

**LEGISLATIVE COUNCIL BRIEF  
CENSUS AND STATISTICS (SURVEY OF INNOVATION  
ACTIVITIES) ORDER**

**INTRODUCTION**

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

**BACKGROUND AND ARGUMENT**

2. The survey is part of the Government's plan for compiling science and technology indicators as announced in the 2000 Policy Address. Besides being useful to the Government in policy formulation, the survey results will provide local businesses and overseas investors with reference data on innovation activity in Hong Kong for making business and investment decisions. They will also facilitate international benchmarking.

3. The survey was first launched in early 2002 as a voluntary statistical survey under Part IIIA of Cap. 316. However, great difficulty was encountered in obtaining adequate cooperation from the respondent despite all efforts made. In particular, there was a high non-response rate amongst the large companies, with quite a number of them citing the survey being voluntary in nature as the reason for not responding to the questionnaire. This is highly undesirable as large companies are likely to be major players in research and development (R&D) and innovation activities. Their non-response will definitely undermine the quality and usefulness of the statistics for formulation of relevant policies.

4. It is deemed necessary to make the survey mandatory through the proposed subsidiary legislation. This is in line with the practice of most other surveys on business establishments conducted by the Census and Statistics Department. In fact, many advanced economies also collect similar data items via dedicated mandatory surveys using questionnaires of similar length and complexity.

## **THE CENSUS AND STATISTICS ORDER**

5. The 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**

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

## **PUBLIC CONSULTATION**

7. Prior consultation has been made with people in the trade. In the third quarter of 2001, C&SD conducted an extensive consultation exercise covering 39 business firms and 7 trade associations engaged in R&D and innovation activities, in order to assess the feasibility of obtaining the necessary input data from the business community. All of them considered the statistics to be useful and indicated no particular problem in providing the data. Having incorporated the feedback from consultation, a pre-test survey was undertaken in December 2001 to test the questionnaire design and field work operation. The 35 establishments surveyed reaffirmed no major difficulty in providing the necessary data. The specific comments they have on the questionnaire have been taken into account in finalising the survey questionnaire.

## **LEGISLATIVE TIMETABLE**

8. The following legislative timetable is adopted:

Secretary for Financial Services and the Treasury signs the Census and Statistics Order	: 20 November 2002
Publication in the Gazette	: 29 November 2002
Tabled in Legislative Council Sitting	: 4 December 2002

## **PUBLICITY**

9. The Census and Statistics Department will issue press release to announce the conduct of the survey, and to solicit cooperation of the companies concerned. Besides, appeal letters will also be sent to prospective trade associations to help publicise the survey.

Financial Services and the Treasury Bureau  
21 November 2002