

Head 162 — RATING AND VALUATION DEPARTMENT

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

Estimate 2018–19 **\$555.4m**

Establishment ceiling 2018–19 (notional annual mid-point salary value) representing an estimated 863 non-directorate posts as at 31 March 2018 rising by 18 posts to 881 posts as at 31 March 2019..... **\$370.5m**

In addition, there will be an estimated 14 directorate posts as at 31 March 2018 and as at 31 March 2019.

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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	327.9	337.1	337.9 (+0.2%)	357.7 (+5.9%)
				(or +6.1% on 2017–18 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	2016–17 (Actual)	2017–18 (Revised Estimate)	2018–19 (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	98	90	90
processing objections to existing assessments within four months (%)#	85	88	85	85
keeping the no. 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	100	90	90

The statutory requirement is to process objections within six months.

Indicators

	2016–17 (Actual)	2017–18 (Revised Estimate)	2018–19 (Estimate)
Valuation List for Rates			
assessments in the List at year end.....	2 477 584	2 500 000	2 535 000
new assessments added to the List.....	35 507	37 000	44 000
assessments deleted from the List.....	12 373	12 000	12 000
Government Rent Roll			
assessments in the Rent Roll at year end	1 930 489	1 955 000	1 985 000
new assessments added to the Rent Roll.....	27 788	31 000	37 000
assessments deleted from the Rent Roll.....	7 251	8 000	8 000
Valuation List for Rates and Government Rent Roll			
total assessments	4 408 073	4 455 000	4 520 000
assessments per post.....	7 886	7 913	7 780

Matters Requiring Special Attention in 2018–19

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 2019;
- review and enhance the computer systems to further improve efficiency and services to the public; and
- continue to follow up the recommendations of the Director of Audit's Report No. 66 and the corresponding Public Accounts Committee report.

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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	65.8	67.3	69.4 (+3.1%)	71.8 (+3.5%)
				(or +6.7% on 2017–18 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	2016–17 (Actual)	2017–18 (Revised Estimate)	2018–19 (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	0.7	1.0	1.1

Indicators

	2016–17 (Actual)	2017–18 (Revised Estimate)	2018–19 (Estimate)
Rates and Government Rent accounts maintained.....	2 563 688	2 581 000	2 613 000
Rates and Government Rent accounts per post.....	25 637	25 810	26 130

Matters Requiring Special Attention in 2018–19

9 The Department will continue to:

- remind payers of their responsibility for 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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	87.5	89.5	91.9 (+2.7%)	93.0 (+1.2%)
				(or +3.9% on 2017–18 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	2016–17 (Actual)	2017–18 (Revised Estimate)	2018–19 (Plan)
notifying the Inland Revenue Department of valuation on stamp duty cases within four months (%).....	85	89	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	92	90	90
publishing the monthly property market statistics within six weeks following the end of the month (%).....	100	100	100	100

Indicators

	2016–17 (Actual)	2017–18 (Revised Estimate)	2018–19 (Estimate)
stamp duty cases scrutinised where stated consideration is considered adequate.....	91 742	95 000	95 000
stamp duty cases scrutinised where stated consideration is considered inadequate.....	5 202	5 000	5 000
valuations provided for stamp duty cases without stated consideration.....	6 481	6 000	6 000
valuations provided for estate duty purposes^.....	1 040	600	600
valuations on stamp duty and estate duty cases per post	1 229	1 254	1 254
other valuations and rental advice cases provided	24 097	25 500	25 500
other valuations and rental advice cases per post.....	524	520	520

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

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Matters Requiring Special Attention in 2018–19

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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	31.7	32.0	32.7 (+2.2%)	32.9 (+0.6%)
				(or +2.8% on 2017–18 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 LTCO, including processing applications and notifications made under the LTCO;
- monitoring the operation of the LTCO 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	2016–17 (Actual)	2017–18 (Revised Estimate)	2018–19 (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

	2016–17 (Actual)	2017–18 (Revised Estimate)	2018–19 (Estimate)
applications and notices processed.....	54 448	55 000	55 000
enquiries handled	118 968	120 000	120 000
applications, notices and enquiries processed per post	2 797	2 823	2 823

Matters Requiring Special Attention in 2018–19

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

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ANALYSIS OF FINANCIAL PROVISION

Programme	2016–17 (Actual) (\$m)	2017–18 (Original) (\$m)	2017–18 (Revised) (\$m)	2018–19 (Estimate) (\$m)
(1) Statutory Valuation and Assessments ...	327.9	337.1	337.9	357.7
(2) Collection and Billing of Rates and Government Rent	65.8	67.3	69.4	71.8
(3) Provision of Valuation and Property Information Services	87.5	89.5	91.9	93.0
(4) Landlord and Tenant Services.....	31.7	32.0	32.7	32.9
	512.9	525.9	531.9 (+1.1%)	555.4 (+4.4%)
				(or +5.6% on 2017–18 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2018–19 is \$19.8 million (5.9%) higher than the revised estimate for 2017–18. This is mainly due to increased salary provision for an increase of 18 posts and provision for possible refund of overcharged interest in respect of some appeal cases on Government Rent.

Programme (2)

Provision for 2018–19 is \$2.4 million (3.5%) higher than the revised estimate for 2017–18. This is mainly due to salary increments for staff and increase in departmental expenses.

Programme (3)

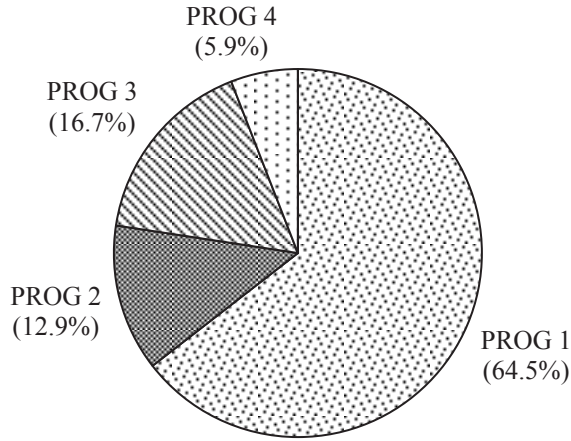
Provision for 2018–19 is \$1.1 million (1.2%) higher than the revised estimate for 2017–18. This is mainly due to salary increments for staff.

Programme (4)

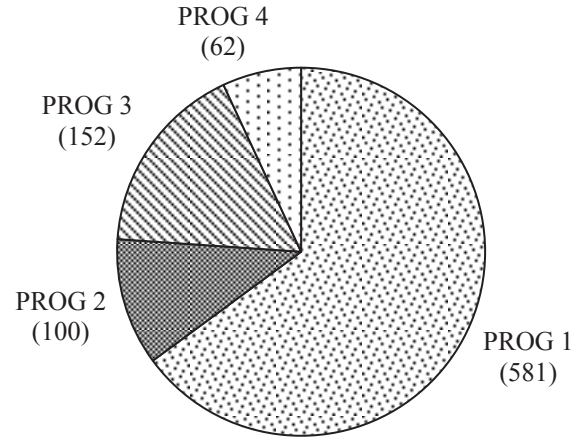
Provision for 2018–19 is \$0.2 million (0.6%) higher than the revised estimate for 2017–18. This is mainly due to salary increments for staff.

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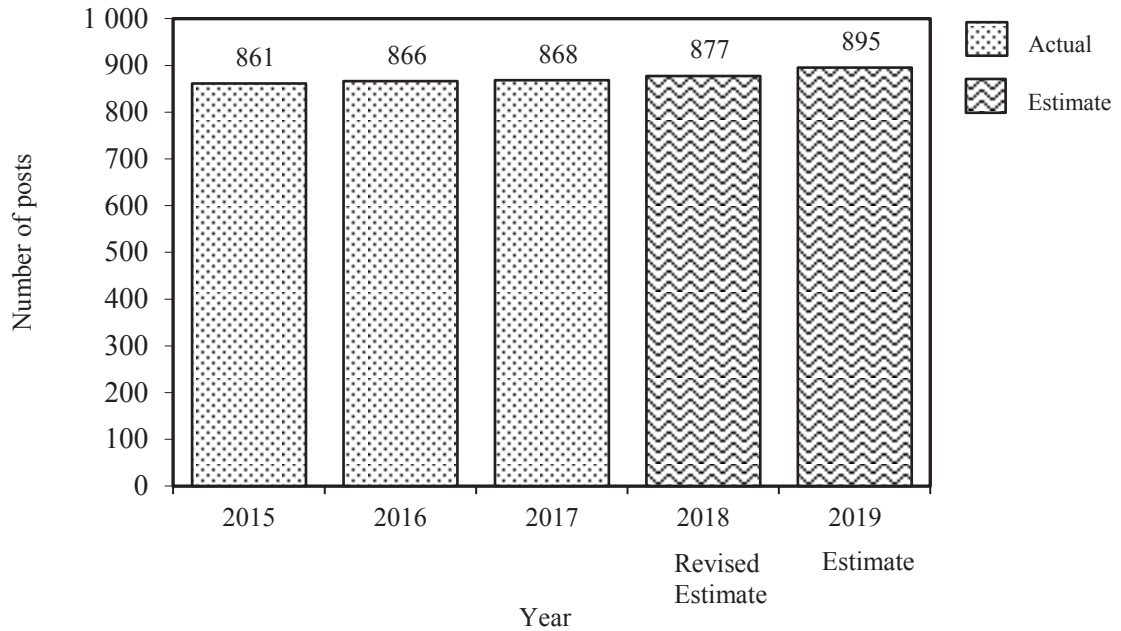
Allocation of provision to programmes (2018-19)



Staff by programme (as at 31 March 2019)



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



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Sub-head (Code)	Actual expenditure 2016-17	Approved estimate 2017-18	Revised estimate 2017-18	Estimate 2018-19	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	512,928	525,306	531,369	554,228
	Total, Recurrent.....	512,928	525,306	531,369	554,228
	Total, Operating Account	512,928	525,306	531,369	554,228
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Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	—	600	580	1,167
	Total, Plant, Equipment and Works.....	—	600	580	1,167
	Total, Capital Account.....	—	600	580	1,167
<hr/>					
	Total Expenditure	512,928	525,906	531,949	555,395
		<u>512,928</u>	<u>525,906</u>	<u>531,949</u>	<u>555,395</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2018–19 for the salaries and expenses of the Rating and Valuation Department is \$555,395,000. This represents an increase of \$23,446,000 over the revised estimate for 2017–18 and \$42,467,000 over the actual expenditure in 2016–17.

Operating Account

Recurrent

2 Provision of \$554,228,000 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 2018 will be 877 permanent posts. It is expected that there will be an increase of 18 permanent posts in 2018–19. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2018–19, but the notional annual mid-point salary value of all such posts must not exceed \$370,509,000.

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

	2016–17 (Actual) (\$'000)	2017–18 (Original) (\$'000)	2017–18 (Revised) (\$'000)	2018–19 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	422,257	428,889	432,651	443,564
- Allowances.....	5,337	6,462	6,547	6,910
- Job-related allowances.....	12	16	20	20
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	1,003	1,685	1,390	2,063
- Civil Service Provident Fund contribution.....	10,022	12,088	12,258	14,735
Departmental Expenses				
- Temporary staff.....	19,602	18,966	18,151	21,833
- General departmental expenses	54,695	57,200	60,352	65,103
	512,928	525,306	531,369	554,228

Capital Account

Plant, Equipment and Works

5 Provision of \$1,167,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$587,000 (101.2%) over the revised estimate for 2017–18. This is mainly due to increased requirement for replacement of minor plant and equipment.