

Head 116 — OFFICIAL RECEIVER'S OFFICE

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

Estimate 2018–19	\$343.6m
Establishment ceiling 2018–19 (notional annual mid-point salary value) representing an estimated 234 non-directorate posts as at 31 March 2018 rising by 31 posts to 265 posts as at 31 March 2019.....	\$137.6m
In addition, there will be an estimated eight directorate posts as at 31 March 2018 and as at 31 March 2019.	
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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	189.0	180.3	182.8 (+1.4%)	343.6 (+88.0%)
				(or +90.6% on 2017–18 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	2016 (Actual)	2017 (Actual)	2018 (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

Head 116 — OFFICIAL RECEIVER'S OFFICE

	Target processing time	2016 (Actual)	2017 (Actual)	2018 (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	96	94	90
holding meetings (%).....	12 weeks	98	96	90
bankruptcy cases				
making decision to hold meetings (%).....	12 weeks	99	98	98
holding meetings (%).....	16 weeks	99	98	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

	2016 (Actual)	2017 (Actual)	2018 (Estimate)
new cases.....	9 244	7 923	7 543
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded.....	7 036	8 503	7 402
cases put on release programme.....	1 943	2 171	2 171
cases on release programme at year end.....	1 541	1 172	1 171
cases put on small case programme.....	3 308	3 318	3 318
cases on small case programme at year end.....	18 111	15 151	13 239
average active in-house case load per Insolvency Officer at year end.....	164	146	174
average active non in-house case load per Insolvency Officer at year end.....	687	722	735
cases put on adjudication programme.....	1 305	1 094	1 060
proofs of claim adjudicated.....	4 259	4 545	4 545
cases with dividends declared.....	1 177	1 196	1 196
amount of dividends declared (\$m).....	115.4	124.4	124.4
summons issued.....	724	805	762
meetings of creditors held.....	3 149	2 398	2 283
writs issued and other proceedings.....	9	12	11

Head 116 — OFFICIAL RECEIVER'S OFFICE

	2016 (Actual)	2017 (Actual)	2018 (Estimate)
non-remunerative cases (i.e. cases with assets of not more than \$50,000).....	8 989	7 728	7 357
proportion of non-remunerative cases to new cases (%)	97	97	97

Matters Requiring Special Attention in 2018–19

5 During 2018–19, the ORO will 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,
- 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, and
- review the operational procedures in the ORO with a view to improving efficiency and productivity.

Head 116 — OFFICIAL RECEIVER'S OFFICE

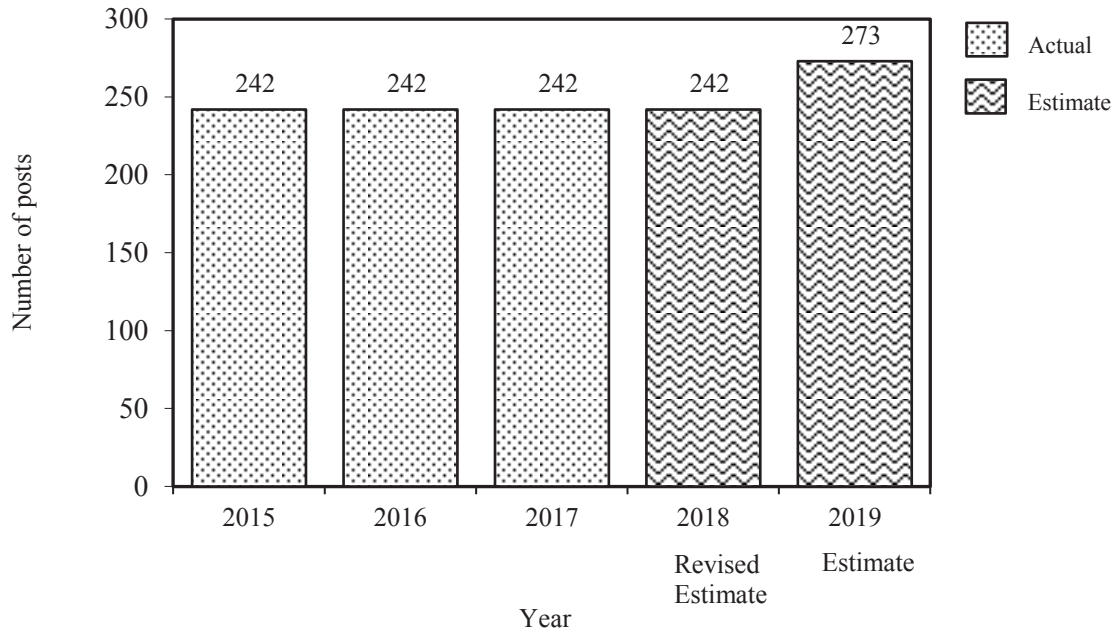
ANALYSIS OF FINANCIAL PROVISION

	2016-17 (Actual) (\$m)	2017-18 (Original) (\$m)	2017-18 (Revised) (\$m)	2018-19 (Estimate) (\$m)
Programme				
Official Receiver's Office	189.0	180.3	182.8 (+1.4%)	343.6 (+88.0%)
				(or +90.6% on 2017-18 Original)

Analysis of Financial and Staffing Provision

Provision for 2018-19 is \$160.8 million (88.0%) higher than the revised estimate for 2017-18. This is mainly due to the provision for return of revenue in respect of some liquidation cases. Other factors include creation of posts, filling of vacancies, salary increments, provident fund contributions for staff and increased requirement for general departmental expenses.

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



Head 116 — OFFICIAL RECEIVER’S OFFICE

Sub-head (Code)	Actual expenditure 2016-17	Approved estimate 2017-18	Revised estimate 2017-18	Estimate 2018-19	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	188,998	180,251	182,794	342,858
	Total, Recurrent.....	188,998	180,251	182,794	342,858
Non-Recurrent					
700	General non-recurrent	—	60	—	60
	Total, Non-Recurrent.....	—	60	—	60
	Total, Operating Account	188,998	180,311	182,794	342,918
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	—	—	—	638
	Total, Plant, Equipment and Works.....	—	—	—	638
	Total, Capital Account.....	—	—	—	638
	Total Expenditure	188,998	180,311	182,794	343,556

Head 116 — OFFICIAL RECEIVER'S OFFICE

Details of Expenditure by Subhead

The estimate of the amount required in 2018–19 for the salaries and expenses of the Official Receiver's Office is \$343,556,000. This represents an increase of \$160,762,000 over the revised estimate for 2017–18 and \$154,558,000 over the actual expenditure in 2016–17.

Operating Account

Recurrent

2 Provision of \$342,858,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Official Receiver's Office. The increase of \$160,064,000 (87.6%) over the revised estimate for 2017–18 is mainly due to the provision for return of revenue in respect of some liquidation cases. Other factors include creation of posts, filling of vacancies, salary increments, provident fund contributions for staff and increased requirement for general departmental expenses.

3 The establishment as at 31 March 2018 will be 242 permanent posts. It is expected that there will be a net increase of 31 posts in 2018–19. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2018–19, but the notional annual mid-point salary value of all such posts must not exceed \$137,583,000.

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

	2016–17 (Actual) (\$'000)	2017–18 (Original) (\$'000)	2017–18 (Revised) (\$'000)	2018–19 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	124,579	130,030	130,100	147,010
- Allowances.....	3,608	3,327	3,800	3,696
- Job-related allowances.....	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	488	615	589	995
- Civil Service Provident Fund contribution.....	4,203	5,346	5,344	6,562
Departmental Expenses				
- Hire of services and professional fees	5,584	4,332	5,379	5,841
- General departmental expenses	50,536	36,599	37,580	178,752
	188,998	180,251	182,794	342,858

Capital Account

Plant, Equipment and Works

5 Provision of \$638,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* is for replacement of air-conditioning units at the government office building.

Head 116 — OFFICIAL RECEIVER'S OFFICE

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2017	Revised estimated expenditure for 2017-18	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>