

**Regional Course on Statistical Business Registers: Making a Business
Case for an Operational Statistical Business Register**

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Country Paper

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I. Central Register of Establishments (CRE)

Background Information

1. The Central Register of Establishments (CRE) is a computerised database maintained by the Census and Statistics Department (C&SD), Hong Kong, China. It contains information of individual establishments in Hong Kong. The data of the CRE cover a range of information pertaining to individual establishments including establishment name, physical address, type of business, employment size, contact information, etc.

2. The basic unit of the CRE records is an establishment. An establishment in the CRE is an economic unit which engages, under a single ownership or control, in one or predominantly one kind of economic activity at a single physical location.

Hong Kong Standard Industrial Classification (HSIC)

3. One of the important information contained in the CRE is the type of business, for which HSIC provides a classification framework. Following the official release of the International Standard Industrial Classification of All Economic Activities Revision 4 (ISIC Rev. 4) by the United Nations Statistics Division in August 2008, HSIC V2.0 was released on 31 October 2008. It has been used for the classification of industries of establishments in the CRE and by the general public since the reference quarter of Q1 2009.

4. The HSIC has been the basis for compiling and presenting economic statistics (sectoral economic statistics and national accounts statistics) ever since its implementation. They have also been widely used by government bureaux and departments for various purposes.

5. Apart from being a major classification framework for economic survey systems, the HSIC is also used in the population data system for classifying and analysing employment information of Hong Kong residents.

Industry Coverage

6. The CRE basically covers establishments engaged in economic activities classified under the HSIC V2.0 as indicated below:

Industry Section	Title
A	Agriculture, forestry and fishing
B	Mining and quarrying
C	Manufacturing
D	Electricity and gas supply
E	Water supply; sewerage, waste management and remediation activities
F	Construction
G	Import/export, wholesale and retail trades
H	Transportation, storage, postal and courier services
I	Accommodation and food service activities
J	Information and communications
K	Financial and insurance activities
L	Real estate activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
O	Public administration
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities
T	Work activities within domestic households
U	Activities of extraterritorial organisations and bodies

Applications of CRE information

7. The CRE serves mainly as a basic sampling frame for surveys on business establishments conducted by the C&SD. Samples of specific groups of establishments can be selected as required.

8. According to the provisions of the Census and Statistics Ordinance (CAP. 316), most information pertaining to individual establishments is not allowed to be disclosed to the public and other government departments. This aims to protect the rights and interests of respondents of the C&SD surveys.

9. Notwithstanding the afore-mentioned provision on data disclosure, the Ordinance allows four items of particulars viz. name, address, type of business and employment size class of individual establishments to be disclosed to the public and other government departments, provided that their applications are not connected with investigation of crime or assessment or levying of any tax.

10. The general public can make use of the disclosable particulars kept in the CRE for their survey, publicity, business promotion, market segmentation and research work. These particulars

are available to the public at a charge in the form of a 20% random sample listing of the CRE, or through a matching operation with specified establishments.



Updating Sources and Processes

11. Information kept in the CRE is updated regularly through (a) administrative records from relevant government bureaux/departments, and (b) feedback from various surveys of the C&SD. The following are the major sources of data for updating the CRE system:

- (i) Business registration records from the Business Registration Office (BRO) of the Inland Revenue Department (an average of about 10 000 cases are received per week);
- (ii) Vehicle license records from the VALID system of the Transport Department;
- (iii) Feedback from various establishment-type surveys conducted by different sections within C&SD; and
- (iv) Feedback from the Survey of Employment and Vacancies (SEV), which has a sample size of about 27 000 establishments (starting from Q1 2014), is the major vehicle for updating the CRE.

The CRE records are enumerated and updated at least once in every five years.

II. Main challenges encountered and actions taken in developing and maintaining the SBR

Development and implementation of HSIC Version 2.0 (HSIC V2.0)

12. Noting the importance to comply with the international standards in official statistics, in particular the development of ISIC Revision 4 (ISIC Rev. 4), as well as reflecting the significant changes in the structure of the Hong Kong economy and the emergence of new economic activities, a full-scale revision exercise on the HSIC was conducted during 2006 to 2008. Aiming to achieve relevance, comparability and continuity, this exercise led to a new version of HSIC (HSIC V2.0) officially released on 31.10.2008.

13. The implementation of HSIC V2.0 can be regarded as an important statistical capacity building process. To equip relevant staff, stakeholders and users to manage the change, a number of tools had been identified for use in the implementation process. An e-version of the HSIC V2.0 Manual which contains the index of codes for HSIC V2.0, detailed structure and explanatory notes as well as a computerised search tool for checking HSIC V2.0 information had also been made available on the C&SD website since the official release of HSIC V2.0.

14. The HSIC V2.0 will be reviewed from time to time to reflect the significant changes in the local economy. References will be made to ISIC as well as views of stakeholders so that the revised framework of HSIC is able to reflect relevance to the current global economic activities, achieve comparability of statistics from international and other statistical economies, and maintain continuity with historical data series.

Replacement of Computer System for the CRE

15. The original CRE System had been in use for over 20 years. In view of the original system design, the CRE System had become increasingly difficult to meet users' demand, with some examples given below:

- (i) It ran on three different computer platforms, whereby data files had to be transferred from one platform to another. This had lengthened the turnaround time of the computer jobs;
- (ii) It was inflexible for further enhancements and great effort was involved in maintaining the system;
- (iii) The automatic address coding facility of the system was not able to handle Chinese address; and
- (iv) It could not process data in Chinese. Separate functions had to be developed under the PC platform as solution.

16. A project "Replacement of Computer System for the CRE" was started in mid-2012 and was subsequently completed in December 2014. The new CRE system has achieved improvement in the following areas:

- (i) The business processes of CRE have been re-engineered to simplify, streamline and automate the related workflows;
- (ii) The existing three computer platforms have been combined into one to reduce the turnaround time for computer jobs;
- (iii) The validation rules for input and editing of data have been enhanced with on-line validation facility for immediate feedback and early verification;
- (iv) Both end-user computing and on-line facilities are available for users to retrieve information in a timely manner;
- (v) The automatic address coding facility has been enhanced and is capable of coding Chinese address;
- (vi) A new on-line book-in system has been implemented to record the receipt of returned questionnaires to facilitate better control of the progress of data collection process / tracking of completed documents;
- (vii) Chinese characters can be printed on the questionnaires directly resulting reduction in manual effort involved;
- (viii) Instead of performing data updating at quarterly interval, information could be updated to the new CRE system on a monthly basis; and
- (ix) The new CRE system allows more flexibility in catering for future changes and facilitating system maintenance.

III. Ongoing issues and problems

Classification of industries

17. While the conceptual framework for classifying establishments under different industries have been well illustrated in the ISIC and HSIC, problems are still encountered in the industrial classification procedure with illustrations given below:

- (i) Classification of emerging economic activities which may not be catered for in the existing framework. An example is e-Commerce. Availability of international classification principles / advice regarding emerging economic activities, such as those related to e-commerce, would be useful; and
- (ii) Following the principles and guidelines set out in ISIC Rev. 4 in classifying the industries of establishments in the CRE, an establishment is classified to an industry sub-class based on its major economic activity. If an establishment is engaged in more than one type of activity and its major activity could not be clearly identified, the shares of value added or employment in the different activities have to be known in order to determine the principal activity of the establishment. However, if an establishment takes up two different economic activities (say A and B) and both accounted for 50% share of the value added, the principle economic activity for the establishment cannot be easily determined. Even if the shares of value added for the two activities are reported to be 51:49 in the data collection process, the slight change of the share to, say, 49:51, would lead to change of principal activity classified. This could result in frequent changes of industrial classification over time and consequently affecting the stability of data series compiled therefrom.