

Head 162 — RATING AND VALUATION DEPARTMENT

Controlling officer: the Commissioner of Rating and Valuation will account for expenditure under this Head.

Estimate 2005–06	\$361.8m
Establishment ceiling 2005–06 (notional annual mid-point salary value) representing an estimated 851 non-directorate posts as at 31 March 2005 reducing by four posts to 847 posts as at 31 March 2006	\$228.3m
In addition, there will be an estimated 14 directorate posts as at 31 March 2005 and as at 31 March 2006.	
Commitment balance	\$1.0m

Controlling Officer's Report

Programmes

Programme (1) Statutory Valuation and Assessments	This programme contributes to Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury) and Policy Area 31: Housing (Secretary for Housing, Planning and Lands).
Programme (2) Collection and Billing of Rates and Government Rent	This programme contributes to Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury).
Programme (3) Provision of Valuation and Property Information Services	This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Financial Services and the Treasury) and Policy Area 31: Housing (Secretary for Housing, Planning and Lands).
Programme (4) Landlord and Tenant Services for Domestic Premises	This programme contributes to Policy Area 31: Housing (Secretary for Housing, Planning and Lands).

Detail

Programme (1): Statutory Valuation and Assessments

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	247.2	243.9	238.8 (–2.1%)	226.5 (–5.2%)
				(or –7.1% on 2004–05 Original)

Aim

2 The aim is to establish and maintain a database showing all properties liable to Rates and/or Government Rent with their respective rateable values which are reviewed annually.

Brief Description

3 The Department:

- references properties, creates and maintains a database for them with a view to determining and updating their rateable values on an annual basis;
- compiles and maintains:
 - a Valuation List showing all rated premises together with their rateable values, on which Rates are charged at a percentage determined in accordance with the Rating Ordinance; and
 - a Government Rent Roll for all premises assessed to Government Rent under the Government Rent (Assessment and Collection) Ordinance and their rateable values upon which Government Rent is charged at 3%;

Head 162 — RATING AND VALUATION DEPARTMENT

- reviews rateable values upon receipt of objections and appeals;
 - processes applications for Rates and/or Government Rent exemption; and
 - conducts a general revaluation of the rateable values of properties in the Valuation List and Government Rent Roll annually to reflect prevailing market rents.
- 4 The key performance measures in respect of statutory valuation and assessments are:

Targets

	Target	2003–04 (Actual)	2004–05 (Revised Estimate)	2005–06 (Plan)
to notify the ratepayer and/or rentpayer of the rateable value of a new property within eight months from the date when Rates and/or Government Rent first become payable (%)	80	94@	80	80
to process objections to new assessments within four months (%)§	85	98	85	85
to process objections to existing assessments within four months (%)§	85	85	90	85
to keep the number of assessments unchallenged or remaining unchanged after objection review to not less than a set percentage of the assessments in the Valuation List (the set percentage)Δ	no less than 95	99	99	99
to allocate building numbers to new buildings not later than one month after their completion in urban areas and in rural areas where there is an established numbering scheme (%)	90	85φ	90	90

@ Against the 2003–04 target of notifying within six months.

§ The statutory requirement is for objections to be processed within six months.

Δ New target as from 2005–06.

φ Performance was below expectation due to redeployment of staff to handle other urgent and unforeseen tasks.

Indicators

	2003–04 (Actual)	2004–05 (Revised Estimate)	2005–06 (Estimate)
Valuation List for Rates			
assessments in the List at year end	2 133 656	2 195 000	2 255 000
new assessments added to the List	55 166	70 000^	70 000^
assessments deleted from the List	10 600	10 000	10 000
Government Rent Roll			
assessments in the Rent Roll at year end	1 580 345	1 640 000	1 700 000
new assessments added to the Rent Roll	55 020	70 000^	70 000^
assessments deleted from the Rent Roll	9 719	9 000	9 000
Valuation List for Rates and Government Rent Roll#			
total assessments	3 714 001	3 835 000	3 955 000
assessments per post	6 482	6 985	7 244

^ Increase in new assessments in 2004–05 and 2005–06 due to resumption of sale of subsidised housing units under the Tenants Purchase Scheme.

New indicators as from 2005–06.

Matters Requiring Special Attention in 2005–06

5 The Department will:

- continue the referencing and valuation of properties not yet assessed to Rates and/or Government Rent, and add them to the database;
- carry out the annual general revaluation to update rateable values to take effect from 1 April 2006; and
- review and enhance the computer systems to further improve efficiency and service to the public.

Head 162 — RATING AND VALUATION DEPARTMENT

Programme (2): Collection and Billing of Rates and Government Rent

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	43.9	43.4	42.4 (–2.3%)	39.4 (–7.1%)
				(or –9.2% on 2004–05 Original)

Aim

6 The aim is to levy Rates and to charge Government Rent in accordance with the Rating Ordinance and the Government Rent (Assessment and Collection) Ordinance respectively.

Brief Description

7 The Department issues demand notes and maintains accounts for Rates and/or Government Rent for all properties included in the Valuation List and the Government Rent Roll. The Department also regularly reviews the Rating Ordinance and the Government Rent (Assessment and Collection) Ordinance, and updates procedures to ensure the timely collection of Rates and Government Rent revenue and to improve services to the public.

8 The key performance measures in respect of collection and billing of Rates and Government Rent are:

Targets

	Target	2003–04 (Actual)	2004–05 (Revised Estimate)	2005–06 (Plan)
collection of Rates to keep the amount of arrears within a set percentage of the Rates demanded for the preceding 12 months (the set percentage)	no more than 0.9	1.0	1.0	0.9
collection of Government Rent to keep the amount of arrears within a set percentage of the Government Rent demanded for the preceding 12 months (the set percentage)	no more than 1.2#	1.3	1.4	1.2

The previous target was to keep the amount of arrears within 1.1% of the Government Rent demanded for the preceding 12 months. The Department has set a more realistic target for 2005–06 in the light of the higher level of arrears in 2003–04 and 2004–05 mainly due to the increase in default rate of Government Rent for the newly assessed village-type properties.

Indicators

	2003–04 (Actual)	2004–05 (Revised Estimate)	2005–06 (Estimate)
Rates and Government Rent accounts maintained	2 181 745	2 254 000	2 314 000
Rates and Government Rent accounts per post	21 182	23 000	23 612

Matters Requiring Special Attention in 2005–06

9 The Department will continue to:

- promote the new “Consolidated Demand and Payment” service which has been well received by payers with multiple properties. Around 120 000 individual accounts have been included in the service since its launch in January 2004; and
- review and enhance its Accounting and Billing System to speed up the recovery of arrears and to look for improvements in service delivery.

Head 162 — RATING AND VALUATION DEPARTMENT

Programme (3): Provision of Valuation and Property Information Services

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	76.4	73.7	72.2 (–2.0%)	69.9 (–3.2%)
				(or –5.2% on 2004–05 Original)

Aim

10 The aim is to provide valuation and property information services to government bureaux and departments, the private sector and the general public.

Brief Description

11 The main activities involved are:

- providing property valuation advice to the Inland Revenue Department to facilitate the collection of stamp duty and estate duty;
- providing valuation advice to government bureaux and departments to assist them in formulating policies and in their day-to-day work; and
- compiling and publishing property market information on a regular basis, and providing property-related information to government bureaux and departments to facilitate policy review and formulation.

12 The key performance measures in respect of provision of valuation and property information services are:

Targets

	Target	2003–04 (Actual)	2004–05 (Revised Estimate)	2005–06 (Plan)
to notify the Inland Revenue Department of valuation on stamp duty cases within four months (%).....	80 [^]	97	80	80
to notify the Inland Revenue Department of valuation on estate duty cases within six months (%).....	80	95	80	80
to notify other client departments of valuation advice within four months (%).....	90	98	90	90
to publish the monthly property market statistics within six weeks following the end of the month (%)#.....	100	100	100	100

[^] The target has been revised from 90% to 80% as from 2004–05 to achieve efficiency savings.

[#] An improvement over the 2004–05 target of eight weeks.

Indicators

	2003–04 (Actual)	2004–05 (Revised Estimate)	2005–06 (Estimate)
stamp duty cases scrutinised where stated consideration is considered adequate	109 529	120 000	120 000φ
stamp duty cases scrutinised where stated consideration is considered inadequate	6 930	7 000	7 000φ
valuations provided for stamp duty cases without stated consideration	5 230	6 500	6 500
valuations provided for estate duty purposes.....	3 593	3 500	3 500
valuations on stamp duty and estate duty cases per post.....	1 228	1 457	1 593
other valuations and rental advice cases provided.....	24 742	24 500	24 500
other valuations and rental advice cases per post.....	495	500	533

Head 162 — RATING AND VALUATION DEPARTMENT

φ Starting from 2004–05, scrutiny of stamp duty cases with stated consideration has been streamlined with increased use of the computer and adoption of a more risk-based approach to detect understatement of consideration and to exclude marginally low cases. It is expected that the proportion of cases with inadequate consideration will decrease under this approach.

Matters Requiring Special Attention in 2005–06

13 The Department will continue to:

- provide property-related information to government bureaux and departments to facilitate their policy review and formulation; and
- develop an Integrated Property Database to provide a comprehensive textual and graphic repository of property information, so as to enhance the efficiency of data retrieval and transfer amongst parties concerned including government departments and agencies.

Programme (4): Landlord and Tenant Services for Domestic Premises

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	30.3	29.6	29.1 (–1.7%)	26.0 (–10.7%)
				(or –12.2% on 2004–05 Original)

Aim

14 The Department provides assistance to landlords and tenants in accordance with the Landlord and Tenant (Consolidation) Ordinance. It also provides advisory and mediatory services to the public on domestic tenancy matters.

Brief Description

15 The main activities involved are:

- processing applications and notifications made under the Ordinance;
- conducting surveys and reviews of the Ordinance and making recommendations to the Secretary for Housing, Planning and Lands for improving the general operation of the Ordinance;
- providing advisory and mediatory services to the public on domestic landlord and tenant matters;
- monitoring use/disposal of premises where the Lands Tribunal has granted an order for possession to the landlord for self occupation and redevelopment; and
- providing assistance to the Lands Tribunal in determining rents and compensation under the Ordinance.

16 The key performance measures in respect of landlord and tenant services are:

Targets

	Target	2003–04 (Actual)	2004–05 (Revised Estimate)	2005–06 (Plan)
to issue a certificate of rateable value within 21 days of application (%).....	95	100	95	95
to conduct inspections of repossessed premises at six-month intervals (%).....	95	100	95	95
to endorse a notice of new letting or lease renewal within one month (%).....	95	99	95	95
to endorse a short-term tenancy agreement within 21 days (%).....	95	99	95#	N.A.#
to supply rental information to the parties to Lands Tribunal hearings within one month (%).....	90	98	90	90

No applications after 9 July 2004 following legislative amendments. Figure for 2004–05 represents the performance prior to 9 July 2004.

Head 162 — RATING AND VALUATION DEPARTMENT

Indicators

	2003–04 (Actual)	2004–05 (Revised Estimate)	2005–06 (Estimate)
applications and notices processed	30 256	28 000	28 000
enquiries handled	148 345	180 000	180 000
applications, notices and enquiries processed per post	2 178	2 701	2 737

Matters Requiring Special Attention in 2005–06

17 The Landlord and Tenant (Consolidation) (Amendment) Ordinance 2004 was enacted in June 2004 and became operative from 9 July 2004. The Ordinance aims to minimise government intervention in the property market by removing security of tenure provisions for domestic tenancies and removing the minimum notice requirement for terminating non-domestic tenancies. The Department will continue to monitor the implementation of the Ordinance.

Head 162 — RATING AND VALUATION DEPARTMENT

ANALYSIS OF FINANCIAL PROVISION

Programme	2003-04 (Actual) (\$m)	2004-05 (Original) (\$m)	2004-05 (Revised) (\$m)	2005-06 (Estimate) (\$m)
(1) Statutory Valuation and Assessments	247.2	243.9	238.8	226.5
(2) Collection and Billing of Rates and Government Rent	43.9	43.4	42.4	39.4
(3) Provision of Valuation and Property Information Services.....	76.4	73.7	72.2	69.9
(4) Landlord and Tenant Services for Domestic Premises	30.3	29.6	29.1	26.0
	397.8	390.6	382.5 (-2.1%)	361.8 (-5.4%)
				(or -7.4% on 2004-05 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2005-06 is \$12.3 million (5.2%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut and of deletion of posts in 2004-05, partly offset by salary increments for staff. In addition, three posts will be deleted in 2005-06.

Programme (2)

Provision for 2005-06 is \$3.0 million (7.1%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut and of deletion of posts in 2004-05, partly offset by salary increments for staff. In addition, savings can be identified in printing and enveloping of demands for Rates and Government Rent.

Programme (3)

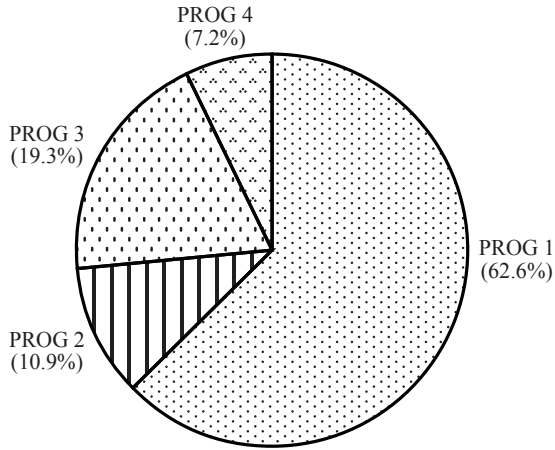
Provision for 2005-06 is \$2.3 million (3.2%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut and of deletion of posts in 2004-05, partly offset by salary increments for staff.

Programme (4)

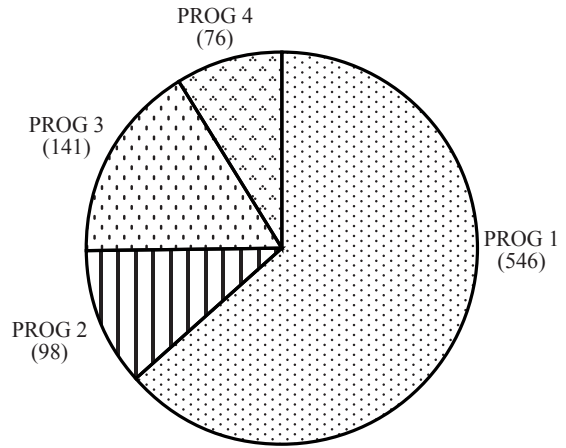
Provision for 2005-06 is \$3.1 million (10.7%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut and of deletion of posts in 2004-05, partly offset by salary increments for staff. In addition, one post will be deleted in 2005-06.

Head 162 — RATING AND VALUATION DEPARTMENT

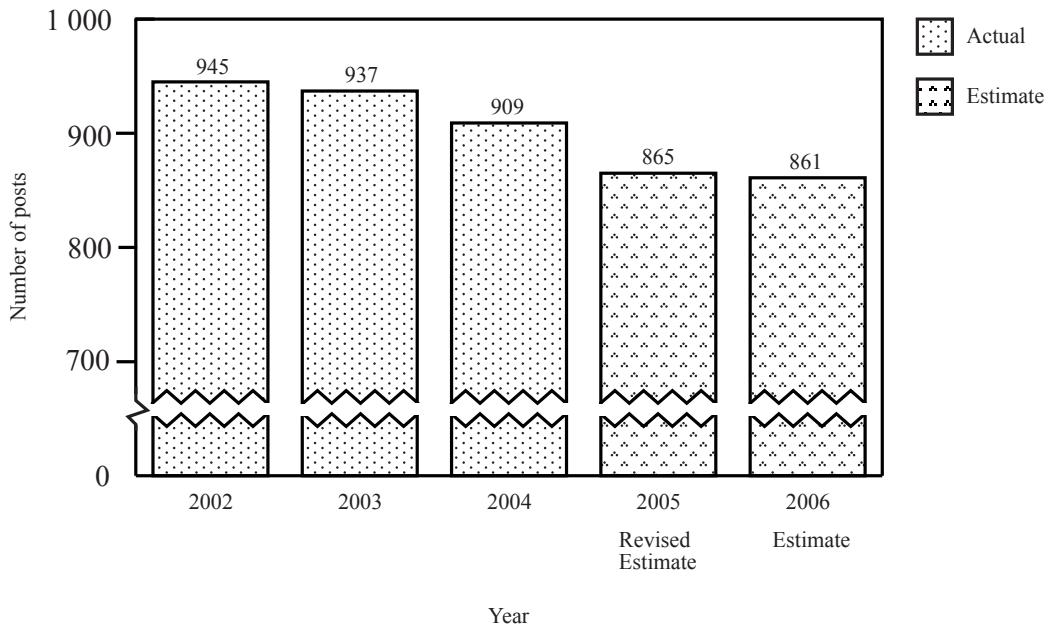
Allocation of provision to programmes (2005-06)



Staff by programme (as at 31 March 2006)



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



Head 162 — RATING AND VALUATION DEPARTMENT

Sub-head (Code)	Actual expenditure 2003-04	Approved estimate 2004-05	Revised estimate 2004-05	Estimate 2005-06	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	393,750	386,767	379,274	360,835
	Total, Recurrent	<u>393,750</u>	<u>386,767</u>	<u>379,274</u>	<u>360,835</u>
Non-Recurrent					
700	General non-recurrent	4,037	3,829	3,241	937
	Total, Non-Recurrent	<u>4,037</u>	<u>3,829</u>	<u>3,241</u>	<u>937</u>
	Total, Operating Account	397,787	390,596	382,515	361,772
<hr/>					
	Total Expenditure	<u><u>397,787</u></u>	<u><u>390,596</u></u>	<u><u>382,515</u></u>	<u><u>361,772</u></u>

Head 162 — RATING AND VALUATION DEPARTMENT

Details of Expenditure by Subhead

The estimate of the amount required in 2005–06 for the salaries and expenses of the Rating and Valuation Department is \$361,772,000. This represents a decrease of \$20,743,000 against the revised estimate for 2004–05 and of \$36,015,000 against actual expenditure in 2003–04.

Operating Account

Recurrent

2 Provision of \$360,835,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Rating and Valuation Department.

3 The establishment as at 31 March 2005 will be 865 permanent posts. It is expected that four permanent posts will be deleted in 2005–06. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2005–06, but the notional annual mid-point salary value of all such posts must not exceed \$228,270,000.

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

	2003–04 (Actual) (\$'000)	2004–05 (Original) (\$'000)	2004–05 (Revised) (\$'000)	2005–06 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	338,187	325,111	320,500	305,684
- Allowances	1,819	3,151	2,666	2,821
- Job-related allowances	6	5	1	5
Personnel Related Expenses				
- Mandatory Provident Fund contribution	141	152	152	152
Departmental Expenses				
- Temporary staff	13,410	13,889	12,185	13,406
- General departmental expenses	40,187	44,459	43,770	38,767
	393,750	386,767	379,274	360,835

Head 162 — RATING AND VALUATION DEPARTMENT

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2004	Revised estimated expenditure for 2004–05	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	507	Outsourcing interim valuation of some 4 000 village-type properties in Sha Tau Kok and Ta Kwu Ling areas of North District, N.T.	2,200	288	1,000	912
	508	Hiring IT contract staff to provide initial maintenance service for the Workflow Management and Performance Tracking System	387	3	342	42
		Total	<u>2,587</u>	<u>291</u>	<u>1,342</u>	<u>954</u>