



差餉物業估價署
九龍長沙灣道303號長沙灣政府合署 15樓
Rating and Valuation Department
15th Floor, Cheung Sha Wan Government Offices,
303 Cheung Sha Wan Road, Kowloon.

本署檔號 Our Ref. : (21) in RVD CR 4-35/3 C
來函檔號 Your Ref. :
電話號碼 Tel. No. : 2150 8804
圖文傳真號碼 Fax No. : 2152 0188
網址 Website : <http://www.rvd.gov.hk>

致：┌
To: Mr Anthony CHU
Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
└
Central, Hong Kong

30 June 2016

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 66
Efforts of the Rating and Valuation Department in safeguarding revenue
on rates and Government rent

As requested in your letter of 24 June 2016, I append below the additional information required –

Estimated rates income of Unauthorized Building Works

Appendix 5

As stated in paragraph 11 of ~~our previous letter of 24 May 2016~~, the rough estimate of rates income which could be generated, if the major types of unauthorized building works (UBWs) as mentioned in Table 7 of the audit report are to be assessed, amounts to some \$4.2 million per annum. The basis of arriving at the rough estimate is tabulated below, with the relevant assumptions set out in the Notes:

Major types of UBWs mentioned in Table 7	Number of Cases to be assessed	Additional Rates Income per annum ^(note 3)
Top roofs/side roofs/ lane/yard	3 200 ^(note 1)	\$1.8 million
subdivided units/ basement excavation	800 ^(note 2)	\$2.4 million
Total	4 000	\$4.2 million

Note 1 : The number of cases to be assessed are based on the cases (i.e. 4 844 + 6 685 + 2 393 = 13 922) stated in Table 7 of the audit report, with appropriate adjustment to take out the likely number of possibly transient cases (about 20%), cases already assessed to rates (about 42%, with reference to the analysis of the 1,000 sample cases listed in Table 8 of the audit report), and cases involving non-assessable UBWs (about 15%, e.g. prefabricated mobile storage

cabinets, trellis and retractable canvass awnings on rooftop, flat roof and lane/yard, based on the findings of the Department's sample checks of the 1,000 sample cases listed in Table 8) which would not give rise to any additional rates income.

Note 2 : The number of cases to be assessed are based on the cases (i.e. $889 + 35 = 924$) stated in Table 7 of the audit report, with appropriate adjustment to take out the likely number of cases already assessed to rates (about 13%, with reference to the analysis of the 1,000 sample cases listed in Table 8 of the audit report and the findings of the Department's sample checks).

Note 3 : The rates income is based on the average increase in RV of the concerned tenements at 2015/16 level after reflecting the effect of the UBWs of the relevant types.

Estimated Staff Cost in Assessing the Unauthorized Building Works

The above figure of \$4.2 million, being a rough estimate, cannot serve as a proper basis for RVD to collect additional rates. RVD would need to deploy staff resources to assess the rateable value of the concerned tenements reflecting the effect of UBWs. In terms of the likely staff cost incurred, we estimate that about 4 360 additional mandays (i.e. 1.09 mandays on average for each case), or \$11.1 million (based on the 2015-16 salary level of the staff involved), would need to be deployed, having regard to the established workflow and experience for assessing the rateable values of relevant tenements.

Yours sincerely,



(P.K. IP)

for Commissioner of Rating and Valuation

c.c. Secretary for Financial Services and the Treasury
Director of Buildings
Director of Home Affairs
Director of Lands
Director of Audit