

Head 162 — RATING AND VALUATION DEPARTMENT

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

Estimate 2004–05	\$390.6m
Establishment ceiling 2004–05 (notional annual mid-point salary value) representing an estimated 895 non-directorate posts as at 31 March 2004 reducing by 44 posts to 851 posts as at 31 March 2005	\$248.9m
In addition there will be an estimated 14 directorate posts as at 31 March 2004 and as at 31 March 2005.	
Commitment balance	\$4.1m

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

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	259.3	249.8	247.4 (–1.0%)	243.9 (–1.4%)
				(or –2.4% on 2003–04 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 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

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- 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	2002–03 (Actual)	2003–04 (Revised Estimate)	2004–05 (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	68φ	80	80
to process objections to new assessments within four months (%)§	85#	93	85	85
to process objections to existing assessments within four months (%)§.....	85#	97	85	85
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	96	90	90

@ The notification period will be revised from six months to eight months in 2004–05 due to restructuring of the department to achieve efficiency savings.

φ Performance was below expectation due to redeployment of staff to cope with additional workload arising from rates concession measures.

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

An improvement over the 2003–04 target of 75%.

Indicators

	2002–03 (Actual)	2003–04 (Revised Estimate)	2004–05 (Estimate)
Valuation List for Rates			
assessments in the List at year end	2 089 090	2 130 000	2 190 000
new assessments added to the List.....	100 864	50 000†	70 000†
assessments deleted from the List.....	8 956	10 000	10 000
Government Rent Roll			
assessments in the Rent Roll at year end	1 535 227	1 580 000	1 640 000
new assessments added to the Rent Roll	92 803	50 000†	70 000†
assessments deleted from the Rent Roll	10 248	8 000	8 000

† Reduction in new assessments in 2003–04 and 2004–05 due to moratorium on sale of subsidised housing units.

Matters Requiring Special Attention in 2004–05

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 2005;
- 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 2004.

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

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	44.3	45.5	43.6 (–4.2%)	43.4 (–0.5%)

(or –4.6% on
2003–04 Original)

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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	2002–03 (Actual)	2003–04 (Revised Estimate)	2004–05 (Plan)
Collection of Rates to keep the amount of arrears within a set percentage of the Rates demanded for the preceding 12 months (%).....	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 (%).....	1.1	1.2	1.2	1.1

The previous target was to keep the amount of arrears within 0.8% of the Rates demanded for the preceding 12 months. The department has set a more realistic target for 2004–05 in the light of the slightly higher level of arrears in 2002–03 and 2003–04 as a result of the slow-down in the economy.

Indicators

	2002–03 (Actual)	2003–04 (Revised Estimate)	2004–05 (Estimate)
Rates and Government Rent accounts maintained.....	2 142 860	2 179 000	2 239 000
Rates and Government Rent accounts per post	20 216	21 155	22 847

Matters Requiring Special Attention in 2004–05

9 The department:

- will extend the new ‘Consolidated Demand and Payment’ service launched in January 2004 to cover more payers with multiple properties;
- aims to provide payers with a new option to receive ‘quarterly demands’ in the Chinese language starting from the first quarter of 2005; and
- will continue to enhance its Accounting & Billing System to speed up the recovery of arrears and to look for improvements in service delivery.

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

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	73.8	78.4	76.4 (–2.6%)	73.7 (–3.5%)

(or –6.0% on
2003–04 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.

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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:

Targets

	Target	2002–03 (Actual)	2003–04 (Revised Estimate)	2004–05 (Plan)
to notify the Inland Revenue Department of valuation on stamp duty cases within four months (%)	80 [^]	96	90	80
to notify the Inland Revenue Department of valuation on estate duty cases within six months (%)	80	87	80	80
to notify other client departments of valuation advice within four months (%).....	90	96	90	90
to publish the monthly property market statistics within eight weeks following the end of the month (weeks)	8	7	8	8

[^] The target will be revised from 90% to 80% in 2004–05 to achieve efficiency savings.

Indicators

	2002–03 (Actual)	2003–04 (Revised Estimate)	2004–05 (Estimate)
stamp duty cases scrutinised where stated consideration is considered adequate.....	89 023	90 000	91 000[†]
stamp duty cases scrutinised where stated consideration is considered inadequate.....	7 672	7 000	6 000[†]
valuations provided for stamp duty cases without stated consideration.....	6 732	6 500	6 500
valuations provided for estate duty purposes.....	3 553	3 500	3 500
stamp duty and estate duty cases and valuations per post.....	1 049	1 049	1 138
other valuations and rental advice cases provided.....	27 408	27 000	27 000
other valuations and rental advice cases per post	548	540	551

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

Matters Requiring Special Attention in 2004–05

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.

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

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	29.5	32.4	30.3 (–6.5%)	29.6 (–2.3%)
				(or –8.6% on 2003–04 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 an order for possession is granted to the landlord by the Lands Tribunal 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	2002–03 Actual	2003–04 (Revised Estimate)	2004–05 (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	95
to supply rental information to the parties to Lands Tribunal hearings within one month (%).....	90	98	90	90

† An improvement over the 2003–04 target of 90%

Indicators

	2002–03 (Actual)	2003–04 (Revised Estimate)	2004–05 (Estimate)
applications and notices processed.....	32 037	30 000	30 000
enquiries handled.....	152 531	150 000	150 000
applications, notices and enquiries processed per post.....	2 171	2 195	2 338

Matters Requiring Special Attention in 2004–05

17 The Landlord and Tenant (Consolidation) (Amendment) Bill 2003 was introduced into the Legislative Council in June 2003. The Bill aims to implement government policy of minimising 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 assist the Legislative Council in its consideration of the Bill.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2002-03 (Actual) (\$m)	2003-04 (Original) (\$m)	2003-04 (Revised) (\$m)	2004-05 (Estimate) (\$m)
(1) Statutory Valuation and Assessments	259.3	249.8	247.4	243.9
(2) Collection and Billing of Rates and Government Rent	44.3	45.5	43.6	43.4
(3) Provision of Valuation and Property Information Services	73.8	78.4	76.4	73.7
(4) Landlord and Tenant Services for Domestic Premises	29.5	32.4	30.3	29.6
	406.9	406.1	397.7 (-2.1%)	390.6 (-1.8%)
				(or -3.8% on 2003-04 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2004-05 is \$3.5 million (1.4%) lower than the revised estimate for 2003-04. This is mainly due to the effect of the 2004 and 2005 civil service pay cut, partly offset by salary increments for staff and increase in departmental expenses for replacement of obsolete equipment. In addition, 24 posts will be deleted in 2004-05.

Programme (2)

Provision for 2004-05 is \$0.2 million (0.5%) lower than the revised estimate for 2003-04. This is mainly due to the effect of the 2004 and 2005 civil service pay cut, partly offset by salary increments for staff. In addition, there will be a net deletion of five posts in 2004-05.

Programme (3)

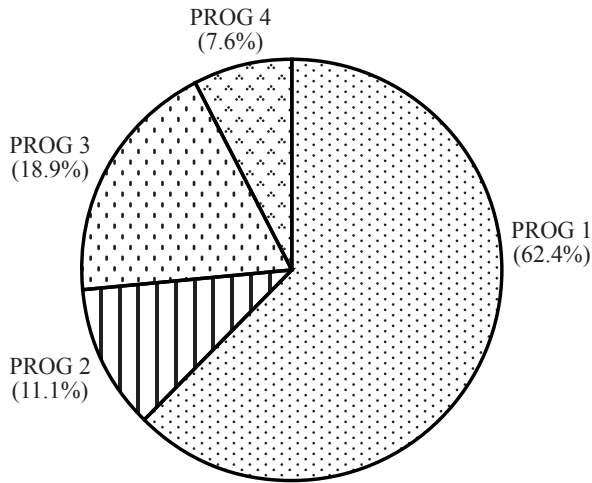
Provision for 2004-05 is \$2.7 million (3.5%) lower than the revised estimate for 2003-04. This is mainly due to the effect of the 2004 and 2005 civil service pay cut, partly offset by salary increments for staff. In addition, there will be a net deletion of ten posts in 2004-05.

Programme (4)

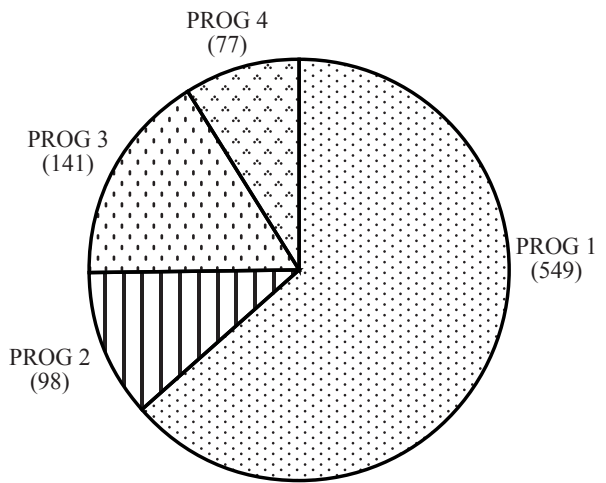
Provision for 2004-05 is \$0.7 million (2.3%) lower than the revised estimate for 2003-04. This is mainly due to the effect of the 2004 and 2005 civil service pay cut, partly offset by salary increments for staff. In addition, five posts will be deleted in 2004-05.

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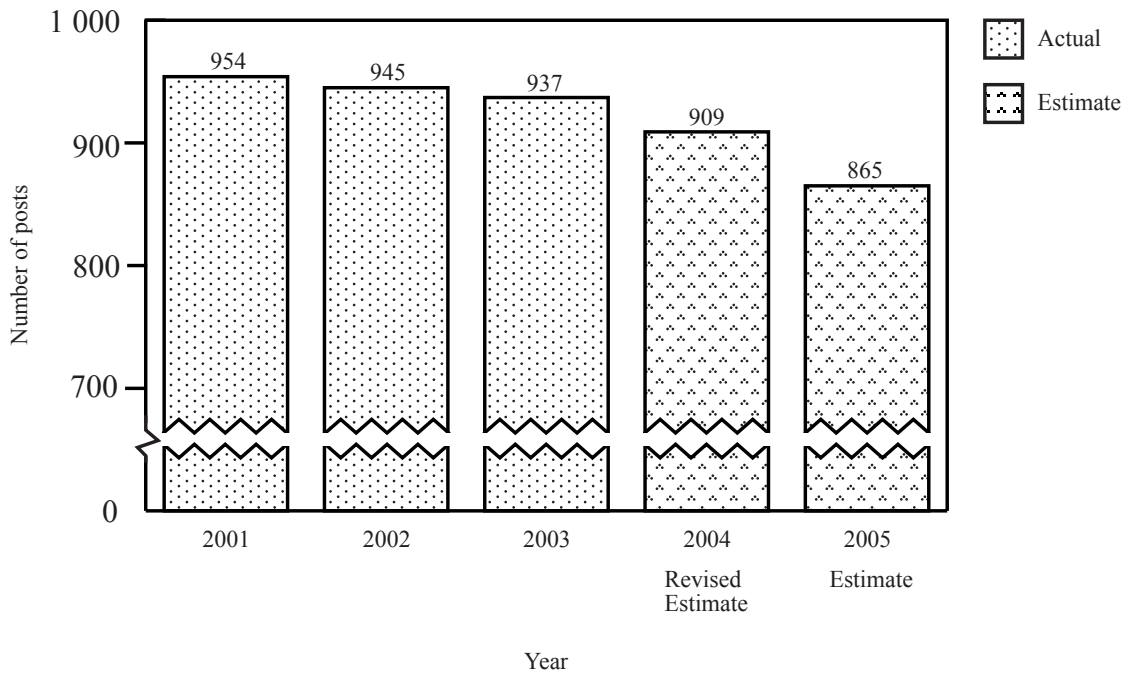
Allocation of provision to programmes (2004-05)



Staff by programme (as at 31 March 2005)



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



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Sub-head (Code)	Actual expenditure 2002-03	Approved estimate 2003-04	Revised estimate 2003-04	Estimate 2004-05	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	—	406,135	393,587	386,767
	Salaries	344,462	—	—	—
	Allowances	3,048	—	—	—
	Job-related allowances	23	—	—	—
	Temporary staff	17,437	—	—	—
	General departmental expenses	41,135	—	—	—
	Total, Recurrent	406,105	406,135	393,587	386,767
Non-Recurrent					
700	General non-recurrent.....	—	—	4,098	3,829
	Total, Non-Recurrent	—	—	4,098	3,829
	Total, Operating Account.....	406,105	406,135	397,685	390,596
Capital Account					
Plant, Equipment and Works					
	Minor plant, vehicles and equipment (block vote).....	768	—	—	—
	Total, Plant, Equipment and Works	768	—	—	—
	Total, Capital Account	768	—	—	—
	Total Expenditure.....	406,873	406,135	397,685	390,596

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Details of Expenditure by Subhead

The estimate of the amount required in 2004–05 for the salaries and expenses of the Rating and Valuation Department is \$390,596,000. This represents a decrease of \$7,089,000 against the revised estimate for 2003–04 and of \$16,277,000 against actual expenditure in 2002–03.

Operating Account

Recurrent

2 Provision of \$386,767,000 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 2004 will be 909 permanent posts. There will be a net deletion of 44 posts in 2004–05. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2004–05, but the notional annual mid-point salary value of all such posts must not exceed \$248,883,000.

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

	2002–03 (Actual) (\$'000)	2003–04 (Original) (\$'000)	2003–04 (Revised) (\$'000)	2004–05 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	344,462	344,582	339,550	325,111
- Allowances.....	3,048	3,556	2,169	3,151
- Job-related allowances	23	24	6	5
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	—	152	152	152
Departmental Expenses				
- Temporary staff.....	17,437	14,000	13,656	13,889
- General departmental expenses.....	41,135	43,821	38,054	44,459
	406,105	406,135	393,587	386,767

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2003	Revised estimated expenditure for 2003-04	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	504	Hiring non-civil service contract staff to conduct interim valuation for some 12 500 newly constructed village-type houses.....	2,115	—	693	1,422
	506	Interim valuation of open land car parks	783	—	330	453
	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	—	289	1,911
	508	Hiring IT contract staff to provide initial maintenance service for the Workflow Management and Performance Tracking System.....	387	—	25	362
		Total.....	<u>5,485</u>	<u>—</u>	<u>1,337</u>	<u>4,148</u>