

LEGISLATIVE COUNCIL BRIEF

CENSUS AND STATISTICS (SURVEY OF EXTERNAL CLAIMS, LIABILITIES AND INCOME) ORDER 1999

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) Order 1999, as in Annex I, should be enacted to collect data on external claims, liabilities and income in business undertakings in the Hong Kong Special Administrative Region (HKSAR) for compiling a complete Balance of Payments (BoP) Account for the HKSAR. A description of the conceptual framework of BoP account and its main components is given in Annex II.

BACKGROUND AND ARGUMENT

2. There has been growing pressure from the international community on the HKSAR to produce comprehensive and systematic statistical information on external transactions (i.e. Balance of Payments statistics). With a view to further strengthening the position of Hong Kong as a major international and regional financial and business centre with a high degree of transparency, the Government submitted a proposal for compiling a complete BoP Account to the then Executive Council (ExCo) in June 1996. The proposal was approved by ExCo and the then Legislative Council was informed of ExCo's decision in August 1996.

3. In April 1997, Hong Kong formally subscribed to the Special Data Dissemination Standard (SDDS) established by the International Monetary Fund (IMF). Through a plan posted on the IMF's electronic Dissemination Standards Bulletin Board (DSBB), the HKSAR Government is committed to the international community the regular production of a complete BoP Account for the HKSAR in accordance with the standards and requirements stipulated by the IMF.

4. Based on the results of an investigatory study on compiling a complete BoP Account conducted by the Commissioner for Census and Statistics from late 1996 to early 1998, it was concluded that the BoP Account for the HKSAR can be compiled by (i) using existing available data, (ii) implementing a new survey to collect new data, and (iii) filling in other minor data gaps by estimation. An inter-departmental Committee on the study in the Government has accordingly formulated a number of specific recommendations for

implementation.

5. To compile statistics on external financial transactions in the BoP Account for the HKSAR, it is necessary to conduct a new survey. The data to be collected from the new survey relate to external income flows and external investment and financial transactions for compiling the Financial Account. In order to conduct the new survey effectively and to secure co-operation from data providers, a statutory order under the Census and Statistics Ordinance is required.

THE CENSUS AND STATISTICS ORDER

6. The Census and Statistics (Survey of External Claims, Liabilities and Income) Order 1999, as annexed in Annex I, directs the Commissioner for Census and Statistics to carry out a statistical survey on external claims, liabilities and income in respect of business undertakings in the HKSAR. Information to be collected includes the particulars of enterprises, external claims and liabilities, financial transactions, and the income flows generated from external investment.

FINANCIAL AND STAFFING IMPLICATIONS

7. Some 164 staff members will be required for compiling BoP statistics for the HKSAR. The recurrent cost will amount to \$51.4 million (at 1998-1999 prices) per annum. The resources required are to be allocated in two phases. The first phase comprising \$16.4 million was allocated in the fiscal year 1998-99, and the second phase comprising \$35 million has been included in the 1999-2000 Draft Estimates of Expenditure.

PUBLIC CONSULTATION

8. The matter has been considered and supported by the Statistics Advisory Board and the Economic Advisory Committee. Also, in the process of the investigatory study, in-depth consultations have been held with prospective data suppliers including banks and large enterprise groups, business associations and academic institutions to ascertain the practicability of the survey design and to identify areas for improvement. Their comments and feedbacks have been taken into account in the formulation of the BoP compilation methodology.

LEGISLATIVE TIMETABLE

9. The following legislative timetable is adopted :

Secretary for Financial Services signs the Census and Statistics Order	1 February 1999
Publication in the Gazette	5 February 1999
Tabled in Legislative Council Sitting	10 February 1999

PUBLICITY

10. A press conference announcing the Government's decision to compile a complete BoP Account was held in August 1996. The Census and Statistics Department will make contacts with prospective respondents of the survey and familiarize them with the data reporting requirements before the launch of the survey. The department will also publish pamphlets and feature articles on the subject for publicity purposes and organize lectures and seminars where necessary to promote knowledge on the subject of Balance of Payments statistics.

Financial Services Bureau
1 February 1999