

## Head 162 — RATING AND VALUATION DEPARTMENT

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

**Estimate 2014–15** ..... **\$479.3m**

**Establishment ceiling 2014–15** (notional annual mid-point salary value) representing an estimated 845 non-directorate posts as at 31 March 2014 rising by two posts to 847 posts as at 31 March 2015 ..... **\$301.8m**

In addition, there will be an estimated 14 directorate posts as at 31 March 2014 and as at 31 March 2015.

### Controlling Officer's Report

#### Programmes

<b>Programme (1) Statutory Valuation and Assessments</b>	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).
<b>Programme (2) Collection and Billing of Rates and Government Rent</b>	This programme contributes to Policy Area 25: Revenue Collection and Financial Control (Secretary for Financial Services and the Treasury).
<b>Programme (3) Provision of Valuation and Property Information Services</b>	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).
<b>Programme (4) Landlord and Tenant Services</b>	This programme contributes to Policy Area 31: Housing (Secretary for Transport and Housing).

#### Detail

##### Programme (1): Statutory Valuation and Assessments

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	<b>2014–15 (Estimate)</b>
Financial provision (\$m)	282.8	321.0	296.6 (–7.6%)	<b>315.2</b> (+6.3%)
				(or –1.8% on 2013–14 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 (Cap. 116); and
  - a Government Rent Roll for all properties assessed to Government Rent under the Government Rent (Assessment and Collection) Ordinance (Cap. 515) and their rateable values upon which Government Rent is charged at three per cent;
- 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.

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4 The key performance measures in respect of statutory valuation and assessments are:

### *Targets*

	Target	2012–13 (Actual)	2013–14 (Revised Estimate)	<b>2014–15 (Plan)</b>
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	85	85	<b>85</b>
processing objections to new assessments within four months (%)#.....	90	94	90	<b>90</b>
processing objections to existing assessments within four months (%)#.....	85	89	85	<b>85</b>
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	<b>99</b>
allocating building numbers to new buildings not later than one month after their completion in urban areas (%).....	95	100	95	<b>95</b>
allocating building numbers to new buildings not later than one month upon receipt of completion document in rural areas where there is an established numbering scheme (%) .....	90	100	90	<b>90</b>

# The statutory requirement is to process objections within six months.

### *Indicators*

	2012–13 (Actual)	2013–14 (Revised Estimate)	<b>2014–15 (Estimate)</b>
<b>Valuation List for Rates</b>			
assessments in the List at year end.....	2 400 530	2 420 000	<b>2 440 000</b>
new assessments added to the List.....	27 462	30 000	<b>30 000</b>
assessments deleted from the List.....	12 220	10 000	<b>10 000</b>
<b>Government Rent Roll</b>			
assessments in the Rent Roll at year end .....	1 856 093	1 880 000	<b>1 900 000</b>
new assessments added to the Rent Roll.....	23 884	30 000	<b>30 000</b>
assessments deleted from the Rent Roll.....	7 395	10 000	<b>10 000</b>
<b>Valuation List for Rates and Government Rent Roll</b>			
total assessments .....	4 256 623	4 300 000	<b>4 340 000</b>
assessments per post.....	7 753	7 804	<b>7 862</b>

### *Matters Requiring Special Attention in 2014–15*

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 2015; 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

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	<b>2014–15 (Estimate)</b>
Financial provision (\$m)	51.8	55.5	54.3 (–2.2%)	<b>57.2</b> (+5.3%)
				(or +3.1% on 2013–14 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	2012–13 (Actual)	2013–14 (Revised Estimate)	<b>2014–15 (Plan)</b>
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	0.4	0.7	<b>0.9</b>
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 1.1	0.8	1.0	<b>1.1</b>

#### *Indicators*

	2012–13 (Actual)	2013–14 (Revised Estimate)	<b>2014–15 (Estimate)</b>
Rates and Government Rent accounts maintained.....	2 497 730	2 511 000	<b>2 531 000</b>
Rates and Government Rent accounts per post.....	24 977	25 110	<b>25 310</b>

#### *Matters Requiring Special Attention in 2014–15*

9 The Department will continue 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

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	72.5	79.8	76.7 (–3.9%)	78.2 (+2.0%)
				(or –2.0% on 2013–14 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;
- 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; and
- providing enquiry service on property information to the public.

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

#### *Targets*

	Target	2012–13 (Actual)	2013–14 (Revised Estimate)	2014–15 (Plan)
notifying the Inland Revenue Department of valuation on stamp duty cases within four months (%) .....	85	94	85	<b>85</b>
notifying the Inland Revenue Department of valuation on estate duty cases within six months (%)^ .....	85	96	85	<b>85</b>
notifying other client departments of valuation advice within four months (%) .....	90	97	90	<b>90</b>
publishing the monthly property market statistics within six weeks following the end of the month (%) .....	100	100	100	<b>100</b>

#### *Indicators*

	2012–13 (Actual)	2013–14 (Revised Estimate)	2014–15 (Estimate)
stamp duty cases scrutinised where stated consideration is considered adequate .....	128 296	90 000¶	<b>90 000¶</b>
stamp duty cases scrutinised where stated consideration is considered inadequate .....	5 560	6 000	<b>6 000</b>
valuations provided for stamp duty cases without stated consideration .....	5 667	6 000	<b>6 000</b>
valuations provided for estate duty purposes^ .....	1 190	900‡	<b>700‡</b>
valuations on stamp duty and estate duty cases per post .....	1 655	1 211	<b>1 208</b>
other valuations and rental advice cases provided .....	20 098	20 000	<b>9 000§</b>
other valuations and rental advice cases per post .....	437	435	<b>196§</b>

^ Although estate duty was abolished on 11 February 2006, there are still some outstanding cases to be processed.

¶ The demand-side management measures introduced to address the overheated property market have cooled down market activities.

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- ‡ Following completion of a large number of requests relating to a portfolio of properties in 2012–13, the number of cases is expected to decline in 2013–14 and 2014–15.
- § The anticipated decrease is due to the extension of rental freeze for public markets managed by the Food and Environmental Hygiene Department for two years up to December 2015. There will be no need to provide rental advice for over 10 000 cases in 2014–15.

### *Matters Requiring Special Attention in 2014–15*

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**

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	<b>2014–15 (Estimate)</b>
Financial provision (\$m)	27.0	28.0	27.7 (–1.1%)	<b>28.7</b> (+3.6%)
				(or +2.5% on 2013–14 Original)

### *Aim*

14 The Department assists landlords and tenants in accordance with the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) (LTCO). It also provides advisory and mediatory services to the public on tenancy matters.

### *Brief Description*

15 The main activities involved are:

- administering the provisions of the Landlord and Tenant (Consolidation) Ordinance, including processing applications and notifications made under the LTCO;
- monitoring the operation of the Landlord and Tenant (Consolidation) 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 LTCO; and
- providing the public with advisory and mediatory services on tenancy matters.

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

### *Targets*

	Target	2012–13 (Actual)	2013–14 (Revised Estimate)	<b>2014–15 (Plan)</b>
endorsing a notice of new letting or lease renewal within one month (%).....	99	100	99	<b>99</b>
issuing a substantive reply to a written or electronic enquiry on tenancy matters within 14 days (%) .....	90	100	90	<b>90</b>

### *Indicators*

	2012–13 (Actual)	2013–14 (Revised Estimate)	<b>2014–15 (Estimate)</b>
applications and notices processed.....	50 838	54 000	<b>54 000</b>
enquiries handled .....	176 691	180 000	<b>180 000</b>
applications, notices and enquiries processed per post .....	2 850	2 903	<b>2 903</b>

### *Matters Requiring Special Attention in 2014–15*

17 The Department will continue to administer the provisions of the LTCO.

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### ANALYSIS OF FINANCIAL PROVISION

Programme	2012–13 (Actual) (\$m)	2013–14 (Original) (\$m)	2013–14 (Revised) (\$m)	2014–15 (Estimate) (\$m)
(1) Statutory Valuation and Assessments ...	282.8	321.0	296.6	315.2
(2) Collection and Billing of Rates and Government Rent .....	51.8	55.5	54.3	57.2
(3) Provision of Valuation and Property Information Services .....	72.5	79.8	76.7	78.2
(4) Landlord and Tenant Services.....	27.0	28.0	27.7	28.7
	434.1	484.3	455.3 (–6.0%)	479.3 (+5.3%)
				(or –1.0% on 2013–14 Original)

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2014–15 is \$18.6 million (6.3%) higher than the revised estimate for 2013–14. This is mainly due to increased salary provision for an increase of one post and provision for possible refund of overcharged interest in respect of some Government Rent appeals.

##### Programme (2)

Provision for 2014–15 is \$2.9 million (5.3%) higher than the revised estimate for 2013–14. This is mainly due to increased requirement for general departmental expenses.

##### Programme (3)

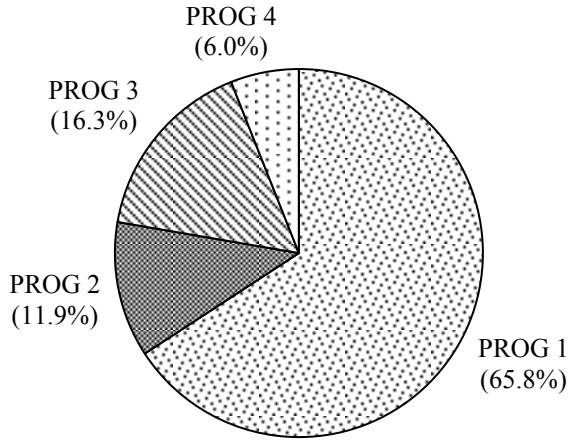
Provision for 2014–15 is \$1.5 million (2.0%) higher than the revised estimate for 2013–14. This is mainly due to salary increments for staff, filling of vacancies and increased salary provision for an increase of one post.

##### Programme (4)

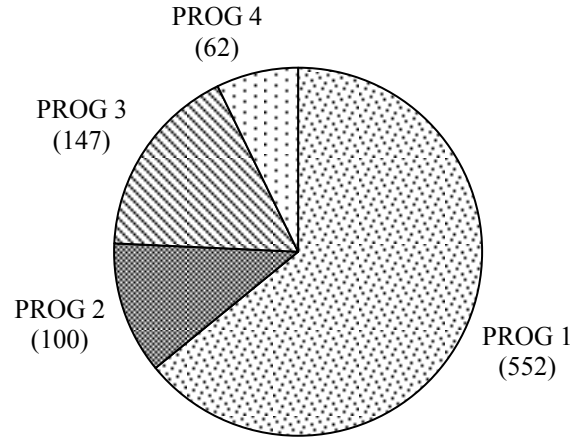
Provision for 2014–15 is \$1.0 million (3.6%) higher than the revised estimate for 2013–14. This is mainly due to salary increments for staff and filling of vacancies.

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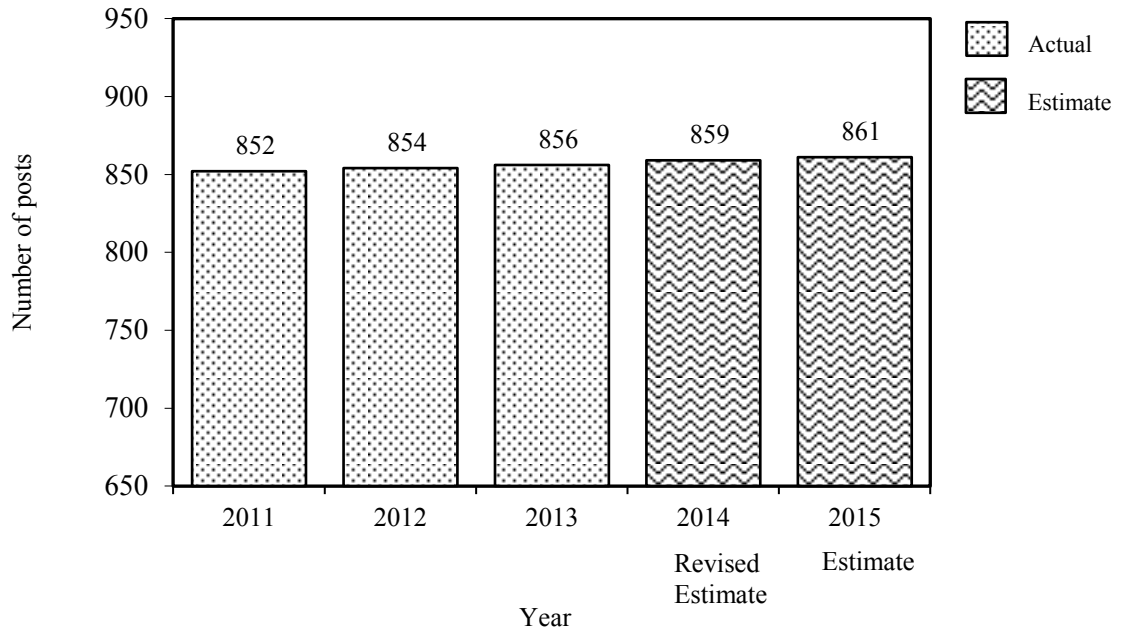
*Allocation of provision to programmes (2014-15)*



*Staff by programme (as at 31 March 2015)*



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



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Sub-head (Code)	Actual expenditure 2012-13	Approved estimate 2013-14	Revised estimate 2013-14	<b>Estimate 2014-15</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	434,085	484,270	455,296	<b>479,332</b>
	Total, Recurrent .....	434,085	484,270	455,296	<b>479,332</b>
	Total, Operating Account .....	434,085	484,270	455,296	<b>479,332</b>
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	Total Expenditure .....	434,085	484,270	455,296	<b>479,332</b>
		<u>434,085</u>	<u>484,270</u>	<u>455,296</u>	<u><b>479,332</b></u>



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### Details of Expenditure by Subhead

The estimate of the amount required in 2014–15 for the salaries and expenses of the Rating and Valuation Department is \$479,332,000. This represents an increase of \$24,036,000 over the revised estimate for 2013–14 and of \$45,247,000 over actual expenditure in 2012–13.

#### *Operating Account*

#### Recurrent

**2** Provision of \$479,332,000 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 2014 will be 859 permanent posts. It is expected that two permanent posts will be created in 2014–15. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2014–15, but the notional annual mid-point salary value of all such posts must not exceed \$301,832,000.

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

	2012–13 (Actual) (\$'000)	2013–14 (Original) (\$'000)	2013–14 (Revised) (\$'000)	<b>2014–15 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries.....	359,593	377,197	373,147	<b>376,369</b>
- Allowances.....	3,585	3,984	3,947	<b>4,936</b>
- Job-related allowances.....	13	15	13	<b>13</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	592	723	696	<b>1,160</b>
- Civil Service Provident Fund contribution.....	2,994	3,803	3,903	<b>5,063</b>
Departmental Expenses				
- Temporary staff.....	19,823	22,540	21,608	<b>22,055</b>
- General departmental expenses .....	47,485	76,008	51,982	<b>69,736</b>
	434,085	484,270	455,296	<b>479,332</b>