

ITEM FOR FINANCE COMMITTEE

HEAD 96 – GOVERNMENT SECRETARIAT :

OVERSEAS ECONOMIC AND TRADE OFFICES

Subhead 000 Operational expenses

HEAD 28 – CIVIL AVIATION DEPARTMENT

Subhead 000 Operational expenses

HEAD 31 – CUSTOMS AND EXCISE DEPARTMENT

Subhead 000 Operational expenses

HEAD 60 – HIGHWAYS DEPARTMENT

Subhead 000 Operational expenses

HEAD 100 – MARINE DEPARTMENT

Subhead 000 Operational expenses

HEAD 122 – HONG KONG POLICE FORCE

Subhead 000 Operational expenses

HEAD 144 – GOVERNMENT SECRETARIAT:

CONSTITUTIONAL AND MAINLAND AFFAIRS BUREAU

Subhead 000 Operational expenses

Members are invited to approve –

- (a) a system for determining rent allowance payable to officers posted to overseas Economic and Trade Offices under the Commerce and Economic Development Bureau and those on secondment to overseas organisations;
- (b) the delegation of authority to the Secretary for Commerce and Economic Development to approve the rent allowance rates for existing and new overseas Economic and Trade Offices in accordance with the proposed system;

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- (c) the delegation of authority to the Secretary for the Civil Service to approve the rent allowance rates for ongoing and future secondments to overseas organisations in accordance with the proposed system; and
- (d) the specification of pre-determined portions (i.e. 25%, 50%, or 75%) of monthly salary to be covered under the Exchange Compensation Allowance scheme for officers posted/seconded outside Hong Kong.

PROBLEM

We need to rationalise the current system for determining the rent allowance (RA) payable to officers posted to overseas Economic and Trade Offices (ETOs) and those on secondments to overseas organisations, and to allow flexibility in the portion of monthly salary to be covered under the Exchange Compensation Allowance (ECA) scheme to cater for individual needs of officers posted/seconded outside Hong Kong.

PROPOSAL

2. The Secretary for Commerce and Economic Development (SCED) and the Secretary for the Civil Service (SCS) propose to –

- (a) adopt a system for determining RA payable to officers posted to overseas ETOs and those on secondment to overseas organisations as set out in paragraphs 6 to 9 below;
- (b) delegate to SCED the authority to approve RA rates for existing and new overseas ETOs in accordance with the proposed system;
- (c) delegate to SCS the authority to approve RA rates for ongoing and future secondments to overseas organisations in accordance with the proposed system; and

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- (d) specify pre-determined portions (i.e. 25%, 50%, or 75%) of monthly salary to be covered by the ECA scheme. The maximum percentage that an officer is allowed to opt would not exceed the set portion of 75% of monthly salary as approved by the Finance Committee (FC) in 1991.

JUSTIFICATION

The current RA Mechanism

3. RA is payable on a reimbursement basis to assist officers posted/seconded outside Hong Kong to rent accommodation in the cities of posting/secondment. Under the current arrangement, the basis for determining RA rates varied amongst different locations. For postings to overseas ETOs established before 1992 (other than the London ETO) and overseas secondments, we have adopted the rates used by the United Kingdom Foreign and Commonwealth Office for its diplomatic staff of equivalent ranks where available¹. In the case of the London ETO, we have adopted the rates as determined by the Rating and Valuation Department on the basis of the results of its periodic surveys. For the Singapore ETO established in 1996, we have made reference to the rates offered by the Australian Government to its diplomatic staff at comparable ranks. For the Berlin ETO, RA rates have been set having regard to findings of accommodation surveys and accommodation standards in the host city, as well as information on the prevailing rentals of residential accommodation in areas normally taken up by expatriate executive/managerial personnel.

4. In the absence of a consistent adjustment mechanism, RA rates for many cities of posting/secondment have fallen out of step with changes in the rental market. The structure of RA rates differs amongst different cities of posting/secondment. Some cities have one rate for officers of different family status while others have two or three tiers of rate. Moreover, in some offices, the same rate applies to officers at Directorate Pay Scale point 2 and point 3 levels, while in other offices different rates apply.

5. In view of the above, we see merits in devising a system to determine RA rates for overseas ETOs and secondments to overseas organisations in a consistent and objective manner. We will follow the same system in determining RA rates for new cities of posting/secondment or new ranks in existing cities.

/Proposed

¹ Where such rates are not available from the United Kingdom Foreign and Commonwealth Office, we have made reference to the prevailing market rates (e.g. information provided by the Worldwide Cost of Living Survey) and the existing RA rates for comparable ranks in nearby cities.

Proposed RA System

6. We have engaged ECA International, a reputable consultant whose rental data have been used by other governments and many large international companies and organisations, to conduct a study on the mechanism for determining RA rates. With reference to policies and broad standards of accommodation provided by major multinational corporations to their expatriate executive/managerial personnel of comparable levels in the host cities in question, the consultant has drawn up a set of standards of accommodation for officers of different levels and family status which can reasonably apply to the civil service. Based on these standards, the consultant has conducted accommodation surveys on relevant residential rental data and drawn up specific RA rates for officers of different level and family size. The Executive Summary, Project Objective and Methodology adopted for devising the RA system as extracted from the consultancy report are at Enclosures 1 and 2 respectively.

Encls.
1 & 2

7. Having regard to the recommendations of the consultancy study, we propose to adopt a system as described below for determining RA rates –

- (i) A set of objective standards is used as the basis for drawing up RA rates which covers all the ranks in the civil service.
- (ii) The rates of allowance cover rent, furniture rental and other mandatory charges such as management fees, tax and service charges where applicable.
- (iii) Different rates of allowance are set for officers at five different levels. For each level, two different rates of allowance, viz. single/married and family, are set for officers at different ranks on the basis of validated residential property rental data to cater for different family circumstances.
- (iv) The rate of allowance is discrete for each level of seniority, i.e. the family rate of a rank does not exceed the single/married rate of a more senior level.
- (v) Having taken into account the representational role of the various Heads of ETOs who are required to host functions at home from time to time, an uplift factor of 15% to their RA rates² is included. Details of the considerations and application of this uplift factor are provided at Enclosure 3.

Encl. 3

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² Typically an employee receives an RA appropriate to his rank and family size. The uplift factor represents the combined adjustment needed to bring the allowances up to a level whereby these allowances would enable individuals to rent larger and better quality accommodation suitable for representation. The adjustment factor of 1.15 is in keeping with similar adjustment factors used by other governments.

Encl. 4

8. We propose to adopt this RA system and a new set of RA rates determined under the system with effect from 1 August 2011. A table showing the comparison of the existing and proposed new RA rates is at Enclosure 4. We note that the existing rates for some offices will be reduced while others will be increased under the revised entitlement. To avoid undue hardship to officers who have already been given a written offer for an external posting/secondment based on the existing RA entitlement and serving officers who have already arranged their accommodation in the cities of posting/secondment, we propose to grandfather their existing RA entitlements if they are higher than the new rates. The new rates will only apply when the officers move from one residence to another. On the other hand, for cities where RA rates are to be increased, the new rates will only apply when rents paid by officers under their existing tenancy agreements (including rents increase according to tenancy terms) are higher than the existing rates or when they change residence. The same arrangement should apply to future RA rate adjustments.

Encl. 5

9. As rental markets are volatile, we propose to review RA rates for the overseas ETOs and cities with overseas secondments annually with reference to city-specific rental indices³, and to conduct a comprehensive review once every five years on top of the annual adjustment. Details of the proposed short-term and long-term review and adjustment mechanisms are summarised at Enclosure 5. For new cities of posting/secondment not covered in this paper, RA rates will be developed based on the standards and framework consistent with the proposed RA system. We further propose that the authority to approve future revisions to RA rates based on the city-specific rental indices and RA rates for new cities be delegated to SCED for overseas ETOs and SCS for postings/secondments under their respective purviews.

Proposed new arrangement of the ECA

10. The ECA scheme aims at protecting officers against adverse exchange rate fluctuations which may arise due to their postings/secondments outside Hong Kong. Under the present ECA mechanism, a fixed portion of an officer's monthly salary is protected against exchange rate fluctuations. Any

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³ The city-specific rental indices provide a consistent, simple and logical approach to the review of comparative housing standards on a yearly basis. Each year ECA International collates data from various sources, and the results are then compared against those from the same sources in the previous year. A representative expatriate accommodation type and size is selected and a year-on-year rental market price differential is calculated for this type of accommodation. This differential is then expressed in the form of a year-on-year city index or 'Change in the Cost of Rented Accommodation' which provides an indicator of expatriate rental cost trends in a city. This index can be positive or negative, and will be used to compare against a threshold to determine if it is to be applied to the existing rates to establish allowances for the following year for all rank groups.

exchange gain or loss over each six-month period⁴ would be assessed by reference to a base rate calculated as the average of the exchange rates prevailing on the first banking day of each month in the preceding 30 months. In the case of exchange loss, the officer is compensated at the end of the six-month period. In the case of exchange gain, the gain is deducted from the officer's salary. The officer's decision of opting in or out of the scheme cannot be reversed during the course of a posting/secondment⁵.

11. The portion of monthly salary to be covered under the scheme is currently fixed at 75% and could not be adjusted to cater for individual needs. We have reviewed the arrangements of the ECA scheme and considered the merits of allowing greater flexibility in the portion of monthly salary to be covered by the scheme. Having regard to the nature and primary objective of the scheme, we propose that officers should be allowed to opt among specified pre-determined portions (i.e. 25%, 50%, or 75%) of monthly salary to be covered by the ECA scheme, but the maximum percentage that an officer is allowed to opt should not exceed the set portion of 75% of monthly salary as approved by FC in 1991.

12. The proposed new ECA arrangement will apply to officers who are given a written offer for an external posting/secondment on or after 1 August 2011⁶. Since an officer's decision of opting in or out of the ECA scheme cannot be reversed during the course of a posting/secondment, serving officers on their current tour will not be affected.

FINANCIAL IMPLICATIONS

13. Based on the setup of the 11 overseas ETOs and the secondments to overseas organisations as at 21 June 2011, adopting the proposed RA system will incur an estimated annual expenditure of \$20,334,000, representing a decrease of \$2,073,000 as compared to the current RA rates. We have included sufficient provision in the 2011-12 Estimates of Expenditure to meet the above costs.

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⁴ The two six-month periods run from August to January and from February to July respectively.

⁵ Opting in means that 75% of the officer's monthly salary is protected against exchange rate fluctuations. This ensures that the value of the salary, when converted into local currency of the country of posting, would not be eroded by any depreciation of the Hong Kong dollar. Opting out means that the value of the officer's monthly salary, when converted into local currency of the country of posting, would fluctuate according to exchange rate movements.

⁶ The offer of an external posting/secondment on or after 1 August 2011, in this context, includes a written offer for consecutive tour(s) in another office outside Hong Kong given on or after 1 August 2011. It does not include a written offer for an extension of tour for serving in the same post or for consecutive tour(s) in a different post in the same office. However, if an officer makes a special request to opt afresh for the extension of the tour or the consecutive tour(s) in a different post in the same office, consideration may be given on a case-by-case basis.

14. Given that the ECA payable will depend on a number of factors, such as the number of officers participating in the ECA scheme, the portion of salary they opt to be covered by the ECA scheme, as well as the extent and direction of future exchange rate movements, it is difficult to assess accurately the financial implications of the proposed new ECA arrangement. That said, given that the proposal only involves a technical refinement to the scheme previously approved by FC by allowing flexibility for officers to choose among specified pre-determined portions, subject to the originally approved set portion of 75% of an officer's monthly salary, the proposed new ECA arrangement is not expected to have any major financial implication.

PUBLIC CONSULTATION

15. We consulted the Legislative Council Panel on Commerce and Industry on 21 June 2011. The Panel expressed support for the proposals as set out in paragraph 2 above.

BACKGROUND

16. Currently, there are 11 overseas ETOs under the Commerce and Economic Development Bureau. These offices are located in Berlin, Brussels, Geneva, London, New York, San Francisco, Washington D.C., Toronto, Tokyo, Singapore and Sydney. Apart from posting officers to these ETOs, some officers are also seconded to organisations outside Hong Kong⁷. Under the existing arrangements, except for a few Heads of ETOs who are provided with official residences, all officers posted/seconded outside Hong Kong will receive an RA to assist them to rent accommodation in the city of posting/secondment. The RA rates, as approved by FC or its delegated authority on individual case basis, represent the ceiling for reimbursement of accommodation expenses⁸.

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⁷ Secondments to overseas organisations include the Interpol Liaison Office for Southeast Asia in Bangkok (Thailand), the National Policing Improvement Agency in Bramshill (United Kingdom), the General Secretariat of Interpol in Lyon (France), the Office of Representative of People's Republic of China on the Council of the International Civil Aviation Organization in Montreal (Canada) and the Asian Development Bank in Manila (Philippines).

⁸ Reimbursable items include rent, furniture rental and other mandatory charges such as management fees, tax and service charges where applicable. No provision will be made for utility costs like electricity, water and gas.

17. At present, officers posted/seconded to places other than the United States may opt to join, at the beginning of the posting/secondment, an ECA scheme which was approved by FC in January 1991. The percentage of salary covered by the ECA scheme is fixed at 75% of an officer's monthly salary.

Commerce and Economic Development Bureau
Civil Service Bureau
July 2011

**Consultancy on Review of Rent Allowance
for Officers posted outside Hong Kong**

Executive Summary

(Extract from the Consultancy Study – Final Report)

The Government of the Hong Kong Special Administrative Region as represented by the Secretary for Commerce and Economic Development has appointed ECA International, a consulting firm, to provide consultancy services to review and update the rates of rent allowance for officers posted outside Hong Kong.

Background to the consultancy study

The Commerce and Economic Development Bureau currently has eleven overseas Economic and Trade Offices (ETOs). Apart from posting officers to these overseas ETOs, some officers are also seconded to organisations outside Hong Kong. These officers, about 50 in total, are of Directorate, senior professional and middle management ranks.

Under the existing arrangements, apart from a few Heads of ETOs who are provided with official residences, all officers posted outside Hong Kong will receive a rent allowance, which is payable on a reimbursement basis, to assist them to rent accommodation in the city of posting. The rent allowance rates, as approved by the Finance Committee of the Legislative Council or its delegated authority on individual case basis, represent the ceiling for reimbursement of accommodation expenses.

In the past, the basis for determining rent allowance rates varied amongst different locations. For postings to overseas ETOs which were established before 1992 (other than the London ETO) and overseas secondments, the rates used by the United Kingdom Foreign and Commonwealth Office for its diplomatic staff of equivalent ranks where applicable are adopted. In the case of the London ETO, the rates as determined by the Rating and Valuation Department on the basis of the results of periodic surveys conducted by their staff are adopted. For the Singapore ETO which was established in 1996, reference is made to the rates offered by the Australian Government to its diplomatic staff at comparable ranks. For the Berlin ETO, they have made reference to findings of accommodation surveys and accommodation standards in the host city, as well as information on the prevailing rentals of residential accommodation in areas normally taken up by expatriate executive/managerial personnel.

/Due

Due to the lack of a consistent and specific approach in rate adjustment, the rent allowance rates for certain cities of posting have fallen out of step with changes in the rental market. Moreover, the structure of the rent allowance rates differs amongst different cities of posting, with some cities having one rate for officers of different family status (single/married/family, i.e. married with children) while others have two or three tiers of rate. The rates structure also varies among different locations, for instance, some offices adopt the same rate for officers at Directorate Pay Scale point 2 and point 3 level, while some offices have different rates. There is also no consistent approach in determining the rent allowance rates for new cities of posting or new ranks in existing cities.

In order to draw up an objective and comprehensive system for determining and adjusting the rent allowance rates applicable to all ranks in the civil service, the Commerce and Economic Development Bureau commissioned ECA International to conduct a consultancy study to review the rent allowance system and develop a new system for the determination and adjustment of the rent allowance rates for officers posted outside Hong Kong. The study was divided into three stages –

1. Review the general standards of accommodation provided to officers working for multinational companies.
2. Recommend residential areas and specific rent allowance rates for overseas ETOs and secondments.
3. Recommend various mechanisms for periodical revision of the rent allowance rates.

Findings from Stage One

Under Stage One of the study, ECA International made reference to the policies and broad standards of accommodation provided by multinational corporations for their expatriate executive/managerial personnel of comparable level and drew up a set of general standards of accommodation for officers of different levels and family status posted outside Hong Kong.

The majority of companies employed centralised guidelines that established suitable standards of accommodation for assignees posted outside their home country. These guidelines tend to develop in conjunction with Local HR. Centralising standards ensure some measures of equity and consistency across different host cities. As a general rule, the Company Headquarters offer local HR qualitative advice on setting accommodation standards. Local HR is expected to follow these basic principles when trying to provide accommodation to assignees,

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i.e. accommodation should be located in safe areas, within close proximity to schools (if appropriate) and size of accommodation should be in proportion to family size. The length of an assignment can also have a significant impact on the choice of accommodation provided to an assignee and consequently it can affect the overall budget.

The following general conclusions were drawn about the standards of accommodation provided to assignees by multinational companies –

The majority of ECA International's member companies take the following factors into account when determining an appropriate standard of accommodation –

- (1) Grade/rank
- (2) Accommodation standards in the host country
- (3) Suitable areas in the host city
- (4) Family size

(1) Grade/rank

Senior executives are typically provided with the highest standard of accommodation. This is reflected in the quality of accommodation provided and the choice of residential area chosen.

Most companies state that the job grade/rank of an assignee could not be viewed in isolation when setting accommodation standards. Family size needs to be considered. Consequently, some companies stated that it was possible, although unusual, for a senior manager on an unaccompanied assignment to receive a lower allowance than a middle manager with three children.

Special uplift factor for senior executives

Government organisations tend to recognise a need for hosting hospitality at home. Besides, some multinationals stated that General Managers are usually provided with appropriate accommodation to match their status and to also meet their needs to entertain at home. Such properties tended to be larger to allow the assignee to entertain, and of a higher quality compared to other grades.

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(2) Accommodation standards in the host country

Housing at the assignment location will normally be provided, by companies, to a standard which is appropriate for host country conditions and taking into account whether or not the assignee is accompanied by their partner and other family. Families with children of schooling age are typically provided with accommodation in residential areas within close proximity to an international school or school that meets educational requirements.

Companies will take advice on appropriate standards of accommodation from a number of sources, including independent data providers such as ECA International.

(3) Suitable areas in the host city

In all cases, rental costs are based on the areas of a host city favoured by expatriates because of their proximity to international schools, city centres and their safety. The majority of companies stated that family circumstances have a significant bearing on the choice of residential area within a city. Hence a greater emphasis is placed on finding and securing accommodation in the vicinity of schools rather than choosing areas close to the office.

(4) Family size

The majority of companies consider different rental ceilings for two family sizes (Single/Married and Family) or they adopt a less informal approach, using family size to determine the number of bedrooms only. Single/married assignees are typically provided with one to two bedroom apartments, whereas families will tend to live in three to four bedroom properties depending upon the number of children and host country norms.

Additional costs - furnishings and furniture allowance:

The majority of companies attempt to provide furnished accommodation in the host location. This is achieved by expressing a rental ceiling based on furnished accommodation or by setting rental ceilings based on unfurnished accommodation and, in addition, providing furniture or shipping the assignee's own furniture to the host location.

For the majority of companies, it is their intent to provide the assignee with furnished host country housing. However, most companies recognise that in some locations, furnished housing may not be available. If the property is unfurnished, the majority of companies will either meet the cost of renting furniture

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to an agreed budget or will meet the costs of transporting furniture. Shipping and freight weight limits are usually determined by volume and set in line with family size. Some companies also bear in mind the length of the assignment and distance between the home and host country. If the cost of transporting furniture is particularly high this option will not usually be allowed.

Stage Two

Under Stage Two of the consultancy study, ECA International has recommended residential areas and specific rent allowance rates for each level and family status of officers for each city of posting on the basis of the above standards of accommodation. The first part of this stage was to recommend the residential areas suitable for officers based in the host cities and secondly to set the rent allowance rates based on the residential areas accepted by the HKSAR Government.

- The residential areas selected for inclusion in this study are suitable for expatriate personnel and typically located less than 75 minutes from the ETO/organisation.
- Rent allowances have been developed for each job level ranging from Group I to Group V officers.
- Rent allowances have been further sub categorised into single/married rates and those suitable for families.
- Rental budgets comprise rent and where applicable a furniture allowance and compensation for additional mandatory costs. When excluded from the monthly rent, mandatory costs can comprise car parking fees, housing taxes, service and maintenance fees associated with the upkeep of communal areas.

Stage Three

Under Stage Three of the study, ECA International has provided detailed information on various review mechanisms to facilitate the HKSAR Government in developing an objective system for setting and revising rent allowance rates in future.

**Proposed System for Rent Allowance for Officers
posted outside Hong Kong**

Project Objective and Methodology
(Extract from the Consultancy Study – Final Report)

Project objectives

To review the mechanism for setting the rent allowance rates with a view to drawing up a new system for the determination and adjustment of the rent allowance rates for officers posted outside Hong Kong.

The Commerce and Economic Development Bureau is seeking an update of the existing rent allowance rates. It requires some adjustments for certain areas to be included/excluded, as applicable, taking into account latest comments from officers posted overseas and would like ECA International to look into these issues, propose additional or alternative residential areas where appropriate, and provide updated rent allowance rates based on the accepted residential areas. The proposed rates should capture and reflect the latest market condition of respective host cities.

ECA International will ensure that the proposed rent allowance system is accurate, realistic, logical, user-friendly and consistent in its approach across both rank and location.

In reviewing the rent allowance rates the following factors will be taken into consideration -

- (a) ECA International will set standards of accommodation for the officers posted outside Hong Kong with reference to the policies and broad standards of accommodation provided by major multi-national corporations to their expatriate executive/managerial personnel of comparable level in the host cities. ECA International's definition of standards refers to the typical number of bedrooms by family size and also the areas in which officers will be housed. ECA International will agree with the Commerce and Economic Development Bureau all residential areas to be included within the scope of this project.

/(b)

Appendix

- (b) ECA International will set different rates of allowance for officers at different levels, i.e. Group I, II, III, IV and V as set out at Appendix. For each level, there will be two different rates of allowance, i.e. family rate and single/married rate to cater for different family circumstances. ECA International acknowledges that the rates of rent allowance should be discrete for each level of seniority e.g. the family rate must not exceed the allowance for a single/married officer of a more senior level.
- (c) The rent allowance will cover rent, furniture rental and other mandatory charges such as management fees, tax and service charges, etc.

ECA International will suggest an uplift factor for each city of posting, which can be applied to ECA International's suggested rent allowances to reflect special factors such as representational role of senior directorate officers as determined by the HKSAR Government.

Methodology

Every attempt will be made to guarantee that the recommendations made by ECA International are based on well-defined standards and true, accurate and well-researched material. Nevertheless, the Commerce and Economic Development Bureau should bear in mind that the assessment of benefits and property markets are not precise sciences and that there is scope for variation in the location specific accommodation standards and the scale of rent allowances.

ECA International has worked with the HKSAR Government to develop a system for setting and regularly revising the rates of rent allowance for officers posted to ETOs/organisations outside Hong Kong. The process for setting the rent allowance involved several stages -

1. Collating rental costs from various sources
2. Assessing suitable residential areas and types of accommodation for expatriates in the host locations
3. Selecting appropriate positioning in the rental market for staff housing
4. Calculating furniture allowances
5. Calculating other additional mandatory expenses
6. Validating rent allowances

/Collating

Collating rental costs from various sources

Research is conducted on an annual basis by ECA International into rental trends in major cities worldwide. ECA International's consolidated global research database is drawn from various sources –

1. ECA International's member companies
2. Expatriate market rental surveys through EPIC International
3. An established network of letting agents/estate agents/realtors /developers recommended by the member companies' expatriate population
4. Internet research

ECA International's member companies

ECA International's unique membership structure of companies makes it possible to share data about typical housing allowances for international assignees. Data is gathered twice a year through ECA International's worldwide Cost of Living survey. ECA International's membership base comprised over 750 companies in the financial year 2009/10 of which approximately 12% were non-profit-making government organizations.

The Cost of Living survey provides information on our members' expatriates own housing as well as their idea of typical housing costs in the suburb in which they live. This survey also gives ECA International information on commuting times and the amount of furnishing the assignee is likely to find in their housing.

EPIC International

ECA International has established a business relationship with EPIC International, a global provider of rental data and surveys. Through this company ECA International acquires comprehensive surveys covering all aspects of the rental process. Principally, for each location, EPIC International is asked to rank the five most popular expatriate residential areas and for each of the five specified areas it provides the following information –

- Security
- Property trends over the last 12 months and anticipated trends over the next 12 months

/Detailed

- Detailed descriptions of the neighbourhood including details of the infrastructure, ease of travel to important areas, availability of parks/outdoor space
- Availability of public transport and an estimate of commuting times to the city centre
- Housing types and rental costs for 1 to 4 bedroom apartments and 3 to 5 bedroom houses
- Average total floor area (square meter or square feet) for different property sizes
- Availability of accommodation
- Additional mandatory charges (service charges, taxes, car parking fees)
- Lease and brokerage information including deposits payable
- An indication of the level of furnishing

ECA International has a team of dedicated research analysts that specialises in researching, analysing and understanding expatriate rental markets and trends globally. The accommodation department contacts alternative estate agents directly and gathers information on expatriate prices, rental trends and additional costs.

Internet research enables ECA International to confirm the information gathered by the other sources, such as travel times to the city centre, area descriptions and data on properties that are currently available to rent.

Data collection

Raw data: ECA International uses multiple sources for its data gathering, some of which are guaranteed anonymity. For this reason, whilst ECA International is very comfortable in explaining how the results have been derived, the raw data cannot be disclosed.

ECA International's data collection process has been planned to coincide with January expatriate salary reviews.

/Data

Data collection is ongoing throughout the year, but to reassure companies that ECA International's housing data accurately reflects the expatriate housing markets in January critical sources of data, such as the rental surveys supplied by EPIC International, are collected over 3 months from August to October. The rationale behind this chosen collection period is to ensure the EPIC data is consistent with the information returned through the Cost of Living survey in late August/early September. The data collected over the 3-month window is evaluated with that gathered from ECA International's network of estate agents and relocation companies over June and July. This consolidated database of housing information therefore offers ECA International a methodological assessment of the expatriate housing market from which ECA International is able to expertly and accurately advise the Commerce and Economic Development Bureau of changes in expatriate rental markets on an annual basis.

ECA International also conducts a Cost of Living survey in March and data gathered at this point in the year can also be used to support requests for information on demand. Given that this is only one source of information, if housing costs are to be updated, ECA International may need to acquire additional supporting data from EPIC International or the network of estate agents and relocation companies.

Assessing suitable residential areas and types of accommodation for expatriates in the host locations

To help establish which areas are suitable for expatriate personnel, ECA International has drawn upon its extensive expertise and professional knowledge of typical expatriate enclaves in each of the assignment locations. Residential areas have been selected with reference to benchmark information extracted from ECA International's worldwide profile of expatriate accommodation which is derived from policy and practice in the private sector as well as government organisations. Following discussions with the HKSAR Government an agreement was reached as to the most appropriate areas to be used in the study taking into consideration factors like safety, availability of reasonable infrastructure and accommodation of suitable quality; areas which did not meet these standards have been deemed unsuitable and discounted from the study.

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The type of accommodation will be determined with reference to norms and availability in the host city, taking into account the status and requirements of officers as determined by the Commerce and Economic Development Bureau. Typically, the standard/quality and style of accommodation is aligned with the prevailing characteristic expatriate housing practices in the host city. For example, in Japan, expatriates tend to reside in apartments rather than houses and most low-cost or subsidised apartments tend to accommodate local nationals rather than expatriate employees.

Selecting appropriate positioning in the rental market for staff housing

For over 200 cities, ECA International collates representative expatriate-style rental data. Within each city some neighbourhoods are more preferred by expatriates than others and ECA International references rental data for each of the expatriate enclaves to produce a guide showing citywide rental costs. The data for the rental guide is classified by area within a continuum into three areas. As with all neighbourhoods it is possible for the rental price within an area to vary according to the type and quality of the accommodation. Hence within each of the three area classifications rents tend to range from lower quartile, median to upper quartile illustrating the spread of prices throughout the city. The spread of rents across the three areas typically reflects the 10th - 90th percentiles of the rental market continuum. Rents falling outside this range are deemed inappropriate for expatriates. Based on discussions with the HKSAR Government the inclusion of areas and hence the range of rents included in the rental study tended to vary by city taking into consideration security, the commuting time to the ETO/organisation and the proximity of suitable schooling.

Calculating furniture allowances

ECA International understands that it is the intention of the Commerce and Economic Development Bureau to provide rent allowances which reflect furnished accommodation. Cost estimates on the provision of furnished accommodation will be provided in each host city, based on ECA International's research and survey findings. Unfurnished accommodation seldom tends to include carpeting or curtains. In the kitchen one could expect to find a cooker, but usually not a fridge or other major appliances. Whereas furnished properties usually include all appliances and major furniture items. However, additional furnishings, as well as a fully-equipped kitchen, may be included in higher-priced properties. The level of furnishings found in a property varies from city-to-city and country-to-country. Furniture allowances have been calculated on the assumption that an assignment is for a duration of 36 months. Furniture rentals exclude local VAT and delivery, installation and collection charges. Where furniture rental is not a possibility, the furniture allowance has been calculated based on the cost average differential between renting furnished and unfinished accommodation.

/Calculating

Calculating other additional mandatory expenses

Rent allowances will make provision for additional mandatory costs related to rented accommodation in each host city. These will include government and city taxes and service and management fees, where applicable. The nature of service costs varies from location to location, but generally covers maintenance of communal areas, refuse collection and concierge charges. Where applicable, ECA International has also included the additional cost of car parking if it has not already been included in the rent. Mandatory costs tend to be calculated as either a percentage of the monthly rent or as a flat fee as prescribed by local market norms.

Validating rent allowances

This is the final, but most important step in the process for determining suitable rent allowance for staff. The validation is a necessary check to ensure that the allowances calculated are sensible and reasonable. ECA International's network of agents as well as EPIC International offer ECA International a useful source to substantiate movements in expatriate rental markets.

For each city of posting ECA International has provided two tables with city specific assumptions. The first table provides a breakdown of total rental costs (rent allowances for unfurnished accommodation, furniture rental cost where applicable and additional mandatory costs) and the second details basic assumptions of proposed rent allowances by officer rank (residential areas, estimated distance from the ETO/organisation, size and type of accommodation, a description of any mandatory costs and an indication as to whether utilities are typically included or paid separately in addition to the rental fee). An indication of whether or not utility charges are typically included in rental costs will be provided in each city of posting, but no provision will be made for utility costs.

Beyond the scope of this project are one-off set up costs, including but not limited to, agent's fees, lease fees, deposit and utility connection fees. Also outside the scope of this project are ongoing non-mandatory costs which may be incurred by tenants including, but not limited to, cable, radio, television fees, gardening, swimming pool and maintenance costs and property/household insurance fees.

Rent allowances have been provided for all levels of seniority in each city of posting despite the fact that they may not currently be required.

Criteria for setting standards of accommodation for officers of different levels and family status posted outside Hong Kong

Rank/Grade		Single/Married	Family
Group I	D8	3 bedroom 7 to 10 km from ETO/ organisation Upper-end of market	3 to 4 bedroom 7 to 10 km from ETO/ organisation Upper-end of market
	D6	3 bedroom 7 to 10 km from ETO/ organisation Upper-end of market	3 to 4 bedroom 7 to 10 km from ETO/ organisation Upper-end of market
Group II (D4/D5)		2 to 3 bedroom 7 to 10 km from ETO/ organisation Upper to Medium-end of market	3 to 4 bedroom 7 to 10 km from ETO/ organisation Upper to Medium-end of market
Group III (D1-D3)		2 to 3 bedroom 7 to 10 km from ETO/ organisation Medium-end of market	3 to 4 bedroom 7 to 10 km from ETO/ organisation Medium-end of market
Group IV (MPS 45-49; PPS 49-54a; GDS(O) 33-39)		2 bedroom Up to 75 minutes commuting time from ETO/organisation Medium to Low-end of market	2 to 3 bedroom Up to 75 minutes commuting time from ETO/organisation Medium to Low-end of market
Group V (MPS 44 & below; PPS 48 & below; GDS(O) 32 & below)		2 bedroom Up to 75 minutes commuting time from ETO/organisation Low-end of market	2 to 3 bedroom Up to 75 minutes commuting time from ETO/organisation Low-end of market

The above general standards of accommodation notwithstanding, the consultant may take into account the special local circumstances of individual host cities.

Special Uplift Factors for Representational Role of Senior Directorate Officers

Heads of ETOs have a representational role and are required to host functions at home from time to time. We propose to develop a consistent and logical approach to determine suitable standards of accommodation for officers with a need for hosting hospitality at home.

1. We assumed that the standard of accommodation should be set at a four bedroom properties for both single/married and family categories with reference to the norms of accommodation provided by major multinational corporations to their expatriate executive/managerial personnel of comparable level in the host cities.
2. Suitable areas within a city were restricted to the more exclusive districts and these areas were also situated within close proximity to the ETO/city centre.
3. We recommend that a graduated approach should be adopted by selecting market positions for four bedroom properties within the upper quartile of rental properties.

We have calculated the special uplift factor based on the above standards as a percentage value which can be used to enhance the recommended rate for a particular Head of ETO. The percentage uplift is a uniform value that should be applied across all overseas cities of posting.

Hosting hospitality at home allowance

Location	Uplift factor
All locations	1.15

Typically an employee receives a housing allowance appropriate to their job level and family size. The uplift factor represents the combined adjustment needed to bring all allowances up to a level whereby these allowances would enable individuals to rent larger and better quality accommodation suitable for representation. The factor of 1.15 is a statistical average taken across all the HKSAR Government overseas cities of posting. For each city the cost of properties suitable for representation was assessed and the relative difference in cost between the representation properties and the standard rent allowances was determined. The adjustment factor of 1.15 is in keeping with similar adjustment factors used by other governments.

Application of the special uplift factors for representational role of senior directorate officers

The representation allowance can basically be considered in two parts –

1. Part 1 - Size of property: The allowances should reflect property of large size suitable for hosting hospitality at home.
2. Part 2 - Quality/Standard: The property should be suitable for representation purposes i.e. those required to entertain at home. The quality (fixtures and fittings) and standard (decoration and furnishings) of the property should be of an appropriate level.

In addition the employee would also receive, where applicable, reimbursement of furniture and mandatory expenses up to the appropriate level. The uplift factor will be applied to the total rent allowance (inclusive of additional allowance for furnishings and mandatory charges).

Rent Allowance for Officers posted outside Hong Kong
Comparison of Existing and Proposed Rates in Local Currency/Hong Kong Dollar

Group	Rank	No. of officer	Existing rates in Local Currency			Proposed new rates in Local Currency						Existing rates in HK Dollar			Proposed new rates in Hong Kong Dollar					
			F	M	S	F		M		S		F	M	S	F		M		S	
			Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift
Part A - ETOs in Europe																				
Berlin (EUR)																				
Group I	AOSGA1(D8)		-	-	-	3,846	4,423	3,483	4,005	3,483	4,005	-	-	-	43,153	49,626	39,080	44,942	39,080	44,942
	AOSGA(D6)		-	-	-	3,423	3,936	2,774	3,190	2,774	3,190	-	-	-	38,407	44,168	31,125	35,794	31,125	35,794
Group II	AOSGB1(D4)		-	-	-	2,754	3,167	1,996	2,295	1,996	2,295	-	-	-	30,901	35,536	22,396	25,755	22,396	25,755
Group III	AOSGB(D3)/ AOSGC(D2)	1	2,900	2,700	2,700	1,876	2,157	1,645	1,892	1,645	1,892	32,539	30,295	30,295	21,049	24,206	18,457	21,226	18,457	21,226
						(-35.3%)	(-25.6%)	(-39.1%)	(-29.9%)	(-39.1%)	(-29.9%)				(-35.3%)	(-25.6%)	(-39.1%)	(-29.9%)	(-39.1%)	(-29.9%)
Group IV	SAO/PTO/CIO/ IPPO/PlmO	1	2,100	1,900	1,900	1,625	-	1,526	-	1,526	-	23,563	21,318	21,318	18,233	-	17,122	-	17,122	-
						(-22.6%)		(-19.7%)		(-19.7%)					(-22.6%)		(-19.7%)		(-19.7%)	
Group V	PIO/TO/SEO/ CImO/AO	1	1,700	1,500	1,500	1,505	-	1,316	-	1,316	-	19,074	16,830	16,830	16,886	-	14,766	-	14,766	-
						(-11.5%)		(-12.3%)		(-12.3%)					(-11.5%)		(-12.3%)		(-12.3%)	
Group V	IO/EOL/ImO	1	1,700	1,500	1,500	1,505	-	1,316	-	1,316	-	19,074	16,830	16,830	16,886	-	14,766	-	14,766	-
						(-11.5%)		(-12.3%)		(-12.3%)					(-11.5%)		(-12.3%)		(-12.3%)	
Brussels (EUR)																				
Group I	AOSGA1(D8)		-	-	-	3,840	4,416	3,600	4,140	3,600	4,140	-	-	-	43,086	49,549	40,393	46,452	40,393	46,452
	AOSGA(D6)		-	-	-	3,470	3,991	3,110	3,577	3,110	3,577	-	-	-	38,934	44,774	34,895	40,129	34,895	40,129
Group II	AOSGB1(D4)	1	Official Residence			2,980	3,427	2,140	2,461	2,140	2,461	Official Residence			33,436	38,451	24,011	27,613	24,011	27,613
Group III	AOSGB(D3)		2,975	2,975	2,975	2,030	-	1,760	-	1,760	-	33,380	33,380	33,380	22,777	-	19,748	-	19,748	-
						(-31.8%)		(-40.8%)		(-40.8%)					(-31.8%)		(-40.8%)		(-40.8%)	
Group III	AOSGC(D2)	2	2,975	2,975	2,975	2,030	-	1,760	-	1,760	-	33,380	33,380	33,380	22,777	-	19,748	-	19,748	-
						(-31.8%)		(-40.8%)		(-40.8%)					(-31.8%)		(-40.8%)		(-40.8%)	
Group IV	SAO/PTO/CIO/ IPPO/PlmO	2	2,081	2,081	1,810	1,730	-	1,680	-	1,680	-	23,349	23,349	20,309	19,411	-	18,850	-	18,850	-
						(-16.9%)		(-19.3%)		(-7.2%)					(-16.9%)		(-19.3%)		(-7.2%)	
Group V	PIO/TO/SEO/ CImO/AO		-	-	-	1,650	-	1,440	-	1,440	-	-	-	-	18,513	-	16,157	-	16,157	-
Group V	IO/EOL/ImO		-	-	-	1,650	-	1,440	-	1,440	-	-	-	-	18,513	-	16,157	-	16,157	-
London (GBP)																				
Group I	AOSGA1(D8)		-	-	-	8,730	10,040	7,010	8,062	7,010	8,062	-	-	-	111,831	128,606	89,798	103,268	89,798	103,268
	AOSGA(D6)		-	-	-	6,690	7,694	5,430	6,245	5,430	6,245	-	-	-	85,699	98,554	69,558	79,992	69,558	79,992
Group II	AOSGB1(D4)		-	-	-	4,520	5,198	3,280	3,772	3,280	3,772	-	-	-	57,901	66,586	42,017	48,320	42,017	48,320
Group III	AOSGB(D3)	1	Official Residence			3,030	3,485	2,600	2,990	2,600	2,990	39,711	35,228	35,228	38,814	44,636	33,306	38,302	33,306	38,302
						(-2.3%)	(+12.4%)	(-5.5%)	(+8.7%)	(-5.5%)	(+8.7%)				(-2.3%)	(+12.4%)	(-5.5%)	(+8.7%)	(-5.5%)	(+8.7%)
Group III	AOSGB(D3)		3,100	2,750	2,750	3,030	-	2,600	-	2,600	-	25,620	22,930	22,930	38,814	-	33,306	-	33,306	-
						(+51.5%)		(+45.3%)		(+45.3%)					(+51.5%)		(+45.3%)		(+45.3%)	
Group IV	SAO/PTO/CIO/ IPPO/PlmO (MPS 45-49)	2	2,000	1,790	1,790	2,540	-	2,230	-	2,230	-	25,620	22,930	22,930	32,537	-	28,566	-	28,566	-
						(+27.0%)		(+24.6%)		(+24.6%)					(+27.0%)		(+24.6%)		(+24.6%)	
Group V	PIO/TO/SEO/ CImO/AO (MPS 41-44)		2,000	1,790	1,790	2,180	-	1,740	-	1,740	-	25,620	22,930	22,930	27,926	-	22,289	-	22,289	-
						(+9.0%)		(-2.8%)		(-2.8%)					(+9.0%)		(-2.8%)		(-2.8%)	
Group V	PIO/TO/SEO/ CImO/AO (MPS 34-40)	1	1,730	1,570	1,570	2,180	-	1,740	-	1,740	-	22,161	20,112	20,112	27,926	-	22,289	-	22,289	-
						(+26.0%)		(+10.8%)		(+10.8%)					(+26.0%)		(+10.8%)		(+10.8%)	
Group V	AO/IO/EOL/ImO (MPS 25-33)		1,520	1,390	1,390	2,180	-	1,740	-	1,740	-	19,471	17,806	17,806	27,926	-	22,289	-	22,289	-
						(+43.4%)		(+25.2%)		(+25.2%)					(+43.4%)		(+25.2%)		(+25.2%)	
Geneva (CHF)																				
Group I	AOSGA1(D8)		-	-	-	12,120	13,938	10,840	12,466	10,840	12,466	-	-	-	110,677	127,279	98,988	113,836	98,988	113,836
	AOSGA(D6)		-	-	-	10,580	12,167	9,130	10,500	9,130	10,500	-	-	-	96,614	111,106	83,373	95,879	83,373	95,879
Group II	AOSGB1(D4)	1	Official Residence			8,950	10,293	6,880	7,912	6,880	7,912	Official Residence			81,729	93,988	62,826	72,250	62,826	72,250

Group	Rank	No. of officer	Existing rates in Local Currency			Proposed new rates in Local Currency						Existing rates in HK Dollar			Proposed new rates in Hong Kong Dollar					
			F	M	S	F		M		S		F	M	S	F		M		S	
						Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift				Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift
Group III	AOSGB(D3)	2	9,000	9,000	6,500	6,712 (-25.4%)	-	6,200 (-31.1%)	-	6,200 (-4.6%)	-	82,186	82,186	59,356	61,292 (-25.4%)	-	56,617 (-31.1%)	-	56,617 (-4.6%)	-
	AOSGC(D2)		9,000	9,000	6,500	6,712 (-25.4%)	-	6,200 (-31.1%)	-	6,200 (-4.6%)	-	82,186	82,186	59,356	61,292 (-25.4%)	-	56,617 (-31.1%)	-	56,617 (-4.6%)	-
Group IV	SAO/PTO/CIO/ IPPO/PlmO	4	5,060	5,060	5,060	6,080 (+20.2%)	-	4,970 (-1.8%)	-	4,970 (-1.8%)	-	46,207	46,207	46,207	55,521 (+20.2%)	-	45,385 (-1.8%)	-	45,385 (-1.8%)	-
Group V	PIO/TO/SEO/ CImO/AO		4,262	4,262	4,262	4,620 (+8.4%)	-	3,340 (-21.6%)	-	3,340 (-21.6%)	-	38,920	38,920	38,920	42,189 (+8.4%)	-	30,500 (-21.6%)	-	30,500 (-21.6%)	-
	IO/EOL/ImO		-	-	-	4,620	-	3,340	-	3,340	-	-	-	-	42,189	-	30,500	-	30,500	-
Part B - ETOs in North America																				
Toronto (CAD)																				
Group I	AOSGA1(D8)		-	-	-	9,350	10,753	7,310	8,407	7,310	8,407	-	-	-	75,158	86,432	58,760	67,574	58,760	67,574
	AOSGA(D6)		-	-	-	7,240	8,326	5,130	5,900	5,130	5,900	-	-	-	58,197	66,927	41,236	47,421	41,236	47,421
Group II	AOSGB1(D4)		-	-	-	5,120	5,888	3,320	3,818	3,320	3,818	-	-	-	41,156	47,329	26,687	30,690	26,687	30,690
Group III	AOSGB(D3)		4,000	4,000	4,000	3,130 (-21.8%)	3,600 (+10.0%)	2,580 (-35.5%)	2,967 (-25.8%)	2,580 (-35.5%)	2,967 (-25.8%)	32,153	32,153	32,153	25,160 (-21.8%)	28,934 (+10.0%)	20,739 (-35.5%)	23,850 (-25.8%)	20,739 (-35.5%)	23,850 (-25.8%)
	AOSGC(D2)	1	4,000	4,000	4,000	3,130 (-21.8%)	3,600 (+10.0%)	2,580 (-35.5%)	2,967 (-25.8%)	2,580 (-35.5%)	2,967 (-25.8%)	32,153	32,153	32,153	25,160 (-21.8%)	28,934 (+10.0%)	20,739 (-35.5%)	23,850 (-25.8%)	20,739 (-35.5%)	23,850 (-25.8%)
Group IV	SAO/PTO/CIO/ IPPO/PlmO	1	2,420	2,420	2,420	2,560 (+5.8%)	-	2,430 (+0.4%)	-	2,430 (+0.4%)	-	19,453	19,453	19,453	20,578 (+5.8%)	-	19,533 (+0.4%)	-	19,533 (+0.4%)	-
Group V	PIO/TO/SEO/ CImO/AO		-	-	-	2,380	-	1,990	-	1,990	-	-	-	-	19,131	-	15,996	-	15,996	-
	IO/EOL/ImO		-	-	-	2,380	-	1,990	-	1,990	-	-	-	-	19,131	-	15,996	-	15,996	-
Washington (US\$)																				
Group I	AOSGA1(D8)	1	-	-	-	7,060	8,119	6,260	7,199	6,260	7,199	-	-	-	54,907	63,143	48,686	55,989	48,686	55,989
	AOSGA(D6)		Official Residence	-	-	-	5,880	6,762	5,040	5,796	5,040	5,796	-	-	-	45,730	52,590	39,197	45,077	39,197
Group II	AOSGB1(D4)		4,683	4,683	4,683	4,850 (+3.6%)	5,578 (+19.1%)	3,920 (-16.3%)	4,508 (-3.7%)	3,920 (-16.3%)	4,508 (-3.7%)	36,421	36,421	36,421	37,720 (+3.6%)	43,378 (+19.1%)	30,487 (-16.3%)	35,060 (-3.7%)	30,487 (-16.3%)	35,060 (-3.7%)
Group III	AOSGB(D3)	1	3,829	3,829	3,829	3,570 (-6.8%)	-	3,080 (-19.6%)	-	3,080 (-19.6%)	-	29,779	29,779	29,779	27,765 (-6.8%)	-	23,954 (-19.6%)	-	23,954 (-19.6%)	-
	AOSGC(D2)	1	2,975	2,975	2,975	3,570 (+20.0%)	-	3,080 (+3.5%)	-	3,080 (+3.5%)	-	23,137	23,137	23,137	27,765 (+20.0%)	-	23,954 (+3.5%)	-	23,954 (+3.5%)	-
Group IV	SAO/PTO/CIO/ IPPO/PlmO	3	2,600	2,600	2,600	2,980 (+14.6%)	-	2,890 (+11.2%)	-	2,890 (+11.2%)	-	20,221	20,221	20,221	23,176 (+14.6%)	-	22,476 (+11.2%)	-	22,476 (+11.2%)	-
Group V	PIO/TO/SEO/ CImO/AO		1,925	1,925	1,925	2,680 (+39.2%)	-	2,600 (+35.1%)	-	2,600 (+35.1%)	-	14,971	14,971	14,971	20,843 (+39.2%)	-	20,221 (+35.1%)	-	20,221 (+35.1%)	-
	IO/EOL/ImO		-	-	-	2,680	-	2,600	-	2,600	-	-	-	-	20,843	-	20,221	-	20,221	-
New York (US\$)																				
Group I	AOSGA1(D8)		-	-	-	17,260	19,849	14,780	16,997	14,780	16,997	-	-	-	134,235	154,370	114,948	132,190	114,948	132,190
	AOSGA(D6)		-	-	-	14,600	16,790	11,770	13,536	11,770	13,536	-	-	-	113,548	130,580	91,538	105,269	91,538	105,269
Group II	AOSGB1(D4)		-	-	-	9,980	11,477	7,090	8,154	7,090	8,154	-	-	-	77,617	89,260	55,141	63,412	55,141	63,412
Group III	AOSGB(D3)		5,600	5,600	5,600	6,590 (+17.7%)	7,579 (+35.3%)	6,350 (+13.4%)	7,303 (+30.4%)	6,350 (+13.4%)	7,303 (+30.4%)	43,553	43,553	43,553	51,252 (+17.7%)	58,940 (+35.3%)	49,386 (+13.4%)	56,794 (+30.4%)	49,386 (+13.4%)	56,794 (+30.4%)
	AOSGC(D2)	1	5,600	5,600	5,600	6,590 (+17.7%)	7,579 (+35.3%)	6,350 (+13.4%)	7,303 (+30.4%)	6,350 (+13.4%)	7,303 (+30.4%)	43,553	43,553	43,553	51,252 (+17.7%)	58,940 (+35.3%)	49,386 (+13.4%)	56,794 (+30.4%)	49,386 (+13.4%)	56,794 (+30.4%)
Group IV	SAO/PTO/CIO/ IPPO/PlmO	1	3,900	3,900	3,900	6,230 (+59.7%)	-	5,510 (+41.3%)	-	5,510 (+41.3%)	-	30,331	30,331	30,331	48,452 (+59.7%)	-	42,853 (+41.3%)	-	42,853 (+41.3%)	-
	CIO/ IPPO/PlmO	1	3,400	3,400	3,400	6,230 (+83.2%)	-	5,510 (+62.1%)	-	5,510 (+62.1%)	-	26,443	26,443	26,443	48,452 (+83.2%)	-	42,853 (+62.1%)	-	42,853 (+62.1%)	-
Group V	PIO/TO/SEO/ CImO/AO		-	-	-	4,170	-	3,890	-	3,890	-	-	-	-	32,431	-	30,254	-	30,254	-
	IO/EOL/ImO		2,900	2,900	2,900	4,170 (+43.8%)	-	3,890 (+34.1%)	-	3,890 (+34.1%)	-	22,554	22,554	22,554	32,431 (+43.8%)	-	30,254 (+34.1%)	-	30,254 (+34.1%)	-

Group	Rank	No. of officer	Existing rates in Local Currency			Proposed new rates in Local Currency						Existing rates in HK Dollar			Proposed new rates in Hong Kong Dollar					
			F	M	S	F		M		S		F	M	S	F		M		S	
						Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift				Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift
San Francisco (US\$)																				
Group I	AOSGA1(D8)		-	-	-	7,800	8,970	6,950	7,993	6,950	7,993	-	-	-	60,663	69,762	54,052	62,160	54,052	62,160
	AOSGA(D6)		-	-	-	6,820	7,843	5,520	6,348	5,520	6,348	-	-	-	53,041	60,997	42,930	49,370	42,930	49,370
Group II	AOSGB1(D4)		-	-	-	5,540	6,371	4,240	4,876	4,240	4,876	-	-	-	43,086	49,549	32,976	37,922	32,976	37,922
	AOSGB(D3)		5,000	5,000	5,000	4,130	4,750	3,760	4,324	3,760	4,324	38,886	38,886	38,886	32,120	36,938	29,242	33,628	29,242	33,628
Group III	AOSGC(D2)	1	5,000	5,000	5,000	4,130	4,750	3,760	4,324	3,760	4,324	38,886	38,886	38,886	32,120	36,938	29,242	33,628	29,242	33,628
						(-17.4%)	(-5.0%)	(-24.8%)	(-13.5%)	(-24.8%)	(-13.5%)				(-17.4%)	(-5.0%)	(-24.8%)	(-13.5%)	(-24.8%)	(-13.5%)
Group IV	SAO/PTO/CIO/IPPO/PlmO	2	3,500	3,500	3,500	3,680	-	3,520	-	3,520	-	27,220	27,220	27,220	28,620	-	27,376	-	27,376	-
						(+5.1%)		(+0.6%)		(+0.6%)					(+5.1%)		(+0.6%)		(+0.6%)	
Group V	PIO/TO/SEO/CImO/AO		3,300	3,300	3,300	3,390	-	3,210	-	3,210	-	25,665	25,665	25,665	26,365	-	24,965	-	24,965	-
	IO/EOL/ImO		-	-	-	3,390	-	3,210	-	3,210	-	-	-	-	26,365	-	24,965	-	24,965	-
						(+2.7%)		(-2.7%)		(-2.7%)					(+2.7%)		(-2.7%)		(-2.7%)	
						-		-		-					-		-		-	
Part C - ETOs in South East Asia																				
Singapore (SGD) & APEC																				
Group I	AOSGA1(D8)		-	-	-	19,250	22,138	17,470	20,091	17,470	20,091	-	-	-	121,492	139,716	110,258	126,797	110,258	126,797
	AOSGA(D6)		-	-	-	17,180	19,757	14,380	16,537	14,380	16,537	-	-	-	108,427	124,691	90,756	104,369	90,756	104,369
Group II	AOSGB1(D4)		-	-	-	14,150	16,273	9,140	10,511	9,140	10,511	-	-	-	89,304	102,700	57,685	66,338	57,685	66,338
	AOSGB(D3)		10,500	10,500	10,500	8,700	10,005	7,230	8,315	7,230	8,315	66,268	66,268	66,268	54,908	63,144	45,630	52,475	45,630	52,475
Group III	AOSGC(D2)	2	8,800	8,800	8,800	8,700	10,005	7,230	8,315	7,230	8,315	55,539	55,539	55,539	54,908	63,144	45,630	52,475	45,630	52,475
						(-17.1%)	(-4.7%)	(-31.1%)	(-20.8%)	(-31.1%)	(-20.8%)				(-17.1%)	(-4.7%)	(-31.1%)	(-20.8%)	(-31.1%)	(-20.8%)
Group IV	SAO/PTO/CIO/IPPO/PlmO	1	6,500	6,500	6,500	7,120	-	6,420	-	6,420	-	41,023	41,023	41,023	44,936	-	40,518	-	40,518	-
						(-1.1%)	(+13.7%)	(-17.8%)	(-5.5%)	(-17.8%)	(-5.5%)				(-1.1%)	(+13.7%)	(-17.8%)	(-5.5%)	(-17.8%)	(-5.5%)
Group V	PIO/TO/SEO/CImO/AO	2	5,500	5,500	5,500	6,320	-	5,620	-	5,620	-	34,712	34,712	34,712	39,887	-	35,469	-	35,469	-
	IO/EOL/ImO		-	-	-	6,320	-	5,620	-	5,620	-	-	-	-	39,887	-	35,469	-	35,469	-
						(+9.5%)		(-1.2%)		(-1.2%)					(+9.5%)		(-1.2%)		(-1.2%)	
						(+14.9%)		(+2.2%)		(+2.2%)					(+14.9%)		(+2.2%)		(+2.2%)	
						-		-		-					-		-		-	
Sydney (AUD)																				
Group I	AOSGA1(D8)		-	-	-	12,020	13,823	9,990	11,489	9,990	11,489	-	-	-	99,883	114,865	83,014	95,466	83,014	95,466
	AOSGA(D6)		-	-	-	9,890	11,374	7,580	8,717	7,580	8,717	-	-	-	82,183	94,510	62,988	72,436	62,988	72,436
Group II	AOSGB1(D4)		-	-	-	7,030	8,085	5,300	6,095	5,300	6,095	-	-	-	58,418	67,181	44,042	50,648	44,042	50,648
	AOSGB(D3)		7,970	7,170	7,170	4,810	5,532	4,380	5,037	4,380	5,037	66,229	59,581	59,581	39,970	45,966	36,397	41,857	36,397	41,857
Group III	AOSGC(D2)	1	6,930	6,230	6,230	4,810	5,532	4,380	5,037	4,380	5,037	57,587	51,770	51,770	39,970	45,966	36,397	41,857	36,397	41,857
						(-39.6%)	(-30.6%)	(-38.9%)	(-29.7%)	(-38.9%)	(-29.7%)				(-39.6%)	(-30.6%)	(-38.9%)	(-29.7%)	(-38.9%)	(-29.7%)
Group IV	SAO/PTO/CIO/IPPO/PlmO	1	5,200	4,680	4,680	4,300	-	3,960	-	3,960	-	43,211	38,890	38,890	35,732	-	32,907	-	32,907	-
						(-17.3%)		(-15.4%)		(-15.4%)					(-17.3%)		(-15.4%)		(-15.4%)	
Group V	PIO/TO/SEO/CImO/AO	1	4,160	3,740	3,740	3,830	-	3,580	-	3,580	-	34,569	31,078	31,078	31,826	-	29,749	-	29,749	-
	IO/EOL/ImO		-	-	-	3,830	-	3,580	-	3,580	-	-	-	-	31,826	-	29,749	-	29,749	-
						(-7.9%)		(-4.3%)		(-4.3%)					(-7.9%)		(-4.3%)		(-4.3%)	
						-		-		-					-		-		-	
Tokyo (JPY)																				
Group I	AOSGA1(D8)		-	-	-	1,736,173	1,996,599	1,579,948	1,816,940	1,579,948	1,816,940	-	-	-	165,965	190,860	151,031	173,686	151,031	173,686
	AOSGA(D6)	1	2,300,000	2,300,000	2,300,000	1,552,278	1,785,120	1,318,388	1,516,146	1,318,388	1,516,146	219,863	219,863	219,863	148,386	170,644	126,028	144,932	126,028	144,932
Group II	AOSGB1(D4)		1,775,000	1,775,000	1,775,000	1,265,768	1,455,633	887,350	1,020,453	887,350	1,020,453	169,677	169,677	169,677	120,998	139,148	84,824	97,548	84,824	97,548
						(-28.7%)	(-18.0%)	(-50.0%)	(-42.5%)	(-50.0%)	(-42.5%)				(-28.7%)	(-18.0%)	(-50.0%)	(-42.5%)	(-50.0%)	(-42.5%)
Group III	AOSGB(D3)		-	-	-	856,520	-	785,838	-	785,838	-	-	-	-	81,877	-	75,120	-	75,120	-
	AOSGC(D2)	1	1,250,000	1,250,000	1,250,000	856,520	-	785,838	-	785,838	-	119,491	119,491	119,491	81,877	-	75,120	-	75,120	-
Group IV	SAO/PTO/CIO/IPPO/PlmO	1	1,000,000	1,000,000	1,000,000	772,988	-	738,407	-	738,407	-	95,593	95,593	95,593	73,892	-	70,586	-	70,586	-
						(-22.7%)		(-26.2%)		(-26.2%)					(-22.7%)		(-26.2%)		(-26.2%)	
Group V	PIO/TO/SEO/CImO/AO	1	770,833	770,833	770,833	725,428	-	658,667	-	658,667	-	73,686	73,686	73,686	69,345	-	62,964	-	62,964	-
	IO/EOL/ImO		-	-	-	725,428	-	658,667	-	658,667	-	-	-	-	69,345	-	62,964	-	62,964	-
						(-5.9%)		(-14.6%)		(-14.6%)					(-5.9%)		(-14.6%)		(-14.6%)	
						-		-		-					-		-		-	

Group	Rank	No. of officer	Existing rates in Local Currency			Proposed new rates in Local Currency						Existing rates in HK Dollar			Proposed new rates in Hong Kong Dollar					
			F	M	S	F		M		S		F	M	S	F		M		S	
						Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift				Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift	Without representational uplift	With 15% representational uplift
Part D - Overseas Secondment																				
Bangkok (THB)																				
Group I	AOSGA1(D8)		-	-	-	205,703	-	198,020	-	198,020	-	-	-	-	52,043	-	50,099	-	50,099	-
	AOSGA(D6)		-	-	-	190,400	-	161,000	-	161,000	-	-	-	-	48,171	-	40,733	-	40,733	-
Group II	AOSGB1(D4)		-	-	-	153,330	-	103,330	-	103,330	-	-	-	-	38,792	-	26,142	-	26,142	-
	AOSGB(D3)		-	-	-	99,380	-	79,900	-	79,900	-	-	-	-	25,143	-	20,215	-	20,215	-
Group III	AOSGC(D2)		-	-	-	99,380	-	79,900	-	79,900	-	-	-	-	25,143	-	20,215	-	20,215	-
	SAO/PTO/CIO/		-	-	-	78,330	-	76,930	-	76,930	-	-	-	-	19,817	-	19,463	-	19,463	-
Group IV	IPPO/PlmO		-	-	-		-		-		-	-	-	-	-	-	-	-	-	-
	PIO/TO/SEO/	1	60,000	60,000	60,000	75,420	-	68,480	-	68,480	-	15,180	15,180	15,180	19,081	-	17,325	-	17,325	-
Group V	CImO/AO/CIP		-	-	-	(+25.7%)	-	(+14.1%)	-	(+14.1%)	-	-	-	-	(+25.7%)	-	(+14.1%)	-	(+14.1%)	-
	IO/EOL/ImO		-	-	-	75,420	-	68,480	-	68,480	-	-	-	-	19,081	-	17,325	-	17,325	-
Bramshill, UK (GBP)																				
Group I	AOSGA1(D8)		-	-	-	3,540	-	3,320	-	3,320	-	-	-	-	45,347	-	42,529	-	42,529	-
	AOSGA(D6)		-	-	-	3,220	-	2,400	-	2,400	-	-	-	-	41,248	-	30,744	-	30,744	-
Group II	AOSGB1(D4)		-	-	-	2,360	-	1,630	-	1,630	-	-	-	-	30,232	-	20,880	-	20,880	-
	AOSGB(D3)		-	-	-	1,430	-	1,240	-	1,240	-	-	-	-	18,318	-	15,884	-	15,884	-
Group III	AOSGC(D2)		-	-	-	1,430	-	1,240	-	1,240	-	-	-	-	18,318	-	15,884	-	15,884	-
	SAO/PTO/CIO/		-	-	-	1,200	-	1,140	-	1,140	-	-	-	-	15,372	-	14,603	-	14,603	-
Group IV	IPPO/PlmO/SP	1	1,200	1,074	1,074	(+0.0%)	-	(+6.1%)	-	(+6.1%)	-	15,372	13,758	13,758	(+0.0%)	-	(+6.1%)	-	(+6.1%)	-
	PIO/TO/SEO/		-	-	-	1,050	-	1,030	-	1,030	-	-	-	-	13,451	-	13,194	-	13,194	-
Group V	CImO/AO		-	-	-	1,050	-	1,030	-	1,030	-	-	-	-	13,451	-	13,194	-	13,194	-
	IO/EOL/ImO		-	-	-	1,050	-	1,030	-	1,030	-	-	-	-	13,451	-	13,194	-	13,194	-
Lyon (EUR)																				
Group I	AOSGA1(D8)		-	-	-	3,010	-	2,910	-	2,910	-	-	-	-	33,773	-	32,651	-	32,651	-
	AOSGA(D6)		-	-	-	2,880	-	2,630	-	2,630	-	-	-	-	32,314	-	29,509	-	29,509	-
Group II	AOSGB1(D4)		-	-	-	2,500	-	2,280	-	2,280	-	-	-	-	28,051	-	25,582	-	25,582	-
	AOSGB(D3)		-	-	-	2,250	-	1,940	-	1,940	-	-	-	-	25,246	-	21,767	-	21,767	-
Group III	AOSGC(D2)		-	-	-	2,250	-	1,940	-	1,940	-	-	-	-	25,246	-	21,767	-	21,767	-
	SAO/PTO/CIO/		-	-	-	1,910	-	1,800	-	1,800	-	-	-	-	21,431	-	20,196	-	20,196	-
Group IV	IPPO/PlmO/SP	1	1,704	1,704	1,704	(+12.1%)	-	(+5.6%)	-	(+5.6%)	-	19,119	19,119	19,119	(+12.1%)	-	(+5.6%)	-	(+5.6%)	-
	PIO/TO/SEO/		-	-	-	1,790	-	1,380	-	1,380	-	-	-	-	20,084	-	15,484	-	15,484	-
Group V	CImO/AO		-	-	-	1,790	-	1,380	-	1,380	-	-	-	-	20,084	-	15,484	-	15,484	-
	IO/EOL/ImO		-	-	-	1,790	-	1,380	-	1,380	-	-	-	-	20,084	-	15,484	-	15,484	-
Manila (PHP)																				
Group I	AOSGA1(D8)		-	-	-	408,340	-	344,960	-	344,960	-	-	-	-	73,603	-	62,179	-	62,179	-
	AOSGA(D6)		-	-	-	338,340	-	270,900	-	270,900	-	-	-	-	60,986	-	48,830	-	48,830	-
Group II	AOSGB1(D4)		-	-	-	268,660	-	192,140	-	192,140	-	-	-	-	48,426	-	34,633	-	34,633	-
	AOSGB(D3)		-	-	-	174,060	-	143,990	-	143,990	-	-	-	-	31,374	-	25,954	-	25,954	-
Group III	AOSGC(D2)		-	-	-	174,060	-	143,990	-	143,990	-	-	-	-	31,374	-	25,954	-	25,954	-
	SAO/PTO/CIO/		-	-	-	141,260	-	129,710	-	129,710	-	-	-	-	25,462	-	23,380	-	23,380	-
Group IV	IPPO/PlmO	1	130,000	130,000	130,000	(+8.7%)	-	(-0.2%)	-	(-0.2%)	-	23,433	23,433	23,433	(+8.7%)	-	(-0.2%)	-	(-0.2%)	-
	PIO/TO/SEO/		-	-	-	127,260	-	111,400	-	111,400	-	-	-	-	22,939	-	20,080	-	20,080	-
Group V	CImO/AO		-	-	-	127,260	-	111,400	-	111,400	-	-	-	-	22,939	-	20,080	-	20,080	-
	IO/EOL/ImO		-	-	-	127,260	-	111,400	-	111,400	-	-	-	-	22,939	-	20,080	-	20,080	-
Montreal (CAD)																				
Group I	AOSGA1(D8)		-	-	-	5,480	-	4,870	-	4,870	-	-	-	-	44,050	-	39,146	-	39,146	-
	AOSGA(D6)		-	-	-	4,750	-	3,560	-	3,560	-	-	-	-	38,182	-	28,616	-	28,616	-
Group II	AOSGB1(D4)		-	-	-	3,450	-	2,510	-	2,510	-	-	-	-	27,732	-	20,176	-	20,176	-
	AOSGB(D3)		-	-	-	2,270	-	1,940	-	1,940	-	-	-	-	18,247	-	15,594	-	15,594	-
Group III	AOSGC(D2)		-	-	-	2,270	-	1,940	-	1,940	-	-	-	-	18,247	-	15,594	-	15,594	-
	SAO/PTO/CIO/		-	-	-	1,910	-	1,790	-	1,790	-	-	-	-	15,353	-	14,388	-	14,388	-
Group IV	IPPO/PlmO/Sr	1	2,420	2,420	2,420	(-21.1%)	-	(-26.0%)	-	(-26.0%)	-	19,453	19,453	19,453	(-21.1%)	-	(-26.0%)	-	(-26.0%)	-
	Operations Offr		-	-	-	1,760	-	1,640	-	1,640	-	-	-	-	14,147	-	13,183	-	13,183	-
Group V	PIO/TO/SEO/		-	-	-	1,760	-	1,640	-	1,640	-	-	-	-	14,147	-	13,183	-	13,183	-
	CImO/AO		-	-	-	1,760	-	1,640	-	1,640	-	-	-	-	14,147	-	13,183	-	13,183	-
Group V	IO/EOL/ImO		-	-	-	1,760	-	1,640	-	1,640	-	-	-	-	14,147	-	13,183	-	13,183	-
	IO/EOL/ImO		-	-	-	1,760	-	1,640	-	1,640	-	-	-	-	14,147	-	13,183	-	13,183	-

Notes

1. Under the proposed Rent Allowance mechanism, different rates of allowance are set for officers at the five different levels,

Group I (Directorate Pay Scale point 8 and 6)

Group II (Directorate Pay Scale point 4/5)

Group III (Directorate Pay Scale point 1 to 3)

Group IV (Master Pay Scale point 45 - 49; Police Pay Scale 49 - 54a; General Disciplined Services (Officer) Pay Scale point 33 - 39)

Group V (Master Pay Scale point 44 & below; Police Pay Scale point 48 & below; General Disciplined Services (Officer) Pay Scale point 32 & below)

2. For Parts A - C, the column "No. of officers" shows the numbers of established posts in ETOs. For Part D, this column shows the numbers of officers that may be seconded overseas.
3. For each level, there will be two different rates of allowance, i.e. family rate and single/married rate to cater for different family circumstances.

Legend

AOSGA1	-	Administrative Officer Staff Grade A1	CImO	-	Chief Immigration Officer
AOSGA	-	Administrative Officer Staff Grade A	AO	-	Administrative Officer
AOSGB1	-	Administrative Officer Staff Grade B1	IO	-	Information Officer
AOSGB	-	Administrative Officer Staff Grade B	EOI	-	Executive Officer I
AOSGC	-	Administrative Officer Staff Grade C	ImO	-	Immigration Officer
SAO	-	Senior Administrative Officer	AD of Marine	-	Assistant Director of Marine
PTO	-	Principal Trade Officer	CIP	-	Chief Inspector of Police
CIO	-	Chief Information Officer	SP	-	Superintendent of Police
IPPO	-	Investment Promotion Project Officer	Sr Operations Offr	-	Senior Operations Officer
PImO	-	Principal Immigration Officer	F	-	Family (Officers accompanied by spouses and children)
PIO	-	Principal Information Officer	M	-	Married (Officers accompanied by spouses or one child)
TO	-	Trade Officer	S	-	Single Officers
SEO	-	Senior Executive Officer			

Short-term and Long-term Review of Rent Allowances

It is proposed that rent allowances are reviewed on an annual basis and that the entire rent allowance system adopted is reviewed every 5 years on a long-term basis.

Short-term regular review of the rent allowances

The quickest method of updating rent allowances on an ongoing basis would be to use year-on-year city rental indices. These particular indices are available in December of each year. Published by the consultant annually, year-on-year city indices, which are expressed as an annual 'change in the cost of rented accommodation', will provide a consistent, simple, user-friendly and logical approach to the review of comparative housing standards on a yearly basis. The index can be positive or negative.

City-specific rental indices

Generally, one factor is established per location and applied across the board, unless significant differences in market movements justify the application of different factors. This factor is typically the percentage trend in the cost of accommodation.

When an accommodation analysis is undertaken year-on-year, the consultant tracks the average change in rents in each city to arrive at a city rental trend percentage. The consultant chooses the type and size of property to be tracked by looking at the prominent property type for expatriate housing in each location (typically a three-bedroom apartment, but will vary according to host country norms). This year-on-year tracking provides a representative percentage change in rents. The percentage change in rents is represented as an index. The index shows price appreciation/depreciation of rental properties over an annual period. It allows for tracking overall market movement, and making an informed decision based on the index. It reflects the general sentiment of the residential rental property in the expatriate market. The index is calculated to illustrate general movement in rental prices only. The index does not take into consideration the market change in mandatory or furniture costs where these are paid separately to the rent.

If the rental index is less than + or – 5%, no change should be applied to the current rent levels. If the index is equal to or greater than + or – 5% the index is applied to existing rates to establish allowances for the following year. The trigger point of + or – 5% is based on knowledge of general company practice. Furthermore market intelligence provided by estate agents and relocation companies tends to imply that static rental markets are those with movements less than + or – 5%.

Where the index movement is equal to or greater than + or – 5% the allowances should be reviewed and adjusted accordingly. However, if the index is equal to or greater than + or – 10%, one should also make a note of this location and closely monitor the changes over the next year. If the index movement the following year is again equal to or greater than + or – 10% then a fresh review of allowances from first principles will be warranted rather than adjusting the allowances by the rental index. It should be borne in mind that although the index is a suitable method of updating the rent allowances on an annual basis when market is relatively stable, it is however, not sufficiently sensitive to the fact that there may be local fluctuations between different property types, and different standards of property within the expatriate market when price fluctuations are significant (equal to or over 10%).

In summary, the updating of rent allowance by using city-specific rental indices has the advantage of providing an appropriate means of revising the allowances. Such an approach that is transparent, user-friendly, cost-effective, simple and consistent across all groups of officers posted/seconded to overseas Economic and Trade Offices/organisations. It is also in line with the methodology employed by other governments and large international companies/organisations, and is more sensitive to modest fluctuations in rental movements. It provides an annual assessment of the market and takes into consideration inflationary pressures on rental costs and landlord's asking prices. This option uses city indices specific to expatriate rental market to update rental costs whereas others, like the use of non-specific housing inflation indices in host locations, uses overall inflation statistics, which incorporates not only property inflation, but also consumer prices for commodity items and wage inflation. As a result, the latter may provide a distorted picture of the expatriate rental market, whereas the current approach provides a unique and more representative picture of expatriate rental trends.

This approach is also relatively easy to administer since a city specific rental index is available for all the HKSAR Government overseas cities of posting, unlike the non-specific housing inflation indices as mentioned above which are only available for a handful of locations and tend to be country-wide figures rather than city-specific.

Long-term review of rent allowance system

To complement the annual application of the city-specific rental indices, we propose to conduct a thorough review of the rent allowances every 5 years to ensure ongoing precision and credibility, and that the rent allowances are re-aligned to actual market values, remain sensitive to seniority, different family sizes and continue to be area specific. Apart from the rate of rent allowance, the review will also cover the policy on the provision of accommodation for officers posted/seconded overseas, the different job needs and family size of officers, and the adjustment mechanism, etc.

Considering that a fresh review would involve substantial commitment of time and resources, a more regular review of policy and practice is not warranted. We propose that a long term review of every five years is the most suitable.
