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24 May 2016

**By Post and  
e-mail: ahychu@legco.gov.hk**

Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong  
(Attn: Mr Anthony CHU)

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**

Thank you for your letter of 10 May 2016. We are pleased to provide below the information requested.

**Paragraph 3.22 of the Audit Report on Implementation of Notification Arrangements**

2. Regarding paragraph 3.22 and Table 9 of the Audit Report, you may wish to note that the 85 removal orders were randomly selected from about 81,000 orders issued during the period from 2010 to 2014. The Buildings Department (BD) has recently selected a similar sample of removal orders (133 orders) issued during an earlier period from 2001 to 2009 and revealed that 65% of them had been copied to the Rating and Valuation Department (RVD).

3. The notification arrangements were first set up in 2001 to facilitate the

RVD's review of the rateable values of new or re-erected illegal rooftop structures on single-staircase buildings to avoid overcharging of rates<sup>1</sup> and had generally been implemented by the BD. The purpose of extending the notification arrangements to other types of unauthorised building works (UBWs) in 2004 was to facilitate the RVD's review of the rateable values of properties with UBWs removed<sup>2</sup>, i.e. avoiding overcharging of rates. However, the extended arrangements had resulted in a drastic increase in the number of removal orders and compliance letters required to be sent to the RVD. In addition, BD's manpower at that time had already been in full stretch owing to the need to step up enforcement actions on UBWs erected on external walls of buildings and illegal rooftop structures on single-staircase buildings, handle the large number of reports on UBWs and tackle other building safety initiatives. Due to the enormous workload on ongoing initiatives since 2000s, the BD could not put the extended notification arrangements fully into practice.

### **Paragraph 3.22 of the Audit Report on Cessation of Notification Arrangements**

4. When reviewing its manpower for redeployment of resources to clear backlog orders in February 2014, the BD noted that the notification arrangements for UBWs had not been fully put into practice due to the large number of orders and letters involved and the heavy workload on various building safety initiatives. Based on BD's operational experience, the information provided under the notification arrangements would not be sufficient in meeting the RVD's needs and the RVD would require further details of the UBWs, such as copies of plans, photos and inspection reports by the BD in some cases. Hence, the BD decided to cease the notification arrangements and annul the instruction<sup>3</sup>.

5. To follow up the recommendations in Chapter 1 of the Director of Audit's Report No. 64 on BD's actions on UBWs issued in April 2015, the BD has conducted a review on its work process and internal instructions to enhance its efficiency and reprioritise its work. In January 2016, the BD noted that the instruction for the notification arrangements for unauthorised signboards remained in force while such arrangements had not been fully put into practice due to the

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<sup>1</sup> Paragraph 3.11 of the Audit Report.

<sup>2</sup> Paragraph 3.12 of the Audit Report.

<sup>3</sup> Paragraph 3.21 of the Audit Report.

workload situation. In order to redeploy manpower to clear backlog orders and due to the heavy workload arising from the notification arrangements as elaborated in paragraph 4 above, the BD ceased the notification arrangements for unauthorised signboards. Accordingly, the BD notified the RVD that the notification arrangements for UBWs information had been ceased. The BD did not receive any views or concern from RVD in response to the aforementioned notification<sup>4</sup>.

[Redacted]

6. [Redacted]

7. [Redacted]

8. [Redacted]

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<sup>4</sup> We were told recently by RVD that as the Audit Commission was conducting a value-for-money audit on RVD's work in January 2016, they deferred to give their views/comments on the cessation arrangement to the BD at a later time as there would be other matters requiring coordination between the two Departments.

<sup>5</sup> [Redacted]

[REDACTED]

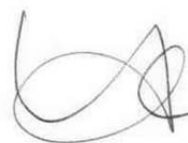
9. [REDACTED]

**Paragraph 2.16(e) and 3.41 of the Audit Report and Paragraph 6 of the Opening Remark of the Secretary for Financial Services and Treasury on Measures to Sharing UBWs Information**

10. The BD has provided input to the Financial Services and Treasury Bureau.

11. Should you have any queries, please contact the undersigned at 2626 1131.

Yours sincerely,



(T C YU)

Assistant Director/Existing Buildings 2  
for Director of Buildings

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Director of Lands	(Fax No. : 2868 3248)
Director of Home Affairs	(Fax No. : 2574 8638)
Director of Audit	(Fax No. : 2583 9063)