

Head 162 — RATING AND VALUATION DEPARTMENT

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

Estimate 2003–04 **\$406.1m**

Establishment ceiling 2003–04 (notional annual mid-point salary value) representing an estimated 922 non-directorate posts as at 31 March 2003 reducing by five posts to 917 posts as at 31 March 2004..... **\$265.4m**

In addition there will be an estimated 15 directorate posts as at 31 March 2003 and as at 31 March 2004.

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

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	250.3	256.9 (+2.6%)	253.5 (–1.3%)	249.8 (–1.5%)

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 by the Legislative Council; and
 - a Government Rent Roll for all premises 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 3% of the rateable value;
- 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	2001–02 (Actual)	2002–03 (Revised Estimate)	2003–04 (Plan)
to notify the ratepayer and/or rentpayer of the rateable value of a new property within six months from the date when Rates and/or Government Rent first become payable (%)	80	65φ	80	80
to process objections to new assessments within four months (%)§	75	82	75	75
to process objections to existing assessments within four months (%)§.....	75	88	75	75
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	95	90	90

φ The 2001–02 target was to notify 80% of payers within nine months. Performance was below expectation due to additional workload arising from rates concession measures. From 2002–03, the notification period of nine months is shortened to six months.

§ The statutory requirement for processing objections is within six months.

Indicators

	2001–02 (Actual)	2002–03 (Revised Estimate)	2003–04 (Estimate)
Valuation List for Rates			
no. of assessments in the List at year end	1 997 356	2 100 000	2 200 000
no. of new assessments added to the List	119 084	110 000	110 000
no. of assessments deleted from the List	10 724	10 000	10 000
Government Rent Roll			
no. of assessments in the Rent Roll at year end	1 452 672	1 555 000	1 657 000
no. of new assessments added to the Rent Roll	120 161	110 000	110 000
no. of assessments deleted from the Rent Roll	7 470	8 000	8 000

Matters Requiring Special Attention in 2003–04

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 2004;
- review and enhance the computer systems to further improve efficiency and service to the public; and
- publish a bilingual Valuation List and Government Rent Roll in early 2004 to give payers an option to receive demands with information on properties in Chinese.

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

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	44.1	45.4 (+2.9%)	45.2 (–0.4%)	45.5 (+0.7%)

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.

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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	2001–02 (Actual)	2002–03 (Revised Estimate)	2003–04 (Plan)
Collection of Rates to keep the amount of arrears within a set percentage of the Rates demanded for the preceding 12 months (%).....	0.8	0.9#	1.0#	1.0#
Collection of Government Rent to keep the amount of arrears within a set percentage of the Government Rent demanded for the preceding 12 months (%).....	1.1	1.3#	1.3#	1.3#

The slightly higher levels of arrears are attributable to economic downturn.

Indicators

	2001–02 (Actual)	2002–03 (Revised Estimate)	2003–04 (Estimate)
no. of Rates and Government Rent accounts maintained	2 058 141	2 150 000	2 255 000
no. of Rates and Government Rent accounts per post	19 790	20 283	21 683

Matters Requiring Special Attention in 2003–04

9 The department will enhance its Accounting & Billing System to provide a Rates and Government Rent bulk billing service for individuals/organisations with multiple properties.

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

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	65.4	80.0 (+22.3%)	79.1 (–1.1%)	78.4 (–0.9%)

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:

- provision of property valuation advice to the Inland Revenue Department to facilitate the collection of stamp duty and estate duty;
- provision of valuation advice to government bureaux and departments to assist them in formulating policies and in their day-to-day work; and
- compilation and publication of property market information on a regular basis, and provision of 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:

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Targets

	Target	2001–02 (Actual)	2002–03 (Revised Estimate)	2003–04 (Plan)
to notify the Inland Revenue Department of valuation on stamp duty cases within four months (%)	90†	95	90	90
to notify the Inland Revenue Department of valuation on estate duty cases within six months (%)	80φ	85	80	80
to notify other client departments of valuation advice within four months (%).....	90†	95	90	90
to publish the monthly property market statistics within eight weeks following the end of the month (weeks)	8	7	8	8

† An improvement over the 2002–03 target of 80%.

φ An improvement over the 2002–03 target of 70%.

Indicators

	2001–02 (Actual)	2002–03 (Revised Estimate)	2003–04 (Estimate)
no. of stamp duty cases scrutinised where stated consideration is considered adequate.....	95 416	95 000	95 000
no. of stamp duty cases scrutinised where stated consideration is considered inadequate.....	6 997	7 000	7 000
no. of valuations provided for stamp duty cases without stated consideration	4 615	5 000	5 000
no. of valuations provided for estate duty purposes	4 164	4 500	4 500
no. of stamp duty and estate duty cases and valuations per post	1 090	1 093	1 093
no. of other valuations and rental advice cases provided	16 800	18 000	18 000
no. of other valuations and rental advice cases per post.....	420	450	450

Matters Requiring Special Attention in 2003–04

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

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	29.4	34.6 (+17.7%)	34.2 (–1.2%)	32.4 (–5.3%)

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;

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- providing advisory and mediatory services to the public on domestic landlord and tenant matters;
- monitoring use/disposal of premises where an order for possession is granted to the landlord by the Lands Tribunal for self occupation and redevelopment;
- providing assistance to the Lands Tribunal in determining rents and compensation under the Ordinance; and
- providing services to other government departments, the Lands Tribunal and affected tenants in cases where pre-war buildings are declared dangerous.

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

Targets

	Target	2001–02 (Actual)	2002–03 (Revised Estimate)	2003–04 (Plan)
to issue a certificate of rateable value within 21 days of application (%)	90	100	90	90
to conduct inspections of repossessed premises at six-month intervals (%)	90	100	90	90
to endorse a notice of new letting or lease renewal within one month (%)	90	99	90	90
to endorse a short term tenancy agreement within 21 days (%)	90	99	90	90
to supply rental information to the parties to Lands Tribunal hearings within one month (%).....	90	100	90	90

Indicators

	2001–02 (Actual)	2002–03 (Revised Estimate)	2003–04 (Estimate)
no. of applications and notices processed.....	31 650	30 000	30 000
no. of enquiries handled	144 281	150 000	150 000
no. of applications, notices and enquiries processed per post .	1 912	2 118	2 169

Matters Requiring Special Attention in 2003–04

17 The department will continue to review the Landlord and Tenant (Consolidation) Ordinance and to make recommendations to the Secretary for Housing, Planning and Lands on the necessary changes to implement government policy of minimising intervention in the property market.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2001-02 (Actual) (\$m)	2002-03 (Approved) (\$m)	2002-03 (Revised) (\$m)	2003-04 (Estimate) (\$m)
(1) Statutory Valuation and Assessments	250.3	256.9	253.5	249.8
(2) Collection and Billing of Rates and Government Rent.....	44.1	45.4	45.2	45.5
(3) Provision of Valuation and Property Information Services.....	65.4	80.0	79.1	78.4
(4) Landlord and Tenant Services for Domestic Premises.....	29.4	34.6	34.2	32.4
	389.2	416.9 (+7.1%)	412.0 (-1.2%)	406.1 (-1.4%)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2003-04 is \$3.7 million (1.5%) lower than the revised estimate for 2002-03. This is mainly due to the full-year effect of the civil service pay reduction in 2002, deletion of one post upon completion of the Integrated Call Centre and savings on departmental expenses, partly offset by salary increments for staff and creation of one post for supporting services.

Programme (2)

Provision for 2003-04 is \$0.3 million (0.7%) higher than the revised estimate for 2002-03. This is mainly due to salary increments for staff, partly offset by the full-year effect of the civil service pay reduction in 2002 and deletion of two posts upon completion of the Integrated Call Centre project.

Programme (3)

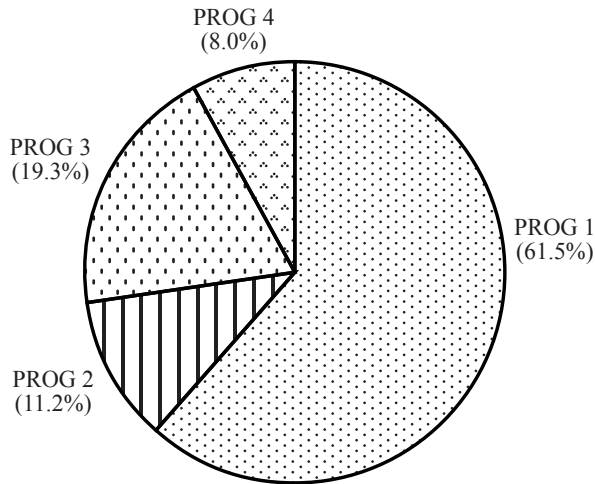
Provision for 2003-04 is \$0.7 million (0.9%) lower than the revised estimate for 2002-03. This is mainly due to the full-year effect of the civil service pay reduction in 2002 and deletion of one post upon completion of the Integrated Call Centre project, partly offset by salary increments for staff.

Programme (4)

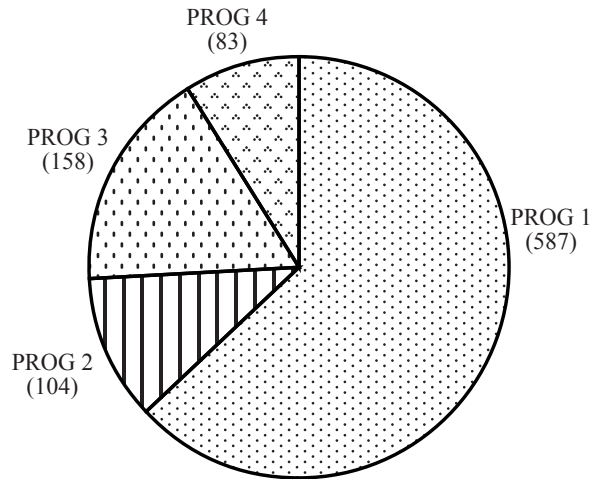
Provision for 2003-04 is \$1.8 million (5.3%) lower than the revised estimate for 2002-03. This is mainly due to the full-year effect of the civil service pay reduction in 2002 and deletion of two posts arising from establishment review and completion of the Integrated Call Centre project, partly offset by salary increments for staff.

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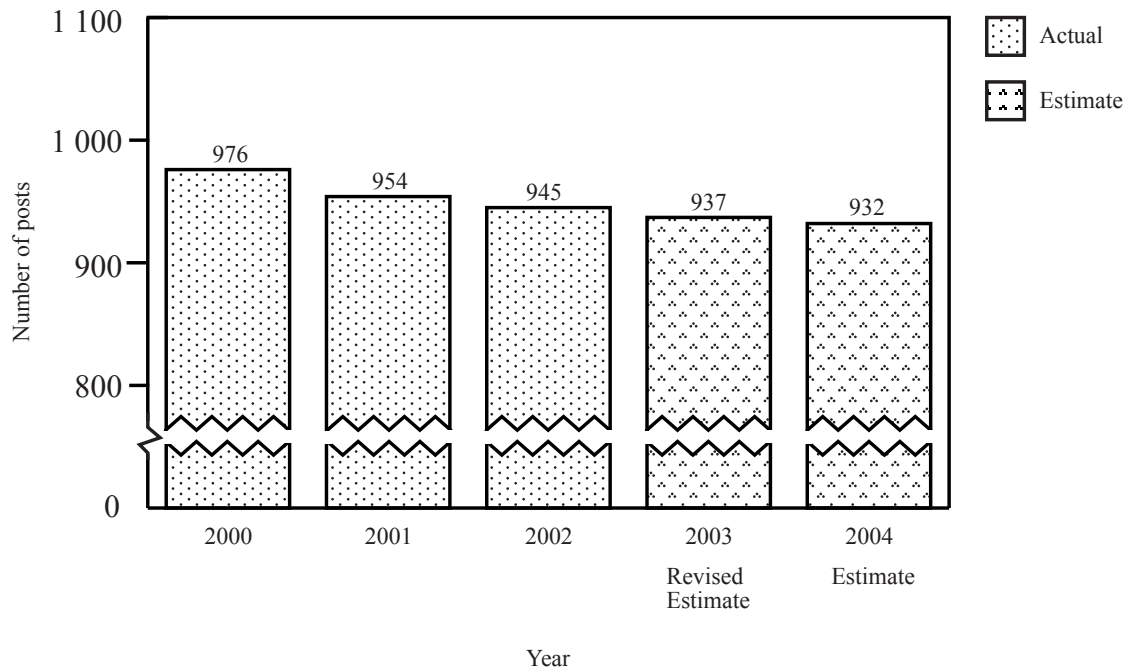
Allocation of provision to programmes (2003-04)



Staff by programme (as at 31 March 2004)



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



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Sub-head (Code)	Actual expenditure 2001-02	Approved estimate 2002-03	Revised estimate 2002-03	Estimate 2003-04
	\$'000	\$'000	\$'000	\$'000
Recurrent Account				
000				406,135
Operational expenses.....	—	—	—	—
Salaries	338,068	349,891	345,137	—
Allowances	4,409	5,235	3,612	—
Job-related allowances	28	30	24	—
Temporary staff	9,607	15,000	15,476	—
General departmental expenses	37,079	46,710	46,974	—
Total, Recurrent Account	389,191	416,866	411,223	406,135
Capital Account				
I — Plant, Equipment and Works				
Minor plant, vehicles and equipment (block vote)	—	—	793	—
Total, Plant, Equipment and Works	—	—	793	—
Total, Capital Account	—	—	793	—
Total Expenditure.....	389,191	416,866	412,016	406,135

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Details of Expenditure by Subhead

The estimate of the amount required in 2003–04 for the salaries and expenses of the Rating and Valuation Department is \$406,135,000. This represents a decrease of \$5,881,000 against the revised estimate for 2002–03 and an increase of \$16,944,000 over actual expenditure in 2001–02.

Recurrent Account

2 Provision of \$406,135,000 under *Subhead 000 Operational expenses* is for the salaries and allowances for staff of the Rating and Valuation Department and its other operational expenses.

3 The establishment as at 31 March 2003 will be 937 permanent posts. There will be a net deletion of five posts in 2003–04. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2003–04, but the notional annual mid-point salary value of all such posts must not exceed \$265,354,000.

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

	2001–02 (Actual) (\$'000)	2002–03 (Original Estimate) (\$'000)	2002–03 (Revised Estimate) (\$'000)	2003–04 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	338,068	349,891	345,137	344,582
- Allowances.....	4,409	5,235	3,612	3,556
- Job-related allowances	28	30	24	24
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	—	—	—	152
Departmental Expenses				
- Temporary staff.....	9,607	15,000	15,476	14,000
- General departmental expenses.....	37,079	46,710	46,974	43,821
	389,191	416,866	411,223	406,135