

**LEGISLATIVE COUNCIL**

**PANEL ON COMMERCE AND INDUSTRY**

**Rent Allowance for officers posted to the Economic and  
Trade Offices in the Mainland and Europe**

**Purpose**

This paper seeks Members' support for the proposed rates of Rent Allowance (RA) payable to officers to be posted to the three new Economic and Trade Offices (ETOs) to be set up in Shanghai, Chengdu and Berlin as well as the head of the London ETO following the re-structuring of the ETO, as part of the proposals to strengthen the HKSAR's representation in the Mainland and Europe.

**Background**

2. Members were briefed by the Constitutional Affairs Bureau on the establishment of the two Mainland ETOs in Shanghai and Chengdu on 15 November 2005 vide Panel Paper CB(1)260/05-06(04) to strengthen the HKSAR's representation in the Mainland. The proposal was endorsed by the Establishment Subcommittee of the Finance Committee (ESC) on 7 December 2005 and approved by the Finance Committee (FC) on 13 January 2006.

3. In addition, Members were briefed by the Commerce, Industry and Technology Bureau on the establishment of a new ETO in Berlin and the reorganisation of ETOs in Europe to strengthen the HKSAR's representation in Europe on 21 February 2006 vide Panel Paper CB(1)903/05-06(04). These proposals were endorsed by ESC on 3 May 2006 and scheduled for FC's consideration on 19 May 2006. The latter proposal entails a re-structuring of the London ETO resulting in the adjustment in the ranking of the post of the Director-General, Hong Kong Economic and Trade Affairs, London (DGL) from Administrative Officer Staff Grade A (AOSGA) (D6) to Administration Officer Staff Grade B (AOSGB) (D3).

4. Under the existing arrangements, all Hong Kong-based officers posted to ETOs will be subject to the terms and conditions of services applicable to officers posted outside Hong Kong. Eligible officers will receive a RA, which is payable on a reimbursement basis, to assist them to rent accommodation in the city of posting. The RA rates represent the ceiling for reimbursement of the accommodation expenses.

### **Rent Allowance for Officers Posted Outside Hong Kong**

5. With the imminent establishment of the three new ETOs in Shanghai, Chengdu and Berlin in the second half of 2006, and the proposed adjustment in the ranking of the DGL post to AOSGB (D3) level to take effect from 1 July 2006, we need to determine the RA rates applicable to officers posted to the three new ETOs and the head of the re-structured London ETO as there are no suitable RA rates for a D3 officer. Currently, the head of the ETO in London is provided with an official residence. We have plans to dispose of the property.

6. In compiling the proposed RA rates, we have taken into account the ranking and family status of officers, relevant findings of accommodation surveys, accommodation standards in the host cities, information on the prevailing rentals of residential accommodation in appropriate areas normally taken up by expatriate executive/managerial personnel, and input from an independent consultant. The proposed RA rates for the officers to be posted to the two new Mainland ETOs in Shanghai and Chengdu are set out at Annex A. The proposed RA rates for the officers to be posted to the Berlin ETO and for the re-ranked DGL are set out at Annex B.

7. We propose to adjust the RA rates for officers posted to the three new ETOs in Shanghai, Chengdu and Berlin and for DGL periodically with reference to the rental movements of relevant residential accommodation in Shanghai, Chengdu, Berlin and London. We further propose that the authority to approve such revisions in future be delegated from the Finance Committee to the Secretary for Constitutional Affairs and Secretary for Commerce, Industry and Technology for ETOs under their respective purview.

## **Financial Implications**

8. Based on the proposed RA rates for officers posted to the three new ETOs in Shanghai, Chengdu and Berlin and for the re-ranked DGL in London ETO, the net additional recurrent costs on RA are estimated at \$4.23 million annually. We have included sufficient provision in the 2006-07 Estimates of Expenditure to meet the above costs.

## **Advice Sought**

9. Members are requested to note and comment on our proposals. Subject to Members' views, we would submit the proposed RA rates to the FC for approval in June 2006.

Constitutional Affairs Bureau  
Commerce, Industry and Technology Bureau  
May 2006

**Proposed Rent Allowance for Hong Kong-based Officers  
Posted to the ETOs in Shanghai and Chengdu**

ETO	Rank	No. of posts	Rates of Allowance per month	
			Single/Married*	Family <sup>#</sup>
<b>Shanghai</b>	AOSGB (D3)	1	RMB¥33,000 (HK\$31,928)	RMB¥41,000 (HK\$39,669)
	SAO/PTO or ranks with equivalent pay scale (MPS 45-49)	2	RMB¥22,000 (HK\$21,286)	RMB¥27,000 (HK\$26,123)
	TO/SIO/EO I or ranks with equivalent pay scale (MPS 44 and below)	4	RMB¥16,000 (HK\$15,480)	RMB¥20,000 (HK\$19,351)
<b>Chengdu</b>	AOSGC (D2)	1	RMB¥20,000 (HK\$19,351)	RMB¥27,000 (HK\$26,123)
	SAO or ranks with equivalent pay scale (MPS 45-49)	1	RMB¥13,000 (HK\$12,578)	RMB¥18,000 (HK\$17,415)
	TO/SIO/EO I or ranks with equivalent pay scale (MPS 44 and below)	4	RMB¥10,000 (HK\$9,675)	RMB¥12,000 (HK\$11,610)

Notes

The proposed Rent Allowance (RA) rates are determined having regard to the typical rentals of residential units for different ranks of executives of multinational companies in Shanghai and Chengdu. The RA rates for the heads of the ETOs are set with reference to the typical rentals for the chief representatives of multinational companies, while the RA rates for the section heads and supporting executives are set with reference to the rentals for the senior to middle management staff. For Shanghai, the typical monthly rentals of residential units for the chief representatives of multinational companies on average range from RMB¥33,000 to RMB¥41,000. For middle to senior management staff, the rentals range from RMB¥16,000 to RMB¥27,000. As for Chengdu, the typical monthly rentals of residential units for the chief representatives of multinational companies on average range from RMB¥20,000 to RMB¥27,000. For middle to senior management staff, the rentals range from RMB¥10,000 to RMB¥18,000.

Legend

AOSGB – Administrative Officer Staff Grade B	TO – Trade Officer
AOSGC – Administrative Officer Staff Grade C	SIO – Senior Information Officer
SAO – Senior Administrative Officer	EO I – Executive Officer I
PTO – Principal Trade Officer	MPS – Master Pay Scale

\* Single/Married – Single officers/ Officers accompanied by spouses

# Family – Officers accompanied by spouses and children

(Exchange rate as of 2.5.2006 is used)

**Proposed Rent Allowance for Hong Kong-based Officers  
Posted to the ETO in Berlin and Head of the ETO in London**

ETO	Rank	No. of posts	Rates of Allowance per month	
			Single/Married*	Family <sup>#</sup>
<b>Berlin</b>	AOSGC (D2)	1	EUR2,700 (HK\$26,305)	EUR2,900 (HK\$28,254)
	SAO or ranks with equivalent pay scales (MPS 45-49)	1	EUR1,900 (HK\$18,511)	EUR2,100 (HK\$20,460)
	TO/EO I or ranks with equivalent pay scales (MPS 44 and below)	2	EUR1,500 (HK\$14,614)	EUR1,700 (HK\$16,563)
<b>London</b>	AOSGB (D3)	1	GBP2,750 (HK\$38,871)	GBP3,100 (HK\$43,819)

Notes

The proposed Rent Allowance (RA) rates are determined having regard to the typical rentals of residential units for different ranks of executives of multinational companies in Berlin and London. The RA rates for the heads of the ETOs are set with reference to the rentals for the chief representatives of multinational companies, while the RA rates for section heads and supporting executives are set with reference to the rentals for the senior to middle management staff. For Berlin, the typical monthly rentals of residential units for the chief representatives of multinational companies on average range from EUR2,700 to EUR2,900. For middle to senior management staff, the rentals range from EUR1,500 to EUR2,100. As for London, the typical monthly rentals of residential units for the chief representatives of multinational companies on average range from GBP2,750 to GBP3,100.

Legend

AOSGB – Administrative Officer Staff Grade B  
AOSGC – Administrative Officer Staff Grade C  
SAO – Senior Administrative Officer  
TO – Trade Officer  
EO I – Executive Officer I  
MPS – Master Pay Scale

\* Single/Married – Single officers/ Officers accompanied by spouses  
# Family – Officers accompanied by spouses and children

(Exchange rate as of 2.5.2006 is used)