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For information

Item 6 of the Provisional
Agenda

RESPONSE TO THE FINANCIAL CRISIS AT STATISTICS CANADA. CONSULTATIONS WITH USERS: RESULTS AND LESSONS LEARNED

Note prepared by Statistics Canada[1]

1.   This brief note describes the results of the recent consultation process Statistics Canada launched with users as the current financial crisis unfolded. The note articulates the specific responses to this consultation, but highlights the generic lessons learned that can be applied in response to any similar circumstance.

2.   At the onset of the financial crisis Statistics Canada began to question whether the data and services provided to our clients were appropriate in terms of quality and scope to inform the analysis of the economic situation. Brainstorming sessions were held internally which led to several possible adjustments to the program. A process of user consultation was launched in order seek the client views.

3.   The consultations included the key policy departments, the Finance Ministry in charge of the economic stimulus package, the Central Bank and the Human Resources department. We also consulted with the business analysts, academic and economic forecasting communities. The questions were also posed to the National Accounts Advisory Committee and to the National Statistics Council. (The National Statistics Council is a group of prominent Canadians who advise the chief statistician on strategic issues twice per year. The other committees are in place to advise on specific subject matters such as National Accounts, Trade Statistics, Price statistics and so on. These committees meet either once or twice per year.)

4.   We asked for advice on the following:

   (a)   Is our timeliness on the key economic indicators appropriate or should we consider "flash" estimates in any areas?
   (b)   Are there any key missing data products that are needed to help identify the turning point in this crisis? Are these data products that could be started quickly at low cost, and then stopped when the "crisis" is over?
   (c)   Are there any things in addition to adding emphasis to some key financial and labour market releases that should be done to better communicate the data holdings/findings to the public?

5.   This consultation process took place throughout March and April of 2009.

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[1] Prepared by Karen Wilson, Assistant Chief Statistician, National Accounts and Analytic Studies, Statistics Canada

I. STAKEHOLDERS' RESPONSES

6. The following are items of advice which were common across the consultations.

Timeliness

    (a)   The release of the Financial Flow Accounts is too slow (60 days after the reference quarter). Since a lot of high frequency data exists on financial transactions published by the Central Bank and large institutional investors, is there a possibility of doing the Financial Accounts on a monthly basis?

    (b)   There are no "between quarters" indicators or estimates for some final demand categories of final-expenditure based GDP even though some monthly source data exists. Is there a possibility of publishing:
        (i)   Monthly estimates of personal expenditure on goods based on monthly retail sales data?
        (ii)   Monthly estimates of inventory investment based on survey data from manufactures, retailers and wholesalers?
        (iii)   Monthly indicators of engineering investment projects?

    (c)   "Flash" estimates or real time estimates of retail sales could be useful to signal the turning point depending on the reliability.

Data Gaps

    (a)   Investment data on an infra-annual basis is only derived from indicators and no direct measures exist. On this basis there was broad support for the proposal to do a mid-year update of investment intentions for 2009.

    (b)   Since there are already many players providing business and consumer conditions survey data, there is no need for Statistics Canada to spend resources in that area. The National Statistics Office should stick to quantitative measurement of performance.

    (c)   In terms of adding questions to the Labour Force Survey, the most useful information in the short run would be related to labour market transitions such as:
        (i)   Time spent on job search after layoff;
        (ii)   Transition to a new industry or occupation;
        (iii)   Was a pay cut required to transition to a new job?
        (iv)   Was geographical relocation necessary?

    (d)   No price index exists for the resale of existing housing assets within the Statistics Canada data sets on prices. Could such an indicator be developed, perhaps using the "Case-Shiller" approach used in the United States?

Communication of data products

    (a)   The metadata and the structure of the financial accounts and balance sheets are out-of-date and need to be modernized.

(b)   Users have trouble interpreting the changes in the high frequency financial data published by others (but often used as inputs later in the FFA and Balance sheets) in parallel with the quarterly financial accounts. A reconciliation of concepts and methods would be useful.

(c)   Adding analytic content like leverage and debt burden ratios is very helpful and addition of maps to display geographic detail on employment insurance was appreciated by users.

(d)   Users still have difficulty finding the data they need quickly when they are unfamiliar with data holdings in certain areas. A better organization of the web site and a better search engine could help.

7.   Other general messages included:

(a)   A worry that an NSO should not rush into short term data collection without the usual testing of the instrument.
(b)   Short term ad hoc measures will not be useful unless there is time series continuity.
(c)   The agency should continue its longer term investments in quality improvements and new data products

8.   An important point was raised by representatives of the Financial Services industries that the work going on at the international level for coordinated regulatory reform was the opportune time for the Central Bank and the National Statistical Office to work together to outline the information needs for financial information going forward, and to work out a clear delineation of the statistical work of the two organization.

II.   FOLLOW-UP CHALLENGES

9.   Given tight resources, a further process was launched to seek funding for additional data such as an additional round of the Investment Intentions Survey or Labour Market transition variables. In the end, no additional funding was made available, but an agreement was reached for one-time funding for the Investment Intentions survey by cutting another program one year earlier than scheduled.

10.   The survey was launched and published in July of 2009. Users expressed appreciation for this initiative in that it was very informative as to the cyclical nature of investment in this business cycle. It revealed more retrenchment in private investment in industries hard hit by the recession, but it also showed the pick up in public investment related to the economic stimulus initiative.

III.   LESSONS LEARNED

11.   While the current economic cycle is running its course and the "crisis" seems to have ebbed, there were many lessons learned in the above outlined process that would be important for an NSO to keep in mind for meeting the needs of a crisis of any nature. Since any future crisis is an unpredictable as the current one, the most important lessons learned are the ones that can be applied to any situation.

12.   These lessons can be characterized by three simple words: Outreach, Flexibility, and, Communications.

Outreach

13.   A National Statistical Office needs to have the infrastructure and capacity to do consultations quickly with clients in order to assess changing needs. This is essential for maintaining relevance of the statistical product line on an ongoing basis. If the infrastructure is already in place it can be used very effectively to launch short run consultations with specific user communities when a particular crisis arises. In this case infrastructure refers to advisory committees, user workshops and other feedback mechanisms, relationships with industry or professional associations etc. In other words consultation mechanisms.

Flexibility

14.   In order to react during a crisis and respond to advice given in consultations, the NSO needs to have flexibility to be able to move resources out of lower priority programs into higher ones quickly. This could involve keeping a list of programs that can be altered quickly or suspended for short periods of time. It also requires having a sound governance structure that can resolve issues of moving resources from one area to another. It could also involve establishing partnerships that could be called on to provide short-term funding for special initiatives.

Communications

15.   Possibly the most successful initiative Statistics Canada launched over this business cycle was to adjust the communications strategy around some data products. In particular, putting more emphasis and effort into the analytic reports associated with the financial-type data and labour market data at the time of publication was instrumental in helping users find the data they needed to analyse the economic situation. This has been appreciated by the user community.

16.   On the other had, we learned that some of our metadata was not adequate to help users access data sets they had not used prior to this crisis, the financial accounts data in particular.

17.   The longer term lessons are that an NSO should constantly re-assess the communications strategy in order to best inform the clients (and potential clients) on the availability, sources and definitions of the data product line. Additional analytic products help users understand how to use the data products.

IV.   CONCLUSION

18.   Statistics Canada will continue to invest in outreach to users including and in particular, with the key policy departments who would be the major clients for data in any crisis. Work continues on improving releases and meta data available to users. Flexibility is by far the biggest challenge. Knowing what products can be suspended or augmented in the short run is the current focus.

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