

Head 116 — OFFICIAL RECEIVER'S OFFICE

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

Estimate 2017–18 **\$180.3m**

Establishment ceiling 2017–18 (notional annual mid-point salary value) representing an estimated 234 non-directorate posts as at 31 March 2017 and as at 31 March 2018..... **\$116.3m**

In addition, there will be an estimated eight directorate posts as at 31 March 2017 and as at 31 March 2018.

Commitment balance..... **\$1.1m**

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

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	156.9	190.6	191.6 (+0.5%)	180.3 (–5.9%)
				(or –5.4% on 2016–17 Original)

Aim

2 The aim is to administer the Companies (Winding Up and Miscellaneous Provisions) 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 or 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	2015 (Actual)	2016 (Actual)	2017 (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

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	Target processing time	2015 (Actual)	2016 (Actual)	2017 (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 (%).....	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	90	96	90
holding meetings (%).....	12 weeks	85	98	90
bankruptcy cases				
making decision to hold meetings (%).....	12 weeks	99	99	98
holding meetings (%).....	16 weeks	98	99	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	99	99	97

Indicators

	2015 (Actual)	2016 (Actual)	2017 (Estimate)
new cases.....	10 055	9 244	9 456
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded#.....	15 321	7 036	6 774
cases put on release programme.....	2 104	1 943	1 943
cases on release programme at year end.....	1 906	1 541	1 341
cases put on small case programme.....	4 616	3 308	3 308
cases on small case programme at year end.....	20 133	18 111	16 788
average active in-house case load per Insolvency Officer at year end.....	152	164	222
average active non in-house case load per Insolvency Officer at year end.....	605	687	712
cases put on adjudication programme.....	1 019	1 305	1 278
proofs of claim adjudicated.....	4 283	4 259	4 259
cases with dividends declared.....	1 079	1 177	1 177
amount of dividends declared (\$m).....	117.4	115.4	115.4
summons issued.....	803	724	790
meetings of creditors held.....	2 893	3 149	3 217
writs issued and other proceedings.....	10	9	13

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	2015 (Actual)	2016 (Actual)	2017 (Estimate)
non-remunerative cases (i.e. cases with assets of not more than \$50,000).....	9 975	8 989	9 195
proportion of non-remunerative cases to new cases (%)	99	97	97

Between July 2012 and March 2015, ORO set up a dedicated team to process release applications in cases accumulated over the years. As a result, the number of cases completed was higher in 2015.

Matters Requiring Special Attention in 2017–18

5 During 2017–18, the ORO will:

- take forward the implementation of the Companies (Winding Up and Miscellaneous Provisions) (Amendment) Ordinance 2016 (except Division 7 of Part 8) to increase protection of creditors, streamline the winding up process and strengthen regulation under the winding up regime;
- continue to provide support for the Financial Services and the Treasury Bureau in formulating legislative proposals and preparing legislation for a statutory corporate rescue procedure and insolvent trading provisions;
- 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; and
- continue to review the operational procedures in the ORO with a view to improving efficiency and productivity.

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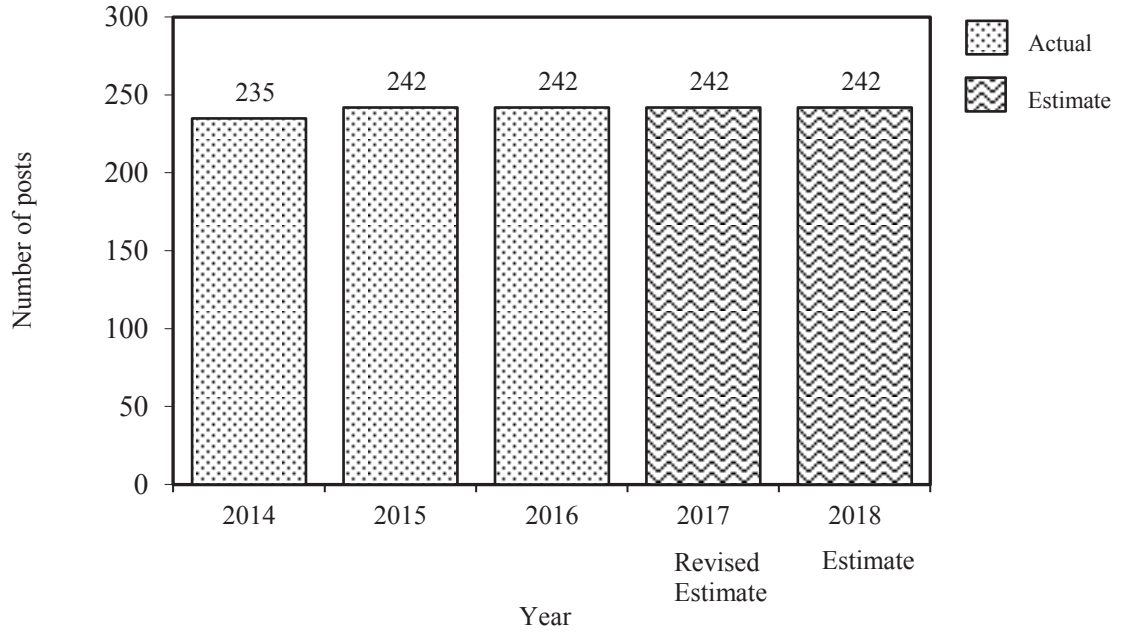
ANALYSIS OF FINANCIAL PROVISION

Programme	2015-16 (Actual) (\$m)	2016-17 (Original) (\$m)	2016-17 (Revised) (\$m)	2017-18 (Estimate) (\$m)
Official Receiver's Office	156.9	190.6	191.6 (+0.5%)	180.3 (-5.9%)
				(or -5.4% on 2016-17 Original)

Analysis of Financial and Staffing Provision

Provision for 2017-18 is \$11.3 million (5.9%) lower than the revised estimate for 2016-17. This is mainly due to the decreased provision for return of interest in respect of some liquidation cases, hire of services and professional fees, partly offset by the increased provision for the filling of vacancies, salary increments, provident fund contributions for staff, and other general departmental expenses.

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



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Sub-head (Code)	Actual expenditure 2015-16	Approved estimate 2016-17	Revised estimate 2016-17	Estimate 2017-18	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	156,898	190,522	191,582	180,251
	Total, Recurrent.....	156,898	190,522	191,582	180,251
Non-Recurrent					
700	General non-recurrent	—	60	—	60
	Total, Non-Recurrent.....	—	60	—	60
	Total, Operating Account	156,898	190,582	191,582	180,311

	Total Expenditure	156,898	190,582	191,582	180,311
		<u>156,898</u>	<u>190,582</u>	<u>191,582</u>	<u>180,311</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2017–18 for the salaries and expenses of the Official Receiver's Office is \$180,311,000. This represents a decrease of \$11,271,000 against the revised estimate for 2016–17 and an increase of \$23,413,000 over the actual expenditure in 2015–16.

Operating Account

Recurrent

2 Provision of \$180,251,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Official Receiver's Office. The decrease of \$11,331,000 (5.9%) against the revised estimate for 2016–17 is mainly due to the decreased provision for return of interest in respect of some liquidation cases, hire of services and professional fees, partly offset by the increased provision for the filling of vacancies, salary increments, provident fund contributions for staff, and other general departmental expenses.

3 The establishment as at 31 March 2017 will be 242 permanent posts. No change in establishment is expected in 2017–18. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2017–18, but the notional annual mid-point salary value of all such posts must not exceed \$116,253,000.

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

	2015–16 (Actual) (\$'000)	2016–17 (Original) (\$'000)	2016–17 (Revised) (\$'000)	2017–18 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	124,062	129,940	126,170	130,030
- Allowances.....	2,253	2,759	3,861	3,327
- Job-related allowances.....	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	479	458	546	615
- Civil Service Provident Fund contribution.....	3,458	4,386	4,212	5,346
Departmental Expenses				
- Hire of services and professional fees	3,735	2,836	6,421	4,332
- General departmental expenses	22,911	50,141	50,370	36,599
	156,898	190,522	191,582	180,251

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2016	Revised estimated expenditure for 2016–17	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	8,921	—	1,079
		Total	<u>10,000</u>	<u>8,921</u>	<u>—</u>	<u>1,079</u>