

Head 116 — OFFICIAL RECEIVER'S OFFICE

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

Estimate 2023–24 **\$230.2m**

Establishment ceiling 2023–24 (notional annual mid-point salary value) representing an estimated 274 non-directorate posts as at 31 March 2023 reducing by one post to 273 posts as at 31 March 2024..... **\$156.3m**

In addition, there will be an estimated eight directorate posts as at 31 March 2023 and as at 31 March 2024.

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

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	2023–24 (Estimate)
Financial provision (\$m)	224.8	225.0	221.0 (–1.8%)	230.2 (+4.2%)
				(or +2.3% on 2022–23 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	2021 (Actual)	2022 (Actual)	2023 (Plan)
general enquiries in person at public reception counter (%)	10 minutes	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
request for copies of Statement of Affairs (%)	3 working days	100	100	100

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	Target processing time	2021 (Actual)	2022 (Actual)	2023 (Plan)
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	100	94	90
holding meetings (%).....	12 weeks	100	91	90
bankruptcy cases				
making decision to hold meetings (%).....	12 weeks	98	98	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

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

	2021 (Actual)	2022 (Actual)	2023 (Estimate)
new cases.....	7 404	5 615	5 615
insolvency cases completed (i.e. release orders made by the Court), stayed or rescinded.....	3 093@	8 466@	5 738
cases put on release programme.....	2 812	4 684	4 684
cases on release programme at year end	2 528	2 522	3 984
cases put on small case programme	2 718	3 588	3 588
cases on small case programme at year end.....	14 390	13 922	14 660
average active in-house case load per Insolvency Officer at year end.....	145	120	121
average active non in-house case load per Insolvency Officer at year end.....	777	767	731
cases put on adjudication programme	1 248	1 357	1 357
proofs of debt adjudicated.....	4 427	3 103	3 103
cases with dividends declared	1 321	1 024	1 024
amount of dividends declared (\$m).....	110.0	127.4	127.4
summons issued	684	691	680
meetings of creditors held	3 155	2 356	2 356
writs issued and other proceedings	14	16	16

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	2021 (Actual)	2022 (Actual)	2023 (Estimate)
non-remunerative cases (i.e. cases with assets of not more than \$50,000).....	7 232	5 488	5 488
proportion of non-remunerative cases to new cases (%)	98	98	98

@ The lower figure in 2021 resulted from a drop in the number of release orders granted during the year under the special work arrangements of court put in place in light of the COVID-19 epidemic. The increase in 2022 was mainly due to clearance of the backlog by court as the epidemic situation stabilised in the latter part of the year.

Matters Requiring Special Attention in 2023–24

5 During 2023–24, 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 and other insolvency-related legislative initiatives.

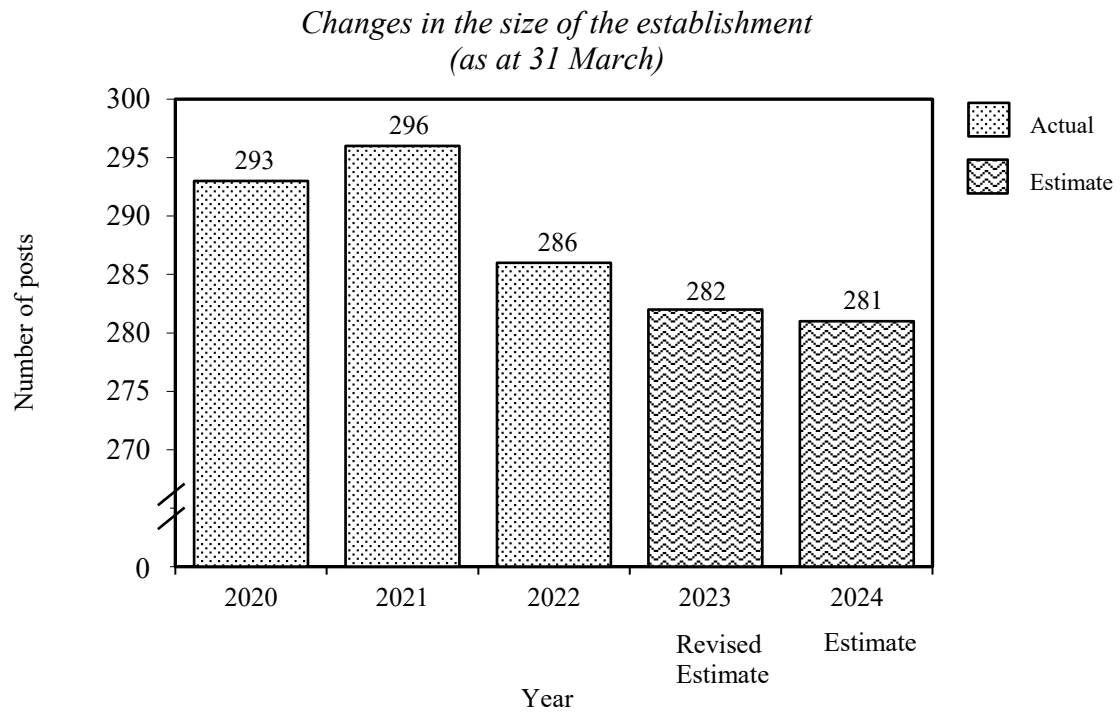
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ANALYSIS OF FINANCIAL PROVISION

	2021–22 (Actual) (\$m)	2022–23 (Original) (\$m)	2022–23 (Revised) (\$m)	2023–24 (Estimate) (\$m)
Programme				
Official Receiver's Office.....	224.8	225.0	221.0 (–1.8%)	230.2 (+4.2%)
				(or +2.3% on 2022–23 Original)

Analysis of Financial and Staffing Provision

Provision for 2023–24 is \$9.2 million (4.2%) higher than the revised estimate for 2022–23. This is mainly due to increased provisions for filling of vacancies, salary increments, provident fund contributions for staff and supernumerary posts, partly offset by decreased provision for departmental expenses and a net decrease of one post.



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Sub-head (Code)		Actual expenditure 2021–22	Approved estimate 2022–23	Revised estimate 2022–23	Estimate 2023–24
		\$'000	\$'000	\$'000	\$'000
Operating Account					
	Recurrent				
000	Operational expenses	224,769	224,891	220,987	230,098
	Total, Recurrent.....	224,769	224,891	220,987	230,098
	Non-Recurrent				
700	General non-recurrent	—	60	—	60
	Total, Non-Recurrent.....	—	60	—	60
	Total, Operating Account	224,769	224,951	220,987	230,158
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	Total Expenditure	224,769	224,951	220,987	230,158
		<u>224,769</u>	<u>224,951</u>	<u>220,987</u>	<u>230,158</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2023–24 for the salaries and expenses of the Official Receiver's Office is \$230,158,000. This represents an increase of \$9,171,000 over the revised estimate for 2022–23 and \$5,389,000 over the actual expenditure in 2021–22.

Operating Account

Recurrent

2 Provision of \$230,098,000 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 2023 will be 282 permanent posts. It is expected that there will be a net decrease of one post in 2023–24. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2023–24, but the notional annual mid-point salary value of all such posts must not exceed \$156,319,000.

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

	2021–22 (Actual) (\$'000)	2022–23 (Original) (\$'000)	2022–23 (Revised) (\$'000)	2023–24 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	158,733	163,930	161,500	169,630
- Allowances	3,497	5,074	3,092	3,682
- Job-related allowances.....	—	2	58	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution	668	557	546	561
- Civil Service Provident Fund contribution	10,758	12,425	12,342	14,090
Departmental Expenses				
- Hire of services and professional fees	7,827	6,622	7,007	6,988
- General departmental expenses	43,286	36,281	36,442	35,145
	224,769	224,891	220,987	230,098

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2022	Revised estimated expenditure for 2022–23	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