

LEGISLATIVE COUNCIL BRIEF

**CENSUS AND STATISTICS (SURVEY OF EXTERNAL CLAIMS,
LIABILITIES AND INCOME) (AMENDMENT) ORDER 2001**

INTRODUCTION

Under the Census and Statistics Ordinance, the Secretary for Financial Services is empowered to direct the conduct of statistical surveys. In exercise of this power, the Secretary directs that the Census and Statistics (Survey of External Claims, Liabilities and Income) (Amendment) Order 2001, as in Annex 1A, should be enacted.

BACKGROUND AND ARGUMENT

2. The Census and Statistics (Survey of External Claims, Liabilities and Income) Order 1999 was enacted in 1999 to facilitate data collection on external claims, liabilities and income from business undertakings in the Hong Kong Special Administrative Region (HKSAR) for compiling a complete Balance of Payments Account for the HKSAR on a quarterly basis.

3. In the light of developments in the global financial markets in recent years, the Financial Stability Forum¹ endorsed the recommendation made by the Working Group on Capital Flows that authorities of individual economies should take steps to strengthen their domestic surveillance framework. In response to the recommendation, it has been discussed and agreed among the authorities concerned that the frequency in provision of portfolio investment statistics be enhanced from quarterly to monthly. More frequent portfolio investment statistics will facilitate a better assessment of the potential impact of external capital flows on the domestic financial system and enable the authorities concerned to devise policy response in a timely and effective manner.

4. In addition, there is growing demand for enhanced statistics relating to Hong Kong's inward and outward direct investment. For the purposes of economic analysis and policy formulation, it will be useful to know more about the operational characteristics of the companies and the respective affiliated undertakings involved in external direct investment, such as their business receipts, operating expenses and number of persons engaged.

¹ The Financial Stability Forum was established in February 1999 to promote international financial stability through enhanced information exchange and international cooperation in financial market supervision and surveillance. It brings together authorities responsible for financial stability in major international financial centres (including Hong Kong), international financial institutions, international regulatory and supervisory bodies, and committees of central bank experts.

5. To compile monthly portfolio investment statistics and enhanced direct investment statistics, it is necessary to introduce additional data requirements in the Survey of External Claims, Liabilities and Income. In order to effect these changes, the existing order for the survey (Annex 1B) will have to be amended by an amendment order (Annex 1A), whereby collection of data on the basis of the intended survey frequency and information coverage is authorized.

THE CENSUS AND STATISTICS ORDER

6. The amendment order empowers the Commissioner for Census and Statistics to collect data in accordance with the survey frequency and information coverage as intended.

FINANCIAL AND STAFFING IMPLICATIONS

7. There will be no additional financial and staffing implications.

PUBLIC CONSULTATION

8. Consultations have been made with the prospective prominent data suppliers, including banks, other financial institutions, large enterprise groups and relevant business associations, to ascertain the practicability of collecting the relevant data at the intended frequency, and their feedback is generally positive. Their specific comments have been taken into account in designing the survey forms.

LEGISLATIVE TIMETABLE

9. The following legislative timetable is adopted:

Secretary for Financial Services signs the	:	7 November 2001
Census and Statistics (Amendment) Order		
Publication in the Gazette	:	16 November 2001
Tabled in Legislative Council Sitting	:	21 November 2001

PUBLICITY

10. The Census and Statistics Department will make contacts with respondents of the survey to familiarise them more fully with the enhanced data reporting requirements before commencement of data collection.