

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 144 – GOVERNMENT SECRETARIAT: CONSTITUTIONAL AND MAINLAND AFFAIRS BUREAU**

**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 122 – HONG KONG POLICE FORCE**

**Subhead 000 Operational expenses**

Members are invited to approve –

- (a) a system for determining rent allowance payable to officers posted to offices in the Mainland and Taiwan under the Constitutional and Mainland Affairs Bureau and those on secondment to organisations in the Mainland and Taiwan;
- (b) the delegation of authority to the Secretary for Constitutional and Mainland Affairs to approve the rent allowance rates for existing and new offices in the Mainland and Taiwan under the Constitutional and Mainland Affairs Bureau in accordance with the proposed system; and

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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 organisations in the Mainland and Taiwan in accordance with the proposed system.

## **PROBLEM**

We need to rationalise the current system for determining the rent allowance (RA) payable to officers posted to offices in the Mainland and Taiwan under the Constitutional and Mainland Affairs Bureau (CMAB) and those on secondment to organisations in the Mainland and Taiwan.

## **PROPOSAL**

2. The Secretary for Constitutional and Mainland Affairs (SCMA) and the Secretary for the Civil Service (SCS) propose to –
  - (a) adopt a system for determining RA payable to officers posted to offices in the Mainland and Taiwan under CMAB and those on secondment to organisations in the Mainland and Taiwan as set out in paragraphs 5 to 8 below;
  - (b) delegate to SCMA the authority to approve RA rates for existing and new offices in the Mainland and Taiwan under CMAB in accordance with the proposed system; and
  - (c) delegate to SCS the authority to approve RA rates for ongoing and future secondments to organisations in the Mainland and Taiwan in accordance with the proposed system.

## **JUSTIFICATION**

### **The Current RA Mechanism for Officers Posted/Seconded to the Mainland and Taiwan**

3. RA is payable on a reimbursement basis to assist officers posted/seconded to the Mainland and Taiwan to rent accommodation in the cities of posting/secondment. The basis for determining the RA rates, however, varied amongst different offices. When the Beijing Office (BJO) was set up in 1999,

/reference .....

reference was made to information obtained by the Government Property Agency (GPA) on the prevailing rentals of residential units in Beijing for different ranks of executives and employees of some major Hong Kong and international corporations. When the Hong Kong Economic and Trade Office (ETO) in Guangdong was set up in 2002, the RA rates were determined having regard to the rentals of residential units in Guangzhou normally taken up by executive and managerial personnel of some major Hong Kong and international corporations as recommended by an independent consultant and on the advice of GPA. For the Shanghai ETO and Chengdu ETO set up in 2006, the RA rates were determined having regard to the relevant findings of accommodation surveys, accommodation standards in the respective host cities, information on the prevailing rentals of residential accommodation in appropriate areas normally taken up by expatriate executive and managerial personnel as advised by an independent consultant.

4. Due to the lack of a consistent and specific approach in rate adjustment, the RA rates have fallen out of step with changes in the rental market. Moreover, the structure of the RA rates differs amongst different cities of posting: Guangdong ETO has three tiers of rate for officers of different family status (single/married/family), while BJO, Shanghai ETO and Chengdu ETO only have two tiers of rate (single and married/family).

#### **Proposed RA Mechanism for Officers Posted/Seconded to the Mainland and Taiwan**

5. We propose to devise a mechanism to rationalise the RA system. Following the approval of the RA rates for officers posted to the new Hong Kong Economic, Trade and Cultural Office (HKETCO) in Taiwan by the Finance Committee (FC) on 18 November 2011, we also need to draw up a review mechanism for the HKETCO. With reference to the newly devised system for RA payable to officers posted to overseas ETOs and on overseas secondment as endorsed by the FC on 18 July 2011, we have engaged CBRE HK Limited (the consultant), an international consultant with expertise in the Mainland and Taiwan rental markets, to conduct a study on the mechanism for setting RA rates with a view to drawing up a new system for the determination and adjustment of the RA rates for officers posted or on secondment to the Mainland and Taiwan. With reference to the policies and broad standards of accommodation provided by major Hong Kong and multinational corporations to their executive and managerial personnel of comparable levels posted to the Mainland and Taiwan, 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. An executive summary of the consultancy report is at Enclosure 1.

Encl. 1

6. Having regard to the recommendations of the consultant, we propose to adopt a system as described below for determining RA rates for officers posted or seconded to the Mainland and Taiwan –

- (a) A set of objective standards is used as the basis for drawing up RA rates which cover all the ranks in the civil service who may be posted or seconded to the Mainland or Taiwan.
- (b) The rates of allowance cover rent, furniture rental and other mandatory charges such as management fees and service charges where applicable.
- (c) Different rates of allowance are set for officers at six 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.
- (d) The rate of allowance is discrete for each level of seniority, viz. the family rate of a rank does not exceed the single/married rate of a more senior level.
- (e) Having taken into account the role of the Heads of the Mainland and Taiwan offices who are required to host functions at home from time to time, an uplift factor of 1.15 (i.e. an additional 15%) to their RA rates<sup>1</sup> is included.

7. We propose to adopt this RA system and a new set of RA rates determined according to the proposed system with effect from 1 February 2012. A table showing the comparison of the existing and proposed RA rates is at Enclosure 2. We note that some rates 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 existing RA entitlements where the entitlement is higher than the new rate. The new rates will only apply to the concerned officers upon moving from one residence to another. For cities where the RA rates are to be increased, the new rates will only apply to the concerned officers if their current rent (including rents increase according to tenancy terms) is higher than the existing rate or when they change residence. We also propose that the same arrangement should apply to future RA rate adjustments.

Encl. 2

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<sup>1</sup> Typically an employee receives an RA appropriate to his rank and family status. 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 that befit their role. The proposed uplift adjustment factor of 1.15 is in line with similar adjustment factors used by other governments and the adjustment factor applicable to the Heads of overseas ETOs.

8. As rental markets are volatile, having regard to the options put forward by the consultant, we propose to review the RA rates for the relevant Mainland and Taiwan cities annually with reference to city-specific rental indices<sup>2</sup>. Adjustment to the RA rates will be made for index movement equal to or greater than  $\pm 5\%$ <sup>3</sup>. We also propose to conduct a comprehensive review once every five years on top of the annual adjustment. For posting/secondment to offices or locations in the Mainland and Taiwan not covered in this paper, RA rates will be determined based on the standards and framework consistent with the proposed RA mechanism<sup>4</sup>. 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 SCMA with respect to the offices in the Mainland and Taiwan under CMAB's purview, and SCS for other postings/secondments to the Mainland and Taiwan.

9. The proposed new system of determining and reviewing the RA rates mentioned in paragraphs 5 to 8 above is in line with the one approved by the FC at its meeting on 18 July 2011 for officers posted to overseas ETOs and on secondment to overseas organisations (vide FCR(2011-12)45).

## FINANCIAL IMPLICATIONS

10. Based on the setup of the four offices in the Mainland and HKETCO, and the existing secondments to the Mainland as at 20 December 2011, adopting the proposed RA rates will incur an estimated annual expenditure of about \$15,976,000, a decrease of about \$3,187,000 per annum as compared with 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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<sup>2</sup> We intend to use suitable city-specific rental indices provided by the consultant, other reputable consultants or local government authorities. The city-specific rental indices provide a consistent, simple and logical approach to the review of comparative housing standards on a yearly basis. The year-on-year rental market price differential is typically 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.

<sup>3</sup> Where the index movement is equal to or greater than  $\pm 5\%$ , the allowances should be adjusted accordingly. If the index is equal to or greater than  $\pm 10\%$ , one should also make a note of the relevant location and closely monitor the changes over the next year. If the index movement in the following year is again equal to or greater than  $\pm 10\%$ , a review of the allowances will be conducted rather than adjusting the allowances by the rental index.

<sup>4</sup> With respect to the ongoing secondment to Zhuhai, we propose to apply the RA rates for Guangdong ETO, having regard to the proximity of the city of secondment to that Mainland Office.

## PUBLIC CONSULTATION

11. We consulted the Legislative Council Panel on Commerce and Industry on 20 December 2011. The Panel expressed support for the proposals as set out in paragraph 2 above.

## BACKGROUND

12. Currently, there are four offices in the Mainland under CMAB, namely BJO, Guangdong ETO, Chengdu ETO and Shanghai ETO. The HKETCO has commenced operation in Taiwan with effect from 19 December 2011. Apart from posting officers to these Mainland and Taiwan offices, some officers are also seconded to organisations in the Mainland<sup>5</sup>.

13. Under the existing arrangements, all officers posted/seconded to the Mainland and Taiwan will receive an RA, which is payable on a reimbursement basis, to assist them to rent accommodation in the cities of posting/secondment. The RA rates as approved by the FC or its delegated authority on individual case basis represent the ceiling for reimbursement of accommodation expenses<sup>6</sup>.

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Constitutional and Mainland Affairs Bureau  
Civil Service Bureau  
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<sup>5</sup> The number of secondees, host cities and organisations vary over time. As at 20 December 2011, four officers are seconded to organisations in the Mainland, including the Flight Procedure Programme Office of the International Civil Aviation Organization (Beijing), the World Customs Organization Regional Intelligence Liaison Office for Asia & Pacific (Beijing), the Chinese People's Public Security University (Beijing) and the Hong Kong-Zhuhai-Macao Bridge Authority (Zhuhai).

<sup>6</sup> Reimbursable items include rent, furniture rental and other mandatory charges such as management fees, and service charges where applicable. No provision will be made for utility costs like electricity, water and gas.

**Review of Rent Allowance for Hong Kong-based Officers  
Posted to the Mainland and Taiwan**

**EXECUTIVE SUMMARY  
(EXTRACT FROM THE FINAL REPORT)**

The Government of the Hong Kong Special Administrative Region as represented by the Permanent Secretary for Constitutional and Mainland Affairs (hereafter referred to as "the Government") has appointed CBRE HK Limited ("CBRE") to undertake a consultancy study ("the Study") to review and update the rates of rent allowance for Hong Kong-based officers posted to the Mainland Offices; determine the rates of rent allowance applicable to Hong Kong-based officers posted to the Hong Kong Economic, Trade and Cultural Office in Taiwan (HKETCO); and recommend a rent allowance adjustment mechanism applicable to all concerned officers under the purview of the Constitutional and Mainland Affairs Bureau. The rates will also apply to officers on secondment to the Mainland and Taiwan.

**Background to the Consultancy Study**

The Government currently has four offices in the Mainland. They are the Beijing Office and three Economic and Trade Offices (ETOs) in Chengdu, Guangzhou and Shanghai (collectively the "Mainland Offices"). The Mainland Offices are staffed by both Hong Kong-based officers and locally engaged staff. All Hong Kong-based officers mentioned above are given rent allowance to meet their accommodation needs in the host cities, the rates of which are set on different basis, taking into account the rank of individual officers and their family status.

As the rates have been adopted for a number of years, the Government has appointed CBRE to review the existing rates to see if they are commensurate with the prevalent rental market situation in the respective Mainland cities. In addition, to prepare for the establishment of the HKETCO, it was necessary to establish rent allowance rates for the purpose. Another objective of the review exercise was to develop an objective system for future periodic revision of the rent allowance.

CBRE has undertaken a three-stage study to review and update the rates of rent allowance for Hong Kong-based officers posted to the Mainland and Taiwan Offices; and recommend a rent allowance adjustment mechanism applicable to all concerned officers. The study involved:

- **Stage 1:** Made reference to the policies and broad standards of accommodation provided by major Hong Kong organisations and multinational corporations.
- **Stage 2:** Recommended specific residential districts and specific rent allowance rates for Hong Kong-based officers in the Mainland Offices and the HKETCO.
- **Stage 3:** Recommended an appropriate mechanism for periodic revision of the rent allowance rates in the future.

## **Objectives of the Study**

The Study has reviewed and updated/determined, as appropriate, the rates of rent allowance for Hong Kong-based officers posted or on secondment to the Mainland and Taiwan; and recommended a system for regularly revising the rates of rent allowance in the future.

## **Methodology**

CBRE has developed the following methodology for the three-stage consultancy project:

### ***Stage 1: Formulation of general parameters and standards***

In formulating the general parameters and standards of the rental accommodation provided to Hong Kong-based officers posted or seconded to Mainland Offices and the HKETCO, CBRE has utilised local knowledge, property expertise as well as people connections to make observations on the policies and broad standards of accommodation for executive/managerial expatriates of major Hong Kong organisations and multinational corporations posted to the cities under study.

The observations were formed having regard to the following factors:

- Indicative salary levels of the expatriates;
- Household characteristics (single/married or family);
- Location of workplace and commuting distance;

- Suitability of residential areas (characteristics, neighbourhood for expatriates, security, infrastructure, availability of public transport, park/open space); and
- Accommodation types (apartment/house, typical flat sizes, number of bedrooms, availability of residential estates).

Based upon such observations, CBRE has proposed a set of generalised parameters and standards of the rental accommodation which are considered appropriate for Hong Kong-based officers stationed in the Mainland and Taiwan, with differentiations provided for officers at different levels in light of the status and requirements as determined by the Government for consideration. With the endorsement of the Government, the general standards and parameters provided a basis for the consequential recommendations of accommodation locations and rental rates.

CBRE has set the rent allowance rates for officers at six different levels, i.e. Group I, II, III, IV, V and VI, having regard to the office setup and commensurate with the ranks of the officers. For each level, there are two different rates of allowance, viz. single/married and family rate. The rates are set for officers at different ranks to match their family circumstances. CBRE has also suggested that the rates of rent allowance should be discrete for each level of seniority e.g. the family rate does not exceed the allowance for a single/married officer of a more senior level.

***Stage 2a: Recommendation of suitable residential districts and estates***

In order to establish the suitable residential districts for expatriates, CBRE has capitalised on the expertise and hands-on experience of local research teams and property brokers to identify the housing market segment typically for expatriates.

The residential estates have been recommended with reference to the norms and availability in the residential areas identified, bearing in mind the rank, family status and requirements of officers as determined by the Government. The standard, quality and style of accommodation are aligned with the prevailing characteristics of expatriate housing preferences in the cities.

In the Study, the consideration of market positioning has made reference to the relativity in the expatriate residential market of the particular city.

With the endorsement of the Government, the recommended residential districts and estates formed the basis for data collection.

### ***Stage 2b: Recommendation of rent allowance rates***

Based on the standards and parameters, as well as the recommended residential districts and estates, CBRE has compiled and collated a basket of rental information of leased flats available in the market during the period of August – October 2011. The rental data were then further analysed with respect to the officers' rankings/levels and family status.

In addition to the rent allowance rates, CBRE has also assessed the following items:

#### **(i) Estimation of furniture allowances**

The rent allowances are expected to reflect furnished accommodation practices. CBRE has made reference to the rental of furnished accommodation as far as possible. Where this was not possible, furniture allowance was made and estimated based on the rental average differential between furnished and unfurnished accommodation. The furnished properties are usually fitted out with major furniture items and equipped with appliances of quality and standard commensurate with the market positioning of the accommodation, whilst additional provisions of higher standard may require extra allowances which are not considered in the Study.

#### **(ii) Estimation of other additional mandatory expenses**

CBRE has also made descriptions on the lease terms and practices generally adopted in the market. The lease terms typically include the leasing tenure, frequency of rent payable, basis and frequency of rent review, option to renew and early termination. The practices in relation to the costs normally associated with letting flats have also been highlighted, such as car parking fees, management fees, housing/property taxes, deposit/key money, estate agent/brokerage fees and utilities.

In light of the respective market practices adopted in each city, provisions have been made in the rent allowances for additional mandatory costs related to rented accommodation. These include management and car parking fees. The management fees refer to the charges payable by all occupants for providing communal services such as security guards, cleaning

and maintenance of common areas and amenities, which vary from location to location. Provisions for car parking fees have also been generally included as a mandatory cost if it has not been included in the rental.

Utilities charges (e.g. gas, electricity and telephone/fax lines) and any other services charges (e.g. laundry services) which are ongoing non-mandatory costs were beyond the scope of the Study. Equally, one-off costs, including but not limited to deposit/key money and estate agent/brokerage fees were beyond the scope of the Study and not treated as part of rent allowances. No allowances were provided for these items. The mandatory costs were calculated as either a percentage of the monthly rent or as a flat fee as prescribed by local market norms.

(iii) Uplift factor for Heads of offices commensurate with their status

There may be a need for the Heads of offices to host functions at home from time to time. In this regard, an uplift factor was considered necessary to be allowed in addition to the basic rent allowance.

The uplift factor was estimated by CBRE on the assumption of enhanced rental accommodation commensurate with the need of hosting hospitality. The uplift factor was calculated as a percentage on the rent allowance rates. The same uplift factor was applied to additional mandatory costs commensurate with enhanced accommodation.

***Stage 3: Review of rent allowance mechanism***

Various approaches for the review of rent allowance mechanism were proposed and analysed in Stage Three:

- (i) Maintaining the rent allowances for a fixed term; or
- (ii) Adjusting the rent allowances by city-specific rental indices (CBRE Residential Index and official housing inflation indices); or
- (iii) Updating the rent allowances by applying freshly researched market data; or
- (iv) Updating the rent allowances by a full review

**Proposed Rent Allowances**

CBRE's findings were presented in two tables for each city. One table lists out the general standards and parameters of the rental accommodation by

officer rank/grade (estimated distance from the office/organisation, market positioning, and size of residential premises) (see **Appendix A**). Another table summarises the proposed rent allowance rates for Hong Kong-based Officers Posted or Seconded to the Mainland and Taiwan (see **Appendix B**).

### **Uplift Factor for Heads of Offices Commensurate with Their Status**

Typically relevant officers receive housing allowance appropriate to their ranking and family status. The uplift factor represents the combined adjustment required to bring up the allowance to a level whereby a suitable rented accommodation commensurate with their status can be provided. The uplift factor was estimated on the assumption of enhanced rented accommodation commensurate with the need of hosting hospitality:

- Size of rental accommodation: It is assumed that the standard of accommodation should be set for four bedroom properties for both single/married and family; and
- Quality of rental accommodation: The housing accommodation is of comparatively higher quality and standard and more upper-end residential districts/estates.

Based on the above assumption, the uplift factor was proposed as follows:

<b>Group</b>	<b>Uplift Factor</b>	<b>Application</b>
Group I to Group III	1.15	Calculated as a percentage of the total cost

The uplift factor will be applied to the total rental allowance (inclusive of additional allowance for furnishings and mandatory charges). The proposed uplift factor of 1.15 is a statistical average taken across all relevant cities of posting in the Mainland and Taiwan. For each city the cost of suitable premises for Heads of offices was assessed and compared with the standard rent allowances in determining the uplift factor. The adjustment factor of 1.15 is in keeping with similar adjustment factors used by other governments, and the existing adjustment factor applicable to Heads of the overseas ETOs and approved by the Finance Committee of the Legislative Council.

## **Review of Rent Allowance Mechanism**

As one of the main objectives, this Study has proposed several objective mechanisms for periodic revision of the rent allowance rates in the future for different groups of officers posted or on secondment to the cities under study. Various proposed approaches have been outlined for the Government's consideration.

### ***Option I: Maintain the rent allowances for a fixed term***

This option proposes to maintain the rent allowances for a fixed term and conduct a review upon the expiry of every term. The length of the fixing period may be set from an administration or cost point of view. For instance, the rent allowances can be fixed at the beginning of the posting for three years or the tenure of the assignment, up to five years. This approach is commonly adopted by the organisations with staff posted out of the region for relatively short or specified terms.

### ***Option II: Adjust the rent allowances by city-specific rental indices***

Rather than fixing the rent allowance rates for a long period, interim revisions can be undertaken by simpler adjustment exercises between comprehensive and detailed reviews.

It would be desirable that the rental indices used for adjustment are derived from the same or similar target market segment on which the concerned rental allowance rates are based. While the availability of the rental indices varies from city to city, the time series of the rental price indices are usually on a quarterly or annual basis.

### ***Option III: Update the rent allowances by applying freshly researched market data***

Another approach is to conduct reviews by making reference to the updated market data based on the proposed standards and parameters at the time of interim reviews. With administration ease taken into consideration, annual reviews are recommended.

### ***Option IV: Update the rent allowances by full review***

A full review is conducted having regard to the general standard and parameters of rental accommodation for Hong Kong officers posted or seconded to the cities and the rental allowance rates regularly.

**Criteria for setting standards of accommodation for officers of different levels and family status posted/seconded to the Mainland and Taiwan**

Rank / Grade	Single / Married	Family
Group I (D6/D8)	3 bedroom Up to 25 km from office/organisation Upper-end of market	3 to 4 bedroom Up to 25 km from office/organisation Upper-end of market
Group II (D4/D5)	2 to 3 bedroom Up to 25 km from office/organisation Upper-end of market	3 to 4 bedroom Up to 25 km from office/organisation Upper-end of market
Group III (D1-D3)	2 to 3 bedroom Up to 25 km from office/organisation Upper to Medium-end of market	3 to 4 bedroom Up to 25 km from office/organisation Upper to Medium-end of market
Group IV (MPS 45-49; PPS 49-54a; GDS(O)33-39)	2 bedroom Up to 25 km from office/organisation Medium-end of market	2 to 3 bedroom Up to 25 km from office/organisation Medium-end of market
Group V (MPS28-44; PPS 30-48; GDS(O)14-32)	2 bedroom Up to 25 km from office/organisation Medium to Low-end of market	2 to 3 bedroom Up to 25 km from office/organisation Medium to Low-end of market
Group VI (MPS 27 & below; PPS 29 & below; GDS(O)13 & below)	1 to 2 bedroom Up to 25 km from office/organisation Low-end of market	2 to 3 bedroom Up to 25 km from office/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.*

**Proposed Rent Allowance Rates for Hong Kong-based Officers  
Posted/Seconded to the Mainland and Taiwan**

Group	Rank/ Grade	Family Status	Beijing (RMB / mth)	Chengdu (RMB / mth)	Guangzhou (RMB / mth)	Shanghai (RMB / mth)	Taipei (NTD / mth)
Group I	D6 – D8	Single/ Married	47,010	32,940	41,840	55,000	269,000
		Family	62,080	38,050	48,190	66,680	308,800
Group II	D4 – D5	Single/ Married	36,760	26,110	30,310	43,010	219,900
		Family	45,470	31,470	34,570	48,640	255,000
Group III	D1 – D3	Single/ Married	29,850	19,300	22,100	34,300	154,100
		Family	34,000	23,490	25,560	38,610	198,800
Group IV	MPS 45 – 49; PPS 49 - 54a; GDS(O) 33 – 39	Single/ Married	23,760	14,880	17,100	26,310	97,300
		Family	27,240	17,030	20,530	31,020	148,100
Group V	MPS 28 – 44; PPS 30 - 48; GDS(O) 14 – 32	Single/ Married	19,250	11,440	12,500	20,370	62,000
		Family	22,120	14,170	15,120	23,140	70,100
Group VI	MPS 27 & below; PPS 29 & below; GDS(O) 13 & below	Single/ Married	14,840	8,580	9,260	15,450	44,100
		Family	16,690	10,300	11,110	19,650	56,200

*The above rental allowance rates include mandatory costs, such as car parking fees and management fees, if applicable, and have not taken into account the uplift factor for representational role of Heads of offices.*

**Rent Allowance for Officers Posted/Seconded to the Mainland and Taiwan  
Comparison of Existing and Proposed Rates in Local Currency and Hong Kong Dollars**

Group	Rank	No. of officers	Existing rates in local currency			Proposed new rates in local currency						Existing rates in Hong Kong Dollars*			Proposed new rates in Hong Kong Dollars*					
			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
<b>Beijing Office (RMB)</b>																				
Group I	AOSGA1(D8)		-	-	-	62,080	71,392	47,010	54,062	47,010	54,062	-	-	-	76,079	87,491	57,611	66,252	57,611	66,252
	AOSGA(D6)	1	105,556	95,005	95,005	62,080	71,392	47,010	54,062	47,010	54,062	129,359	116,429	116,429	76,079	87,491	57,611	66,252	57,611	66,252
						(-41%)	(-32%)	(-51%)	(-43%)	(-51%)	(-43%)				(-41%)	(-32%)	(-51%)	(-43%)	(-51%)	(-43%)
Group II	AOSGB1(D4)	1	91,984	82,794	82,794	45,470	52,291	36,760	42,274	36,760	42,274	112,726	101,464	101,464	55,723	64,082	45,049	51,807	45,049	51,807
						(-51%)	(-56%)	(-56%)	(-56%)	(-56%)	(-56%)				(-51%)	(-56%)	(-56%)	(-56%)	(-56%)	(-56%)
Group III	AOSGB(D3)		-	-	-	34,000	39,100	29,850	34,328	29,850	34,328	-	-	-	41,667	47,917	36,581	42,068	36,581	42,068
	AOSGC(D2)	1	68,968	62,096	62,096	34,000	39,100	29,850	34,328	29,850	34,328	84,520	76,099	76,099	41,667	47,917	36,581	42,068	36,581	42,068
						(-51%)	(-52%)	(-52%)	(-52%)	(-52%)	(-52%)				(-51%)	(-52%)	(-52%)	(-52%)	(-52%)	(-52%)
Group IV	SAO/PTO/CIO/PIImO/CEO	4	46,034	41,397	41,397	27,240	-	23,760	-	23,760	-	56,415	50,732	50,732	33,383	-	29,118	-	29,118	-
						(-41%)		(-43%)		(-43%)					(-41%)		(-43%)		(-43%)	
Group V	PIO/SIO/TO/CIImO/CIP/SI of C&E /ATCO II	6	32,207	28,978	28,978	22,120	-	19,250	-	19,250	-	39,470	35,513	35,513	27,108	-	23,591	-	23,591	-
	ATOI/IO/ImO/EOI	5	23,017	20,699	20,699	22,120	-	19,250	-	19,250	-	28,207	25,367	25,367	27,108	-	23,591	-	23,591	-
						(-4%)		(-7%)		(-7%)					(-4%)		(-7%)		(-7%)	
Group VI	AIO/SPS/PSI	1	23,017	20,699	20,699	16,690	-	14,840	-	14,840	-	28,207	25,367	25,367	20,454	-	18,186	-	18,186	-
						(-27%)		(-28%)		(-28%)					(-27%)		(-28%)		(-28%)	
<b>Guangdong ETO (RMB)</b>																				
Group I	AOSGA1(D8)		-	-	-	48,190	55,419	41,840	48,116	41,840	48,116	-	-	-	59,057	67,915	51,275	58,966	51,275	58,966
	AOSGA(D6)		-	-	-	48,190	55,419	41,840	48,116	41,840	48,116	-	-	-	59,057	67,915	51,275	58,966	51,275	58,966
Group II	AOSGB1(D4)		-	-	-	34,570	39,756	30,310	34,857	30,310	34,857	-	-	-	42,366	48,720	37,145	42,717	37,145	42,717
Group III	AOSGB(D3)	1	32,000	28,500	25,000	25,560	29,394	22,100	25,415	22,100	25,415	39,216	34,927	30,638	31,324	36,022	27,084	31,146	27,084	31,146
	AOSGC(D2)		-	-	-	25,560	29,394	22,100	25,415	22,100	25,415	-	-	-	31,324	36,022	27,084	31,146	27,084	31,146
						(-20%)	(-8%)	(-22%)	(-11%)	(-12%)	(2%)				(-20%)	(-8%)	(-22%)	(-11%)	(-12%)	(2%)
Group IV	SAO/PTO/CIO/PIImO/CEO/SE^	6	20,000	18,500	17,000	20,530	-	17,100	-	17,100	-	24,510	22,672	20,834	25,160	-	20,956	-	20,956	-
						(3%)		(-8%)		(1%)					(3%)		(-8%)		(1%)	
Group V	TO/ATOI/PIO/SIO/IO/CIImO/ImO/EOI	7	15,000	13,500	12,000	15,120	-	12,500	-	12,500	-	18,383	16,544	14,706	18,530	-	15,319	-	15,319	-
						(1%)		(-7%)		(4%)					(1%)		(-7%)		(4%)	
Group VI	AIO/SPS/PSI		-	-	-	11,110	-	9,260	-	9,260	-	-	-	-	13,615	-	11,348	-	11,348	-
<b>Shanghai ETO (RMB)</b>																				
Group I	AOSGA1(D8)		-	-	-	66,680	76,682	55,000	63,250	55,000	63,250	-	-	-	81,716	93,974	67,403	77,513	67,403	77,513
	AOSGA(D6)		-	-	-	66,680	76,682	55,000	63,250	55,000	63,250	-	-	-	81,716	93,974	67,403	77,513	67,403	77,513
Group II	AOSGB1(D4)		-	-	-	48,640	55,936	43,010	49,462	43,010	49,462	-	-	-	59,608	68,550	52,709	60,615	52,709	60,615
Group III	AOSGB(D3)	1	41,000	33,000	33,000	38,610	44,402	34,300	39,445	34,300	39,445	50,246	40,442	40,442	47,317	54,414	42,035	48,340	42,035	48,340
	AOSGC(D2)		-	-	-	38,610	44,402	34,300	39,445	34,300	39,445	-	-	-	47,317	54,414	42,035	48,340	42,035	48,340
						(-6%)	(8%)	(4%)	(20%)	(4%)	(20%)				(-6%)	(8%)	(4%)	(20%)	(4%)	(20%)
Group IV	SAO/PTO/CIO/PIImO/CEO	2	27,000	22,000	22,000	31,020	-	26,310	-	26,310	-	33,089	26,961	26,961	38,015	-	32,243	-	32,243	-
						(15%)		(20%)		(20%)					(15%)		(20%)		(20%)	
Group V	TO/ATOI/PIO/SIO/IO/CIImO/ImO/EOI	3	20,000	16,000	16,000	23,140	-	20,370	-	20,370	-	24,510	19,608	19,608	28,358	-	24,963	-	24,963	-
						(16%)		(27%)		(27%)					(16%)		(27%)		(27%)	
Group VI	AIO/SPS/PSI		20,000	16,000	16,000	19,650	-	15,450	-	15,450	-	24,510	19,608	19,608	24,081	-	18,934	-	18,934	-
						(-2%)		(-3%)		(-3%)					(-2%)		(-3%)		(-3%)	

Group	Rank	No. of officers	Existing rates in local currency			Proposed new rates in local currency						Existing rates in Hong Kong Dollars*			Proposed new rates in Hong Kong Dollars*					
			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
<b>Chengdu ETO (RMB)</b>																				
Group I	AOSGA1(D8) AOSGA(D6)		-	-	-	38,050	43,758	32,940	37,881	32,940	37,881	-	-	-	46,630	53,625	40,368	46,423	40,368	46,423
Group II	AOSGB1(D4)		-	-	-	31,470	36,191	26,110	30,027	26,110	30,027	-	-	-	38,566	44,351	31,998	36,797	31,998	36,797
Group III	AOSGB(D3)	1	-	-	-	23,490	27,014	19,300	22,195	19,300	22,195	-	-	-	28,787	33,105	23,652	27,200	23,652	27,200
	AOSGC(D2)		27,000	20,000	20,000	23,490	27,014	19,300	22,195	19,300	22,195	33,089	24,510	24,510	28,787	33,105	23,652	27,200	23,652	27,200
Group IV	SAO/PTO/CIO/PIImO/ CEO	2	18,000	13,000	13,000	17,030	-	14,880	-	14,880	-	22,059	15,932	15,932	20,870	-	18,235	-	18,235	-
Group V	TO/ATOI/PIO/SIO/IO/ CImO/ImO/EOI	3	12,000	10,000	10,000	14,170	-	11,440	-	11,440	-	14,706	12,255	12,255	17,365	-	14,020	-	14,020	-
Group VI	AIO/SPS/PSI		12,000	10,000	10,000	10,300	-	8,580	-	8,580	-	14,706	12,255	12,255	12,623	-	10,515	-	10,515	-
<b>HKETCO (NTD)</b>																				
Group I	AOSGA1(D8) AOSGA(D6)		-	-	-	308,800	355,120	269,000	309,350	269,000	309,350	-	-	-	79,130	91,000	68,931	79,271	68,931	79,271
Group II	AOSGB1(D4)	1	255,000	219,900	219,900	255,000	293,250	219,900	252,885	219,900	252,885	65,344	56,349	56,349	65,344	75,145	56,349	64,802	56,349	64,802
Group III	AOSGB(D3)/ AOSGC(D2)		198,800	154,100	154,100	198,800	228,620	154,100	177,215	154,100	177,215	50,943	39,488	39,488	50,943	58,584	39,488	45,411	39,488	45,411
Group IV	SAO/PTO/CIO/PIImO/ CEO	2	148,100	97,300	97,300	148,100	-	97,300	-	97,300	-	37,951	24,933	24,933	37,951	-	24,933	-	24,933	-
Group V	TO/ATOI/PIO/SIO/IO/ CImO/ImO/EOI	4	70,100	62,000	62,000	70,100	-	62,000	-	62,000	-	17,963	15,888	15,888	17,963	-	15,888	-	15,888	-
Group VI	AIO/SPS/PSI	1	56,200	44,100	44,100	56,200	-	44,100	-	44,100	-	14,401	11,301	11,301	14,401	-	11,301	-	11,301	-

\* Based on exchange rates as at 25.11.2011- RMB100:HKD122.55, NTD100:HKD25.625

^ The SE is a seconded currently stationed in Zhuhai.

**Notes**

- Under the proposed Rent Allowance mechanism, different rates of allowance are set for officers at the following six different levels:  
Group I (Directorate Pay Scale point 6 to 8)  
Group II (Directorate Pay Scale point 4 and 5)  
Group III (Directorate Pay Scale point 1 to 3)  
Group IV (Master Pay Scale point 45-49, Police Pay Scale point 49-54a, General Disciplined Services (Officer) Pay Scale point 33-39)  
Group V (Master Pay Scale point 28-44, Police Pay Scale point 30-48, General Disciplined Services (Officer) Pay Scale point 14-32)  
Group VI (Master Pay Scale point 27 & below, Police Pay Scale point 29 & below, General Disciplined Services (Officer) Pay Scale point 13 & below)
- The column "No. of officers" shows the number of posts in offices in the Mainland and Taiwan and the number of secondments in the Mainland.
- For each level, there will be two different rates of allowance, ie. family rate and single/married rate to cater for different family circumstances.

**Legend Rank**

AIO - Assistant Information Officer  
AOSGA - Administrative Officer Staff Grade A  
AOSGA1 - Administrative Officer Staff Grade A1  
AOSGB - Administrative Officer Staff Grade B  
AOSGB1 - Administrative Officer Staff Grade B1  
AOSGC - Administrative Officer Staff Grade C  
ATCO II - Air Traffic Control Officer II  
ATOI - Assistant Trade Officer I  
CEO - Chief Executive Officer  
CImO - Chief Immigration Officer  
CIO - Chief Information Officer  
CIP - Chief Inspector of Police  
EOI - Executive Office I

ImO - Immigration Officer  
IO - Information Officer  
PIImO - Principal Immigration Officer  
PIO - Principal Information Officer  
PSI - Personal Secretary I  
PTO - Principal Trade Officer  
SAO - Senior Administrative Officer  
SE - Senior Engineer  
SI of C&E - Senior Inspector of Customs and Excise  
SIO - Senior Information Officer  
SPS - Senior Personal Secretary  
TO - Trade Officer

**Family Status**

F - Family (Officers accompanied by spouses and children)  
M - Married (Officers accompanied by spouses or one child)  
S - Single Officers