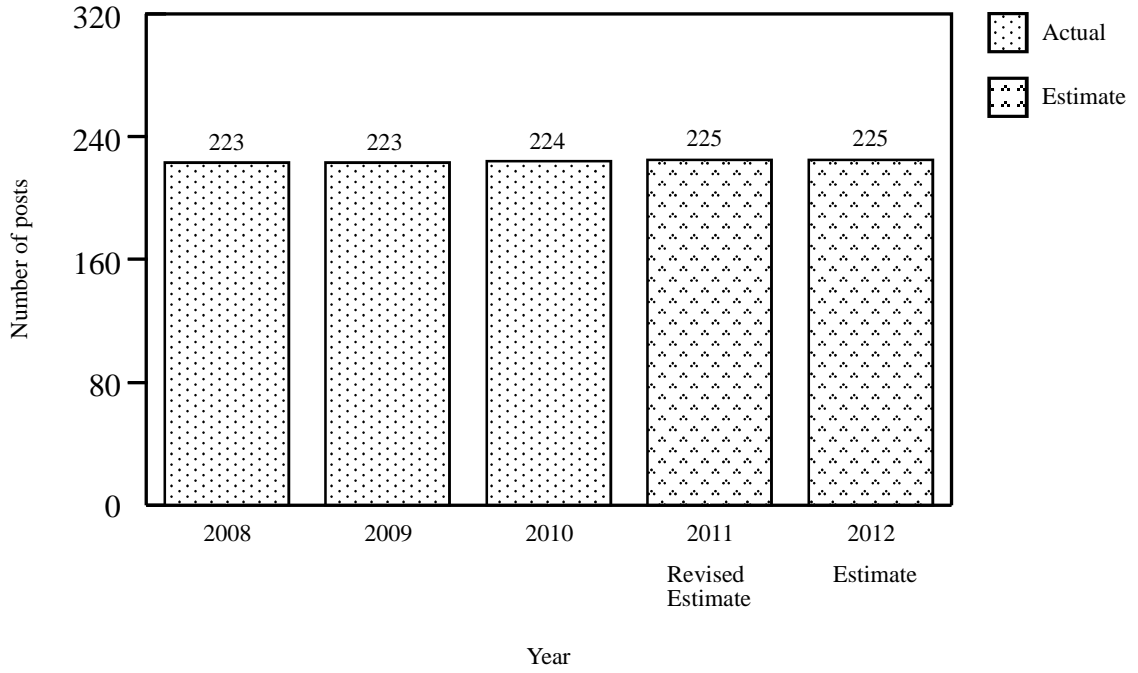
ANALYSIS OF FINANCIAL PROVISION

Programme	2009–10 (Actual) (\$m)	2010–11 (Original) (\$m)	2010–11 (Revised) (\$m)	2011–12 (Estimate) (\$m)
Official Receiver's Office	115.4	138.6	122.9 (–11.3%)	136.3 (+10.9%)
				(or –1.7% on 2010–11 Original)

Analysis of Financial and Staffing Provision

Provision for 2011–12 is \$13.4 million (10.9%) higher than the revised estimate for 2010–11. 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 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 2009–10	Approved estimate 2010–11	Revised estimate 2010–11	Estimate 2011–12	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	115,338	138,424	122,694	136,171
	Total, Recurrent	<u>115,338</u>	<u>138,424</u>	<u>122,694</u>	<u>136,171</u>
Non-Recurrent					
700	General non-recurrent	102	153	226	160
	Total, Non-Recurrent	<u>102</u>	<u>153</u>	<u>226</u>	<u>160</u>
	Total, Operating Account.....	115,440	138,577	122,920	136,331
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	Total Expenditure	<u><u>115,440</u></u>	<u><u>138,577</u></u>	<u><u>122,920</u></u>	<u><u>136,331</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2011–12 for the salaries and expenses of the Official Receiver's Office (ORO) is \$136,331,000. This represents an increase of \$13,411,000 over the revised estimate for 2010–11 and of \$20,891,000 over actual expenditure in 2009–10.

Operating Account

Recurrent

2 Provision of \$136,171,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the ORO. The increase of \$13,477,000 (11.0%) over the revised estimate for 2010–11 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 2011 will be 225 permanent posts. No net change in establishment is expected in 2011–12. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2011–12, but the notional annual mid-point salary value of all such posts must not exceed \$76,481,000.

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

	2009–10 (Actual) (\$'000)	2010–11 (Original) (\$'000)	2010–11 (Revised) (\$'000)	2011–12 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	92,796	95,500	93,995	99,952
- Allowances	618	958	676	964
- Job-related allowances.....	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution	197	265	265	265
- Civil Service Provident Fund contribution	43	45	227	540
Departmental Expenses				
- Hire of services and professional fees	4,308	20,627	6,370	12,412
- General departmental expenses.....	17,376	21,027	21,159	22,036
	115,338	138,424	122,694	136,171

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2010	Revised estimated expenditure for 2010-11	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	8,757	171	1,072
	006	Conducting investigation and directors' disqualification proceedings in the Peregrine Group of Companies	8,536	5,381	55	3,100
		Total	<u>18,536</u>	<u>14,138</u>	<u>226</u>	<u>4,172</u>