

## Head 162 — RATING AND VALUATION DEPARTMENT

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

<b>Estimate 2007–08</b> .....	<b>\$361.4m</b>
<b>Establishment ceiling 2007–08</b> (notional annual mid-point salary value) representing an estimated 833 non-directorate posts as at 31 March 2007 reducing by one post to 832 posts as at 31 March 2008.....	<b>\$224.9m</b>
In addition, there will be an estimated 14 directorate posts as at 31 March 2007 and as at 31 March 2008.	
<b>Commitment balance</b> .....	<b>\$0.8m</b>

### 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 Housing, Planning and Lands).
<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 Housing, Planning and Lands).
<b>Programme (4) Landlord and Tenant Services</b>	This programme contributes to Policy Area 31: Housing (Secretary for Housing, Planning and Lands).

#### Detail

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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	218.2	227.0	217.9 (–4.0%)	<b>228.2</b> (+4.7%)
				(or +0.5% on 2006–07 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%;
- 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	2005–06 (Actual)	2006–07 (Revised Estimate)	<b>2007–08 (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 (%).....	80	94@	80	<b>80</b>
processing objections to new assessments within four months (%)§ .....	85	94	85	<b>85</b>
processing objections to existing assessments within four months (%)§.....	85	87	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 and in rural areas where there is an established numbering scheme (%).....	90	93	90	<b>90</b>

@ Performance was above expectation as a substantial number of the cases processed were relatively simple.

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

### *Indicators*

	2005–06 (Actual)	2006–07 (Revised Estimate)	<b>2007–08 (Estimate)</b>
<b>Valuation List for Rates</b>			
assessments in the List at year end .....	2 246 563	2 280 000	<b>2 310 000</b>
new assessments added to the List.....	56 381	50 000 <sup>^</sup>	<b>40 000<sup>^</sup></b>
assessments deleted from the List.....	12 596	10 000	<b>10 000</b>
<b>Government Rent Roll</b>			
assessments in the Rent Roll at year end .....	1 686 044	1 700 000	<b>1 730 000</b>
new assessments added to the Rent Roll .....	49 135	50 000	<b>40 000<sup>^</sup></b>
assessments deleted from the Rent Roll .....	10 520	10 000	<b>10 000</b>
<b>Valuation List for Rates and Government Rent Roll</b>			
total assessments.....	3 932 607	3 980 000	<b>4 040 000</b>
assessments per post.....	7 202	7 316	<b>7 426</b>

<sup>^</sup> 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 2007–08*

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 2008; 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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	<b>2007–08 (Estimate)</b>
Financial provision (\$m)	39.7	39.7	37.8 (–4.8%)	<b>38.2</b> (+1.1%)
				(or –3.8% on 2006–07 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	2005–06 (Actual)	2006–07 (Revised Estimate)	<b>2007–08 (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	0.9	0.9	<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 1.5	1.5	1.3	<b>1.3</b>

#### *Indicators*

	2005–06 (Actual)	2006–07 (Revised Estimate)	<b>2007–08 (Estimate)</b>
Rates and Government Rent accounts maintained.....	2 323 694	2 385 000	<b>2 415 000</b>
Rates and Government Rent accounts per post .....	23 711	24 844	<b>25 156</b>

#### *Matters Requiring Special Attention in 2007–08*

9 The Department will continue to:

- invite payers with multiple properties to subscribe to the “Consolidated Demand and Payment” service. Around 150 000 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 identify areas for improvements in service delivery.

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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	<b>2007–08 (Estimate)</b>
Financial provision (\$m)	67.7	70.6	68.8 (–2.5%)	<b>69.7</b> (+1.3%)
				(or –1.3% on 2006–07 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	2005–06 (Actual)	2006–07 (Revised Estimate)	<b>2007–08 (Plan)</b>
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	94	85	<b>85</b>
notifying other client departments of valuation advice within four months (%) .....	90	98	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

	2005–06 (Actual)	2006–07 (Revised Estimate)	<b>2007–08 (Estimate)</b>
stamp duty cases scrutinised where stated consideration is considered adequate .....	138 688	135 000	<b>135 000</b>
stamp duty cases scrutinised where stated consideration is considered inadequate .....	8 823	8 500	<b>8 500</b>
valuations provided for stamp duty cases without stated consideration .....	4 732	4 500	<b>4 500</b>
valuations provided for estate duty purposes .....	2 741	3 000 <sup>β</sup>	<b>6 000<sup>β</sup></b>
valuations on stamp duty and estate duty cases per post .....	1 781	1 790	<b>1 820</b>
other valuations and rental advice cases provided .....	28 160	27 000	<b>27 000</b>
other valuations and rental advice cases per post .....	599	600	<b>600</b>

β Although the estate duty was abolished on 11 February 2006, there are still some outstanding cases, including one estate comprising about 10 000 cases, which will be processed in 2006–07 and the following few years.

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### *Matters Requiring Special Attention in 2007–08*

**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 parties concerned, including government departments and agencies.

### **Programme (4): Landlord and Tenant Services**

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	<b>2007–08 (Estimate)</b>
Financial provision (\$m)	22.4	25.6	25.3 (–1.2%)	<b>25.3</b> (—)
				(or –1.2% on 2006–07 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	2005–06 (Actual)	2006–07 (Revised Estimate)	<b>2007–08 (Plan)</b>
issuing a certificate of rateable value within 21 days of application (%) .....	95	100	100	<b>95</b>
conducting inspections of repossessed premises at six-month intervals (%) .....	95	100	100	<b>100</b>
endorsing a notice of new letting or lease renewal within one month (%) .....	95	100	99	<b>99</b>

### *Indicators*

	2005–06 (Actual)	2006–07 (Revised Estimate)	<b>2007–08 (Estimate)</b>
applications and notices processed.....	29 959	30 000	<b>30 000</b>
enquiries handled.....	195 539	195 000	<b>195 000</b>
applications, notices and enquiries processed per post.....	2 967	3 409	<b>3 409</b>

### *Matters Requiring Special Attention in 2007–08*

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

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### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	2005–06 (Actual) (\$m)	2006–07 (Original) (\$m)	2006–07 (Revised) (\$m)	<b>2007–08 (Estimate) (\$m)</b>
(1) Statutory Valuation and Assessments .....	218.2	227.0	217.9	<b>228.2</b>
(2) Collection and Billing of Rates and Government Rent .....	39.7	39.7	37.8	<b>38.2</b>
(3) Provision of Valuation and Property Information Services .....	67.7	70.6	68.8	<b>69.7</b>
(4) Landlord and Tenant Services .....	22.4	25.6	25.3	<b>25.3</b>
	348.0	362.9	349.8 (–3.6%)	<b>361.4 (+3.3%)</b>
				<b>(or –0.4% on 2006–07 Original)</b>

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2007–08 is \$10.3 million (4.7%) higher than the revised estimate for 2006–07. This is mainly due to the employment of temporary staff to clear backlog of unassessed lots, salary increments for staff and increased cash flow requirement for a non-recurrent item.

##### Programme (2)

Provision for 2007–08 is \$0.4 million (1.1%) higher than the revised estimate for 2006–07. This is mainly due to salary increments for staff.

##### Programme (3)

Provision for 2007–08 is \$0.9 million (1.3%) higher than the revised estimate for 2006–07. This is mainly due to salary increments for staff and lower-than-expected requirement for departmental expenses in 2006–07. One post will be deleted in 2007–08.

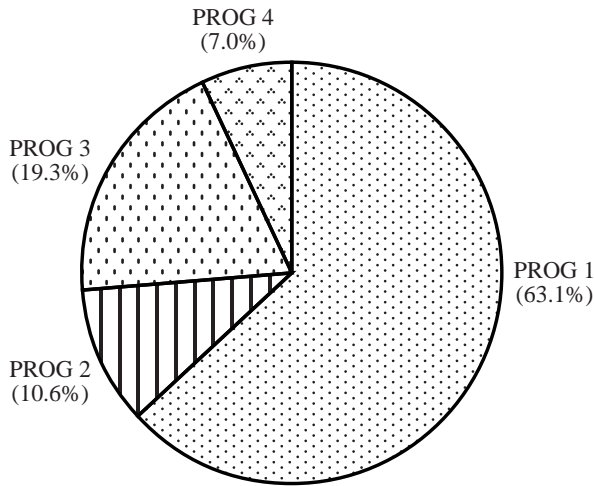
##### Programme (4)

Provision for 2007–08 is the same as the revised estimate for 2006–07.

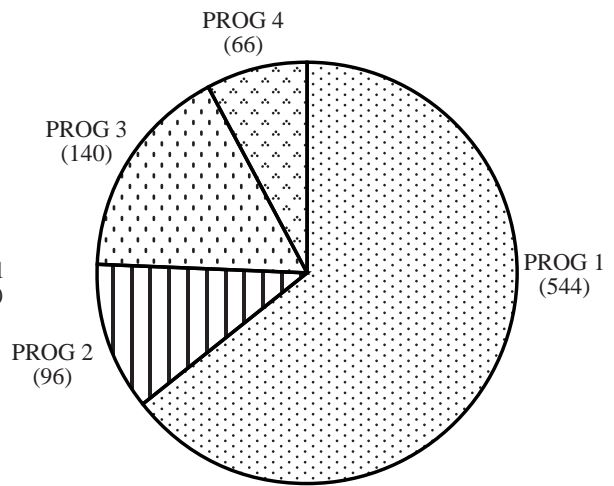
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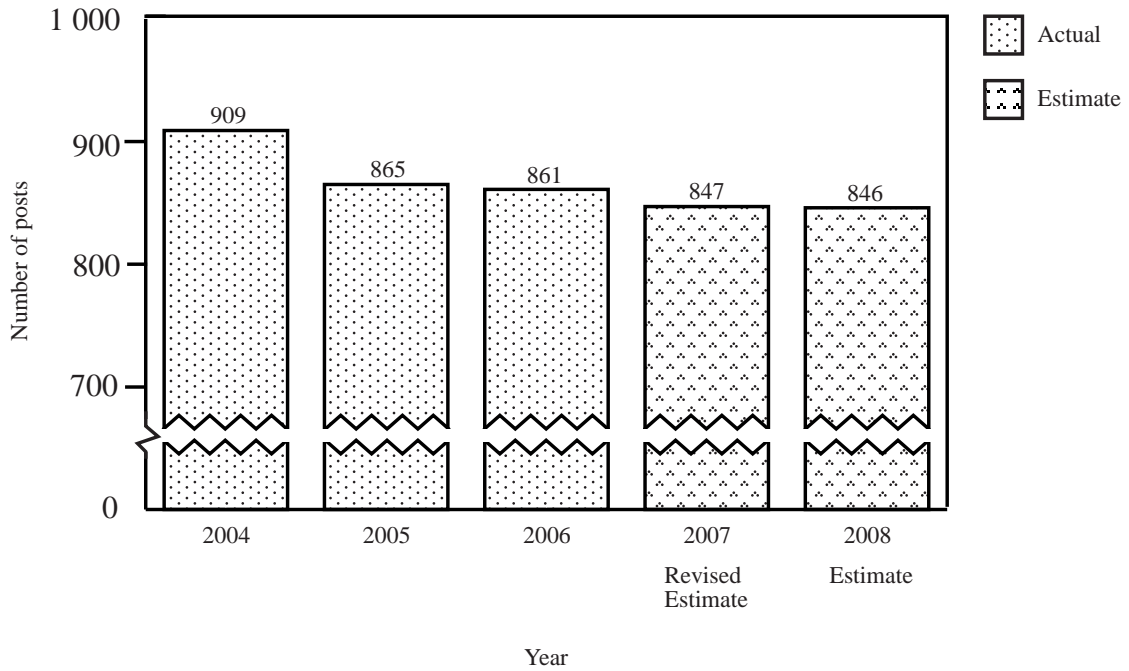
*Allocation of provision  
to programmes  
(2007-08)*



*Staff by programme  
(as at 31 March 2008)*



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



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Sub-head (Code)	Actual expenditure 2005-06	Approved estimate 2006-07	Revised estimate 2006-07	<b>Estimate 2007-08</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses.....	347,938	361,982	349,729	<b>360,633</b>
	Total, Recurrent .....	<u>347,938</u>	<u>361,982</u>	<u>349,729</u>	<b><u>360,633</u></b>
Non-Recurrent					
700	General non-recurrent.....	34	900	100	<b>800</b>
	Total, Non-Recurrent .....	<u>34</u>	<u>900</u>	<u>100</u>	<b><u>800</u></b>
	Total, Operating Account.....	347,972	362,882	349,829	<b>361,433</b>
<hr/>					
	Total Expenditure.....	<u><u>347,972</u></u>	<u><u>362,882</u></u>	<u><u>349,829</u></u>	<b><u><u>361,433</u></u></b>



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### Details of Expenditure by Subhead

The estimate of the amount required in 2007–08 for the salaries and expenses of the Rating and Valuation Department is \$361,433,000. This represents an increase of \$11,604,000 over the revised estimate for 2006–07 and of \$13,461,000 over actual expenditure in 2005–06.

#### *Operating Account*

#### Recurrent

**2** Provision of \$360,633,000 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 2007 will be 847 permanent posts. It is expected that one permanent post will be deleted in 2007–08. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2007–08, but the notional annual mid-point salary value of all such posts must not exceed \$224,917,000.

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

	2005–06 (Actual) (\$'000)	2006–07 (Original) (\$'000)	2006–07 (Revised) (\$'000)	2007–08 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	298,661	301,652	298,661	<b>299,358</b>
- Allowances.....	2,178	2,878	2,877	<b>2,978</b>
- Job-related allowances .....	—	5	1	<b>5</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	103	140	100	<b>115</b>
- Civil Service Provident Fund contribution.....	—	12	12	<b>173</b>
Departmental Expenses				
- Temporary staff.....	10,842	15,500	12,505	<b>19,762</b>
- General departmental expenses.....	36,154	41,795	35,573	<b>38,242</b>
	347,938	361,982	349,729	<b>360,633</b>

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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2006	Revised estimated expenditure for 2006-07	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
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	100	831
		Total.....	2,200	1,269	100	831