

Head 162 — RATING AND VALUATION DEPARTMENT

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

Estimate 2023–24 **\$752.9m**

Establishment ceiling 2023–24 (notional annual mid-point salary value) representing an estimated 965 non-directorate posts as at 31 March 2023 rising by 17 posts to 982 posts as at 31 March 2024..... **\$482.0m**

In addition, there will be an estimated 14 directorate posts as at 31 March 2023 and as at 31 March 2024.

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

Detail

Programme (1): Statutory Valuation and Assessments

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	2023–24 (Estimate)
Financial provision (\$m)	367.4	483.2	430.1 (–11.0%)	485.6 (+12.9%)
				(or +0.5% on 2022–23 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) (RO); and
 - a Government Rent Roll for all properties assessed to Government Rent under the Government Rent (Assessment and Collection) Ordinance (Cap. 515) (GRACO) 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.

Head 162 — RATING AND VALUATION DEPARTMENT

4 The key performance measures in respect of statutory valuation and assessments are:

Targets

	Target	2021–22 (Actual)	2022–23 (Revised Estimate)	2023–24 (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	98	90	90
processing objections to existing assessments within four months (%)#	85	86	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	99	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

	2021–22 (Actual)	2022–23 (Revised Estimate)	2023–24 (Estimate)
Valuation List for Rates			
assessments in the List at year end.....	2 632 758	2 660 000	2 690 000
new assessments added to the List.....	42 214	36 000	39 000
assessments deleted from the List	8 976	6 000	6 000
Government Rent Roll			
assessments in the Rent Roll at year end	2 068 233	2 100 000	2 130 000
new assessments added to the Rent Roll.....	38 154	32 000	34 000
assessments deleted from the Rent Roll.....	5 759	5 000	5 000
Valuation List for Rates and Government Rent Roll			
total assessments	4 700 991	4 760 000	4 820 000
assessments per post.....	7 835	7 592	7 687

Matters Requiring Special Attention in 2023–24

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 2024; and
- carry out the preparatory work to take forward the proposals arising from the review of the rating system.

Head 162 — RATING AND VALUATION DEPARTMENT

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

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	2023–24 (Estimate)
Financial provision (\$m)	87.2	90.8	89.9 (–1.0%)	97.7 (+8.7%)
				(or +7.6% on 2022–23 Original)

Aim

- 6 The aim is to levy Rates and charge Government Rent in accordance with the RO and the GRACO 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 RO and the GRACO, 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	2021–22 (Actual)	2022–23 (Revised Estimate)	2023–24 (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

	2021–22 (Actual)	2022–23 (Revised Estimate)	2023–24 (Estimate)
Rates and Government Rent accounts maintained	2 708 221	2 730 000	2 763 000
Rates and Government Rent accounts per post	26 293	26 505	26 825

Matters Requiring Special Attention in 2023–24

- 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 if practicable and to identify areas for improvement in service delivery.

Head 162 — RATING AND VALUATION DEPARTMENT

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

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	2023–24 (Estimate)
Financial provision (\$m)	100.2	104.3	100.5 (–3.6%)	105.0 (+4.5%)
				(or +0.7% on 2022–23 Original)

Aim

10 The Department provides property valuation advice to government bureaux and departments. It also provides property information services to government bureaux and departments, private sector and the 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	2021–22 (Actual)	2022–23 (Revised Estimate)	2023–24 (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	99	85	85
notifying other client departments of valuation advice within four months (%).....	90	98	90	90
publishing the monthly property market statistics within six weeks following the end of the month (%).....	100	100	100	100

Indicators

	2021–22 (Actual)	2022–23 (Revised Estimate)	2023–24 (Estimate)
stamp duty cases scrutinised where stated consideration is considered adequate.....	101 837	85 000	100 000
stamp duty cases scrutinised where stated consideration is considered inadequate.....	4 192	4 200	4 200
valuations provided for stamp duty cases without stated consideration.....	4 044	4 000	4 000
valuations provided for estate duty purposes^.....	336	270	270
valuations on stamp duty and estate duty cases per post	1 284	1 087	1 261
other valuations and rental advice cases provided	22 410	22 000	22 000
other valuations and rental advice cases per post.....	457	449	449

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

Head 162 — RATING AND VALUATION DEPARTMENT

Matters Requiring Special Attention in 2023–24

13 The Department will continue to provide property-related information to government bureaux and departments to facilitate their policy review and formulation.

Programme (4): Landlord and Tenant Services

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	2023–24 (Estimate)
Financial provision (\$m)	41.4	94.5	77.2 (–18.3%)	64.6 (–16.3%)
				(or –31.6% on 2022–23 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 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	2021–22 (Actual)	2022–23 (Revised Estimate)	2023–24 (Plan)
endorsing a notice of tenancy within one month (%)Ω	99	99	99	99
issuing a substantive reply to a written or electronic enquiry on tenancy matters within 14 days (%).....	90	100	90	90

Ω Revised description of the previous target “endorsing a notice of new letting or lease renewal within one month” as from 2022.

Indicators

	2021–22 (Actual)	2022–23 (Revised Estimate)	2023–24 (Estimate)
applications and notices processed.....	57 614	85 000	85 000
enquiries handled	79 581	116 000	116 000
applications, notices and enquiries processed per post	2 213	2 100	2 100

Matters Requiring Special Attention in 2023–24

17 The Department will continue to administer the provisions of the LTCO, including the new Part IVA relating to tenancy control on subdivided units, which has taken effect since 22 January 2022.

Head 162 — RATING AND VALUATION DEPARTMENT

ANALYSIS OF FINANCIAL PROVISION

Programme	2021–22 (Actual) (\$m)	2022–23 (Original) (\$m)	2022–23 (Revised) (\$m)	2023–24 (Estimate) (\$m)
(1) Statutory Valuation and Assessments....	367.4	483.2	430.1	485.6
(2) Collection and Billing of Rates and Government Rent.....	87.2	90.8	89.9	97.7
(3) Provision of Valuation and Property Information Services.....	100.2	104.3	100.5	105.0
(4) Landlord and Tenant Services	41.4	94.5	77.2	64.6
	596.2	772.8	697.7 (–9.7%)	752.9 (+7.9%)
				(or –2.6% on 2022–23 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2023–24 is \$55.5 million (12.9%) higher than the revised estimate for 2022–23. This is mainly due to the increased provision for filling of vacancies and the increase of 17 posts.

Programme (2)

Provision for 2023–24 is \$7.8 million (8.7%) higher than the revised estimate for 2022–23. This is mainly due to the increased provision of general departmental expenses.

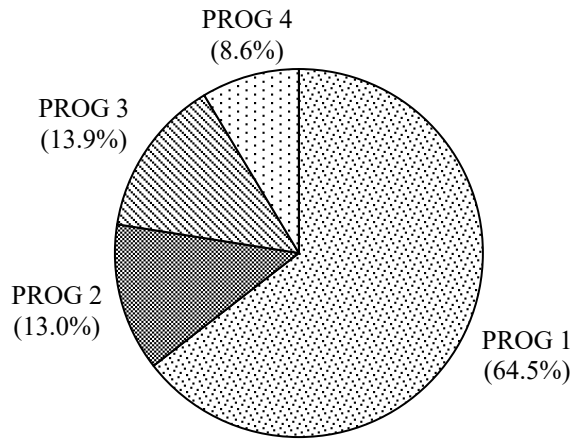
Programme (3)

Provision for 2023–24 is \$4.5 million (4.5%) higher than the revised estimate for 2022–23. This is mainly due to the increased provision of general departmental expenses.

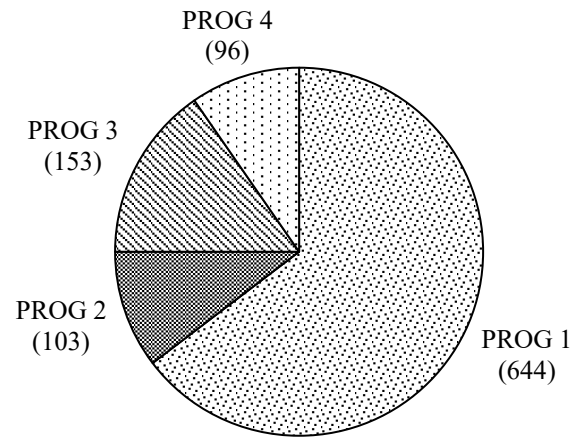
Programme (4)

Provision for 2023–24 is \$12.6 million (16.3%) lower than the revised estimate for 2022–23. This is mainly due to the decreased provision of general departmental expenses, partly offset by the increased provision for filling of vacancies.

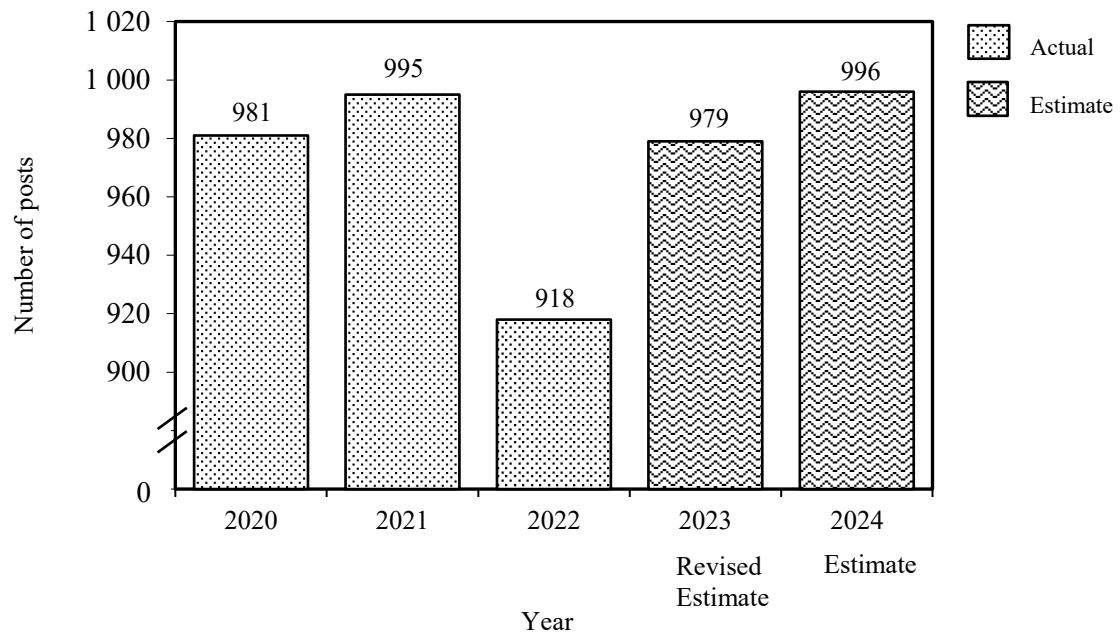
*Allocation of provision
to programmes
(2023-24)*



*Staff by programme
(as at 31 March 2024)*



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



Head 162 — RATING AND VALUATION DEPARTMENT

Sub-head (Code)		Actual expenditure 2021–22	Approved estimate 2022–23	Revised estimate 2022–23	Estimate 2023–24
		\$'000	\$'000	\$'000	\$'000
Operating Account					
	Recurrent				
000	Operational expenses	596,218	772,848	697,704	752,367
	Total, Recurrent.....	596,218	772,848	697,704	752,367
	Total, Operating Account	596,218	772,848	697,704	752,367
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Capital Account					
	Plant, Equipment and Works				
661	Minor plant, vehicles and equipment (block vote).....	—	—	—	560
	Total, Plant, Equipment and Works.....	—	—	—	560
	Total, Capital Account.....	—	—	—	560
<hr/>					
	Total Expenditure	596,218	772,848	697,704	752,927
		<u>596,218</u>	<u>772,848</u>	<u>697,704</u>	<u>752,927</u>

Head 162 — RATING AND VALUATION DEPARTMENT

Details of Expenditure by Subhead

The estimate of the amount required in 2023–24 for the salaries and expenses of the Rating and Valuation Department is \$752,927,000. This represents an increase of \$55,223,000 over the revised estimate for 2022–23 and \$156,709,000 over the actual expenditure in 2021–22.

Operating Account

Recurrent

2 Provision of \$752,367,000 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 2023 will be 979 posts. It is expected that there will be an increase of 17 posts in 2023–24. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2023–24, but the notional annual mid-point salary value of all such posts must not exceed \$482,020,000.

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

	2021–22 (Actual) (\$'000)	2022–23 (Original) (\$'000)	2022–23 (Revised) (\$'000)	2023–24 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	443,729	515,207	474,272	536,080
- Allowances	5,498	7,338	7,340	7,952
- Job-related allowances.....	131	25	225	125
Personnel Related Expenses				
- Mandatory Provident Fund contribution	1,978	2,984	1,962	2,610
- Civil Service Provident Fund contribution	22,413	29,493	27,399	32,953
Departmental Expenses				
- Temporary staff	53,213	88,181	79,883	79,532
- General departmental expenses	69,256	129,620	106,623	93,115
	596,218	772,848	697,704	752,367

Capital Account

Plant, Equipment and Works

5 Provision of \$560,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* is for replacement of equipment.