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6½-year delay in sorting out bankruptcies

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INEFFICIENCIES in the Registrar General's Department are leading to up to 6½-year delays to close insolvency or bankruptcy cases, a government-sponsored report has shown.

Ten major weaknesses in the insolvency division of the Registrar General's Department have been exposed in the report, a copy of which was obtained by the *South China Morning Post.*

The findings show that the time required to close insolvency or bankruptcy cases has gradually increased over the past decade, and creditors may have to wait up to 6½ years before final distributions.

Last financial year the total number of new cases of compulsory winding-ups and bankruptcies handled by the division was 345, compared with 486 in 1987-88.

"Many of the problems identified in the current organisation and management structure (of the division) are typical of the problems that could be found in many areas of government," the 75-page report says.

"They relate to confused reporting lines, lack of authority and an orientation towards administration and not management," it says.

The Registrar General's Department is currently planning what will probably be its most important reorganisation.

Coopers and Lybrand, an independent accountant and consultant firm, has been appointed to review the department's insolvency, land and commercial divisions in order to assist the Government with the formulation of strategies.

The report on the 230-strong insolvency division reveals that the management is reluctant to recommend an innovative approach to the organisation of work because of "difficulties and delays involved in gaining the approval and resources".

It criticises the division's human resources management as "slow and inflexible".

Because of confused reporting lines, there is no unity of control in the division over the staff resources available.

"This lack of unified control adversely affects the ability to provide a cost-effective insolvency service," it says.

The problem is aggravated by a narrow span of control, which results in a steep hierarchical reporting structure.

~~"A long reporting line is~~

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wholly inappropriate for effective case-management," it says.

The report points out that decisions on recruitment, transfer, promotion and discipline of key people such as accountants are regulated outside the division.

Managers are also constrained by the rigid civil service pay regulations in retaining and rewarding their staff, and in attracting people from the labour market.

The report believes that the present government salary review system is slow to respond to changing market forces, especially as the division has to compete for staff directly with the private sector.

Limited control over financial resources and complicated bureaucratic procedures also affects the ability to introduce new equipment and modern methods, it says.

"(Individual managers) do not have the flexibility to reallocate resources according to the needs of the service," it says.

A productivity study shows that the division is over-staffed for the reduced workload coming into the division since the last financial year.