

Head 162 — RATING AND VALUATION DEPARTMENT

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

Estimate 2013–14..... **\$484.3m**

Establishment ceiling 2013–14 (notional annual mid-point salary value) representing an estimated 842 non-directorate posts as at 31 March 2013 rising by three posts to 845 posts as at 31 March 2014 **\$290.4m**

In addition, there will be an estimated 14 directorate posts as at 31 March 2013 and as at 31 March 2014.

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

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	258.3	289.4	287.4 (–0.7%)	321.0 (+11.7%)
				(or +10.9% on 2012–13 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	2011–12 (Actual)	2012–13 (Revised Estimate)	2013–14 (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	87	85	85
processing objections to new assessments within four months (%)#	90	94	90	90
processing objections to existing assessments within four months (%)#	85	88	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 (%)	95	100	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	94	90	90

The statutory requirement is to process objections within six months.

Indicators

	2011–12 (Actual)	2012–13 (Revised Estimate)	2013–14 (Estimate)
Valuation List for Rates			
assessments in the List at year end	2 385 288	2 410 000	2 430 000
new assessments added to the List	26 929	30 000	30 000
assessments deleted from the List	10 846	10 000	10 000
Government Rent Roll			
assessments in the Rent Roll at year end	1 839 604	1 860 000	1 880 000
new assessments added to the Rent Roll	24 446	30 000	30 000
assessments deleted from the Rent Roll	7 388	10 000	10 000
Valuation List for Rates and Government Rent Roll			
total assessments	4 224 892	4 270 000	4 310 000
assessments per post	7 724	7 778	7 822

Matters Requiring Special Attention in 2013–14

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 2014; 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

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	50.2	53.7	52.9 (–1.5%)	55.5 (+4.9%)
				(or +3.4% on 2012–13 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	2011–12 (Actual)	2012–13 (Revised Estimate)	2013–14 (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

	2011–12 (Actual)	2012–13 (Revised Estimate)	2013–14 (Estimate)
Rates and Government Rent accounts maintained	2 484 462	2 499 000	2 519 000
Rates and Government Rent accounts per post	24 845	24 990	25 190

Matters Requiring Special Attention in 2013–14

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.

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

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	70.4	73.1	73.9 (+1.1%)	79.8 (+8.0%)
				(or +9.2% on 2012–13 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	2011–12 (Actual)	2012–13 (Revised Estimate)	2013–14 (Plan)
notifying the Inland Revenue Department of valuation on stamp duty cases within four months (%).....	85	91	85	85
notifying the Inland Revenue Department of valuation on estate duty cases within six months (%)^.....	85	98	85	85
notifying other client departments of valuation advice within four months (%).....	90	99	90	90
publishing the monthly property market statistics within six weeks following the end of the month (%).....	100	100	100	100

Indicators

	2011–12 (Actual)	2012–13 (Revised Estimate)	2013–14 (Estimate)
stamp duty cases scrutinised where stated consideration is considered adequate	120 631	120 000	120 000
stamp duty cases scrutinised where stated consideration is considered inadequate	6 233	5 000	5 000
valuations provided for stamp duty cases without stated consideration	6 495	5 000	5 000
valuations provided for estate duty purposes^	610	1 000¶	700¶
valuations on stamp duty and estate duty cases per post.....	1 576	1 541	1 538
other valuations and rental advice cases provided	9 585‡	20 000	20 000
other valuations and rental advice cases per post.....	208‡	435	435

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

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- ¶ There is an increase in valuation requests relating to a portfolio of properties in 2012–13. The number of cases processed is expected to resume to normal in 2013–14.
- ‡ The decrease was due to the extension of rental freeze for public markets managed by the Food and Environmental Hygiene Department for 18 months up to December 2012. Hence, there was no need to provide rental advice for about 10 000 cases in 2011–12.

Matters Requiring Special Attention in 2013–14

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

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	26.1	27.8	28.3 (+1.8%)	28.0 (–1.1%)
				(or +0.7% on 2012–13 Original)

Aim

14 The Department assists landlords and tenants in accordance with the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) (LTCO). 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 LTCO;
- 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 LTCO; 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	2011–12 (Actual)	2012–13 (Revised Estimate)	2013–14 (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

	2011–12 (Actual)	2012–13 (Revised Estimate)	2013–14 (Estimate)
applications and notices processed	52 070	54 000	54 000
enquiries handled	203 718	200 000	200 000
applications, notices and enquiries processed per post	3 876	4 097	4 097

Matters Requiring Special Attention in 2013–14

17 The Department will continue to administer the provisions of the LTCO.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2011–12 (Actual) (\$m)	2012–13 (Original) (\$m)	2012–13 (Revised) (\$m)	2013–14 (Estimate) (\$m)
(1) Statutory Valuation and Assessments	258.3	289.4	287.4	321.0
(2) Collection and Billing of Rates and Government Rent	50.2	53.7	52.9	55.5
(3) Provision of Valuation and Property Information Services.....	70.4	73.1	73.9	79.8
(4) Landlord and Tenant Services.....	26.1	27.8	28.3	28.0
	405.0	444.0	442.5 (–0.3%)	484.3 (+9.4%)
				(or +9.1% on 2012–13 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2013–14 is \$33.6 million (11.7%) higher than the revised estimate for 2012–13. This is mainly due to salary increments for staff, filling of vacancies, a net increase of two posts, provision for possible refund of overcharged interest in respect of some Government Rent appeals and increased requirement for other general departmental expenses.

Programme (2)

Provision for 2013–14 is \$2.6 million (4.9%) higher than the revised estimate for 2012–13. This is mainly due to salary increments for staff, filling of vacancies and increased requirement for general departmental expenses.

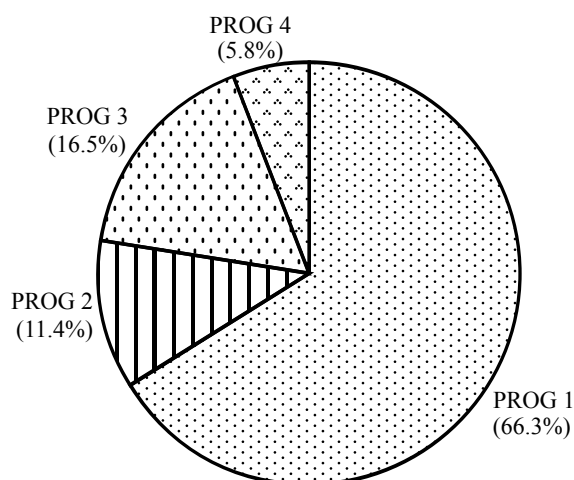
Programme (3)

Provision for 2013–14 is \$5.9 million (8.0%) higher than the revised estimate for 2012–13. This is mainly due to salary increments for staff, filling of vacancies and increased salary provision for the net increase of one post and staff changes.

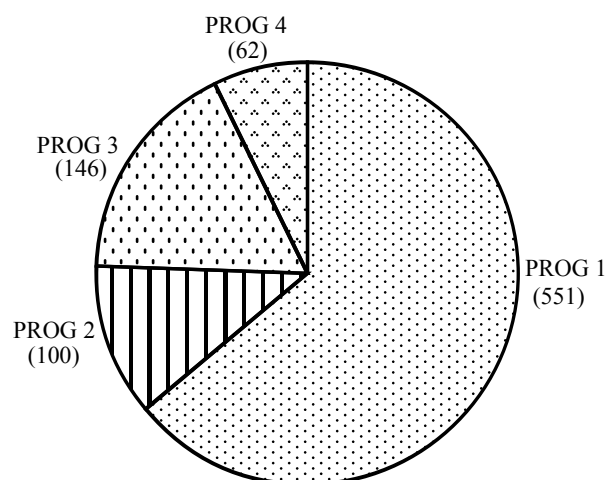
Programme (4)

Provision for 2013–14 is \$0.3 million (1.1%) lower than the revised estimate for 2012–13. This is mainly due to salary increments for staff and filling of vacancies, but offset by the reduced salary provision resulting from staff changes.

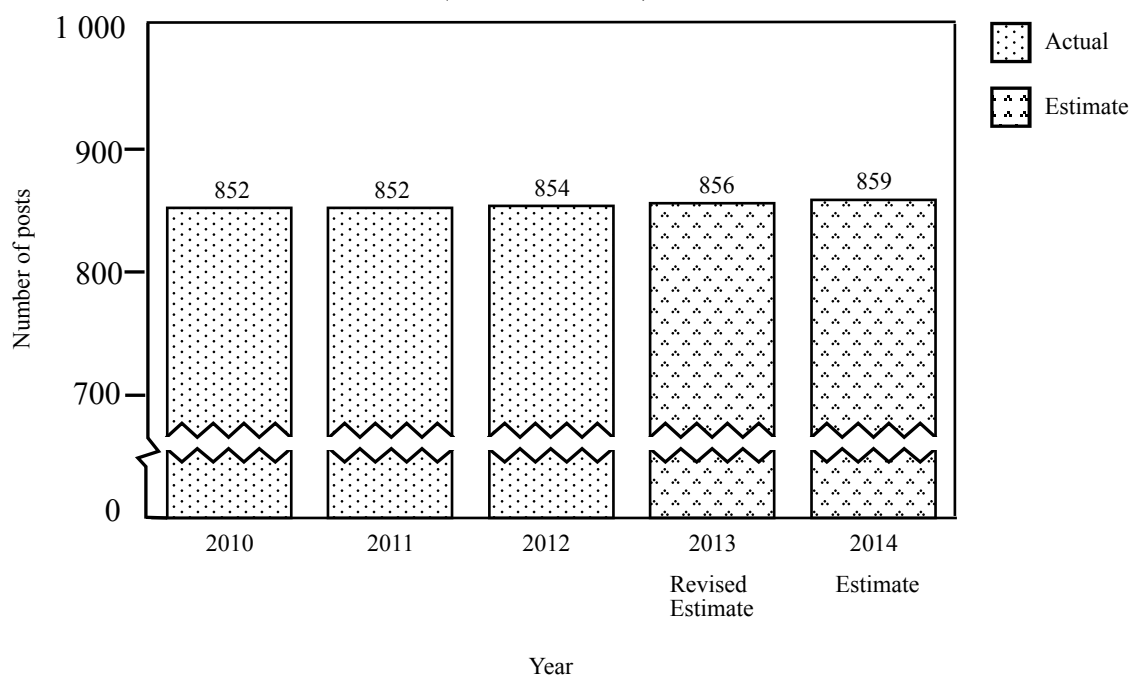
*Allocation of provision
to programmes
(2013-14)*



*Staff by programme
(as at 31 March 2014)*



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



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Sub-head (Code)	Actual expenditure 2011–12	Approved estimate 2012–13	Revised estimate 2012–13	Estimate 2013–14
	\$'000	\$'000	\$'000	\$'000
Operating Account				
Recurrent				
000 Operational expenses	404,873	444,019	442,479	484,270
Total, Recurrent	404,873	444,019	442,479	484,270
Total, Operating Account.....	404,873	444,019	442,479	484,270
Capital Account				
Plant, Equipment and Works				
Minor plant, vehicles and equipment (block vote).....	160	—	—	—
Total, Plant, Equipment and Works	160	—	—	—
Total, Capital Account	160	—	—	—
Total Expenditure	405,033	444,019	442,479	484,270

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Details of Expenditure by Subhead

The estimate of the amount required in 2013–14 for the salaries and expenses of the Rating and Valuation Department is \$484,270,000. This represents an increase of \$41,791,000 over the revised estimate for 2012–13 and of \$79,237,000 over actual expenditure in 2011–12.

Operating Account

Recurrent

2 Provision of \$484,270,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Rating and Valuation Department. The increase of \$41,791,000 (9.4%) over the revised estimate for 2012–13 is mainly due to the inclusion of a provision for the possible refund of overcharged interest in respect of some Government rent appeals.

3 The establishment as at 31 March 2013 will be 856 permanent posts. It is expected that three permanent posts will be created in 2013–14. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2013–14, but the notional annual mid-point salary value of all such posts must not exceed \$290,360,000.

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

	2011–12 (Actual) (\$'000)	2012–13 (Original) (\$'000)	2012–13 (Revised) (\$'000)	2013–14 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	341,865	356,107	364,390	377,197
- Allowances	3,085	3,634	3,870	3,984
- Job-related allowances.....	6	15	15	15
Personnel Related Expenses				
- Mandatory Provident Fund contribution	482	516	645	723
- Civil Service Provident Fund contribution	1,758	2,996	2,975	3,803
Departmental Expenses				
- Temporary staff	18,540	23,276	21,199	22,540
- General departmental expenses	39,137	57,475	49,385	76,008
	<u>404,873</u>	<u>444,019</u>	<u>442,479</u>	<u>484,270</u>