

Head 162 — RATING AND VALUATION DEPARTMENT

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

Estimate 2010–11..... **\$403.6m**

Establishment ceiling 2010–11 (notional annual mid-point salary value) representing an estimated 838 non-directorate posts as at 31 March 2010 and as at 31 March 2011..... **\$254.4m**

In addition, there will be an estimated 14 directorate posts as at 31 March 2010 and as at 31 March 2011.

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 Transport and Housing).
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 Transport and Housing).
Programme (4) Landlord and Tenant Services	This programme contributes to Policy Area 31: Housing (Secretary for Transport and Housing).

Detail

Programme (1): Statutory Valuation and Assessments

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	241.3	255.1	246.8 (–3.3%)	256.9 (+4.1%)
				(or +0.7% on 2009–10 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; and
 - a Government Rent Roll for all properties assessed to Government Rent under the Government Rent (Assessment and Collection) Ordinance 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	2008–09 (Actual)	2009–10 (Revised Estimate)	2010–11 (Plan)
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	91	85	85
processing objections to new assessments within four months (%)#	90	91	90	90
processing objections to existing assessments within four months (%)#	85	89	85	85
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	99
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	97	N.A.^	N.A.^
allocating building numbers to new buildings not later than one month after their completion in urban areas (%)¶	95	N.A.	95	95
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	N.A.	90	90

The statutory requirement is to process objections within six months.

^ From 2009–10 onwards, this group is split into two to better define the targets.

¶ From 2009–10 onwards, the previous group is split into two to better define the targets.

Indicators

	2008–09 (Actual)	2009–10 (Revised Estimate)	2010–11 (Estimate)
Valuation List for Rates			
assessments in the List at year end	2 332 208	2 350 000	2 370 000
new assessments added to the List	31 360	30 000	30 000
assessments deleted from the List	8 989	10 000	10 000
Government Rent Roll			
assessments in the Rent Roll at year end	1 782 712	1 800 000	1 820 000
new assessments added to the Rent Roll	32 846	30 000	30 000
assessments deleted from the Rent Roll	6 894	10 000	10 000
Valuation List for Rates and Government Rent Roll			
total assessments	4 114 920	4 150 000	4 190 000
assessments per post	7 523	7 587	7 660

Matters Requiring Special Attention in 2010–11

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 2011; 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

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	44.1	46.3	46.1 (–0.4%)	48.1 (+4.3%)
				(or +3.9% on 2009–10 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	2008–09 (Actual)	2009–10 (Revised Estimate)	2010–11 (Plan)
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	0.8	0.8	0.9
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‡	1.1	1.1	1.1

‡ The previous target was to keep the amount of rent arrears within 1.3 per cent of the Government Rent demanded for the preceding 12 months. The Department has revised the target for 2010–11 in the light of the lower level of arrears in 2008–09 and 2009–10 as a result of the improved operating efficiency in the recovery process.

Indicators

	2008–09 (Actual)	2009–10 (Revised Estimate)	2010–11 (Estimate)
Rates and Government Rent accounts maintained	2 429 257	2 450 000	2 470 000
Rates and Government Rent accounts per post	25 044	25 000	25 204

Matters Requiring Special Attention in 2010–11

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 identify areas for improvement in service delivery, including introducing e-billing service in early 2011 to enable payers to opt for electronic demand notes, and to speed up the recovery of arrears.

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

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	73.0	76.0	73.1 (–3.8%)	72.8 (–0.4%)
				(or –4.2% on 2009–10 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	2008–09 (Actual)	2009–10 (Revised Estimate)	2010–11 (Plan)
notifying the Inland Revenue Department of valuation on stamp duty cases within four months (%)	85	93	85	85
notifying the Inland Revenue Department of valuation on estate duty cases within six months (%)Ψ	85	91	85	85
notifying other client departments of valuation advice within four months (%)	90	97	90	90
publishing the monthly property market statistics within six weeks following the end of the month (%)	100	100	100	100

Indicators

	2008–09 (Actual)	2009–10 (Revised Estimate)	2010–11 (Estimate)
stamp duty cases scrutinised where stated consideration is considered adequate	117 067	130 000	130 000
stamp duty cases scrutinised where stated consideration is considered inadequate	6 579	7 500	7 500
valuations provided for stamp duty cases without stated consideration	6 053	6 500	6 500
valuations provided for estate duty purposesΨ	1 212	1 200	1 000
valuations on stamp duty and estate duty cases per post	1 540	1 708§	1 706§
other valuations and rental advice cases provided	24 229	27 000	27 000
other valuations and rental advice cases per post	527	587	587

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

§ Increases are due to rising number of transactions in the prevailing property market.

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Matters Requiring Special Attention in 2010–11

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

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	22.8	25.7	25.8 (+0.4%)	25.8 (—)
				(or +0.4% on 2009–10 Original)

Aim

14 The Department assists 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:

- administering the provisions of the Landlord and Tenant (Consolidation) Ordinance, including 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 Transport and Housing as and when necessary for improving tenancy arrangements under the Ordinance; and
- providing advisory and mediatory services to the public on tenancy matters.

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

Targets

	Target	2008–09 (Actual)	2009–10 (Revised Estimate)	2010–11 (Plan)
endorsing a notice of new letting or lease renewal within one month (%).....	99 ^λ	100	99	99
issuing a substantive reply to a written or electronic enquiry on tenancy matters within 14 days (%) ^ψ	90	N.A.	90	90

^λ Improved from 95 per cent to 99 per cent as from 2009–10.

^ψ New target as from 2009–10.

Indicators

	2008–09 (Actual)	2009–10 (Revised Estimate)	2010–11 (Estimate)
applications and notices processed	41 879	52 000	52 000
enquiries handled	203 933	210 000	210 000
applications, notices and enquiries processed per post	3 724	3 970	3 970

Matters Requiring Special Attention in 2010–11

17 The Department will continue to administer the provisions of the Landlord and Tenant (Consolidation) Ordinance.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2008–09 (Actual) (\$m)	2009–10 (Original) (\$m)	2009–10 (Revised) (\$m)	2010–11 (Estimate) (\$m)
(1) Statutory Valuation and Assessments.....	241.3	255.1	246.8	256.9
(2) Collection and Billing of Rates and Government Rent	44.1	46.3	46.1	48.1
(3) Provision of Valuation and Property Information Services.....	73.0	76.0	73.1	72.8
(4) Landlord and Tenant Services.....	22.8	25.7	25.8	25.8
	381.2	403.1	391.8 (-2.8%)	403.6 (+3.0%)
				(or +0.1% on 2009–10 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2010–11 is \$10.1 million (4.1%) higher than the revised estimates for 2009–10. This is mainly due to salary increments for staff and filling of vacancies.

Programme (2)

Provision for 2010–11 is \$2.0 million (4.3%) higher than the revised estimates for 2009–10. This is mainly due to filling of vacancies, employment of temporary staff and increased provision for promoting e-billing service.

Programme (3)

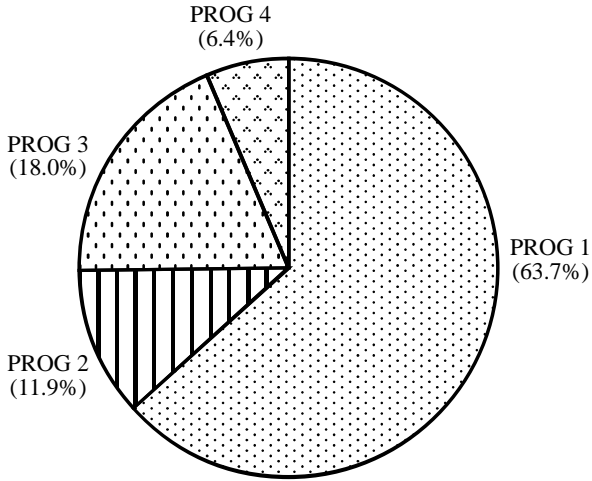
Provision for 2010–11 is \$0.3 million (0.4%) lower than the revised estimates for 2009–10. This is mainly due to the full-year effect of the 2009 pay adjustment but partly offset by the filling of vacancies.

Programme (4)

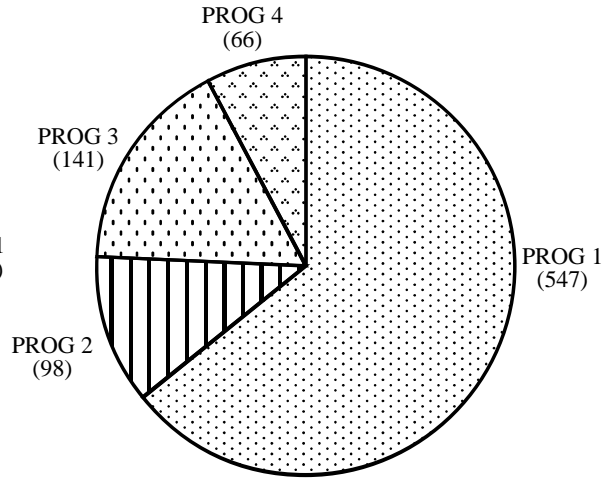
Provision for 2010–11 is the same as the revised estimates for 2009–10.

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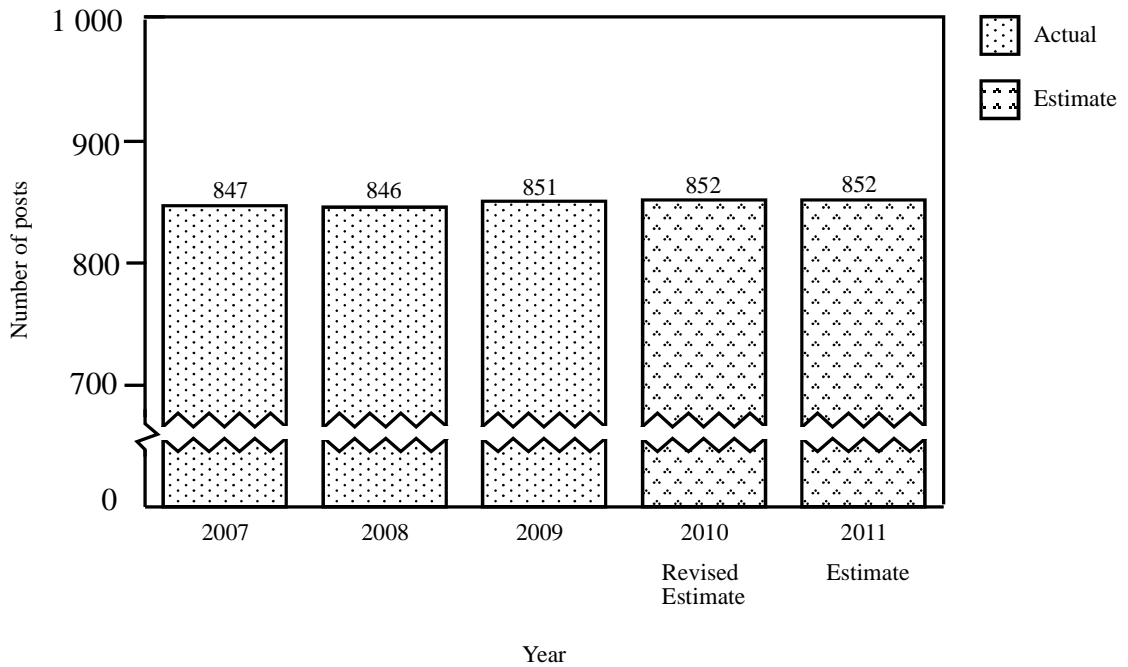
Allocation of provision to programmes (2010-11)



Staff by programme (as at 31 March 2011)



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



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Sub-head (Code)	Actual expenditure 2008-09	Approved estimate 2009-10	Revised estimate 2009-10	Estimate 2010-11	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	380,953	403,032	389,593	402,403
	Total, Recurrent	<u>380,953</u>	<u>403,032</u>	<u>389,593</u>	<u>402,403</u>
Non-Recurrent					
	General non-recurrent	231	92	92	—
	Total, Non-Recurrent	<u>231</u>	<u>92</u>	<u>92</u>	<u>—</u>
	Total, Operating Account.....	381,184	403,124	389,685	402,403
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	—	—	2,163	1,200
	Total, Plant, Equipment and Works	<u>—</u>	<u>—</u>	<u>2,163</u>	<u>1,200</u>
	Total, Capital Account	<u>—</u>	<u>—</u>	<u>2,163</u>	<u>1,200</u>
	Total Expenditure	<u>381,184</u>	<u>403,124</u>	<u>391,848</u>	<u>403,603</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2010–11 for the salaries and expenses of the Rating and Valuation Department is \$403,603,000. This represents an increase of \$11,755,000 over the revised estimate for 2009–10 and of \$22,419,000 over actual expenditure in 2008–09.

Operating Account

Recurrent

2 Provision of \$402,403,000 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 2010 will be 852 permanent posts. No change in establishment is expected in 2010–11. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2010–11, but the notional annual mid-point salary value of all such posts must not exceed \$254,391,000.

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

	2008–09 (Actual) (\$'000)	2009–10 (Original) (\$'000)	2009–10 (Revised) (\$'000)	2010–11 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	325,464	335,310	325,832	333,398
- Allowances	3,622	4,097	3,341	3,294
- Job-related allowances.....	28	30	15	20
Personnel Related Expenses				
- Mandatory Provident Fund contribution	215	472	420	491
- Civil Service Provident Fund contribution	419	507	526	555
Departmental Expenses				
- Temporary staff	14,661	19,724	19,016	21,050
- General departmental expenses.....	36,544	42,892	40,443	43,595
	380,953	403,032	389,593	402,403

Capital Account

Plant, Equipment and Works

5 Provision of \$1,200,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$963,000 (44.5%) against the revised estimate for 2009–10. This is mainly due to the reduced requirement for replacement of minor plant and equipment.