

ITEM FOR FINANCE COMMITTEE

**HEAD 144 – GOVERNMENT SECRETARIAT :
CONSTITUTIONAL AND MAINLAND AFFAIRS BUREAU
Subhead 000 Operational expenses**

Members are invited to approve the rates of Rent Allowance payable to officers posted to the Hong Kong Economic, Trade and Cultural Office in Taiwan.

PROBLEM

We need to determine the rates of Rent Allowance (RA) for officers posted to the Hong Kong Economic, Trade and Cultural Office (HKETCO) in Taiwan.

PROPOSAL

Encl. 2. We propose to pay RA, at the rates recommended in the Enclosure, to officers posted to the HKETCO in Taiwan.

JUSTIFICATION

3. Under the existing arrangements, all Hong Kong-based officers posted to offices outside Hong Kong are subject to the terms and conditions of services applicable to officers posted outside Hong Kong. Eligible officers will receive a RA 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. Reimbursable expenses include rent, furniture rental and other mandatory charges such as management fees, tax and service charges where applicable. Utility costs like electricity, water and gas will not be reimbursable.

4. We plan to establish the HKETCO in Taiwan within 2011 to promote economic, trade and cultural relations between Hong Kong and Taiwan. We need to determine the RA rates applicable to officers posted to the HKETCO.

5. To this end, we have engaged an independent consultant to make recommendations on the RA rates applicable to the various ranks of officers to be posted to the HKETCO. With reference to the policies and broad standards of accommodation provided by major Hong Kong organisations and multinational corporations to their expatriate executive/managerial personnel of comparable levels in Taipei, the consultant has drawn up a set of standards of accommodation for officers of different levels and family size which can reasonably apply to the civil service. Based on these standards, the consultant has conducted accommodation surveys to collect relevant residential rental data and drawn up specific RA rates for officers of different level and family size. Having regard to the recommendations of the consultant, we propose to apply the monthly RA rates for the various ranks of officers to be posted to the HKETCO as set out at the Enclosure.

FINANCIAL IMPLICATIONS

6. Based on the proposed RA rates for officers to be posted to the HKETCO under the proposed staffing establishment, the net additional recurrent costs on RA are estimated at around \$1,957,000 to \$2,711,000^{Note} annually for Head 144 – Government Secretariat: Constitutional and Mainland Affairs Bureau. We have included sufficient provision in the 2011-12 Estimates to meet the above costs in the current financial year, and will reflect the resources required in the Estimates of subsequent years.

PUBLIC CONSULTATION

7. We consulted the Legislative Council Panel on Commerce and Industry on 18 October 2011. Panel Members raised no objection to the proposal as set out in paragraph 2 above.

/BACKGROUND

^{Note} The estimated costs are calculated based on the exchange rate at NTD100 = HK\$25.45, as at 3 November 2011.

BACKGROUND

8. At its meetings on 19 July 2011 and 18 October 2011, the Legislative Council Panel on Commerce and Industry expressed its general support for the establishment of the HKETCO. After considering EC(2011-12)3, the Establishment Subcommittee supported the creation of a permanent post of Administrative Officer Staff Grade B (D3) to head the HKETCO with effect from 1 December 2011. We plan to commence operation of the HKETCO within 2011.

Constitutional and Mainland Affairs Bureau
November 2011

**Proposed Rent Allowance for
Hong Kong-based Officers posted to the HKETCO**

Rank	No. of Posts	Family size	Total rent allowance per month¹ (New Taiwan Dollars)	Total rent allowance per month (Hong Kong Dollars)
AOSGB1 (D4) ²	1	Single/married	219,900	55,965
		Family	255,000	64,898
AOSGB (D3)		Single/married	154,100	39,218
		Family	198,800	50,595
SAO/PTO or ranks with equivalent pay scales (MPS 45-49)	2	Single/married	97,300	24,763
		Family	148,100	37,691
TO/SIO/EOI or ranks with equivalent pay scales (MPS 28-44)	4	Single/married	62,000	15,779
		Family	70,100	17,840
PSI or ranks with equivalent pay scales (MPS 27 and below)	1	Single/married	44,100	11,223
		Family	56,200	14,303

Legend –

AOSGB	-	Administrative Office Staff Grade B
AOSGB1	-	Administrative Office Staff Grade B1
EO I	-	Executive Officer I
MPS	-	Master Pay Scale
PS I	-	Personal Secretary I
PTO	-	Principal Trade Officer
SAO	-	Senior Administrative Officer
SIO	-	Senior Information Officer
TO	-	Trade Officer

¹ For reference, the exchange rate between New Taiwan dollars and Hong Kong dollars as at 3 November 2011 is NTD100 = HK\$25.45.

² The HKETCO is proposed to be headed by an AOSGB (D3) officer. The proposed RA rate for AOSGB1 (D4) will only be invoked when an AOSGB1 (D4) officer is posted to the HKETCO under the flexi-ranking system.