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8 January 2020

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 7 of the Director or Audit's Report No. 73
Statistical services provided by the Census and Statistics Department

I refer to your letter of 17 December 2019 on the captioned subject. Please find attached our responses in the Appendix.

Yours sincerely,

(Leo YU)

Deputy Commissioner for Census and Statistics

cc. Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

**Public Accounts Committee (“PAC”)
Consideration of Chapter 7 of the Director of Audit's Report No. 73
Statistical services provided by the Census and Statistics Department**

**The Response of the Commissioner for Census and Statistics
 (“CC&S”) to Matters set out in Part (I) of the Appendix to
the Letter of 17 December 2019 from the Clerk to PAC**

Part 2: Statistical surveys

- 1) According to paragraph 2.8(c), in conducting in-depth quality checks of General Household Survey, there was inadequate follow-up of non-contact cases due to wrong/no telephone numbers and cases with duplicate telephone numbers. According to paragraph 2.18(a), Commissioner for Census and Statistics (“CC&S”) has said that starting from January 2020, the Census and Statistics Department (“C&SD”) will step up the checking on non-contact cases due to wrong/no telephone numbers and implement a new checking mechanism for cases with duplicate telephone numbers. What enhanced checking measures will be implemented?**

CC&S’ Response:

Hitherto, the non-contact (“NC”) cases due to wrong/no telephone numbers identified in Stage 1 in-depth quality checks (“QCs”) of General Household Survey (“GHS”) were not subject to field verification. To enhance the checking measures, starting from January 2020, 10% of such NC cases will be randomly selected for field verification by GHS Central Field Team (“CFT”). In Stage 2 in-depth QCs, the current target of selecting 20-30% of such NC cases for field verification by CFT will be maintained.

Enhanced checking also applies to cases with duplicate telephone numbers but different addresses. With effect from January 2020, all these cases will be checked and the dubious cases will also be sent to CFT for field verification.

- 2) According to paragraph 2.30 and the Note to Table 4 in paragraph 2.26, while population censuses/by-censuses provided a full coverage of all private quarters in Hong Kong by a large sample size, statistics on the number of SDUs in 16BC were only released in 12 districts because of precision consideration. Please elaborate on the meaning of precision consideration. Was it related to low enumeration rate? How will C&SD improve the enumeration process to enable the release of statistics on the number of SDUs in all 18 districts in 21C as far as practicable?**

CC&S' Response

16BC was a large-scale sample survey covering around one-tenth of quarters of Hong Kong. The large sample can support reliable estimation of the total number of SDUs in Hong Kong. As for breakdowns for individual District Council districts, the precision of relevant statistical estimates was affected by a number of factors, including the prevalence of SDUs and the successful enumeration rate for the district concerned. For instance, in districts where SDUs were less common, the sample size in 16BC could not support an accurate estimation of the number of SDUs in those districts.

To improve the enumeration rate of SDUs in 21C so as to enable dissemination of accurate SDU statistics for all 18 districts as far as practicable, C&SD will update the SDU data in the sampling frame (see the response to Q3 below for more information), step up publicity efforts to enhance awareness and cooperation of respondents living in SDUs, obtain administrative data containing SDU information from relevant government bureaux and departments to facilitate identification of SDUs during field enumeration, engage organisations providing services to households living in SDUs to help promote 21C among their clients, enhance enumerators' training on data collection related to SDUs, and deploy more manpower resources on enumeration of SDUs.

- 3) According to paragraph 2.32, as of March 2019 there were only about 46 500 known sub-divided units ("SDUs") (i.e. about 50% of the 92 656 SDUs reported in the 2016 Population By-census ("16BC")) recorded in the sampling frame (i.e. Frame of Quarters). C&SD has planned to visit all private residential buildings aged 40 years or more in built-up areas (covering 22 000 buildings and 410 000 quarters) to update the SDU data in the**

sampling frame before the conduct of the 2021 Population Census (“21C”). What is the progress?

CC&S’ Response:

C&SD has already started visiting private residential buildings aged 40 years or more in built-up areas for the purpose of updating the SDU information in the Frame of Quarters since April 2019. The target is to visit 22 000 buildings comprising 410 000 quarters in total. According to C&SD’s plan, 50% of the targeted buildings will be completed by mid-2020 and all targeted buildings by end-2020, well before the data collection work for 21C.

- 4) According to paragraph 2.33, of the 92 656 estimated number of SDUs reported in 16BC, only 50 623 (54.6%) were derived from the 5 440 successfully-enumerated cases (in the 299 300 sampled quarters) and 42 033 (45.4% of 92 656) SDU cases were based on imputation. As compared with the overall response rate of 79% for 16BC, the response rate of the survey on SDUs under 16BC was 54.6% only. According to paragraph 2.35, C&SD said that the response rate of surveys on SDUs had all along been relatively low compared to other household surveys. Does C&SD consider that a heavy reliance on imputation was unsatisfactory? According to paragraph 2.37(b), C&SD will explore further measures to improve the success rate of SDU enumeration under population censuses/by-censuses as far as practicable. What is the progress?**

CC&S’ Response:

Imputation for non-contact cases in statistical surveys is a common practice in the international statistical arena. Almost 70% of the imputed SDU cases in 16BC (i.e. 31.5% points out of 45.4% points for the imputed number of SDUs) were in fact based on SDU data available from the Frame of Quarters (“FoQ”), which is a reliable data source based on actual field enumeration. In other words, among all cases for deriving the estimates of number of SDUs, a high proportion of 86.1% were obtained through field enumeration (i.e. 54.6% successfully-enumerated cases in 16BC plus 31.5% cases based on FoQ). Thus, C&SD considers that the estimated number of SDUs is statistically sound and reliable.

Having said that, C&SD will introduce further measures to improve the success rate of SDU enumeration in 21C as far as practicable. These measures include stepping up publicity efforts to enhance awareness and cooperation of respondents living in SDUs, obtaining administrative data containing SDU information from relevant government bureaux and departments to facilitate identification of SDUs during field enumeration, engaging organisations providing services to households living in SDUs to help promote 21C among their clients, enhancing enumerators' training on data collection related to SDUs, and deploying more manpower resources on enumeration of SDUs.

5) According to paragraph 2.43(b), among the 984 Consumer Price Index (“CPI”) items of consumer goods and services in the prevailing CPI basket, as of June 2019, eight CPI items might have become unpopular (i.e. with over 60% of the price quotations without updated price data in the past 12 months). According to paragraph 2.46(a), C&SD has made efforts in reviewing the CPI items in the rebasing exercise to take into account changes in expenditure patterns and popularity of goods and services, as well as emerging trends (such as those mentioned in paragraph 2.43 including the increasing popularity of online purchases), will be reflected in the 2019-2020-based CPI series. What is the progress of the CPI rebasing exercise?

CC&S' Response:

C&SD has been conducting preparatory work for the upcoming 2019/20 CPI rebasing exercise as planned. The 2019/20 Household Expenditure Survey (“HES”) was launched in October 2019 to collect updated data on household expenditure patterns and popularity of various goods and services for updating the CPI basket. To prepare for the increasing popularity of online purchases and the potential new international recommendation to include online purchases from non-domestic online retailers in CPI compilation (paragraph 2.42), C&SD has already enhanced the questionnaire for the HES to collect more comprehensive information on online purchases from the households. Data collection for the survey will be completed in September 2020. According to C&SD's plan, results of the survey and the new 2019/20-based CPI series will be released in April/May 2021.

Part 3: Populating censuses and by-censuses

- 6) According to paragraph 3.12(c), in September 2019, a second meeting was held between C&SD and the Registration and Electoral Office (“REO”) to further explore the feasibility of developing a joint-user specialist and departmental building (“SDB”) and to exchange views on the two departments’ periodic accommodation requirements in the coming 15 years with a view to linking REO’s election cycles and C&SD’s population censuses/by-censuses/major survey cycles. What was the conclusion of the meeting? What are the latest developments?

CC&S’ Response:

REO and C&SD have taken positive steps to follow up the relevant recommendation in Chapter 8 of the Director of Audit’s Report No. 69 entitled “Provision of government office accommodation and utilisation of government sites”, i.e. REO and C&SD, in consultation with GPA, should explore the feasibility of developing a joint-user SDB to meet their periodic accommodation requirements.

Specifically, at the meeting held in September 2019, REO and C&SD analysed their periodic accommodation requirements in the coming 20 years (up to 2039) in terms of project timeframes and space requirements, and the initial assessment is set out below –

- (a) The periodic accommodation requirements of REO arise mainly from the District Council (“DC”) Ordinary Elections and the Legislative Council (“LC”) General Election to be held every 4 years, as well as the Chief Executive (“CE”) Election and the Election Committee (“EC”) Subsector Ordinary Elections to be conducted every 5 years. Basically, REO will need to conduct at least one large scale public election every year from 2019 to 2024. On the other hand, the requirements of C&SD arise from population censuses/by-censuses and two other large-scale household surveys (viz. Household Expenditure Survey (“HES”) and Survey on Persons with Disabilities and Chronic Diseases (“SPDCD”)), all to be conducted every 5 years. With asynchronous project cycles, it is inevitable that there are years during which the peak requirements of the two departments overlap with each other. A timeline illustrating the occurrence of periodic events of the two departments between 2019 and 2039 is at **Annex**.

- (b) As regards the space required, the maximum requirement for office space of REO is 3.7 times that of C&SD, and the corresponding ratio for storage space is even higher at 10.3 times.

With asynchronous project cycles as well as large differences in space required, the accommodation requirements of REO and C&SD may not necessarily complement each other.

C&SD and REO will soon consult the Government Property Agency on accommodation issues while finalising their assessment on the feasibility of developing a joint-user SDB in 2020.

- 7) According to paragraph 3.23, during 16BC, one of the power banks for use by the temporary field workers caught fire and a few fragments flew out in one of the field centres. According to paragraph 3.29, CC&S agrees with the audit recommendation in paragraph 3.28(b) to issue safety guidelines on proper use of power banks with a view to enhancing field officers'/temporary field workers' safety awareness of using power banks. Have such guidelines been drawn up?**

CC&S' Response:

The safety guidelines on the use of power banks have been drawn up after taking into account industry experts' recommendations on best practices. C&SD will continue to update the guidelines for issue and adoption in 21C.

Part 4: Implementation of information systems strategy

- 8) According to paragraph 4.6, of the nine priority projects under the 2004 Information Systems Strategy planned to be completed fully or partially from December 2005 to December 2008, seven projects had taken more time for implementation/completion as compared with the planned implementation dates (delays ranging from 1 to 7.8 years, averaging 2.6 years), mainly due to the need to review and revise the user requirements and tender documents to include additional system functions. According to paragraph 4.14, CC&S has agreed with the audit recommendation paragraph 4.13(a) to ascertain the user requirements before seeking funding**

approval as far as practicable in implementing future information technology (“IT”) projects. What is the progress?

CC&S’ Response:

Of the nine priority projects, the project which took the longest time for completion was affected by changes in user requirements and tender documents (paragraph 4.9a(i)). Learning from the experience, C&SD has been taking measures to ascertain the user requirements at an earlier stage, including collecting detailed functional requirements from users and drawing up more precise technical requirements with reference to the latest market information from the IT industry before seeking funding for IT projects, with a view to making more realistic pre-tender estimates and avoiding subsequent changes to tender documents as far as practicable.

9) According to paragraph 4.11(a), End-User Computing (“EUC”) systems/applications operated like stand-alone “silos” and were developed by individual branches/sections based on their own operational needs. Each branch/section had its own way of managing and storing data. As a result, format and definitions of same data elements varied across EUC systems/applications. What measures will C&SD take to standardise the practice of managing and storing data across EUC systems/applications?

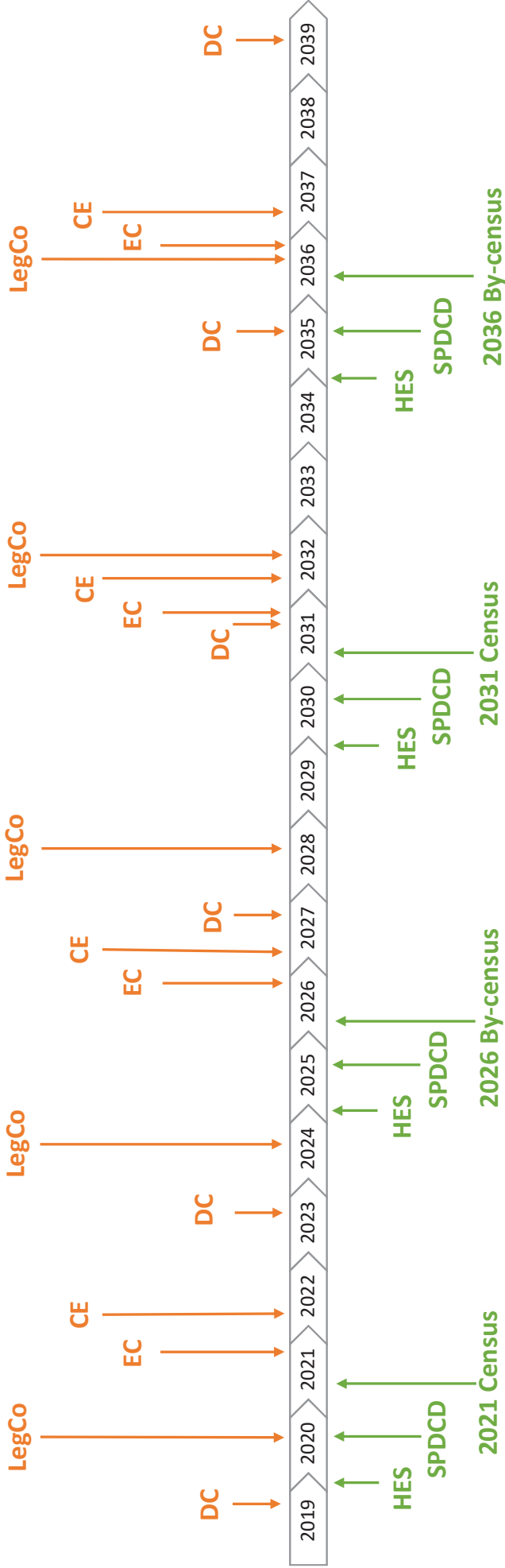
CC&S’ Response:

C&SD will develop two common data models with a view to standardising the practice of managing and storing statistical data across EUC systems/applications, one for producing statistical tables and charts on the C&SD website and another for using in data processing and analysis. C&SD is developing the former common data model which will be used across all branches/sections for producing statistical tables and charts on the C&SD website as from late 2020. As for the latter common data model for use in data processing and analysis, C&SD is in the process of seeking necessary resources for the relevant IT project and the current target is to start the development work in 2020/21.

- End -

**Periodic events/projects to be conducted by
REO and C&SD between 2019 and 2039**

REO



C&SD

Legend

- CE – Chief Executive Election
- DC – District Council Ordinary Elections
- EC – Election Committee Subsector Ordinary Elections
- LegCo – Legislative Council General Election
- HES – Household Expenditure Survey
- SPDCCD – Survey on persons with disabilities and chronic diseases

Note: The arrows indicate roughly the time position of the peak office accommodation demand of the projects. The peak demands may cover a period of time and office accommodation will also be required before and after the peaks.