

ECONOMIC SURVEYS SERIES

Reference Year 2008

Introduction

The Singapore Department of Statistics conducts an annual survey on the services industries to collect a wide range of data for studies and analyses. The first survey on the services industries was conducted in 1968 for the reference year 1967 and subsequently at regular intervals. Since 1984, the inquiry was carried out on an annual basis.

The latest survey was carried out in 2009 for reference year 2008. This year, the reports will focus on several services industries of importance to the Singapore economy. This report on *Information and Communications Services* is the Department's fourth issue in the series. A final consolidated report on *The Services Sector* will provide a comprehensive performance review of the entire services sector.

To date, the four reports which have been released are as follows:

Health Services

Food and Beverage Services

Transport and Storage Services

Information and Communications Services

The remaining reports on the various services industries and the consolidated report scheduled for release are as follows:

Retail Trade

Wholesale Trade

The Services Sector

INFORMATION AND COMMUNICATIONS SERVICES

<i>Key Indicators</i>			
		<u>2007</u>	<u>2008</u>
<i>Establishments</i>	↑13.4 %	5,967	6,767
<i>Employment</i>	↑8.1 %	68,361	73,899
<i>Operating Receipts</i>	↑6.7 %	\$29.0 bil	\$31.0 bil
<i>Operating Expenditure</i>	↑7.1 %	\$26.3 bil	\$28.2 bil
<i>Operating Surplus</i>	↑3.6%	\$4.1 bil	\$4.3 bil
<i>Value Added</i>	↑ 6.4 %	\$8.9 bil	\$9.5 bil

In 2008, the Information and Communication (Info & Comm) services industry¹ comprised about 6,800 establishments. The industry employed about 73,900 workers, or an average of 11 workers per establishment.

I. ECONOMIC PERFORMANCE

Total operating receipts generated by the Info & Comm services industry was \$31.0 billion in 2008, a growth of 6.7 per cent over 2007. On a per establishment basis, operating receipts decreased by 5.9 per cent to \$4.6 million in 2008.

Total operating expenditure incurred was \$28.2 billion in 2008, an increase of 7.1 per cent over 2007. Operating expenditure per establishment decreased by 5.5 per cent to \$4.2 million during the same period.

¹ Based on Singapore Standard Industrial Classification (SSIC) 2005, the industry comprises publishing activities, motion picture, radio, TV, sound recording & broadcasting activities, telecommunications, Information Technology (IT) and other information services. Detailed list of activities in this industry is provided in the Explanatory Note.

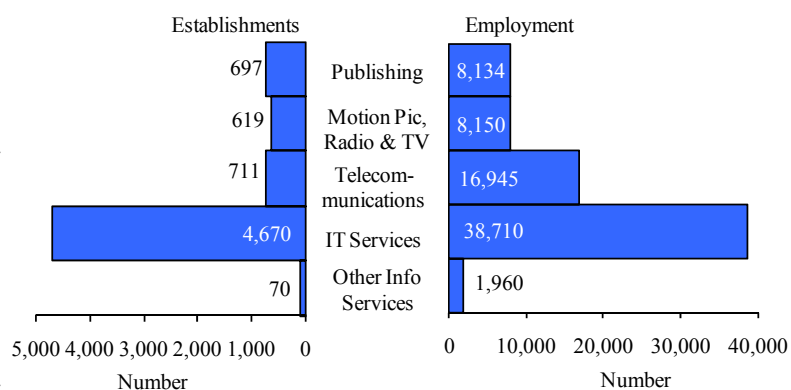
Total operating surplus increased by 3.6 per cent to \$4.3 billion in 2008. On a per establishment basis, operating surplus decreased by 8.7 per cent to \$632,600 in 2008.

Total value added of the Info & Comm services industry increased by 6.4 per cent to reach \$9.5 billion in 2008. On a per establishment basis, value added decreased by 6.1 per cent to \$1.4 million in 2008.

II. MAIN ACTIVITIES IN INFO & COMMS SERVICES

Firms engaged in Information Technology (IT) services, which constituted more than two-thirds of the total establishments in Info & Comm services, accounted for 52.4 per cent of the industry's total employment in 2008 (Chart 1). However, on a per establishment basis, they registered the smallest average employment size of 8 workers.

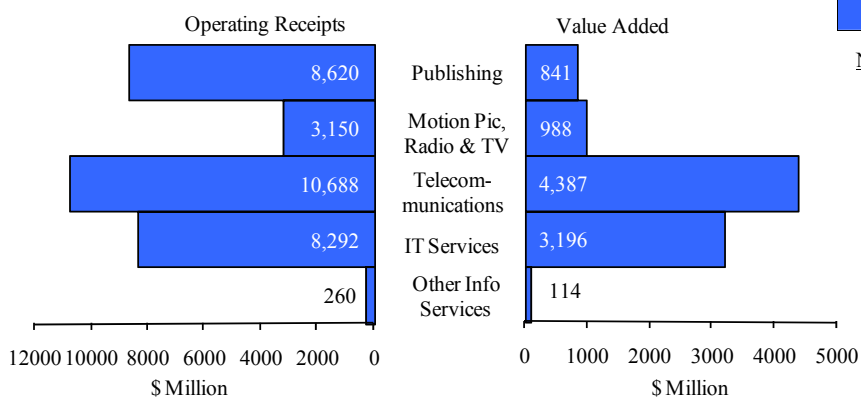
Chart 1 – Establishments and Employment, 2008



INFORMATION AND COMMUNICATIONS SERVICES

In terms of operating receipts and value added, the “telecommunications” group was the largest contributor, accounting for 34.5 per cent and 46.1 per cent of the respective totals in the Info & Comm services industry (Chart 2). The “IT services” group also contributed a significant 26.7 per cent to the industry’s operating receipts and 33.6 per cent to the industry’s value added.

Chart 2 – Operating Receipts and Value Added, 2008



In 2008, remuneration and purchases of goods & materials were among the top five business cost items across all the groups in the Info & Comm services industry (Table 1).

In particular, these two business cost items contributed 59.8 per cent to the “IT services” group’s total operating expenditure. For firms engaged in publishing services and other information services, royalties were their top business cost item, accounting for 49.7 per cent and 32.4 per cent of the respective group’s total operating expenditure.

Table 1 : Main Business Costs, 2008

Info & Comm Services	Cost Type and % Share				
	1 st	2 nd	3 rd	4 th	5 th
Publishing	Royalties 49.7	Agency 22.0	Pur 8.6	Rem 8.3	Pro 2.6
Motion Pic, Radio & TV	Pur 17.6	Rem 15.9	Entertain 13.5	Royalties 11.2	Adver 6.7
Telecommunications	Pur 21.1	Tele 17.6	Rem 14.3	Ren_mac 11.0	Dep 9.9
IT Services	Rem 33.0	Pur 26.8	Pro 9.4	Subcontr 7.8	Admin 6.7
Other Info Services	Royalties 32.4	Rem 24.4	Pur 8.0	Dep 7.2	Rental 4.5

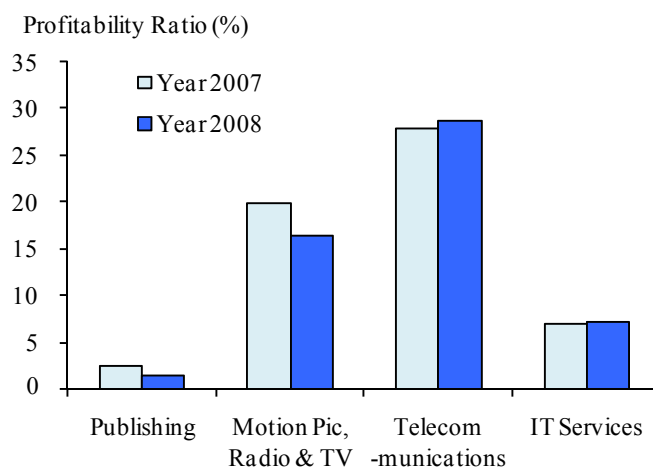
Notations

- Admin : Administrative & management fees
- Adver : Advertising
- Agency : Commission & agency fees
- Dep : Depreciation
- Entertain : Entertainment
- Pro : Professional & business services
- Pur : Purchases of goods & materials
- Rem : Remuneration
- Royalties: Royalties & franchise fees
- Rental : Renting of offices, shops & other premises
- Ren_mac : Renting of machinery & equipment
- Subcontr : Subcontract charges / work given out
- Tele : Postage, telecommunications & internet charges

III. KEY PERFORMANCE RATIOS

Profitability Ratio of the “telecommunications” group continued to be the highest at 28.7 per cent in 2008 (Chart 3).

Chart 3 – Profitability Ratio, 2007 & 2008*

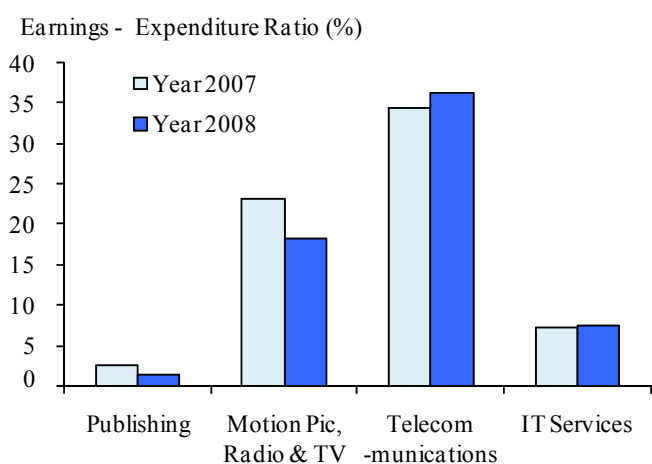


*Profitability ratio of the “other information services” group is not computed as non-profit organizations made up a significant proportion of establishments in this group.

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Earnings-expenditure Ratio was 36.3 per cent for the “telecommunications” group in 2008 (Chart 4), higher than the 34.5 per cent registered in 2007. Telecommunications services continued to have the highest earnings-expenditure ratio among the various Info & Comm services groups.

Chart 4 – Earnings-Expenditure Ratio, 2007 & 2008*



* Earnings-Expenditure ratio of the “other information services” group is not computed as non-profit organizations made up a significant proportion of establishments in this group.

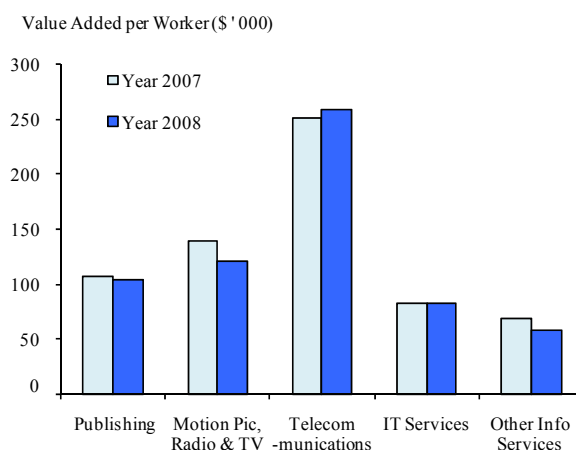
Average Annual Remuneration per Employee was the highest for employees in the “publishing” group (Table 2). They received an average annual remuneration of \$90,200 in 2008, higher than the industry’s average of \$70,300.

Table 2 : Average Annual Remuneration per Employee, 2007 & 2008

Info & Comm Services	2007 (\$ ' 000)	2008 (\$ ' 000)	Changes (%)
Publishing	82.1	90.2	9.9%
Motion Pic, Radio & TV	58.9	56.8	-3.5%
Telecommunications	72.5	71.4	-1.5%
IT Services	68.5	68.8	0.5%
Other Info Services	55.5	63.1	13.7%
Total	69.7	70.3	0.9%

Value Added per Worker was \$128,900 for the Info & Comm services industry in 2008, lower than the \$130,900 registered in 2007. Telecommunications firms continued to record the highest average value added of \$258,900 per worker within the Info & Comm services industry (Chart 5). This was followed by firms in the “Motion Pic, Radio & TV” group, which reported an average value added of \$121,200 per worker.

Chart 5 – Value Added per Worker, 2007 & 2008



IV. PERFORMANCE BY FIRM SIZE

Firms with less than 100 workers formed the majority (98.2 per cent) in the Info & Comm services industry in 2008 (Table 3). However, firms with 200 workers & above, though constituting only 0.8 per cent, contributed the most to total operating receipts (69.7 per cent). This group’s valued added per worker was also the highest at \$177,100 in 2008.

Table 3 : Establishments & Operating Receipts & Value Added per worker by Firm Size, 2008

Employment Size	Establishments (Number)	Operating Receipts (\$ Million)	Value Added per Worker (\$ ' 000)
Less than 100	6,646	6,936	73.2
100 to 999	64	2,460	97.5
200 and above	57	21,614	177.1

The publication on “Information and Communications Services” containing more detailed statistical tables will be released in 2nd Quarter 2010.

INFORMATION AND COMMUNICATIONS SERVICES

Summary Tables

Key Indicators of Information and Communications Services, 2006-2008

I&C Services	Establishments (Number)			Employment (Number)			Operating Receipts (\$ Million)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Total I&C Services	5,891	5,967	6,767	63,223	68,361	73,899	26,323	29,049	31,010
Publishing	690	634	697	6,930	7,845	8,134	7,601	8,270	8,620
Motion Pic, Radio & TV	490	565	619	7,097	7,278	8,150	2,718	2,940	3,150
Telecommunications	639	646	711	14,961	16,142	16,945	9,048	10,082	10,688
IT Services	4,011	4,061	4,670	32,532	35,319	38,710	6,750	7,546	8,292
Others	62	60	70	1,703	1,777	1,960	205	211	260

I&C Services	Operating Expenditure (\$ Million)			Operating Surplus (\$ Million)			Value Added (\$ Million)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Total I&C Services	23,594	26,342	28,220	4,137	4,132	4,281	8,490	8,948	9,525
Publishing	7,277	8,125	8,559	368	200	121	954	841	841
Motion Pic, Radio & TV	2,416	2,514	2,811	450	584	514	868	1,018	988
Telecommunications	7,157	8,127	8,459	2,737	2,801	3,067	3,812	4,059	4,387
IT Services	6,329	7,161	7,884	546	525	590	2,733	2,910	3,196
Others	413	414	506	37	22	-11	122	122	114

Key Indicators of Information and Communications Services by Employment Size of Firm, 2008

Employment Size	Establishments (Number)	Employment (Number)	Operating Receipts (\$ Million)
All Categories	6,767	73,899	31,010
Less than 100 persons	6,646	27,633	6,936
100 to 199 persons	64	8,686	2,460
200 persons and above	57	37,580	21,614

Employment Size	Operating Expenditure (\$ Million)	Operating Surplus (\$ Million)	Value Added (\$ Million)
All Categories	28,220	4,281	9,525
Less than 100 persons	6,806	537	2,024
100 to 199 persons	2,372	171	847
200 persons and above	19,041	3,572	6,654

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Key Indicators of Information and Communications Services by Size of Operating Receipts of Firm, 2008

Employment Size	Establishments (Number)	Employment (Number)	Operating Receipts (\$ Million)
All Categories	6,767	73,899	31,010
Less than \$200,000	4,014	4,334	277
\$200,000 to \$999,999	1,746	7,883	793
\$1,000,000 to \$9,999,999	792	13,708	2,175
\$10,000,000 and above	215	47,973	27,766

Employment Size	Operating Expenditure (\$ Million)	Operating Surplus (\$ Million)	Value Added (\$ Million)
All Categories	28,220	4,281	9,525
Less than \$200,000	299	-13	99
\$200,000 to \$999,999	927	14	367
\$1,000,000 to \$9,999,999	2,230	140	853
\$10,000,000 and above	24,764	4,140	8,206

Note:

- 1 Data for 2008 are preliminary.
- 2 Industries are classified according to the Singapore Standard Industrial Classification (SSIC) 2005.
- 3 Figures may not add up to the total due to rounding.

INFORMATION AND COMMUNICATIONS SERVICES

Explanatory Note

Objective

The data presented in this report are compiled from the results of the *Information and Communications Survey 2008*. The objective of the survey is to gather information on Singapore's information and communications services to enable in-depth analyses and understanding of the performance, structure and profile of this industry. The data and analytical findings are used extensively for the compilation of national accounts, input-output tables and other related studies. In addition, the results are used by policy makers, economic planners and academicians, business community and researchers in their work.

Scope & Coverage

The information and communications services industry comprises 5 broad groups, namely, publishing services, motion picture, radio & TV activities, telecommunications, IT services and other information services. The detailed activities for each group are presented below:

Publishing Services

Publishing of books, brochures, musical books and other publications
Publishing of newspapers
Publishing of journals, periodicals and magazines
Publishing of directories and databases
Publishing activities nec¹
Publishing of computer games
Publishing of other software

Telecommunications

Fixed-line services (including local/ international PSTN and leased circuits)
Mobile cellular and radio paging services
Satellite uplink and downlink services
Internet access providers (including ISPs)
Third party telecommunications/ value-added network operators
Cyber 'cafes'
Data communications services nec
Telecommunications nec

Motion Picture, Radio and TV

Motion picture/video production
Motion picture/video distribution
Video filming and recording services (including video-taping of events)
Motion picture/video/television post-production services
Services allied to motion picture/video production and distribution
Cinema services
Motion picture projection nec
Television programme production
Television programme distribution
Radio programme production and distribution
Other radio and television related activities
Sound recording production and distribution
Radio broadcasting
Television broadcasting (including cable, satellite and terrestrial television)

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IT Services

Hardware consultancy (including systems consultancy)
Software consultancy
Development of e-commerce applications
Development of computer games
Development of other software (including software maintenance)
Web hosting services
Computer time-sharing services
Data entry services
Data processing, hosting and related activities nec (eg data tabulation services, application service providers, data storage, data hosting)
Computer facilities management services
Computer systems integration services
Other IT and related activities nec (eg disaster recovery services)

Other Information Services

News agency activities
Libraries and archives
Web search portals
Other information service activities nec

¹ Not elsewhere classified

The data include all establishments and statutory boards engaged in information and communications services but exclude government ministries and departments.

INFORMATION AND COMMUNICATIONS SERVICES

Definition of Terms

Establishment	Defined as a business or organisation unit engaged in one activity and operating in a single location.
Employment	Refers to paid employees, working directors, working proprietors/partners and unpaid family workers. It includes those temporarily away on medical or casual leave.
Employees	Employment excluding working proprietors and partners.
Operating Receipts	Includes those arising from services rendered, commission charges, sale of goods and rental of premises, machinery and equipment.
Operating Expenditure	Refers to all current expenses (except capital expenditure) connected to the business operations such as purchases of goods and services and remuneration. It includes depreciation and adjustment for changes in stocks.
Operating Surplus	Refers to the amount of operating receipts less operating expenditure plus depreciation of fixed assets. For non-profit organizations (i.e. entities which cannot distribute any surplus made to their shareholders) which mainly rely on funds (such as grants and donations) other than receipts from sales of goods and services rendered to cover their operating expenditure, operating surplus refers only to depreciation of fixed assets.
Value Added (At Basic Prices)	Comprises the value of operating surplus, remuneration and indirect taxes. The impact of taxes including Goods & Services Tax (and subsidies) on products was removed.
Remuneration	Comprises wages and salaries, employers' contribution to Central Provident Fund/pension funds and other benefits of all employees as well as fees paid to non-working directors.
Depreciation	The value, at current replacement cost, of reproducible fixed assets such as buildings, plants and machinery used during a period of time as a result of normal wear and tear, foreseen obsolescence and the normal rate of accidental damage.
Profitability Ratio	Defined as the ratio of operating surplus to operating receipts. It shows the proportion of operating receipts that was converted to profits.
Earnings-Expenditure Ratio	Defined as the ratio of operating surplus to operating expenditure.