

Head 162 — RATING AND VALUATION DEPARTMENT

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

Estimate 2006–07	\$362.9m
Establishment ceiling 2006–07 (notional annual mid-point salary value) representing an estimated 847 non-directorate posts as at 31 March 2006 reducing by 14 posts to 833 posts as at 31 March 2007	\$227.6m
In addition, there will be an estimated 14 directorate posts as at 31 March 2006 and as at 31 March 2007.	
Commitment balance	\$0.9m

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

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	236.7	226.5	220.0 (–2.9%)	227.0 (+3.2%)
				(or +0.2% on 2005–06 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%;

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- 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	2004–05 (Actual)	2005–06 (Revised Estimate)	2006–07 (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	83	80	80
to process objections to new assessments within four months (%)§	85	91	85	85
to process objections to existing assessments within four months (%)§	85	85	85	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).....	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	99φ	90	90

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

φ Performance was above expectation due to the temporary redeployment of staff to clear outstanding cases.

Indicators

	2004–05 (Actual)	2005–06 (Revised Estimate)	2006–07 (Estimate)
Valuation List for Rates			
assessments in the List at year end	2 202 777	2 255 000	2 305 000
new assessments added to the List.....	78 287	65 000 [^]	60 000[^]
assessments deleted from the List.....	9 166	10 000	10 000
Government Rent Roll			
assessments in the Rent Roll at year end	1 647 453	1 700 000	1 750 000
new assessments added to the Rent Roll	77 180	65 000 [^]	60 000[^]
assessments deleted from the Rent Roll	9 891	10 000	10 000
Valuation List for Rates and Government Rent Roll			
total assessments.....	3 850 230	3 955 000	4 055 000
assessments per post	7 013	7 244	7 454

[^] 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 2006–07

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 2007; and
- review and enhance the computer systems to further improve efficiency and service to the public.

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

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	41.9	39.4	40.4 (+2.5%)	39.7 (–1.7%)
				(or +0.8% on 2005–06 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 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	2004–05 (Actual)	2005–06 (Revised Estimate)	2006–07 (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 1.5#	1.6	1.5	1.5

The previous target was to keep the amount of arrears within 1.2% of the Government Rent demanded for the preceding 12 months. The Department has set a more realistic target for 2006–07 in the light of the higher level of arrears in 2004–05 and 2005–06 mainly due to the increase in default rate of Government Rent for the newly assessed village-type properties.

Indicators

	2004–05 (Actual)	2005–06 (Revised Estimate)	2006–07 (Estimate)
Rates and Government Rent accounts maintained.....	2 260 678	2 322 000	2 372 000
Rates and Government Rent accounts per post	23 068	23 694	24 708

Matters Requiring Special Attention in 2006–07

9 The Department will continue to:

- promote the “Consolidated Demand and Payment” service which has been well received by payers with multiple properties. Around 140 000 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.

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

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	73.1	69.9	68.3 (–2.3%)	70.6 (+3.4%)
				(or +1.0% on 2005–06 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	2004–05 (Actual)	2005–06 (Revised Estimate)	2006–07 (Plan)
to notify the Inland Revenue Department of valuation on stamp duty cases within four months (%)	85 [^]	94	85	85
to notify the Inland Revenue Department of valuation on estate duty cases within six months (%).....	85 [^]	98	85	85
to notify other client departments of valuation advice within four months (%).....	90	87 ^Δ	90	90
to publish the monthly property market statistics within six weeks following the end of the month (%)#	100	100	100	100

[^] An improvement over the 2005–06 target of 80%.

^Δ Performance was below expectation due to the temporary redeployment of staff to handle other urgent and unforeseen tasks.

[#] The target has been revised from eight weeks to six weeks as from 2005–06.

Indicators

	2004–05 (Actual)	2005–06 (Revised Estimate)	2006–07 (Estimate)
stamp duty cases scrutinised where stated consideration is considered adequate	130 420	130 000	130 000
stamp duty cases scrutinised where stated consideration is considered inadequate	8 149	8 000	8 000
valuations provided for stamp duty cases without stated consideration	6 870	6 500	6 500
valuations provided for estate duty purposes.....	2 785	2 500§	500§
valuations on stamp duty and estate duty cases per post	1 577	1 690	1 706
other valuations and rental advice cases provided.....	27 852	27 000	27 000
other valuations and rental advice cases per post	568	574	587

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§ Reduction in the number of cases is due to the abolition of estate duty. As a result, no valuation will be needed for estates of persons who died on or after 15 July 2005.

Matters Requiring Special Attention in 2006–07

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 amongst parties concerned including government departments and agencies.

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

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	24.1	26.0	25.3 (–2.7%)	25.6 (+1.2%)
				(or –1.5% on 2005–06 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 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 Housing, Planning and Lands as and when necessary for improving tenancy arrangements under the Ordinance;
- providing advisory and mediatory services to the public on tenancy matters; and
- monitoring use/disposal of premises where the Lands Tribunal has granted an order for possession to the landlord for self occupation and redevelopment.

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

Targets

	Target	2004–05 (Actual)	2005–06 (Revised Estimate)	2006–07 (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	100	100
to endorse a notice of new letting or lease renewal within one month (%)	95	100	99	99
to endorse a short-term tenancy agreement within 21 days (%).....	95	100 [^]	N.A.	N.A.
to supply rental information to the parties to Lands Tribunal hearings within one month (%).....	90	100	90 [#]	N.A.

[^] Legislative amendments including those repealing provisions on endorsement of tenancy agreement came into effect on 9 July 2004, hence no applications after that date. Figures for 2004–05 represent the performance prior to 9 July 2004.

[#] Residual cases following legislative amendments effective on 9 July 2004.

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Indicators

	2004–05 (Actual)	2005–06 (Revised Estimate)	2006–07 (Estimate)
applications and notices processed	27 903	28 000	28 000
enquiries handled.....	176 790	180 000	180 000
applications, notices and enquiries processed per post.....	2 658	2 737	3 152

Matters Requiring Special Attention in 2006–07

- 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	2004–05 (Actual) (\$m)	2005–06 (Original) (\$m)	2005–06 (Revised) (\$m)	2006–07 (Estimate) (\$m)
(1) Statutory Valuation and Assessments	236.7	226.5	220.0	227.0
(2) Collection and Billing of Rates and Government Rent	41.9	39.4	40.4	39.7
(3) Provision of Valuation and Property Information Services	73.1	69.9	68.3	70.6
(4) Landlord and Tenant Services for Domestic Premises	24.1	26.0	25.3	25.6
	375.8	361.8	354.0 (–2.2%)	362.9 (+2.5%)
				(or +0.3% on 2005–06 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2006–07 is \$7.0 million (3.2%) higher than the revised estimate for 2005–06. This is mainly due to the employment of temporary staff to clear backlog of reassessments due to alteration of tenement and resultant objection, salary increments for staff and increased cash flow requirement for a non-recurrent item, partly offset by the full-year effect of deletion of posts in 2005–06. Two posts for supporting services will be deleted in 2006–07.

Programme (2)

Provision for 2006–07 is \$0.7 million (1.7%) lower than the revised estimate for 2005–06. This is mainly due to the anticipated savings identified in printing and enveloping of demands for Rates and Government Rent, partly offset by salary increments for staff. In addition, two posts will be deleted in 2006–07.

Programme (3)

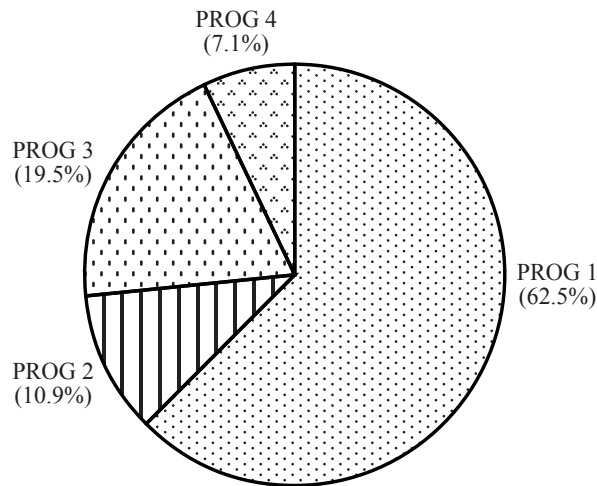
Provision for 2006–07 is \$2.3 million (3.4%) higher than the revised estimate for 2005–06. This is mainly due to the additional provision for the Building Numbering Publicity Campaign and salary increments for staff.

Programme (4)

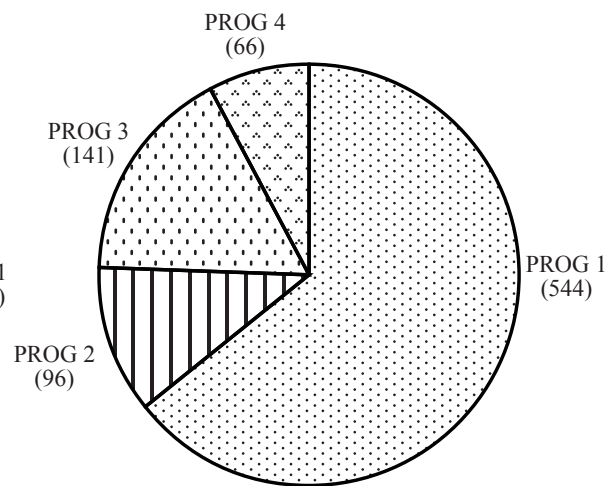
Provision for 2006–07 is \$0.3 million (1.2%) higher than the revised estimate for 2005–06. This is mainly due to salary increments for staff. Ten posts will be deleted in 2006–07.

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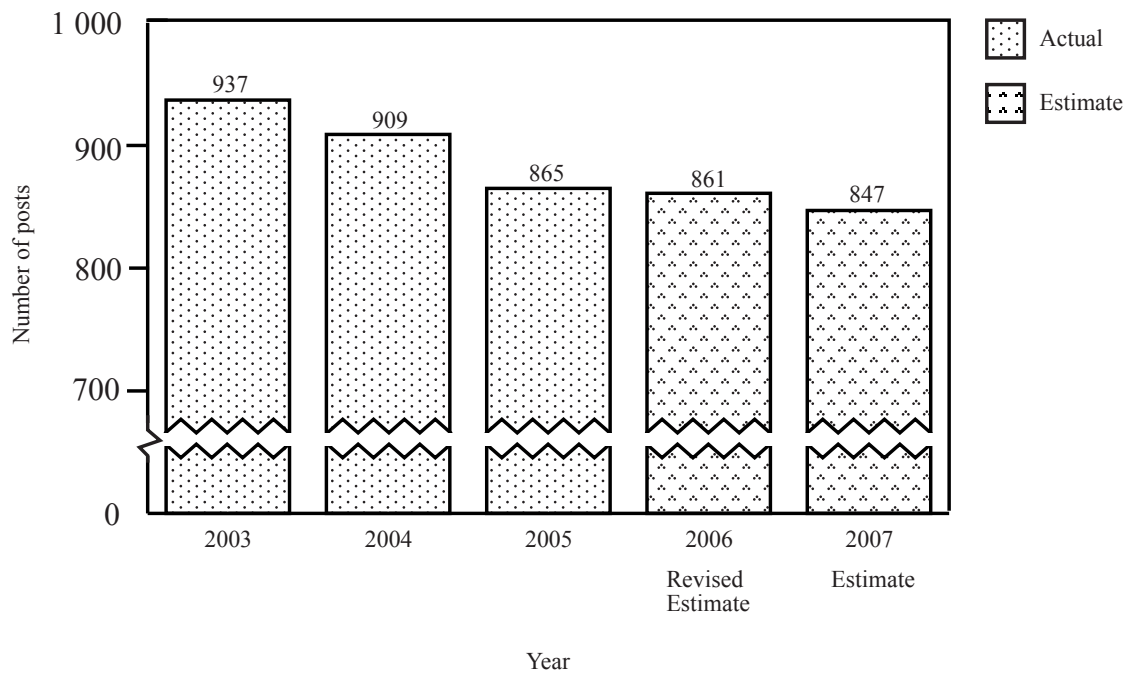
*Allocation of provision
to programmes
(2006-07)*



*Staff by programme
(as at 31 March 2007)*



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



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Sub-head (Code)		Actual expenditure 2004–05	Approved estimate 2005–06	Revised estimate 2005–06	Estimate 2006–07
		\$'000	\$'000	\$'000	\$'000
Operating Account					
	Recurrent				
000	Operational expenses	372,674	360,835	353,949	361,982
	Total, Recurrent.....	<u>372,674</u>	<u>360,835</u>	<u>353,949</u>	<u>361,982</u>
	Non-Recurrent				
700	General non-recurrent.....	3,109	937	34	900
	Total, Non-Recurrent.....	<u>3,109</u>	<u>937</u>	<u>34</u>	<u>900</u>
	Total, Operating Account.....	375,783	361,772	353,983	362,882
<hr/>					
	Total Expenditure.....	<u><u>375,783</u></u>	<u><u>361,772</u></u>	<u><u>353,983</u></u>	<u><u>362,882</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2006–07 for the salaries and expenses of the Rating and Valuation Department is \$362,882,000. This represents an increase of \$8,899,000 over the revised estimate for 2005–06 and a decrease of \$12,901,000 against actual expenditure in 2004–05.

Operating Account

Recurrent

2 Provision of \$361,982,000 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 2006 will be 861 permanent posts. It is expected that 14 permanent posts will be deleted in 2006–07. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2006–07, but the notional annual mid-point salary value of all such posts must not exceed \$227,618,000.

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

	2004–05 (Actual) (\$'000)	2005–06 (Original) (\$'000)	2005–06 (Revised) (\$'000)	2006–07 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	317,180	305,684	299,688	301,652
- Allowances	2,264	2,821	2,658	2,878
- Job-related allowances	—	5	1	5
Personnel Related Expenses				
- Mandatory Provident Fund contribution	124	152	124	140
- Civil Service Provident Fund contribution	—	—	—	12
Departmental Expenses				
- Temporary staff	11,547	13,406	11,585	15,500
- General departmental expenses	41,559	38,767	39,893	41,795
	<u>372,674</u>	<u>360,835</u>	<u>353,949</u>	<u>361,982</u>

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2005	Revised estimated expenditure for 2005–06	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	1,269	—	931
		Total	2,200	1,269	—	931