

# **Voorburg Group Meeting on Service Statistics in 2003**

## **Progress Report**

### **Hong Kong, China**

The Census and Statistics Department (C&SD), Hong Kong, China regularly compiles and develops various service statistics. The following gives a brief description on the progress during 2002 and 2003.

#### **Producer Price Index (PPI) for Services**

In 2003, quarterly Producer Price Indices (PPIs) on hotels and boarding houses; telecommunications; miscellaneous communication services; air transport; land transport; maritime transport; storage; rental of machinery and equipment; and real estate maintenance management, brokerage and agency services continued to be published. In addition, PPI in respect of stock, commodity and bullion brokerage services has been published since October 2002 and PPI for legal, accounting and bookkeeping services, since June 2003.

Most of the price data are collected through the Quarterly Survey of Service Industries (QSSI). For some service products such as land passenger transport, relevant price data are extracted from the Consumer Price Index system instead of being collected through the QSSI.

Meanwhile, the possibility of compiling more breakdowns on freight transport services and collecting price data on other business services including information technology, architectural, surveying and project engineering is being explored.

#### **Classification of Services Activities and Products**

The Hong Kong Standard Industrial Classification (HSIC) is currently adopted by C&SD as the industry classification system. It is based on the United Nations' ISIC Rev.2, with adaptation to reflect the structure of the local economy. With the widespread establishment of information technology and telecommunications companies in recent years, the HSIC has recently been revised so as to provide a more refined and up-to-date classification framework for users in compiling related statistics.

The United Nations Statistics Division was preparing the 2007 revisions of ISIC and CPC. C&SD has responded to a questionnaire on conceptual and structural issues for the ISIC and CPC revision in 2002 and will keep abreast of the development of the revisions.

Regarding the CPC, C&SD is closely monitoring the feasibility of collecting product statistics,

particularly for service products, using CPC as the classification system. Again, the existing classification on some service products is more refined than that recommended in the CPC, e.g. telecommunications services.

### **Information Society Statistics**

#### *ICT in enterprise/ household/use by individuals*

C&SD continued to conduct an Annual Survey on Information Technology Usage and Penetration in the Business Sector in mid-2003. Data on PC usage; Internet usage; Web site usage; electronic business/electronic commerce; budget for information technology (IT); and IT security were collected in the survey. Similar to the business sector, an Annual Household Survey on Penetration and Usage of Information Technology continued to be conducted by C&SD in mid-2003. The survey collected data on the household members IT usage at home, at work, at school and at other locations.

Some data on IT expenditure in the business sector have been collected in the supplementary questions in a series of annual economic surveys since the reference year 1998. Data collected included (i) expenditure on purchases of computer hardware and peripherals for own use; (ii) expenditure on purchases of computer programs, software and databases and (iii) payments for other information technology related services. Based on the survey results, a statistical series on investment expenditure on computer software for 1980 – 2001 has been compiled. Meanwhile, the feasibility of compiling a statistical series on total IT investment is being explored.

#### *Measuring the knowledge-based economy*

C&SD continued to conduct an Annual Survey of Innovation Activities in the Business Sector in early-2003 to collect data on R&D and innovation activities undertaken in the business sector in 2002. The survey basically covers establishments in all economic sectors except the Agriculture and Fishing Sector, the Mining and Quarrying Sector as well as some industries with relatively small economic contribution. Data items collected in the survey basically follow the recommendations in the OECD's Oslo Manual. While the survey mainly collects data on technological innovation, some simple questions on non-technological innovation are also included. Meanwhile, the possibility of including more questions on non-technological innovation is being explored.

### **Non-profit Institution**

The C&SD has no significant progress to report on this item. This is not a priority item as the contribution of sectors comprising non-profit institutions is not substantial for the economy.

### **Measurement of Turnover of Detailed Products**

#### *Product Statistics*

Sales figure of selected service products are collected through the annual economic surveys conducted by C&SD for the retail industry since 1995; and the hotel and boarding houses; transport; telecommunications; courier and computer services industries since 1997. Such product statistics serve as a useful tool in macro-economic analysis in understanding the structural characteristics of different industries when analysed with other economic variables. In addition, in collecting price data through QSSI, corresponding business receipts for each type of services are also collected as weights for PPI compilation.

#### *Trade in Services Statistics*

Detailed trade in services (TIS) statistics with breakdown by detailed service and destination/source have been released by C&SD annually since July 2002. The major source of TIS statistics is the Annual Survey of Imports and Exports of Services. The classification for services is devised by reference to the Balance of Payments Manual, Fifth Edition published by the International Monetary Fund in 1993 and the Manual on Statistics of International Trade in Services published by the United Nations and other international organisations in 2002.

### **Short Term Indicators for Service Industries**

Statistics on current performance and business outlook of various economic activities are compiled by C&SD based on data collected from various monthly and quarterly economic surveys.

#### *Monthly Indicators*

- (a) Monthly statistics on value and volume of retail sales and those on value and volume index of retail sales analysed by type of retail outlet are released to exhibit the movement in consumer spending in retail trade and current economic trends.

### *Quarterly Indicators*

- (a) Quarterly statistics on total receipts and total purchases of restaurants and statistics on value and volume indices of total restaurant receipts by type of restaurant are released to reflect the movement in consumer spending in restaurants and current economic trends. As from the Q4 2002 reference quarter, the release of results has been advanced from 1.9 months to within 1.5 months after the reference quarter.
- (b) Quarterly statistics on the short-term changes of business receipt of 19 other service industries (excluding retail and restaurants) are released to help readers grasp the first-hand information on the performance of the service industries. In addition, quarterly statistics for two service domains (namely tourism, convention and exhibition services; and computer and information services) are published.
- (c) Quarterly producer price index reflecting changes in prices of selected services output are released to show up-to-date trends of producer prices in various service industries.
- (d) Quarterly statistics on the business expectations of businesses from the senior management of prominent establishments in various sector including manufacturing, construction and services with a view to providing a quick reference, with minimum time lag, for assessing short-term future economic performance. Views collected are limited only to direction and change, but not magnitude of change.