

## Head 116 — OFFICIAL RECEIVER'S OFFICE

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

**Estimate 2022–23** ..... **\$225.0m**

**Establishment ceiling 2022–23** (notional annual mid-point salary value) representing an estimated 278 non-directorate posts as at 31 March 2022 reducing by four posts to 274 posts as at 31 March 2023 ..... **\$154.8m**

In addition, there will be an estimated eight directorate posts as at 31 March 2022 and as at 31 March 2023.

**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

	2020–21 (Actual)	2021–22 (Original)	2021–22 (Revised)	2022–23 (Estimate)
Financial provision (\$m)	226.3	232.6	225.6 (–3.0%)	<b>225.0</b> (–0.3%)
				(or –3.3% on 2021–22 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	2020 (Actual)	2021 (Actual)	2022 (Plan)
general enquiries in person at public reception counter (%) .....	10 minutes	100	100	<b>100</b>
applications for bankruptcy searches and winding-up searches@				
in person (%) .....	2.5 hours	100	—	—
by mail (%) .....	2 working days	100	—	—
using computer terminal (%) .....	1 hour	100	—	—
batch search (%) .....	2 hours	100	—	—
applications for Certificate of				
Non-bankruptcy (%) .....	2 working days	100	100	<b>100</b>

## Head 116 — OFFICIAL RECEIVER'S OFFICE

	Target processing time	2020 (Actual)	2021 (Actual)	2022 (Plan)
lodging Proofs of Debt				
in person (%).....	10 minutes	100	100	<b>100</b>
obtaining assistance of officers to complete a Proof of Debt (%).....	30 minutes	100	100	<b>100</b>
request for copies of Statement of Affairs (%).....	3 working days	100	100	<b>100</b>
distribution of dividends				
completing procedures when the distribution is possible (%)#.....	9 months	100	100	<b>100</b>
sending dividend cheques by mail (%).....	5 working days	100	100	<b>100</b>
holding meetings of creditors in non-summary cases				
winding-up cases				
making decision to hold meetings (%).....	8 weeks	100	100	<b>90</b>
holding meetings (%).....	12 weeks	97	100	<b>90</b>
bankruptcy cases				
making decision to hold meetings (%).....	12 weeks	96	98	<b>98</b>
holding meetings (%).....	16 weeks	96	98	<b>100</b>
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	<b>100</b>
amount between \$10m - \$15m (%).....	5 working days	100	100	<b>100</b>
amount between \$15m - \$20m (%).....	10 working days	100	100	<b>100</b>
funds invested separately (%) .....	2 working days before maturity of fixed deposit	100	100	<b>100</b>
processing invoices including liquidators' bills and arranging payments (%).....	30 calendar days	99	99	<b>99</b>
putting summary cases with insufficient assets for distribution on release programme (%).....	12 months	100	99	<b>97</b>

@ Targets removed as from 2021 as search services for bankruptcy and winding-up records are provided online only via GovHK with effect from 2 November 2020.

# 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

	2020 (Actual)	2021 (Actual)	2022 (Estimate)
new cases.....	6 919	7 404	<b>7 933</b>
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded.....	4 144	3 093	<b>5 412</b>
cases put on release programme.....	2 022	2 812	<b>2 812</b>
cases on release programme at year end .....	1 929	2 528	<b>1 497</b>
cases put on small case programme .....	3 054	2 718	<b>2 718</b>
cases on small case programme at year end.....	12 717	14 390	<b>15 539</b>
average active in-house case load per			
Insolvency Officer at year end.....	132	145	<b>180</b>
average active non in-house case load per			
Insolvency Officer at year end.....	757	777	<b>781</b>
cases put on adjudication programme .....	936	1 248Ω	<b>1 248Ω</b>
proofs of debt adjudicated.....	2 800	4 427Ω	<b>4 427Ω</b>
cases with dividends declared.....	862	1 321Ω	<b>1 321Ω</b>
amount of dividends declared (\$m).....	125.6	110.0	<b>110.0</b>

## Head 116 — OFFICIAL RECEIVER'S OFFICE

	2020 (Actual)	2021 (Actual)	2022 (Estimate)
summonses issued .....	696	684	680
meetings of creditors held .....	2 378	3 155	3 369
writs issued and other proceedings .....	34	14	16
non-remunerative cases (i.e. cases with assets of not more than \$50,000) .....	6 828	7 232	7 749
proportion of non-remunerative cases to new cases (%) .....	99	98	98

Ω The increases in 2021 and 2022 are due to the adoption of lower threshold for dividend distribution in self-petition bankruptcy cases since November 2020.

### *Matters Requiring Special Attention in 2022–23*

5 During 2022–23, 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 reviewing and refining legislative proposals for modernising insolvency procedures.

## Head 116 — OFFICIAL RECEIVER'S OFFICE

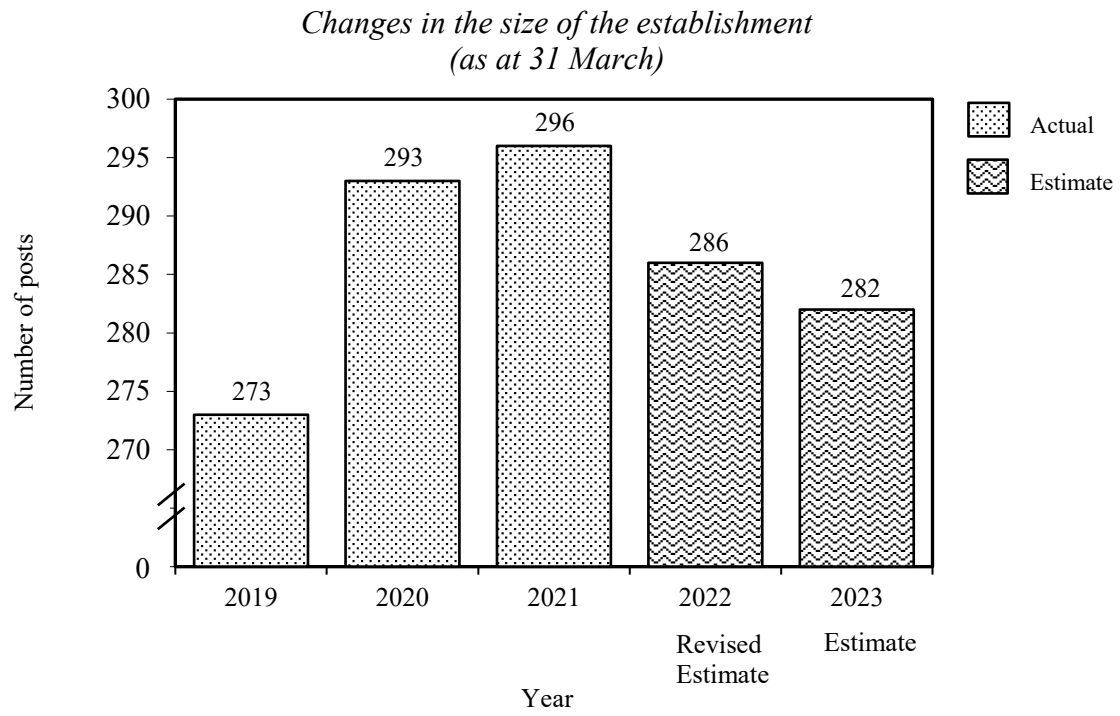
---

### ANALYSIS OF FINANCIAL PROVISION

Programme	2020–21 (Actual) (\$m)	2021–22 (Original) (\$m)	2021–22 (Revised) (\$m)	2022–23 (Estimate) (\$m)
Official Receiver's Office.....	226.3	232.6	225.6 (–3.0%)	225.0 (–0.3%)
				(or –3.3% on 2021–22 Original)

#### Analysis of Financial and Staffing Provision

Provision for 2022–23 is \$0.6 million (0.3%) lower than the revised estimate for 2021–22. This is mainly due to the decreased provision for departmental expenses and a net decrease of four posts, partly offset by the increased provisions for filling of vacancies, supernumerary posts, provident fund contributions for staff and salary increments.



## Head 116 — OFFICIAL RECEIVER'S OFFICE

Sub-head (Code)		Actual expenditure 2020–21	Approved estimate 2021–22	Revised estimate 2021–22	Estimate 2022–23
		\$'000	\$'000	\$'000	\$'000
<b>Operating Account</b>					
	Recurrent				
000	Operational expenses .....	225,977	232,526	225,582	224,891
	Total, Recurrent.....	225,977	232,526	225,582	224,891
	Non-Recurrent				
700	General non-recurrent .....	—	60	—	60
	Total, Non-Recurrent.....	—	60	—	60
	Total, Operating Account .....	225,977	232,586	225,582	224,951
<b>Capital Account</b>					
	Plant, Equipment and Works				
	Minor plant, vehicles and equipment (block vote).....	342	—	—	—
	Total, Plant, Equipment and Works.....	342	—	—	—
	Total, Capital Account.....	342	—	—	—
	Total Expenditure .....	226,319	232,586	225,582	224,951

## Head 116 — OFFICIAL RECEIVER'S OFFICE

### Details of Expenditure by Subhead

The estimate of the amount required in 2022–23 for the salaries and expenses of the Official Receiver's Office is \$224,951,000. This represents a decrease of \$631,000 against the revised estimate for 2021–22 and \$1,368,000 against the actual expenditure in 2020–21.

#### *Operating Account*

#### Recurrent

2 Provision of \$224,891,000 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 2022 will be 286 permanent posts. It is expected that there will be a net decrease of four posts in 2022–23. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2022–23, but the notional annual mid-point salary value of all such posts must not exceed \$154,775,000.

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

	2020–21 (Actual) (\$'000)	2021–22 (Original) (\$'000)	2021–22 (Revised) (\$'000)	2022–23 (Estimate) (\$'000)
Personal Emoluments				
- Salaries .....	163,424	168,590	158,400	163,930
- Allowances .....	3,875	4,101	4,633	5,074
- Job-related allowances.....	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	916	757	681	557
- Civil Service Provident Fund contribution .....	9,570	11,982	10,745	12,425
Departmental Expenses				
- Hire of services and professional fees .....	5,905	6,620	7,916	6,622
- General departmental expenses .....	42,287	40,474	43,205	36,281
	225,977	232,526	225,582	224,891

## Head 116 — OFFICIAL RECEIVER'S OFFICE

### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2021	Revised estimated expenditure for 2021–22	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
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