

Head 162 — RATING AND VALUATION DEPARTMENT

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

Estimate 2008–09	\$386.3m
Establishment ceiling 2008–09 (notional annual mid-point salary value) representing an estimated 832 non-directorate posts as at 31 March 2008 rising by five posts to 837 posts as at 31 March 2009	\$244.9m
In addition, there will be an estimated 14 directorate posts as at 31 March 2008 and as at 31 March 2009.	
Commitment balance	\$0.2m

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 Transport and Housing).
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 Transport and Housing).
Programme (4) Landlord and Tenant Services	This programme contributes to Policy Area 31: Housing (Secretary for Transport and Housing).

Detail

Programme (1): Statutory Valuation and Assessments

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	2008–09 (Estimate)
Financial provision (\$m)	219.4	228.2	231.9 (+1.6%)	246.0 (+6.1%)
				(or +7.8% on 2007–08 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 properties 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 properties assessed to Government Rent under the Government Rent (Assessment and Collection) Ordinance and their rateable values upon which Government Rent is charged at three per cent;
- reviews rateable values upon receipt of objections and appeals;

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- 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	2006–07 (Actual)	2007–08 (Revised Estimate)	2008–09 (Plan)
notifying 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 (%)	85 [@]	90	85	85
processing objections to new assessments within four months (%) [§]	90 [¶]	90	90	90
processing objections to existing assessments within four months (%) [§]	85	88	85	85
keeping 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)	no less than 95	99	99	99
allocating 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	95	90	90

[@] Improved from 80% to 85% as from 2008–09.

[§] The statutory requirement is to process objections within six months.

[¶] Improved from 85% to 90% as from 2008–09.

Indicators

	2006–07 (Actual)	2007–08 (Revised Estimate)	2008–09 (Estimate)
Valuation List for Rates			
assessments in the List at year end	2 284 830	2 320 000	2 350 000
new assessments added to the List	48 402	40 000 [^]	40 000
assessments deleted from the List	10 135	10 000	10 000
Government Rent Roll			
assessments in the Rent Roll at year end	1 728 617	1 760 000	1 790 000
new assessments added to the Rent Roll	51 473	40 000 [^]	40 000
assessments deleted from the Rent Roll	8 900	10 000	10 000
Valuation List for Rates and Government Rent Roll			
total assessments	4 013 447	4 080 000	4 140 000
assessments per post	7 378	7 500	7 569

[^] Decreases are due to the completion of the current programme of sale of subsidised housing units under the Tenants Purchase Scheme.

Matters Requiring Special Attention in 2008–09

- 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 2009; and
 - review and enhance the computer systems to further improve efficiency and services to the public.

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

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	2008–09 (Estimate)
Financial provision (\$m)	37.8	38.2	38.8 (+1.6%)	40.8 (+5.2%)
				(or +6.8% on 2007–08 Original)

Aim

6 The aim is to levy Rates and 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 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	2006–07 (Actual)	2007–08 (Revised Estimate)	2008–09 (Plan)
collection of Rates				
keeping 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	0.9	0.9	0.9
collection of Government Rent				
keeping the amount of arrears within a set percentage of the Government Rent demanded for the preceding 12 months (the set percentage)	no more than 1.3#	1.3	1.3	1.3

The previous target was to keep the amount of rent arrears within 1.5 per cent of the Government Rent demanded for the preceding 12 months. The Department has revised the target for 2008–09 in the light of the lower level of arrears in 2006–07 and 2007–08 as a result of the economic recovery.

Indicators

	2006–07 (Actual)	2007–08 (Revised Estimate)	2008–09 (Estimate)
Rates and Government Rent accounts maintained	2 378 224	2 406 000	2 436 000
Rates and Government Rent accounts per post	24 773	25 063	25 113

Matters Requiring Special Attention in 2008–09

9 The Department will continue to:

- undertake its campaign to remind payers of their responsibility of timely settlement of Rates and Government Rent and the consequences of late payment; and
- review and enhance its Accounting and Billing System to speed up the recovery of arrears and to identify areas for improvement in service delivery.

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

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	2008–09 (Estimate)
Financial provision (\$m)	68.7	69.7	71.2 (+2.2%)	75.0 (+5.3%)
				(or +7.6% on 2007–08 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	2006–07 (Actual)	2007–08 (Revised Estimate)	2008–09 (Plan)
notifying the Inland Revenue Department of valuation on stamp duty cases within four months (%).....	85	94	85	85
notifying the Inland Revenue Department of valuation on estate duty cases within six months (%).....	85	95	85	85
notifying other client departments of valuation advice within four months (%).....	90	99	90	90
publishing the monthly property market statistics within six weeks following the end of the month (%).....	100	100	100	100

Indicators

	2006–07 (Actual)	2007–08 (Revised Estimate)	2008–09 (Estimate)
stamp duty cases scrutinised where stated consideration is considered adequate	124 142	135 000	138 000
stamp duty cases scrutinised where stated consideration is considered inadequate	6 755	8 500	8 500
valuations provided for stamp duty cases without stated consideration	4 754	4 500	4 500
valuations provided for estate duty purposes.....	2 452	6 000 ^β	3 000^β
valuations on stamp duty and estate duty cases per post.....	1 644	1 820	1 820
other valuations and rental advice cases provided.....	13 057 ^φ	27 000	27 000
other valuations and rental advice cases per post.....	284 ^φ	600	600

^β Although estate duty was abolished on 11 February 2006, there are still some outstanding cases to be processed in 2007–08 and the following few years.

^φ The decrease was due to the extension of rental freeze for public markets managed by the Food and Environmental Hygiene Department for two years up to June 2008. Hence, there was no need to provide rental advice for over 10 000 cases in 2006–07.

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Matters Requiring Special Attention in 2008–09

13 The Department will continue to:

- provide property-related information to government bureaux and departments to facilitate their policy review and formulation; and
- review and enhance its computer systems to enrich the textual and graphic repository of property information, so as to improve the efficiency of data retrieval and transfer among the parties concerned, including government departments and agencies.

Programme (4): Landlord and Tenant Services

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	2008–09 (Estimate)
Financial provision (\$m)	21.5	25.3	23.2 (–8.3%)	24.5 (+5.6%)
				(or –3.2% on 2007–08 Original)

Aim

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

Brief Description

15 The main activities involved are:

- processing applications and notifications made under the Ordinance;
- monitoring the operation of the Ordinance by conducting surveys and reviews, and making recommendations to the Secretary for Transport and Housing as and when necessary for improving tenancy arrangements under the Ordinance;
- providing advisory and mediatory services to the public on tenancy matters; and
- monitoring the use/disposal of premises where the Lands Tribunal has granted an order for possession to the landlord for self occupation or redevelopment.

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

Targets

	Target	2006–07 (Actual)	2007–08 (Revised Estimate)	2008–09 (Plan)
issuing a certificate of rateable value within 21 days of application (%).....	95	100	100	95
conducting inspections of repossessed premises at six-month intervals (%).....	95	100	100	100
endorsing a notice of new letting or lease renewal within one month (%).....	95	100	99	99

Indicators

	2006–07 (Actual)	2007–08 (Revised Estimate)	2008–09 (Estimate)
applications and notices processed	34 705	36 000	36 000
enquiries handled	171 798	170 000	170 000
applications, notices and enquiries processed per post	3 129	3 121	3 121

Matters Requiring Special Attention in 2008–09

17 The Department will continue to monitor the operation of the Landlord and Tenant (Consolidation) Ordinance.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2006-07 (Actual) (\$m)	2007-08 (Original) (\$m)	2007-08 (Revised) (\$m)	2008-09 (Estimate) (\$m)
(1) Statutory Valuation and Assessments	219.4	228.2	231.9	246.0
(2) Collection and Billing of Rates and Government Rent	37.8	38.2	38.8	40.8
(3) Provision of Valuation and Property Information Services.....	68.7	69.7	71.2	75.0
(4) Landlord and Tenant Services.....	21.5	25.3	23.2	24.5
	347.4	361.4	365.1 (+1.0%)	386.3 (+5.8%)
				(or +6.9% on 2007-08 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2008-09 is \$14.1 million (6.1%) higher than the revised estimate for 2007-08. This is mainly due to the increased provision for clearing backlog of unassessed lots, salary increments for staff, filling of vacancies and creation of three posts in 2008-09.

Programme (2)

Provision for 2008-09 is \$2.0 million (5.2%) higher than the revised estimate for 2007-08. This is mainly due to salary increments for staff, filling of vacancies and creation of one post in 2008-09.

Programme (3)

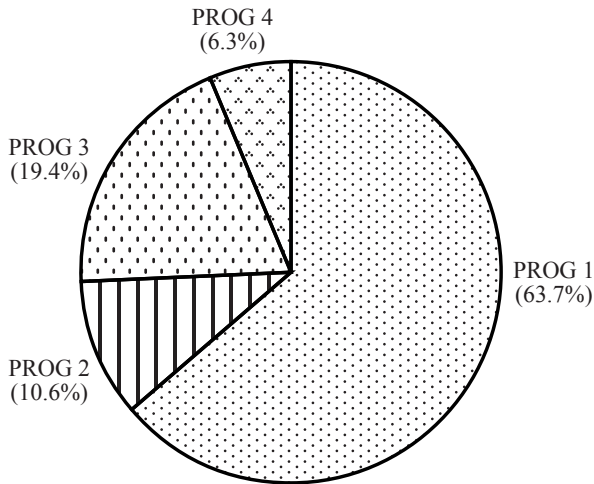
Provision for 2008-09 is \$3.8 million (5.3%) higher than the revised estimate for 2007-08. This is mainly due to salary increments for staff, filling of vacancies and creation of one post in 2008-09.

Programme (4)

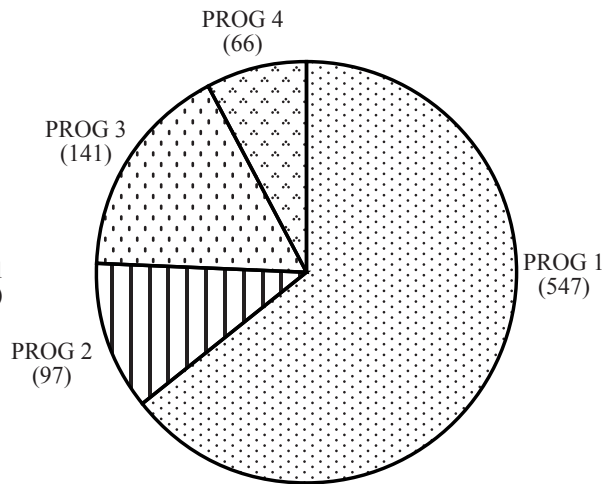
Provision for 2008-09 is \$1.3 million (5.6%) higher than the revised estimate for 2007-08. This is mainly due to salary increments for staff and lower-than-expected salary provision in 2007-08 arising from staff changes.

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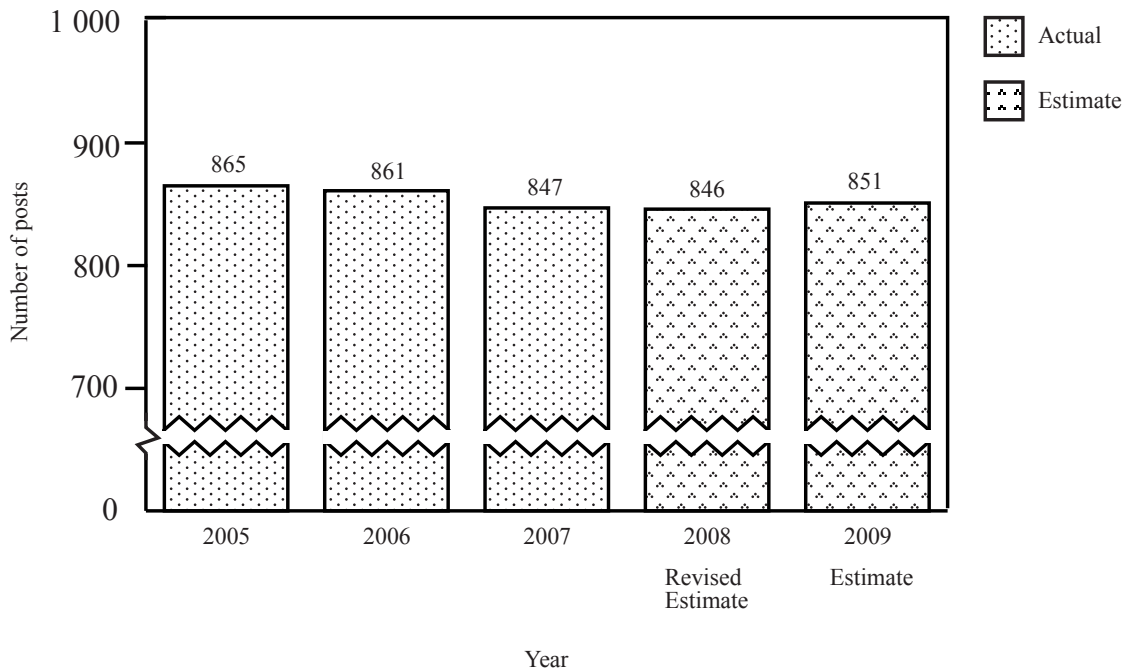
Allocation of provision to programmes (2008-09)



Staff by programme (as at 31 March 2009)



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



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Sub-head (Code)	Actual expenditure 2006–07	Approved estimate 2007–08	Revised estimate 2007–08	Estimate 2008–09	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	345,393	360,633	364,382	386,098
	Total, Recurrent.....	<u>345,393</u>	<u>360,633</u>	<u>364,382</u>	<u>386,098</u>
Non-Recurrent					
700	General non-recurrent	—	800	700	231
	Total, Non-Recurrent.....	<u>—</u>	<u>800</u>	<u>700</u>	<u>231</u>
	Total, Operating Account	345,393	361,433	365,082	386,329
Capital Account					
Plant, Equipment and Works					
	Minor plant, vehicles and equipment (block vote)	2,036	—	—	—
	Total, Plant, Equipment and Works.....	<u>2,036</u>	<u>—</u>	<u>—</u>	<u>—</u>
	Total, Capital Account.....	<u>2,036</u>	<u>—</u>	<u>—</u>	<u>—</u>
	 Total Expenditure	<u><u>347,429</u></u>	<u><u>361,433</u></u>	<u><u>365,082</u></u>	<u><u>386,329</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2008–09 for the salaries and expenses of the Rating and Valuation Department is \$386,329,000. This represents an increase of \$21,247,000 over the revised estimate for 2007–08 and of \$38,900,000 over actual expenditure in 2006–07.

Operating Account

Recurrent

2 Provision of \$386,098,000 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 2008 will be 846 permanent posts. It is expected that five permanent posts will be created in 2008–09. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2008–09, but the notional annual mid-point salary value of all such posts must not exceed \$244,872,000.

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

	2006–07 (Actual) (\$'000)	2007–08 (Original) (\$'000)	2007–08 (Revised) (\$'000)	2008–09 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	296,959	299,358	307,310	320,022
- Allowances	2,599	2,978	3,323	3,508
- Job-related allowances	—	5	1	5
Personnel Related Expenses				
- Mandatory Provident Fund contribution	79	115	48	288
- Civil Service Provident Fund contribution	10	173	180	381
Departmental Expenses				
- Temporary staff	12,110	19,762	16,530	20,040
- General departmental expenses	33,636	38,242	36,990	41,854
	345,393	360,633	364,382	386,098

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2007	Revised estimated expenditure for 2007–08	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 North, Tai Po and Yuen Long Districts, N.T.....	2,200	1,269	700	231
		Total	<u>2,200</u>	<u>1,269</u>	<u>700</u>	<u>231</u>