

## Head 162 — RATING AND VALUATION DEPARTMENT

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

**Estimate 2012–13**..... **\$444.0m**

**Establishment ceiling 2012–13** (notional annual mid-point salary value) representing an estimated 840 non-directorate posts as at 31 March 2012 rising by two posts to 842 posts as at 31 March 2013.. **\$273.9m**

In addition, there will be an estimated 14 directorate posts as at 31 March 2012 and as at 31 March 2013.

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

#### Detail

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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	<b>2012–13 (Estimate)</b>
Financial provision (\$m)	244.1	267.2	263.9 (–1.2%)	<b>289.4</b> (+9.7%)
				(or +8.3% on 2011–12 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 (Cap. 116); and
  - a Government Rent Roll for all properties 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 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	2010–11 (Actual)	2011–12 (Revised Estimate)	2012–13 (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	92	85	<b>85</b>
processing objections to new assessments within four months (%)# .....	90	93	90	<b>90</b>
processing objections to existing assessments within four months (%)# .....	85	89	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 (%) .....	95	98	95	<b>95</b>
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	96	90	<b>90</b>

# The statutory requirement is to process objections within six months.

### *Indicators*

	2010–11 (Actual)	2011–12 (Revised Estimate)	2012–13 (Estimate)
<b>Valuation List for Rates</b>			
assessments in the List at year end .....	2 369 205	2 390 000	<b>2 410 000</b>
new assessments added to the List .....	26 619	30 000	<b>30 000</b>
assessments deleted from the List .....	7 859	10 000	<b>10 000</b>
<b>Government Rent Roll</b>			
assessments in the Rent Roll at year end .....	1 822 546	1 840 000	<b>1 860 000</b>
new assessments added to the Rent Roll .....	27 613	30 000	<b>30 000</b>
assessments deleted from the Rent Roll .....	7 158	10 000	<b>10 000</b>
<b>Valuation List for Rates and Government Rent Roll</b>			
total assessments .....	4 191 751	4 230 000	<b>4 270 000</b>
assessments per post .....	7 663	7 733	<b>7 778</b>

### *Matters Requiring Special Attention in 2012–13*

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 2013; 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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	47.8	49.2	52.0 (+5.7%)	53.7 (+3.3%)

(or +9.1% on  
2011–12 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	2010–11 (Actual)	2011–12 (Revised Estimate)	2012–13 (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	0.5	0.7	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	0.9	1.0	1.1

#### Indicators

	2010–11 (Actual)	2011–12 (Revised Estimate)	2012–13 (Estimate)
Rates and Government Rent accounts maintained .....	2 468 571	2 485 000	2 505 000
Rates and Government Rent accounts per post.....	25 190	24 850	25 050

#### Matters Requiring Special Attention in 2012–13

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 speed up the recovery of arrears and to identify areas for improvement in service delivery.

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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	68.1	69.7	71.8 (+3.0%)	73.1 (+1.8%)

(or +4.9% on  
2011–12 Original)

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### *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	2010–11 (Actual)	2011–12 (Revised Estimate)	2012–13 (Plan)
notifying the Inland Revenue Department of valuation on stamp duty cases within four months (%).....	85	96	85	<b>85</b>
notifying the Inland Revenue Department of valuation on estate duty cases within six months (%)^.....	85	88	85	<b>85</b>
notifying other client departments of valuation advice within four months (%).....	90	97	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*

	2010–11 (Actual)	2011–12 (Revised Estimate)	2012–13 (Estimate)
stamp duty cases scrutinised where stated consideration is considered adequate .....	184 676	130 000¶	<b>130 000</b>
stamp duty cases scrutinised where stated consideration is considered inadequate .....	5 566	5 000¶	<b>5 000</b>
valuations provided for stamp duty cases without stated consideration .....	5 139	5 000¶	<b>5 000</b>
valuations provided for estate duty purposes^ .....	653	600	<b>600</b>
valuations on stamp duty and estate duty cases per post .....	2 306	1 654	<b>1 654</b>
other valuations and rental advice cases provided .....	24 051	24 000	<b>24 000</b>
other valuations and rental advice cases per post .....	523	522	<b>522</b>

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

¶ The decrease is due to a reduction in the number of transactions in the prevailing property market.

### *Matters Requiring Special Attention in 2012–13*

**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.

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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	24.1	25.6	27.5 (+7.4%)	27.8 (+1.1%)
				(or +8.6% on 2011–12 Original)

#### *Aim*

**14** The Department assists landlords and tenants in accordance with the Landlord and Tenant (Consolidation) Ordinance (Cap. 7). 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 Landlord and Tenant (Consolidation) 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 the public with advisory and mediatory services on tenancy matters.

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

#### *Targets*

	Target	2010–11 (Actual)	2011–12 (Revised Estimate)	2012–13 (Plan)
endorsing a notice of new letting or lease renewal within one month (%).....	99	100	99	99
issuing a substantive reply to a written or electronic enquiry on tenancy matters within 14 days (%).....	90	100	90	90

#### *Indicators*

	2010–11 (Actual)	2011–12 (Revised Estimate)	2012–13 (Estimate)
applications and notices processed .....	50 596	54 000	54 000
enquiries handled .....	220 826	220 000	220 000
applications, notices and enquiries processed per post .....	4 112	4 152	4 152

#### *Matters Requiring Special Attention in 2012–13*

**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	2010–11 (Actual) (\$m)	2011–12 (Original) (\$m)	2011–12 (Revised) (\$m)	2012–13 (Estimate) (\$m)
(1) Statutory Valuation and Assessments .....	244.1	267.2	263.9	289.4
(2) Collection and Billing of Rates and Government Rent .....	47.8	49.2	52.0	53.7
(3) Provision of Valuation and Property Information Services.....	68.1	69.7	71.8	73.1
(4) Landlord and Tenant Services.....	24.1	25.6	27.5	27.8
	384.1	411.7	415.2 (+0.9%)	444.0 (+6.9%)
				(or +7.8% on 2011–12 Original)

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2012–13 is \$25.5 million (9.7%) higher than the revised estimate for 2011–12. This is mainly due to salary increments for staff, filling of vacancies, a net increase of two posts and increased requirement for general departmental expenses.

##### Programme (2)

Provision for 2012–13 is \$1.7 million (3.3%) higher than the revised estimate for 2011–12. This is mainly due to salary increments for staff, filling of vacancies and increased requirement for general departmental expenses.

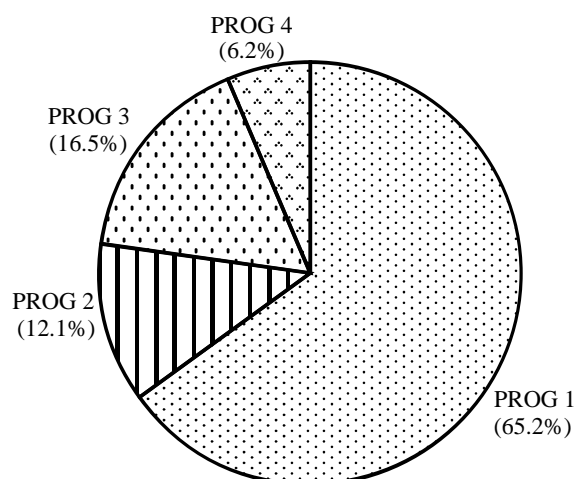
##### Programme (3)

Provision for 2012–13 is \$1.3 million (1.8%) higher than the revised estimate for 2011–12. This is mainly due to salary increments for staff, filling of vacancies and increased requirement for general departmental expenses.

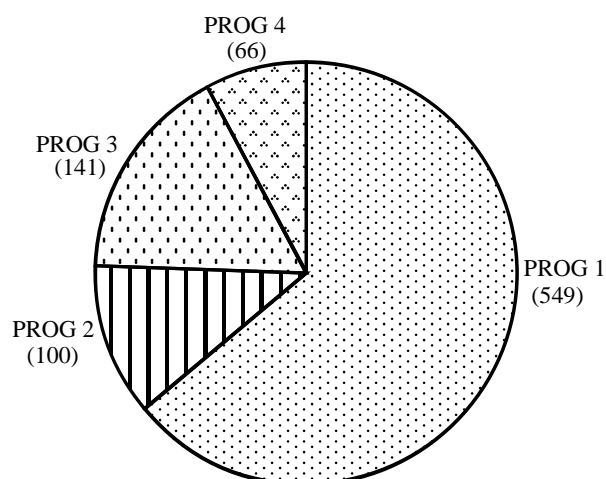
##### Programme (4)

Provision for 2012–13 is \$0.3 million (1.1%) higher than the revised estimate for 2011–12. This is mainly due to salary increments for staff and filling of vacancies.

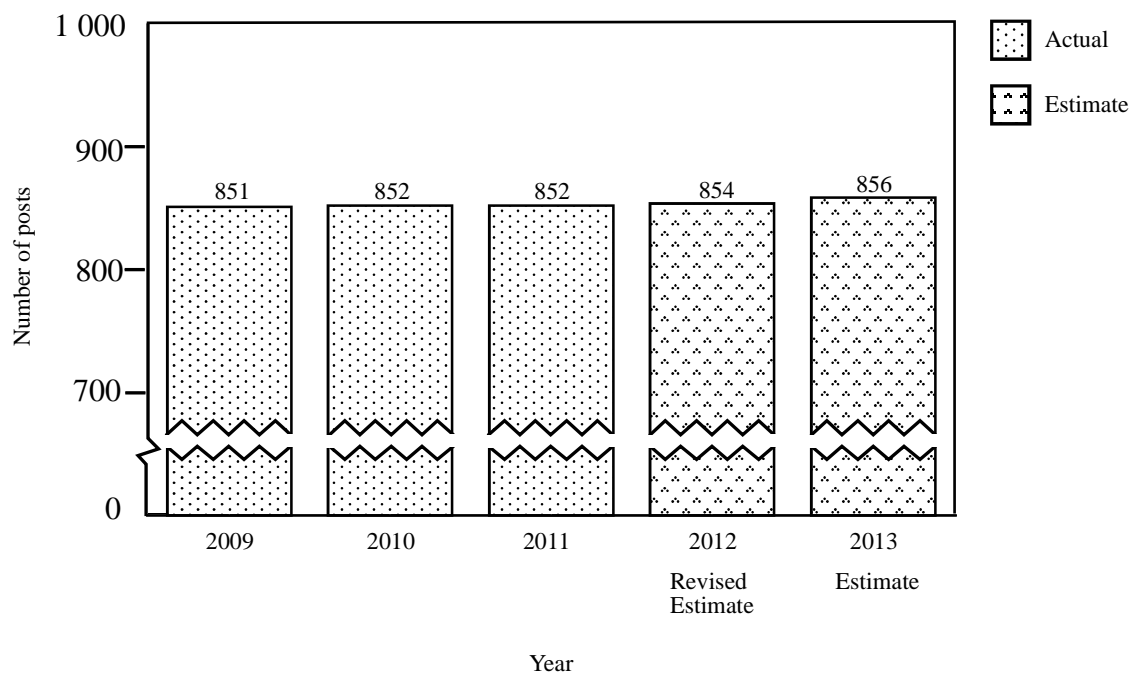
*Allocation of provision  
to programmes  
(2012-13)*



*Staff by programme  
(as at 31 March 2013)*



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



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Sub-head (Code)	Actual expenditure 2010–11	Approved estimate 2011–12	Revised estimate 2011–12	Estimate 2012–13
	\$'000	\$'000	\$'000	\$'000
<b>Operating Account</b>				
Recurrent				
000 Operational expenses .....	382,884	411,711	415,201	<b>444,019</b>
Total, Recurrent .....	382,884	411,711	415,201	<b>444,019</b>
Total, Operating Account .....	382,884	411,711	415,201	<b>444,019</b>
<hr/>				
<b>Capital Account</b>				
Plant, Equipment and Works				
Minor plant, vehicles and equipment (block vote).....	1,200	—	—	—
Total, Plant, Equipment and Works .....	1,200	—	—	—
Total, Capital Account .....	1,200	—	—	—
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Total Expenditure .....	384,084	411,711	415,201	<b>444,019</b>



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### Details of Expenditure by Subhead

The estimate of the amount required in 2012–13 for the salaries and expenses of the Rating and Valuation Department is \$444,019,000. This represents an increase of \$28,818,000 over the revised estimate for 2011–12 and of \$59,935,000 over actual expenditure in 2010–11.

#### *Operating Account*

#### Recurrent

**2** Provision of \$444,019,000 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 2012 will be 854 permanent posts. It is expected that two permanent posts will be created in 2012–13. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2012–13, but the notional annual mid-point salary value of all such posts must not exceed \$273,882,000.

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

	2010–11 (Actual) (\$'000)	2011–12 (Original) (\$'000)	2011–12 (Revised) (\$'000)	2012–13 (Estimate) (\$'000)
Personal Emoluments				
- Salaries .....	323,835	334,447	345,791	<b>356,107</b>
- Allowances .....	2,749	3,255	3,110	<b>3,634</b>
- Job-related allowances.....	—	5	10	<b>15</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	474	497	544	<b>516</b>
- Civil Service Provident Fund contribution .....	720	1,764	1,860	<b>2,996</b>
Departmental Expenses				
- Temporary staff .....	18,711	21,399	20,365	<b>23,276</b>
- General departmental expenses .....	36,395	50,344	43,521	<b>57,475</b>
	<u>382,884</u>	<u>411,711</u>	<u>415,201</u>	<u><b>444,019</b></u>