

17th Voorburg Group Meeting on Service Statistics in 2002 Progress Report for Hong Kong, China

Producer Prices in Services

Quarterly producer price indices (PPIs) on hotels and boarding houses, telecommunications, and miscellaneous communication services have been published by the Census and Statistics Department (C&SD) since April 2000. For air transport, land transport, and maritime transport, quarterly PPIs have been published since July 2000. PPIs for storage, rental of machinery and equipment, and real estate maintenance management, brokerage and agency services have been published recently since July 2002.

Most of the price data are collected through the Quarterly Survey of Service Industries (QSSI). For example, within the land transport industry, price data on land freight services have been collected through the QSSI since the fourth quarter of 1998. 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.

More industries are targeted for publishing PPI in the latter half of 2002. They include the stock, commodity and bullion brokerage services and the business services covering legal, accounting, auditing, bookkeeping, information technology, architectural, surveying, project engineering and advertising services. Data collection has started in the first half of 2001.

Consultation had been made with the general insurance industry to study the feasibility of collecting relevant price information on their services. Results showed that the services rendered were highly diversified and price was determined by a good mix of parameters unique to each customer. In addition, many practitioners had hesitation in revealing their clients' profiles and their pricing schemes. More studies and researches are thus needed.

Data on Purchased Services

C&SD collected purchased services data through several annual economic surveys covering all economic activities in Hong Kong except agriculture and fishing; mining and quarrying; and community, social and personal services.

Data items on purchased services collected include storage/postage/courier service/telephone and other telecommunications; rental/leasing expenses; maintenance and repair services expenses; professional and business services fees; financial service fees; insurance premiums; management fees/subscription/membership fees; advertising expenses; transport and traveling expenses; entertainment expenses; licence fees; royalties and franchise fees; work performed by contractors and expenses on water, fuels and electricity.

Statistics on Trade in Services

Detailed trade in services (TIS) statistics for 1999-2000 with breakdown by detailed service and destination/source were released by C&SD for the first time in 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 making reference to the Balance of Payments Manual (Fifth Edition) published by the International Monetary Fund.

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 devised by using the United Nations' ISIC Rev.2 as a framework with adaptation to reflect the structure of the local economy. C&SD has no plan to convert the HSIC to the full framework of ISIC Rev.3. Instead, it is planned to enhance the HSIC to make it broadly compatible with the ISIC Rev.3 at the tabulation category level, though HSIC is already more refined than ISIC Rev.3 in some business activities, e.g. telecommunications. Opportunity will also be taken to make reference to the North American Industry Classification System (NAICS) for updating and enriching selected service industries in HSIC.

Regarding the CPC, C&SD is exploring the feasibility of collecting product statistics, particularly service products, using CPC as the classification system. Again, the existing classification on some service products in Hong Kong is more refined than that recommended in the CPC, e.g. telecommunications services.

The UNSD wrote to national statistical offices and statistical offices of international organizations, including C&SD, in end-2001 to collect views on the scope and purpose of the revision of ISIC and CPC. C&SD has given views on the questions raised by UNSD. Specifically, C&SD considers the existing practice of applying different criteria to different parts of the classification agreeable, as different sectors have their own characteristics. However, the existing classification is not quite adequate to accommodate newly emerging activities relating to IT&T, logistics as well as environmental goods and services.

Measurement of Turnover of Detailed Products

Sales figure of selected service products are collected through the annual economic surveys conducted by C&SD. 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.

Information Society Statistics

Classifications

The HSIC has recently been enhanced to provide a more refined industry classification for the Information Technology and Telecommunications (IT&T) Sector, which covers establishments engaged in the manufacturing, distribution, installation and maintenance of IT&T products and the provision of IT&T services. Since then, statistics on the performance of the IT&T Sector have been compiled, including number of establishments, persons engaged, vacancies, business receipts and valued added. These help to reflect the contribution of the sector to the economy.

The coverage of the IT&T Sector is drawn up with reference to that of the Information and Communication Technology (ICT) Sector promulgated by the OECD. However, a number of industries covered in the ICT Sector are not covered in the IT&T Sector as it is considered that they are not highly related to IT&T or such economic activities are insignificant in Hong Kong. On the other hand, there are some other industries covered in the IT&T Sector but not in the ICT Sector. The coverage of the IT&T Sector is reviewed regularly to take into account the latest development in international standard and local requirements in this area.

C&SD also compiles statistics on imports and exports of computer hardware and software products. Plans are in hand to draw up a comprehensive list of IT&T and electronic content products for Hong Kong.

Development of service sector innovation surveys

C&SD is developing a comprehensive set of science and technology (S&T) indicators following the OECD's framework. Among the various types of S&T indicators, statistics on innovation would be compiled to reflect the level of innovation activities in Hong Kong. In early 2002, a survey has been launched for the first time to collect data on R&D and innovation activities in the business sector for the reference year 2001. The survey basically covers establishments in all economic sectors except the Agriculture and Fishing Sector and the Mining and quarrying Sector. Moreover, on cost-effectiveness consideration, some industries with relatively small economic contribution and which are perceivably not so active in innovation are not included. Data items collected in the survey basically follow the recommendations in the OECD's Oslo Manual.

Fieldwork of the survey was conducted from February to June 2002. Experience in the fieldwork revealed that respondents in the services sector were less clear about what should be considered as technological product innovation in respect of service products as against non-technological product innovation and non-innovation. While the OECD's Oslo

Manual has provided a list of examples of technological product and process innovation in selected service industries, it would be useful if more concrete guidelines and specific examples are provided.

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-2002. Data items 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. The last category of question on IT security was newly added in the 2002 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-2002. The survey collected data on the household members IT usage at home, at work, at school and at other locations. Similar to the survey on business sector, a number of new questions about security of PC in household have been added in the 2002 survey.

Qualification of the ICT sector labour force

A Manpower Survey on Information Technology Sector continues to be conducted by C&SD on behalf of the Vocational Training Council on a bi-annual basis to collect data on the manpower demand and training situation of IT staff in various economic sectors and other relevant government bodies. The 2002 round survey was conducted in early-2002.

The survey covered 8 types of IT jobs, viz. IT management, application and system development, e-business/Internet services, technical support, hardware support, operation support services, IT research and product development, and IT education and training. Among others, questions on sources of recruitment of IT employees recruited, preferred academic qualification and IT experience of IT employees, and reasons of employees leaving a company were covered in the survey.