

ITEM FOR FINANCE COMMITTEE

HEAD 46 – GENERAL EXPENSES OF THE CIVIL SERVICE

Subhead 013 Personal Allowances

Subhead 022 Passages

Subhead 023 Quartering

Subhead 032 Accommodation Allowance Scheme

Subhead 038 Private Tenancy Allowance

Subhead 040 Non-accountable Cash Allowance Scheme

Members are invited to approve –

- (a) the adjustment of the ceiling rates of Overseas Education Allowance (OEA) to the level as at 30 June 1997 for new claimants who start to claim the allowance from the 2006/07 or the 2007 school year onwards;
- (b) the adjustment of the ceiling rates of Local Education Allowance (LEA) to the level as at 30 June 1997 for new claimants who start to claim the allowance from the 2006/07 school year onwards;
- (c) the adjustment of the ceiling rates of School Passage Allowance (SPA) to the rates as at 1 July 1998 with effect from the next claiming cycle of SPA for all claimants;
- (d) the expansion of the scope of SPA to cover the allowance for travelling expenses in the place of study with effect from the next claiming cycle of SPA for all eligible officers;

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- (e) the abolition of the rate adjustment mechanism for OEA, LEA, SPA, and the travelling expenses in the country of origin or place of study with immediate effect;
- (f) the capping of the allowance rates for Sea Passage starting from the 2007 sailing;
- (g) the revision of the rate adjustment mechanism of the Accommodation Allowance (AA) and the Private Tenancy Allowance (PTA) according to the annual territory-wide rental movements in respect of the corresponding classes of domestic properties compiled by the Rating and Valuation Department with effect from 2007-08;
- (h) the locking of the scale of rates payable to AA and PTA recipients throughout the term of a tenancy to the scale prevailing at the commencement of the tenancy term with effect from a prospective date in 2006-07;
- (i) the revision of the rates of Non-accountable Cash Allowance (NCA) for new claimants (including claimants on re-appointment with a break in service) to 5% below the corresponding rates of Home Financing Allowance (HFA)/Home Purchase Allowance (HPA) and the adjustment of future NCA rates in line with the annual percentage adjustment to the HFA/HPA rates with effect from a prospective date in 2006-07;
- (j) the expansion of the scope of the NCA Scheme to allow officers eligible for AA to opt to switch to the NCA Scheme and to apply the rules on prevention of double housing benefits fully to these NCA recipients with effect from a prospective date in 2006-07;

/(k)

- (k) the conversion of the Removal Allowance into a fully non-accountable allowance with effect from a prospective date in 2006-07; and
- (l) the cessation of the provision of Air-conditioning Allowance and Hotel Subsistence Allowance, as a fringe benefit, to all eligible civil servants with effect from a prospective date in 2006-07.

PROBLEM

We need to implement the final package of change proposals following the completion of the review of fringe benefit type of allowances for the civil service.

PROPOSAL

2. We propose to adjust the ceiling rates, revise the terms and conditions, abolish or revise the rate adjustment mechanisms, change the scope of or cease to provide some fringe benefit type allowances for the civil service as set out in the ensuing paragraphs.

JUSTIFICATION

(A) Education allowances

(i) OEA

3. In April 1964, Members approved the introduction of OEA. In August 1972, Members approved ceiling OEA rates were to be tied to the rates provided under the Overseas Service Aid Scheme of the United Kingdom (UK) Government from time to time. In October 1974, Members authorized the Secretary for the Civil Service (SCS) to set the OEA rates for those countries without any up-to-date rates under the Overseas Service Aid Scheme provided the rates set did not exceed the OEA rates for the UK and the actual fees paid. In light of the outdated nature of OEA and the substantial expenditure involved, new civil service recruits offered appointment from 1 August 1996 onwards are no longer eligible for OEA. This enables OEA to be phased out completely over time.

4. Having regard to the principles of lawfulness, reasonableness and fairness and in view of the significant increase in expenditure on OEA in recent years (from \$342.5 million in 2000-01 to \$576.9 million in 2005-06), we *propose* to adjust the ceiling rates of OEA to the level as at 30 June 1997 for new claimants (claimants refer to eligible children of eligible civil servants in respect of whom OEA is claimed) who start to draw the allowance from the 2006/07 or the 2007 school year onwards, as the case may be. The current OEA ceiling rates will continue to apply to existing claimants so as to minimize the possible disruption that may be caused to the schooling arrangements already made for existing claimants. We also *propose* to abolish the rate adjustment mechanism for OEA such that the ceiling rates for new and existing claimants will be frozen at the proposed and current levels respectively with no further rate adjustment until the complete phasing out of the allowance. The proposed OEA ceiling rates for new and existing claimants are set out in Enclosure 1.

Encl. 1

5. The OEA ceiling rates for countries not listed in Enclosure 1 will continue to be set by SCS following the principle that the rates will not exceed the proposed OEA rates for the UK for new claimants and the actual fees paid. The OEA rates will continue to be set in the relevant foreign currencies but the actual disbursement of the allowance will be made in Hong Kong dollars as at present. Other eligibility rules, including the subsidy level, duration of subsidy, age and number of eligible dependants and place of study, will also remain unchanged.

(ii) *LEA*

6. In August 1972, Members approved the introduction of LEA and the ceiling rates were to be tied to the fees payable at English-speaking schools in Hong Kong from time to time. In view of the outdated nature of LEA and the significant expenditure involved, new civil service recruits offered appointment from 1 June 2000 are no longer eligible for LEA. This enables LEA to be phased out completely over time.

7. Having regard to the principles of lawfulness, reasonableness and fairness and in view of the outdated nature of the allowance and the increase in expenditure in recent years (from \$226.4 million in 2000-01 to \$309.5 million in 2005-06), we *propose* to adjust the ceiling rates of LEA to the level as at 30 June 1997 for new claimants (claimants refer to eligible children of eligible civil servants in respect of whom LEA is claimed) who start to draw the allowance from the 2006/07 school year onwards. The current ceiling rates for LEA will continue to apply to existing claimants for the same reason as explained in paragraph 4 above. We also *propose* to abolish the rate adjustment mechanism for LEA such that the ceiling rates for new and existing claimants will be frozen at the proposed and

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current levels respectively with no further rate adjustment until the complete phasing out of the allowance. The proposed LEA ceiling rates for new and existing claimants are set out in Enclosure 1. Other eligibility rules, including basic charge, subsidy level, duration of subsidy, age and number of eligible dependants, remain unchanged.

(B) Passage and related allowances

(i) School Passage Allowance (SPA)

8. School passage is provided to eligible children of eligible civil servants being educated overseas. New civil service recruits offered appointment from 1 August 1996 are no longer eligible for School Passage. Thus this fringe benefit will be phased out over time. School passage used to be provided in the form of air tickets. In December 1997, Members approved the introduction of SPA in lieu of the provision of air tickets, as well as the bases for setting the initial rates of SPA for implementation in mid-1998 and for revising these rates thereafter¹.

9. Having regard to the principles of lawfulness, reasonableness and fairness and the expenditure involved, we *propose* to adjust the SPA rates for all claimants to the level as at 1 July 1998 (when SPA started to be provided in the form of a cash allowance) with effect from the next claiming cycle of this allowance. The proposed rates are at Enclosure 2. In addition, we *propose* to abolish the rate adjustment mechanism for SPA such that the ceiling rates will be frozen at the adjusted level with no further rate adjustment until the complete phasing out of the allowance. We also *propose* to broaden the scope of SPA to cover, in addition to air fares, the allowance for travelling expenses in the place of study for SPA claimants (see paragraph 11 below) under the proposed SPA rates without separate provision.

Encl. 2

(ii) Travelling expenses in the country of origin or place of study

10. Officers on overseas terms and their families travelling on Government leave passage in their country of origin and children of eligible civil servants taking school passage may claim reimbursement of the travelling expenses between the airport/port of entry/exit and the town/city in which they reside/receive education. In January 1972, Members approved the allowance rates for travelling expenses in the country of origin should be adjusted according to known increases in British rail fares². In view of the outdated nature of this fringe benefit, new civil service recruits offered appointment from 1 August 1996 (in conjunction with SPA) and from 1 January 1999 (in conjunction with leave passage allowance) are no longer eligible for this benefit.

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¹ FC approved the delegation to the then Secretary for the Treasury the authority to approve future revisions to the SPA rates according to changes in air fare prices as reflected in the Composite Consumer Price Index.

² FC approved the delegation to the then Accountant General the authority to revise such rates.

11. Having regard to the principles of lawfulness, reasonableness and fairness, we *propose* to abolish the rate adjustment mechanism such that the allowance rates for travelling expenses in the country of origin or place of study will be frozen at the current levels for eligible civil servants with no further rate adjustment. The current allowance rates are at Enclosure 2. In order to streamline the administration of civil service allowances, we also *propose* to subsume the allowance for travelling expenses in the place of study for SPA claimants under the scope of SPA.

(iii) Sea Passage

12. Sea passage was originally provided only to overseas officers appointed to the permanent establishment before 1 January 1958 and were on old leave terms. In February 1972, Members approved the provision of sea passage to officers on overseas terms retiring from or leaving the service at the age of 50 or above and to agreement officers on satisfactory completion of not less than 15 years of public service in Hong Kong or another UK dependent territory. In view of the outdated nature of this fringe benefit and the expenditure involved, new civil service recruits appointed from 1 December 1984 are no longer eligible for sea passage. This enables sea passage to be phased out completely over time.

13. Having regard to the principles of lawfulness, reasonableness and fairness, starting from the 2007 sailing, we propose to cap the allowance rates for the respective class of travel which eligible civil servants are entitled to at the rates approved for the 1997 sailing to the UK, as set out in Enclosure 2. We will continue to set the rates in pound sterling, but the actual disbursement will continue to be made in Hong Kong dollars as at present.

(C) Housing and related allowances

(i) AA Scheme

14. In July 1990, Members approved the introduction of AA Scheme for eligible officers offered appointment on overseas terms from 1 October 1990 onwards for renting accommodation in Hong Kong. In 1992, Members approved the annual revision of the AA rates on 1 April according to the rental movements in selected geographical areas where Private Tenancy Allowance claimants live. As AA claimants may rent accommodation throughout the territory and in order to streamline the administration of civil service housing benefits, we *propose* that with effect from 2007-08, the rates of AA should be adjusted annually according to the territory-wide rental movements compiled by the Rating and Valuation Department (RVD). In this connection, we would maintain the established methodology of adjusting AA rates for civil servants in different salary bands according to the corresponding classes of domestic properties under RVD's classification.

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15. Rental tenancies in Hong Kong are normally for a period of two to three years. At present, when AA rates are revised upwards, an AA claimant receives the higher allowance immediately without waiting for the commencement of a new tenancy or the renewal of an existing tenancy. However, when AA rates are revised downwards, an AA claimant is not subject to the lower allowance until commencement of a new tenancy or the renewal of an existing tenancy. We *propose* to lock the allowance payable to an eligible civil servant throughout the term of a rental tenancy to the scale of rates prevailing at the time of commencement of the tenancy, irrespective of any upward or downward adjustment to the AA rates during that period. We further *propose* to apply the revised arrangement with effect from a prospective date in 2006-07 when individual AA claimants renew their existing tenancies or enter into new tenancies. We will continue to apply the current arrangement where an AA recipient is allowed to move to a higher AA rate corresponding to a higher pay point following his salary progression or promotion during the term of a rental tenancy based on the scale of rates prevailing at the time of commencement of the tenancy.

(ii) *PTA*

16. PTA was first introduced in 1948 to overcome the shortage of non-departmental quarters. It is now provided to civil servants offered appointment on overseas terms before 1 October 1990 and those offered appointment on local terms before 1 October 1990 and are on or above MPS 34 or equivalent for renting accommodation in Hong Kong. As approved by Members in March 1986, the rates of PTA are adjusted according to the rental movements in selected geographical areas where most of the claimants live³. As PTA claimants may rent accommodation throughout the territory and in order to streamline the administration of civil service housing benefits and to be consistent with the proposal for the AA Scheme set out in paragraph 14 above, we *propose* that the rates of PTA should be adjusted annually according to the territory-wide rental movements compiled by RVD with effect from 2007-08. In this connection, we would maintain the established methodology of adjusting PTA rates for civil servants in different salary bands according to the corresponding classes of domestic properties under RVD's classification.

17. Consistent with the proposal for the AA Scheme set out in paragraph 15 above, we *propose* to lock the allowance payable to a civil servant throughout the term of a tenancy to the PTA rates prevailing at the commencement of the tenancy, irrespective of any upward or downward adjustment to the PTA rates

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³ Prior to 1986, PTA rates were adjusted on the basis of RVD's advice on rental movements for the whole territory. In 1986, Members approved that geographical areas where the majority of PTA recipients lived would be selected for the purpose of adjusting the rates of PTA and that the geographical areas selected should be reviewed once every five years. Such geographical basis has been in use for the annual adjustment of PTA since then.

during the period of the tenancy. We further *propose* to apply the revised arrangement with effect from a prospective date in 2006-07 when individual PTA claimants renew their existing tenancies or enter into new tenancies. We will continue to apply the current arrangement where a PTA recipient is allowed to move to a higher PTA rate corresponding to a higher pay point following his salary progression or promotion during the term of a rental tenancy based on the scale of rates prevailing at the time of commencement of the tenancy.

(iii) NCA

18. In May 2000, Members approved the introduction of the NCA Scheme for new recruits joining the civil service from 1 June 2000 onwards, the non-application of some of the rules on no-double-housing benefits to NCA recipients, and the setting of the initial NCA rates at 5% below the prevailing allowance rates under the Home Financing Scheme (HFS)/Home Purchase Scheme (HPS). The 5% differential between NCA rates and HFA/HPA rates is to enable the Administration to achieve cost-neutrality upon the non-application of some of the rules on no-double-housing-benefits for NCA recipients. This differential has been eroded over time as a result of the different rate adjustment mechanism for NCA and for HFS/HPS. As approved by Members, NCA rates are adjusted annually according to the year-on-year change in the Composite Consumer Price Index while the HFS/HPS rates are adjusted annually according to the change in property prices. To restore the original policy intention, we *propose* to adjust the NCA rates for new recipients (including those on re-appointment with a break in service) to 5% below the corresponding HFS/HPS rates with effect from a prospective date in 2006-07. We further *propose* to adjust the NCA rates annually in line with the percentage adjustment to the HFS/HPS rates so as to maintain the intended 5% differential.

19. In approving the introduction of the NCA Scheme in 2000, Members were advised that NCA recipients would be locked into a fixed scale of allowance. Subject to the implementation of the final package of change proposals with effect from a prospective date in 2006-07, the rate of allowance for an eligible officer re-joining the NCA Scheme upon re-appointment with a break in service will be based on the scale of rates prevailing when the officer concerned re-joins the Scheme or the scale prevailing when he first drew the allowance, whichever is the less.

20. To provide civil servants eligible for AA an option for home purchase assistance while achieving savings for the Government, we *propose* to allow civil servants eligible for AA to opt for NCA on a voluntary basis with effect from a prospective date in 2006-07, subject to the following conditions –

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- (a) the application of the changes to the NCA Scheme as set out in paragraphs 18 to 19 above;
- (b) the rate of NCA payable when an eligible civil servant commences to draw the NCA must be no higher than the rate of AA applicable to the officer; and
- (c) the payment of NCA up to a maximum of 120 months or up to an eligible civil servant's AA entitlement period⁴, whichever date comes first; and
- (d) the continued application in full of the rules on prevention of double housing benefits.

(iv) *Removal Allowance*

21. The Removal Allowance is payable to civil servants directed to move into or out of government quarters and junior disciplined services staff who move out of departmental quarters to Housing Authority accommodation under the Special Quota of the Civil Service Public Housing Quota. As approved by Members in December 1980, the allowance is made up of an accountable component and a non-accountable component. The non-accountable component covers essential expenses normally incurred when moving house (e.g. removal/re-installation of telephone, re-direction of mail, etc). Any other removal expenses (e.g. packing and transportation of household effects, etc.) are covered by the accountable component and is payable only upon production of receipted bills.

22. In order to streamline the administration of civil service allowances, we *propose* to convert the Removal Allowance into a fully non-accountable allowance with effect from a prospective date in 2006-07. Other features of this allowance, including grossing-up for tax and revision of the allowance rate from time to time having regard to the change in Consumer Price Index (A) by the Secretary for the Financial Services and the Treasury under authority delegated by Members, will remain unchanged.

(v) *Air-conditioning Allowance*

23. In view of the outdated nature of this allowance, officers promoted to the directorate level from 1 May 1999 onwards are no longer eligible to apply for the air-conditioning allowance. Having regard to the principles of lawfulness, reasonableness and fairness, we propose to cease the provision of this allowance to all eligible civil servants from a prospective date in 2006-07.

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⁴ According to the terms of the AA Scheme, an AA recipient who proceeds on leave prior to leaving the service shall be entitled to receive AA for a maximum period of 60 days or for a period up to and including the day on which he leaves Hong Kong, whichever period is the shorter.

(vi) *Hotel Subsistence Allowance*

24. In March 1972, Members approved the introduction of this allowance as a fringe benefit to officers who are eligible for hotel accommodation. Due to a shortage of non-departmental quarters in the early 70s, officers appointed on overseas terms often had to stay in hotels for a long period before they were allocated quarters and as a result incurred extra expenditure because of a prolonged stay in hotel accommodation. In view of the outdated nature of this allowance, new recruits joining the civil service from 1 May 1999 are no longer eligible for this allowance as a fringe benefit. No applications have been received from eligible officers in recent years. Having regard to the principles of lawfulness, reasonableness and fairness, we propose to cease the provision of this allowance, as a fringe benefit, to all eligible civil servants from a prospective date in 2006-07.

Judicial officers and Independent Commission Against Corruption (ICAC) officers

25. The above proposals apply to civil servants. We have informed the Judiciary and the Independent Commission Against Corruption (ICAC) of these proposals.

FINANCIAL IMPLICATIONS

26. The proposals in this paper have no net additional financial implications. We estimate that they may bring about savings of \$30 million for the first year and a cumulative savings of \$390 million over the first five years. A breakdown on the estimated savings arising from the change measures is at Enclosure 3.

Encl. 3

BACKGROUND

27. We have conducted a comprehensive review on the fringe benefit type allowances for the civil service under the guiding principles of lawfulness, reasonableness and fairness. The objectives of our review are to explore ways to further streamline the payment of these allowances; to enhance control over government expenditure on these allowances; and to identify scope for improving efficiency in the administration of these allowances.

/Consultation

Consultation with staff, advisory bodies and LegCo

28. We consulted staff on a package of change proposals arising from the allowance review in September 2005. A copy of the consultation note was sent to Members of the LegCo Panel on Public Service for information (see LC Paper No. CB(1)2298/04-05). We received a total of 28 submissions from individual staff and staff associations by the end of the consultation period in November 2005. We forwarded a copy of all the submissions received, a summary of the feedback from staff and the general public, as well as the Administration's preliminary response to the issues raised in the written submissions to Members for discussion at the meeting of the LegCo Panel on Public Service held on 16 January 2006 (see LC Paper No. CB(1)675/05-06(03)). At the same time, we sought and obtained the advice of the advisory bodies on civil service salaries and conditions of service⁵ (advisory bodies) on the change proposals and on the written submissions received. We then finalized the package of change proposals, having regard to the policy objectives of the review, the legal considerations, the views of the advisory bodies as well as the feedback from staff. We briefed the LegCo Panel on Public Service on the final change proposals at its meeting held on 20 April 2006 (see LC Paper No. CB(1)1280/05-06(03)). Members expressed support for the change proposals.

Civil Service Bureau
May 2006

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The advisory bodies are the Standing Commission on Civil Service Salaries and Conditions of Service, the Standing Committee on Disciplined Services Salaries and Conditions of Service and the Standing Committee on Directorate Salaries and Conditions of Service.

EDUCATION ALLOWANCES

(A) Proposed Ceiling Rates of Overseas Education Allowance

I. Boarding School Allowance

Per academic year per child

	Existing claimants ¹	New claimants ²
<i>United Kingdom / United States</i>		
Junior school	GBP 7,434	GBP 6,450
Senior school	GBP 9,138	GBP 7,437
<i>Australia</i>		
Junior school	AUD 8,233	AUD 8,233
Senior school	AUD 9,374	AUD 9,374
<i>New Zealand</i>		
Junior school	NZD 8,885	NZD 8,885
Senior school	NZD 9,539	NZD 9,539
<i>Republic of Ireland</i>		
Junior school	EUR 6,270	EUR 5,492
Senior school	EUR 5,004	EUR 4,386
<i>South Africa</i>		
Junior school	ZAR 11,460	ZAR 11,460
Senior school	ZAR 11,808	ZAR 11,808

II. Day School Allowance

	Per academic year per child	
	Existing claimants ¹	New claimants ²
<i>United Kingdom / United States / Australia / New Zealand / Singapore</i>	GBP 1,289	GBP 1,241
<i>Republic of Ireland</i>	GBP 915	GBP 915
<i>South Africa</i>	GBP 750	GBP 750

Note : AUD - Australian Dollar
GBP - Pound Sterling
NZD - New Zealand Dollar
EUR - Euro
ZAR - South Africa Rand

¹ Existing claimants refer to eligible children of eligible civil servants who are already receiving Overseas Education Allowance (OEA) in the school year immediately before the commencement of the 2006/07 school year or the 2007 school year, as the case may be.

² New claimants refer to eligible children of eligible civil servants who start to claim OEA from the 2006/07 school year or the 2007 school year onwards, as the case may be.

(B) Proposed Ceiling Rates of Local Education Allowance

	Per academic year per child (HK\$)	
	Existing claimants³	New claimants⁴
Primary Schools	31,950	29,925
Secondary Schools - Form I to III	53,025	49,650
Secondary Schools - Form IV and above ⁵	49,238	46,313

³ Existing claimants refer to eligible children of eligible civil servants who are already receiving Local Education Allowance (LEA) in the school year immediately before the commencement of the 2006/07 school year.

⁴ New claimants refer to eligible children of eligible civil servants who start to claim LEA from the 2006/07 school year onwards.

⁵ LEA is payable to cover 75% of the school fee for primary schools and secondary schools up to Form 3, and 75% of the school fee after deducting a basic charge for Form 4 and above, subject to specified ceiling rates. The current basic charge, at \$5,320 per year, will be adjusted in line with the standard fee for Form 4 and 5 in government and aided schools set by the Education and Manpower Bureau as at present.

PASSAGE AND RELATED ALLOWANCES

(A) Current and Proposed Rates of School Passage Allowance

Level	Current Rates (effective from 1.4.2005) (HK\$)	Proposed Rates (i.e. rates as at 1.7.1998) (HK\$)
Level 3 (for children aged 19 and 20)	12,550	11,800
Level 2 (for children aged 12 to 18)	25,100	23,600
Level 1 (for children aged below 12)	18,830	17,700

(B) Rates of Travelling Expenses in the Country of Origin or Place of Study

	Per kilometer (HK\$)
(a) Persons aged 16 or above	2.19
(b) Children aged 5 or over but below 16	1.10

(C) **Ceiling Rates of Sea Passage from the 2007 Sailing onwards**

Class of Cabin	Ceiling Rates Starting from the 2007 Sailing (in GBP)
First Class (Higher) (for eligible officers on MPS 44 and above)	5,170
First Class (Lower) (for eligible officers below MPS 44)	4,460

**Summary of Estimated Savings from the Proposals
on Various Fringe Benefit Type of Allowances for the Civil Service**

Allowance/Benefit	Estimated Savings for the First Year (\$Million)	Estimated Savings over Five Years (\$Million)
(I) Education allowances		
(a) Overseas Education Allowance	14.7 ¹	305.3 ¹
(b) Local Education Allowance	0.5	8.6
(II) Passage and related allowances		
(a) School Passage Allowance	9.3	46.7
(b) Travelling expenses in country of origin/place of study	5.6	28.5
(c) Sea Passage	0.1 ²	0.2 ²
(III) Housing and related allowances		
(a) Accommodation Allowance (AA)	Savings for the option for AA claimants to switch to NCA would depend on the number/timing of officers opting for NCA. On average, the estimated saving is \$86,000 per officer per year during the 10-year NCA entitlement period and \$283,000 per officer per year thereafter. The average remaining service of existing claimants is about 12 years based on latest statistics ³ .	

¹ Estimated savings are calculated based on estimated exchange rate at GBP 1 = HK\$12.67, an average of exchange rates from 1985 to 2005.

² Estimated savings are calculated based on an assumed take-up rate of sea passage at 42% and an estimated exchange rate at GBP1 = HK\$12.67, an average of exchange rates from 1985 to 2005.

³ Estimated savings are based on housing allowances rates and profile of AA claimants as at 1.4.2006.

Allowance/Benefit	Estimated Savings for the First Year (\$Million)	Estimated Savings over Five Years (\$Million)
(b) Private Tenancy Allowance	Insignificant	
(c) Non-accountable Cash Allowance (NCA)	(0.1) ⁴	(0.9) ⁴
(d) Air-conditioning Allowance⁵	0.3	1.5
(e) Hotel Subsistence Allowance	Insignificant	
Total	30.4	389.9

⁴ Additional expenditure is due to the upward adjustment in NCA rates according to the change proposal to set NCA rates at 5% below the Home Financing Allowance/Home Purchase Allowance. Some of the additional expenditure may be offset by savings that might arise from option for NCA by recipients of the AA Scheme at (III)(a) above.

⁵ Estimated savings for the first year are calculated based on the average actual expenditure in the past five years from 2000-01 to 2004-05.