

Head 116 — OFFICIAL RECEIVER'S OFFICE

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

Estimate 2021–22	\$232.6m
Establishment ceiling 2021–22 (notional annual mid-point salary value) representing an estimated 288 non-directorate posts as at 31 March 2021 reducing by seven posts to 281 posts as at 31 March 2022.....	\$155.9m
In addition, there will be an estimated eight directorate posts as at 31 March 2021 and as at 31 March 2022.	
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

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	216.9	237.7	226.0 (–4.9%)	232.6 (+2.9%)
				(or –2.1% on 2020–21 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	2019 (Actual)	2020 (Actual)	2021 (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	2019 (Actual)	2020 (Actual)	2021 (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	95	100	90
holding meetings (%).....	12 weeks	95	97	90
bankruptcy cases				
making decision to hold meetings (%).....	12 weeks	98	96	98
holding meetings (%).....	16 weeks	98	96	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	96	99	99
putting summary cases with insufficient assets for distribution on release programme (%).....	12 months	99	100	97

From the month when the cash balance meets the threshold of \$25,000 for debtor-petition bankruptcy cases; \$70,000 for creditor-petition bankruptcy cases; and \$200,000 for winding-up cases, or from the date of receipt of internal referral for dividend distribution of cases with cash balance below thresholds.

Indicators

	2019 (Actual)	2020 (Actual)	2021 (Estimate)
new cases.....	8 006	6 919	10 336
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded.....	7 120	4 144@	5 457@
cases put on release programme.....	2 869	2 022	2 022
cases on release programme at year end	1 707	1 929	1 590
cases put on small case programme	3 325	3 054	3 054
cases on small case programme at year end.....	12 124	12 717	12 675
average active in-house case load per			
Insolvency Officer at year end.....	141	132	189
average active non in-house case load per			
Insolvency Officer at year end.....	716	757	781
cases put on adjudication programme	865	936	936
proofs of debt adjudicated.....	2 797	2 800	2 800
cases with dividends declared	745	862	862
amount of dividends declared (\$m).....	116.9	125.6	125.6
summons issued	663	696	610
meetings of creditors held	2 937	2 378	3 551

Head 116 — OFFICIAL RECEIVER’S OFFICE

	2019 (Actual)	2020 (Actual)	2021 (Estimate)
writs issued and other proceedings	29	34	20
non-remunerative cases (i.e. cases with assets of not more than \$50,000).....	7 895	6 828	10 200
proportion of non-remunerative cases to new cases (%)	99	99	99

@ The decrease in 2020 is mainly due to a drop in the number of release orders granted during the year under the special work arrangements of court put in place in the light of the COVID-19 pandemic. Estimated increase in 2021 is mainly based on the number of release applications filed to court during 2020.

Matters Requiring Special Attention in 2021–22

5 During 2021–22, 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
- provide support for the Financial Services and the Treasury Bureau in refining legislative proposals for a statutory corporate rescue procedure and insolvent trading provisions.

Head 116 — OFFICIAL RECEIVER'S OFFICE

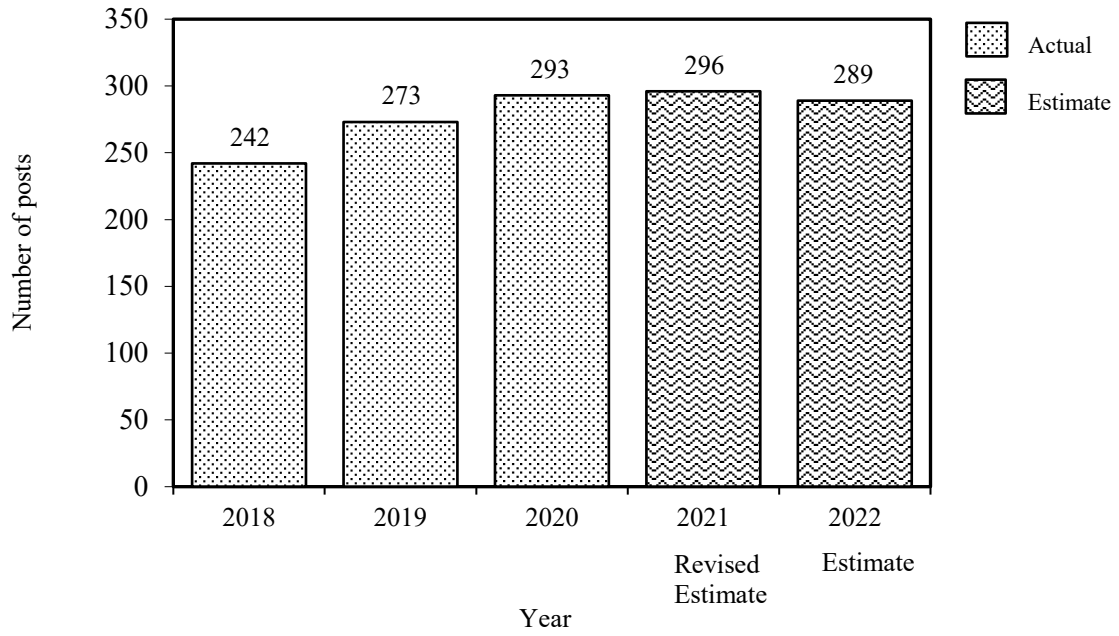
ANALYSIS OF FINANCIAL PROVISION

Programme	2019–20 (Actual) (\$m)	2020–21 (Original) (\$m)	2020–21 (Revised) (\$m)	2021–22 (Estimate) (\$m)
Official Receiver's Office.....	216.9	237.7	226.0 (-4.9%)	232.6 (+2.9%)
				(or -2.1% on 2020–21 Original)

Analysis of Financial and Staffing Provision

Provision for 2021–22 is \$6.6 million (2.9%) higher than the revised estimate for 2020–21. This is mainly due to the increased provision for filling of vacancies, salary increments, and provident fund contributions for staff, partly offset by the decreased requirement for other general departmental expenses and decrease of seven posts in 2021–22.

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



Head 116 — OFFICIAL RECEIVER’S OFFICE

Sub-head (Code)	Actual expenditure 2019–20	Approved estimate 2020–21	Revised estimate 2020–21	Estimate 2021–22
	\$'000	\$'000	\$'000	\$'000
Operating Account				
Recurrent				
000	Operational expenses	216,915	236,352	225,697
	Total, Recurrent.....	216,915	236,352	225,697
Non-Recurrent				
700	General non-recurrent	—	60	—
	Total, Non-Recurrent.....	—	60	—
	Total, Operating Account	216,915	236,412	225,697
Capital Account				
Plant, Equipment and Works				
	Minor plant, vehicles and equipment (block vote).....	—	1,300	342
	Total, Plant, Equipment and Works.....	—	1,300	342
	Total, Capital Account.....	—	1,300	342
	Total Expenditure	216,915	237,712	226,039

Head 116 — OFFICIAL RECEIVER'S OFFICE

Details of Expenditure by Subhead

The estimate of the amount required in 2021–22 for the salaries and expenses of the Official Receiver's Office is \$232,586,000. This represents an increase of \$6,547,000 over the revised estimate for 2020–21 and \$15,671,000 over the actual expenditure in 2019–20.

Operating Account

Recurrent

2 Provision of \$232,526,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Official Receiver's Office.

3 The establishment as at 31 March 2021 will be 296 permanent posts. It is expected that there will be a decrease of seven posts in 2021–22. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2021–22, but the notional annual mid-point salary value of all such posts must not exceed \$155,862,000.

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

	2019–20 (Actual) (\$'000)	2020–21 (Original) (\$'000)	2020–21 (Revised) (\$'000)	2021–22 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	159,025	170,900	163,300	168,590
- Allowances	3,641	4,021	4,393	4,101
- Job-related allowances.....	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution	987	1,087	964	757
- Civil Service Provident Fund contribution	7,694	9,727	9,566	11,982
Departmental Expenses				
- Hire of services and professional fees	6,002	5,924	6,444	6,620
- General departmental expenses	39,566	44,691	41,028	40,474
	216,915	236,352	225,697	232,526

Head 116 — OFFICIAL RECEIVER'S OFFICE

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2020	Revised estimated expenditure for 2020–21	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	10,000	8,921	—	1,079