

# **Business Respondent Advocacy at Statistics Canada: Where we've been and where we're going?**

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## **1.0 Introduction**

Statistics Canada has nearly 20 years of experience with the position of Ombudsman for Businesses. While data collection staff shoulder front-line responsibility for respondent relations and maintaining survey response rates, demonstrable benefit continues to be derived from the agency's implementation of the position.<sup>3</sup> The role has evolved from emphasis on respondent relations which remains a core function to an active role in response burden management, reduction, monitoring and reporting. There is often, a perceived disassociation among some complainants between their business data and the resulting industrial and macroeconomic indicators. It is this disassociation between the business respondent and the larger statistical system that underlie many respondent complaints. This is where the ombudsman has been of greatest benefit. It provides an impartial means of addressing complaints that may arise from Statistics Canada's interaction with business survey respondents and provides redress when necessary. Complaints to the office represent an opportunity to explain how the resulting data benefits the business itself and Canadian society. In this regard, the Ombudsman for Businesses contributes to the reputation and credibility of the statistical function by providing an institutional medium for business respondent advocacy. As a complement to data collection areas, the position is used to seize opportunities to convey the public benefit of Statistics Canada business surveys where no administrative data sources exist. The position is also used to outwardly project initiatives aimed at minimizing respondent load hence enhancing its advocacy function. The office creates a vantage point to step back from the narrower interests of survey program managers to take into account a holistic view of business survey requirements. This paper describes the evolution of the role of Ombudsman at Statistics Canada coupled with institutional mechanisms that provide due diligence in oversight to ensure that statistical activities minimise respondent load.

## **2.0 Why an Ombudsman for Businesses?**

The collection, analysis and dissemination of official statistics is generally a federal government responsibility in Canada.<sup>4</sup> In 1996, three provincial governments agreed to combine their individual sales taxes into a single harmonized sales tax in order to simplify the tax system and to realize economies in its administration. The agreement called for the tax collection authority (Canada Revenue Agency) to collect the revenues from the combined taxes and Finance Canada (Fiscal Policy Authority) to reallocate them using a formula based on provincial commodity statistics. The statistical system at the time was mostly

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<sup>1</sup> Ombudsman for Business, Economic Statistics Field, Statistics Canada. Submission to the fifth International Conference on Establishment Surveys (ICES-V), June 2016.

<sup>2</sup> The views expressed in this paper are those of the author. No responsibility for them should be attributed to Statistics Canada.

<sup>3</sup> With support from infrastructure and subject matter areas.

<sup>4</sup> Some provinces, notably Quebec collect and disseminate official Statistics.

oriented toward producing national statistics.<sup>5</sup> The existing system of provincial statistics was not sufficiently integrated to provide information on interprovincial trade flows and was limited in its coverage of regional economic production. Accordingly, Statistics Canada launched an initiative to improve provincial economic statistics. The aim was to produce annual economic accounts for all of Canada's provinces and territories, not just the three at the time that were party to the HST agreement.<sup>6</sup> Statistics Canada recognized early on the inefficacy of producing statistics for only three provinces. Data coherence of multi-provincial business is only effectively discerned by covering their production in all of the provinces they are active. The HST agreement was and continues to be reliant on Statistics Canada's aggregates for allocating amounts of sales tax revenue. As a result of this initiative the statistical system was well positioned to provide the necessary data when the HST was later extended to additional provinces. Among other strategies, Statistics Canada developed a more comprehensive business frame for improved regional representativeness. The economic statistics program collects production, labour, investment and financial information about individual Canadian businesses, grouping the information according to industrial, commodity, geographical, size and other categories. In order to provide the required economic statistics, questionnaires were redesigned to be conceptually harmonized and unduplicated in content with better interpretability for complex businesses.<sup>7</sup> Samples were adjusted to provide a regional dimension and improve data quality. One of the most important and enduring statistical products of this project is the annual production of provincial input-output tables but it necessarily came with increased reporting load of regionally important businesses.<sup>8</sup>

The expansion of the statistical system came with the recognition that Statistics Canada needed to find ways to balance increased statistical granularity with increased respondent load. It also needed to ensure that data quality was sufficient to meet the requirements of the HST agreement since key statistical aggregates are used for funds redistribution to participating provinces. Three important lasting outcomes came from project. All are centered on the need to manage increased respondent reporting load:

1. A broad scale streamlining and conceptual harmonization of business surveys including improved collection techniques and enhanced use of tax and administrative data to minimize the need to use surveys;<sup>9</sup>
2. The creation of a team of enterprise statistics focal points called Enterprise Program Managers (EPM)<sup>10</sup> to manage relations and data collection arrangements with the largest, most statistically significant and industrially diverse businesses;
3. Established the Ombudsman for Businesses to respond to complaints from business respondents outside those businesses covered by EPM and to regularly report on respondent load. Over the period from inception to the present, the position evolved to:
  - i. Resolve complaints and review subject matter responses,
  - ii. Recommend strategies to minimise reporting burden,
  - iii. Play roles in committees that exercise due diligence in approving new survey proposals or changes to existing survey programs that may have implications for respondent load.

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<sup>5</sup> It should be recognized that even before this agreement, the Canadian statistical system already produced a considerable amount of provincial data. However, the information was not consistently available for all industries and granularity was variable across provinces.

<sup>6</sup> The HST has since expanded to 5 provinces, Ontario, Newfoundland and Labrador, Nova Scotia, New Brunswick, Prince Edward Island.

<sup>7</sup> Complex businesses are defined as those that have statistical significance. They are typically large in assets revenue and employment, have multiple establishments that cross provincial boundaries. Furthermore, establishments may be classified to multiple industries according to the North American Industry Classification System.

<sup>8</sup> The benefits to the Canadian statistical system have been enduring.

<sup>9</sup> Improved collection techniques that evolved from improvements in capture from paper questionnaire to full-blown electronic questionnaire administration that exists today.

<sup>10</sup> Formerly known as Key Provider Managers similar in form and function to the one in existence at the Australian Bureau of Statistics

- iv. Report to government on the overall Statistics Canada strategy for managing response burden for businesses.

As many public and private organizations have created adopted similar roles domestically and internationally, the position benefits from public perceptions of the Ombudsman role in wider society. Impartiality and transparency are conveyed in responding to complaints from the collection, transformation and dissemination of official statistics. Equally true, internal to Statistics Canada, the Ombudsman is and must be perceived to benefit statistics programs, not impede them. This is especially true when temporary survey relief is granted through a reporting arrangement that may not equally suit all survey programs but rather represent a holistic “best fit” solution. For example, temporary relief needs to be perceived as addressing the complaint to maintain the relationship with data suppliers but that relief should not impede data quality or the division’s ability to publish estimates that serve data users and the Canadian public at large. There is a role to play in determining the tipping point between often increasing statistical demands and the capacity of business respondents to respond. Often this can only be seen on a case-by-case basis as complaints are received judged on their merit and actioned. The Ombudsman has the independence to step back from the narrower interests of subject matter divisions and recommend approaches that resolve complaints. A distinguishing feature of the role is that it is very much oriented towards preserving reporting so that Statistics Canada can fulfill its mandate in the best way possible.

### **3. Responsibilities of the Statistics Canada Ombudsman for Businesses**

#### **3.1 Resolving Complaints from Business Survey Respondents**

Generally, businesses that complain about respondent load receive multiple Statistics Canada surveys. High frequency monthly surveys carry with them a perception of higher load. However, the case of excessive reporting burden is not necessarily supported by evidence such as the number of data points, medium of collection and reported time to complete. Complaints about burden are often triggered by monthly surveys nearing the end of a collection cycle after a sequence follow-ups and reminders have not resulted in response. Complaints may be received through different channels including political offices, the Chief Statistician’s office or directly to the Ombudsman. Verifiable complaints are handled.<sup>11</sup> Complaints relating to single surveys or multiple surveys within one program area are directed by the Ombudsman to the appropriate subject area for a response by the director of the division. In cases of multiple surveys from different areas, the Ombudsman dispatches recommended solutions for the subject matter division to action. Once decisions are taken related to alternate reporting arrangements or temporary relief is received from subject matter areas, the Ombudsman drafts the letter of response to the respondent. While the Ombudsman recommends solutions, only in very rare situations where there may be a stalemate relating to a respondent required to provide information for two or more different surveys, would the Ombudsman impose a collection arrangement. In practice, this has not happened. All complaints are documented, dispatched and resolved using the Client Response Management System which is an Oracle PeopleSoft database with adapted functionality for respondent relations.<sup>12</sup>

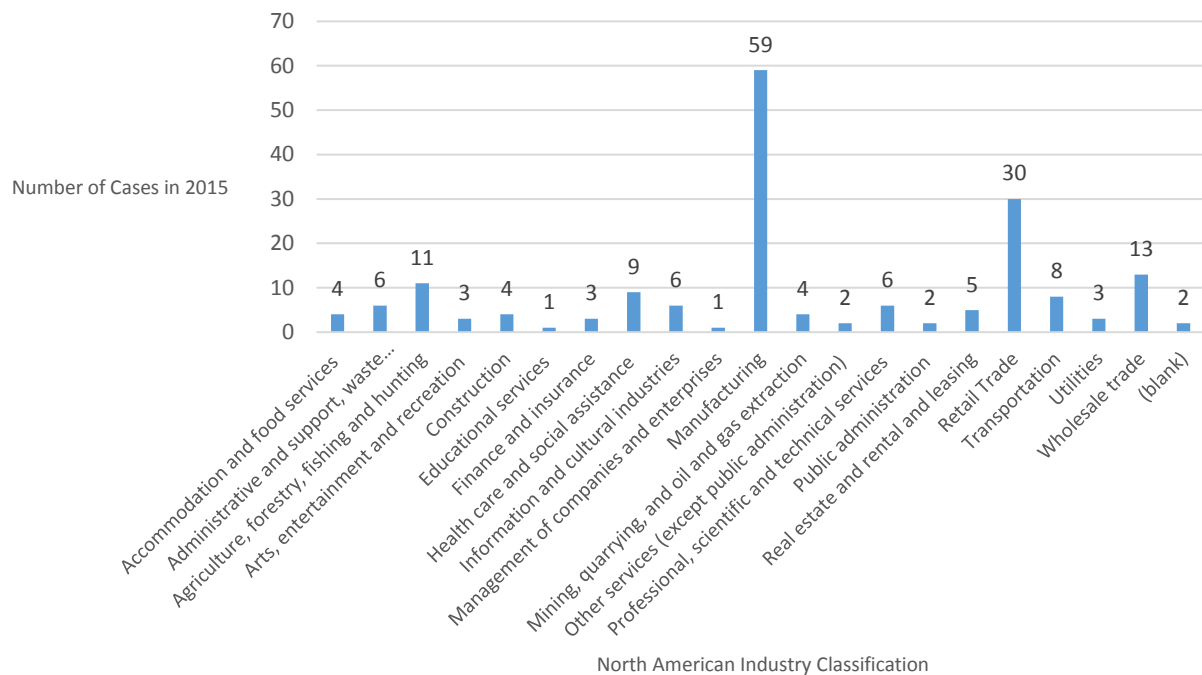
Graph 2.0 illustrates the industry distribution of Ombudsman cases. In 2015, businesses classified as manufacturers represented about 32 percent of the Ombudsman case files. As manufacturing as an activity, touches a number of areas of statistical interest such as the disposition and use of energy in the transformation inputs to outputs, there are 24 different questionnaire types that can potentially be sent to manufacturers depending on the attributes and business characteristics of the individual manufacturer.

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<sup>11</sup> To be verifiable, complaints must be in writing using the business letterhead. They can be original or reproduced by Facsimile. Complaints that are anonymous are not accepted since documentation and resolution using the Client Response Management System cannot be used.

<sup>12</sup> A more thorough description is available in Section 2.2

**Graph 1.0 Ombudsman Cases in 2015 by Industry<sup>13</sup>**



Upon gaining an understanding of the nature of the complaint, the Ombudsman proposes a resolution strategy in coordination or conjunction with subject matter areas that strikes a balance between reducing burden with minimizing the impact to statistical programs. A complaint is an opportunity to communicate directly with respondents about their contribution to the Canadian statistical system and how survey data provide the insights required for modern functioning societies. Surveys designated as serving the System of National Accounts with higher frequency of reporting are given precedence in the resulting arrangements. Prioritizations are made based on the importance to of the survey to the System of National Accounts and the importance of the respondent business to the survey.

### **3.2 Resolving Business Respondent Complaints using the Client Relationship Management System (CRMS)**

The Client Relationship Management System (CRMS) is a web-based system used corporately to manage and record real-time daily activities related to client services, business respondent relations.<sup>14</sup> The CRMS was implemented at Statistics Canada in November 2007 to organize and to share information across teams as well as to provide a repository for information related to clients in order to improve the quality, accuracy, reliability, timeliness and consistency of service delivery. Case management is improved by eliminating the duplication of information and activities. The system also ensures that best practices are followed and policies related to client services and respondent relations are applied in a consistent manner throughout the Agency to obtain standard performance indicators. The Client Relationship Management System (CRMS) contains protected information that is only accessed by system users on a need-to-know basis. The term need-to-know refers to the need for someone to access and know information in order to

<sup>13</sup> Please note that the number of Ombudsman cases does not include single/simple complaints and refusals

<sup>14</sup> PeopleSoft

perform his or her work. A complaint may address issues related to the following categories (sub-types in CRMS):

1. Data collection (official languages not respected, Business Register update, collection methods and agreements, privacy, confidentiality and legal issues, ethics)
2. Response burden (request for relief or exclusion, too many surveys, too much time to complete the survey, too costly, lack of relevance, or lack of compensation or remuneration)
3. Data collection and response burden.

The CRMS is being used by more than 500 users at Statistics Canada. Employees using the CRMS to document business respondent relationship requests represent about 20% of the total users<sup>15</sup>. Every division that administers business surveys have designated respondent relations coordinators. The service level set by the Ombudsman for subject matter divisions to make a decision and to inform the respondent is two weeks, or 10 working days. For multiple/complex complaints, this period may be insufficient. In these cases, the respondent is contacted by telephone or be sent an acknowledgement within two weeks. Survey respondent information contained in CRMS reports is protected under the Statistics Act and can only be used for statistical purposes.

Sampling rates have been directly proportional to firm size (larger probability of selection for larger enterprises) for sampling efficiency reasons and for minimizing response burden. With greater reliance on administrative and tax data, very small businesses (below a minimum size cut-off) are generally excluded from surveying altogether. Some of Canada's largest or most regionally important businesses, typically those receiving several different survey questionnaires, are given the option of customized, single focal point dealings with Statistics Canada through the Enterprise Manager Program.<sup>16</sup>

Central to this strategy, is that improved statistical quality and minimum reporting burden lies through greater unification, harmonization and integration of statistical programs. The Enterprise Program Manager Program (EPMs) (formerly known as Key Provider Managers) assigns statistical focal points to business enterprises for statistical activities.<sup>17</sup> The EPMs create customized reporting arrangements and are central to coordinating data compilation efforts including profiling of business for the statistical register. Resources are allocated for this program based on the most statistically important units in given industries. Since the program entails ongoing respondent relations, complaints are more or less, curtailed. Respondent concerns are addressed between the responsible EPM and survey area requesting the information. Table I illustrates the tiering of respondents with Tier 1 being the primary focus of the EPM program.

As a complement to the work team created to customize reporting arrangements for the most statistically important businesses in Canada (EPM), the Ombudsman position came into being in 1997. The initial focus was response burden management to respond to increased statistical demands required to populate more granular provincial economic accounts. The position was seen and remains today a means to address complaints in a coordinated, objective and transparent way. It is also a demonstrable commitment to minimize costs incurred by businesses due to reporting requirements from Statistics Canada.<sup>18</sup> During the early years, the Ombudsman was primarily a focal point for respondent relations and reporting on respondent load, the latter being mostly internal reporting. Complaints were generally being handled by the regional collection offices or by subject matter divisions with some interventions from the Ombudsman. Over time, several different government initiatives aimed at streamlining paperwork

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<sup>15</sup> Extracted from the CRMS training manual 2015.

<sup>16</sup> There are approximately 379 EPM businesses in 2015.

<sup>17</sup> Originally adapted from the Key Provider Manager Program at the Australian Bureau of Statistics.

<sup>18</sup> Respond to the Joint Forum on Paper Burden Reduction on Small Businesses

between business and government resulted in more demonstrable efforts at Statistics Canada to limit and report respondent load.

Like other national statistics agencies, challenges lie in the dichotomy of increasing demand for timely, high quality statistical information and increased reluctance from citizens and businesses to comply with requests for data. For many business respondents, a disassociation exists between data collection and resulting statistical aggregates or important economic indicators.<sup>19</sup> Perceptions of inconvenience, cost of complying and to a lesser extent concerns about the use of the information play into the challenge of collecting data.<sup>20</sup> Maintaining response rates has given rise to the need to measure but also to reduce respondent load as expressed as a function of time needed to respond multiplied by the number of sampled units. Statistics Canada has also emphasized questionnaire design and testing as well as the use of pre-notification letters, industry summaries, and is moving into the foray of infographics.

### 3.3 Calculating and Reporting Respondent load for Businesses

Since 1998, the Ombudsman for Businesses has annually reported ‘respondent load’ for Statistics Canada’s business surveys—i.e., the costs (or response burden) in hours associated with businesses completing Statistics Canada surveys. The report focuses on measuring ‘potential costs’ associated with each survey. The potential costs do not take into account response rates. They are designed to measure the demand Statistics Canada places on businesses regardless of whether they chose to accept that demand by completing surveys. The reporting of respondent load forms part of Statistics Canada’s Departmental Performance Report relating to progress on reducing response burden.

The Ombudsman for Businesses is responsible for estimating the reporting obligation of business to Statistics Canada by calculating the number of hours they spend responding to Statistics Canada surveys. Whilst the calculation of response burden is routinely expressed as the number of hours rather than monetary cost, conversion to a monetary cost based on average hourly labour rates for accountants or human resources professionals can be made. All business surveys administered by Statistics Canada possess a standard question asking the respondent to report the time required to respond. The Ombudsman for Businesses produces response burden cost estimates for all voluntary and mandatory business surveys. The vast majority of business surveys in Canada are mandatory. Trends in response burden are calculated by survey. Response burden measurement is calculated by the size of business: large, medium and small. Statistics Canada produces two annual measures of respondent load:

1. Potential costs that is the reporting load on all businesses sampled whether they respond or not, and
2. Actual costs is the reporting load of all responders to the surveys it excludes non-responders as they are assumed to not incur respondent load.

Potential Compliance Cost =

$$[(^n net\_samp\_size) * ^{med} (^t main\_surv) * (^f freq)] * (^e seph)$$

Actual Compliance Cost =

$$[( (^n net\_samp\_size * ^{med} (^t main\_surv) * (^f freq) ) * (^r resp) ) * (^e seph)]$$

**Where:**

(<sup>n</sup> *net\_samp\_size*) Net Sample Size: is the number of respondent business less administrative data that can be used to replace survey response. Achieved response is used to measure actual burden of completed surveys.

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<sup>19</sup> Based on anecdotal summaries of documented interactions with business respondents and resolution letters.

<sup>20</sup> Based on analytics from the complaints index managed from the Ombudsman’s office.

(<sup>t</sup> *main\_surv*) Time required to respond: the median time taken to complete the questionnaire. Derived from a question on survey and/or survey manager expertise. Time is collected in minutes and converted to hours and minutes.

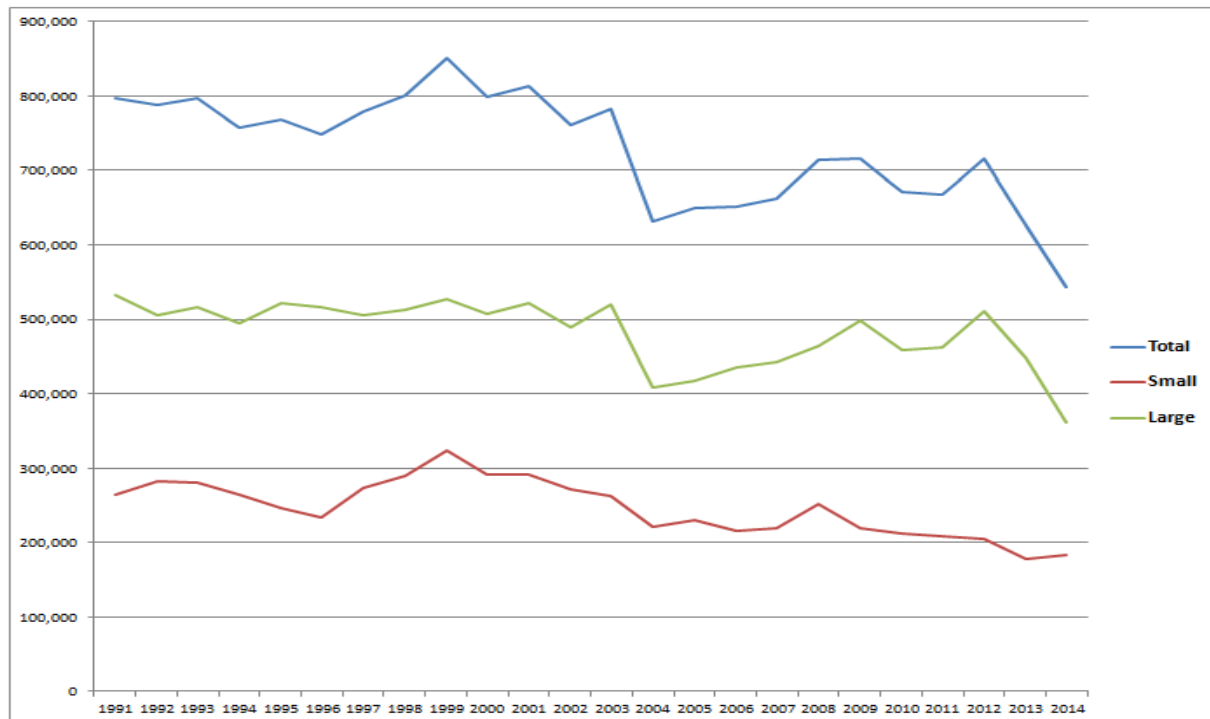
(<sup>f</sup> *freq*) Survey Frequency: denotes 12 for monthly, 2 for biannual, 1 for annual.

(<sup>r</sup> *resp*) Response Rate expressed as a percentage of received responses.

(<sup>e</sup> *seph*) Hourly employment cost: Annual average from the Survey of Employment Payrolls and Hours based on estimated costs of accountants, human resource administrators

Since potential costs represents an upper bound compliance cost it is used for reporting to senior management as it is thought to be more representative of survey design and comparable over time. Potential costs for all business surveys was 547, 000 hours in 2014 down from 627,000 hours in 2013.<sup>21</sup> Potential costs (upper bound) respondent load are based on the net sample size. The net sample size is net of administrative data that are used to replace surveyed units. Hence, they are deducted from a gross sample size. Therefore, Statistics Canada can estimate how much time it saves the respondent community by using the time taken to report multiplied by the difference between the gross and net sample sizes. Respondent load or response burden (measured in hours) is disseminated annually for Statistics Canada's business surveys. Respondent load do not include survey reminders, calls respondents may make for technical or subject matter assistance and follow-ups that may be needed to validate or clarify data. The use of electronic data collection methods with built in edit specifications has greatly diminished the need for follow-up and hence these respondent load have diminished in importance over time.

**Chart 2.0 Respondent Load (hours) for Businesses 1991 to 2014 by Size of Business**



Please note that small and medium sized enterprises are combined in one category named small to satisfy the size definition of a government initiative referred to as the Red Tape Reduction Commission.

<sup>21</sup> From the 2014 Report of the Ombudsman for Businesses

The Ombudsman maintains an index of response burden hours from 1991 to the present with a performance target of 60 minutes average per business or less. Statistics are produced on complaints received by the Ombudsman. Complaint measurement is further distinguished between “burden-related” or “collection-related.” Complaint statistics include the survey that triggers the complaint, the geographic region of the complainant business, the industrial classification of the complainant business as well as business attributes. Statistics Canada does not attempt to estimate an “anticipated response.” Like other statistical agencies that measure reporting burden, Statistics Canada uses the achieved response rate in a calculation of actual respondent load.<sup>22</sup>

Tax and administrative data that are collected outside Statistics Canada by other departments and that are used to offset data requirements from Statistics Canada surveys are also accounted. Two principal indicators produced by the Ombudsman represent two of the approximately 40 in the corporate performance indicators suite.<sup>23</sup> These are: 1. The number of business surveys using tax/administrative data and 2. The percentage of business surveys using tax/administrative data.

**Chart 2.1 Index of Reporting Load Minutes per Establishment (1991=100)**



Statistics Canada has a number of administrative data initiatives underway. An important one has been work with Canada Revenue Agency (Canada’s federal tax agency) for Statistics Canada to be able to disclose to third parties (in specific circumstances), data in order to reduce the administrative burden associated with Statistics Canada’s surveys. The office of the Ombudsman for Businesses uses the number of units in survey samples replaced by administrative data as reported by business survey divisions in its calculation of respondent load for a given reference year.

<sup>22</sup> Special note of gratitude to Daisy Hamer, Quality Centre, Digital Services Technology and Methodology Office for National Statistics UK for providing an opportunity to comment on their proposed revisions to burden calculations in the UK and an opportunity to compare methodology, with that in use in Canada.

<sup>23</sup> 40 corporate performance measurement indicators were developed to assess the effectiveness of subject matter and statistical infrastructure programs



### 3.4 Institutional Oversight and the Business Response Management Committee

The Business Response Management Committee (BRMC) provides the forum and the framework to scrutinize and approve interactions with the business sector that have implications for response burden.<sup>24</sup> This applies to proposals for new surveys, redesigns of existing surveys, or surveys that are planning content or sampling plan changes including social surveys that may require business sector participation.<sup>25</sup> BRMC is chaired by the Assistant Chief Statistician of the Economic Statistics Field while the Ombudsman functions as its secretary. This committee is made up of senior managers of survey areas who review new or proposed adjustments to existing ones through a lens of response burden minimisation. For example, a proposed change to increase a sample size or increase survey content would be reviewed for its anticipated impact on response burden. The committee convenes monthly. The Ombudsman assures that documentation needed for the meetings are in order and that decisions and outstanding items are actioned. The BRMC is the principle forum where specific agenda items relating to the mandate of the Ombudsman are heard. This includes the annual report on respondent load, reports on response burden minimization initiatives and regular reports on the case load and related metrics. Together, the Ombudsman for Businesses and BRMC form the focal point for administering the commitments that Statistics Canada has in various government-wide initiatives to reduce administrative burden on business.

The objective is to ensure the continued collaboration and trust from the community of business respondents. The BRMC provides due diligence as to the appropriate level of monitoring and control over the burden imposed by statistical programs. The process is also well aligned with the requirements and objectives of different government strategies especially those aimed at reducing administrative requirements made of business. For example, the Red Tape Reduction Commission was created by the federal government to find ways of reducing the administrative burden on businesses. Some of the key issues that are in the scope of scrutiny are: questionnaire content, length and complexity; customized questionnaires; timing of the survey mail-out; survey frequency; number of surveys applied to a given enterprise; manner in which provincial and sub-provincial details are collected; nature and number of telephone follow-up calls; flexibility in survey reporting arrangements; coordination of survey efforts; use of tax data or information from regulatory bodies instead of direct surveys; and electronic and other innovative reporting methods.

While Statistics Canada has always actively worked on managing response burden, the measurement and reporting of these costs became more formalized in the mid-1990s with the creation of the Ombudsman position and increased demands on Canada's statistical system. In the first decades, the focus was mainly on reducing actual burden (i.e. time and /or money spent by businesses on statistical reporting). More recently, the BRMC has emphasised closer collaborations with various federal, provincial, municipal and other agencies to replace some survey data with data that businesses have already provided to those agencies. In many cases, businesses benefit from such collaboration since they supply the information once. This committee provides a number of services to Statistics Canada including:

1. Providing strategic direction and coherence to the management of business response burden by taking the respondent's perspective.
2. Addressing horizontal issues related to response burden and focusing on the initiation and review of actions to provide tangible burden reductions to business survey respondents.
3. Providing a forum to scrutinize any planned increases in burden, due to new surveys or modifications of existing surveys. In this way, BRMC provides a gatekeeping function.

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<sup>24</sup> Interactions are in the form of business surveys, but may also include statistical business profiling, pre-contact, and obtaining consent to share data outside of normal data sharing agreements, if required.

<sup>25</sup> Extracted from the terms of reference 2010

4. Promotes awareness and the consistent application of best practices with respect to burden limitation across all business surveys.

Statistics Canada continually seeks ways to increase the awareness of the importance and utility of official statistics by improving communication. The Ombudsman seeks ways to convey to business that their statistical contribution makes it possible for Statistics Canada to provide the Canadian public and the country's decision-makers with reliable information that leads to more enlightened decision-making.

### 3.4 The Scrutiny and Approval Process for Business Response Management Committee

Business respondent load need to be rigorously balanced against the benefits of those data and internal factors such as the cost of producing those statistics at pre-established minimum quality levels and timeliness. The scrutiny and approval process involves three distinct phases in a seven step process leading to the launch of a new or changed business survey. The first presentation to the BRMC consists of a high-level description of the data need. It covers the rationale of the survey questions and general timelines. The committee comments on the proposed strategy to fulfill the data requirement and provides direction on issues related to response burden. The second presentation takes place when more detailed information is available and the sponsoring division has assessed the impacts and risks on response burden. This approval takes place before the questionnaire testing step and consists of content refinements since the first presentation and methodological aspects. Once BRMC approval is granted for phase 1 and 2, QRDC testing can proceed. The presentations highlight all opportunities to minimize response burden.

Focus group testing with respondents is undertaken so that assurance that questionnaire content is accurately comprehended in both official languages and that no mode bias exist between different modes of collection. After content testing, a report identifying response burden issues raised during questionnaire testing, and how these issues were addressed is submitted to the Ombudsman. A phase 3 presentation is required if upon the review of the report, the Ombudsman recommends an additional presentation to BRMC to approve the additional burden on businesses.

**Table 3.0 Survey Approval Process to Exercise Due Diligence in Response Burden Minimization**

Subject Matter Division		Proposals for new surveys, redesigns of existing surveys, or surveys that are planning content or sampling plan changes including social surveys that may require business sector participation.
BRMC/Ombudsman Purview	Phase 1:	Identification of data requirement and proposed strategy to fulfill it <ul style="list-style-type: none"> <li>• Answers the high-level description of a data need, importance, frequency, principle users, sponsors etc.</li> <li>• How will the data need be met (e.g., by using data from an existing survey or from administrative records, by adding questions to an existing survey, or through new collection)</li> </ul>
BRMC/Ombudsman Purview	Phase 2	Content, methodology, communication and collection <ul style="list-style-type: none"> <li>• Second presentation to assess implications for response burden. Presentation of draft questionnaire target businesses, geography, collection mode and sampling strategy</li> <li>• Demonstration that minimization of burden via the use of exclusion thresholds, sampling frequency, use of the Statistical Register, statistical unit.</li> </ul>
Statistical Infrastructure		Questionnaire Design Resource Centre <ul style="list-style-type: none"> <li>• Focus group testing of collection vehicles i.e. questionnaires</li> </ul>

BRMC/Ombudsman Purview	Phase 3	Reporting response burden issues discovered in testing <ul style="list-style-type: none"> <li>• Third presentation if warranted. Report sent to the Ombudsman for Businesses on how changes could increase the level of response burden</li> <li>• Ombudsman may request another presentation to the BRMC to approve the additional burden on businesses.</li> </ul>
Information Management Division		Prescription of a Survey by Order of the Chief Statistician <ul style="list-style-type: none"> <li>• Legitimizes the survey statistical activity</li> </ul>
Standards Division		Paradata and metadata registration of survey <ul style="list-style-type: none"> <li>• Making available to data users contextual information about survey</li> </ul>

Phase 1 and 2 presentations require specific forms to be filled out. Phase 3 is a planned response to any concerns about the survey that may have come to light in testing. Typically, for existing surveys where no changes are planned for an upcoming survey cycle, QDRC testing is not required. The Ombudsman for Businesses' purview concerns the proper airing of survey proposals to ensure due diligence is followed by survey areas. Survey prescription is a separate process which ensures that once a survey is approved to go and tested, it meets all statutory elements to be an official collection instrument for use by Statistics Canada. Likewise, Standards Division maintains a public registry of all metadata and paradata relating to Statistics Canada surveys.

### 3.6 Accumulated Business Response Burden Initiative

Statistics Canada has developed a strategy to reduce the excessive accumulation of response burden on small businesses with minimal impact on the quality of the statistical outputs. The program is mostly targeted at the Tier 3 and 4 businesses described in Table 1.0. The accumulated response burden (ARB) adds the time a respondent business needs to take to respond to all questionnaires sent by Statistics Canada over a three-year period. The burden reduction strategy involves setting a limit on the accumulated response burden imposed on a business depending on its size. The limits are approved by the Business Response Management Committee. Identified businesses are excluded from data collection and are treated as non-response<sup>26</sup>. After one year's reporting relief, the business is again available to be in-sample and the burden is reset to zero upon the completion of the year of relief.

A list of businesses that have been identified to receive relief under this initiative is distributed to subject matter divisions for review. At this point, the list signifies an intended exclusion from surveys that those businesses receive. If a subject matter area requires that the business be exempted from the exclusion, they provide a justification using a standard twelve-point template to make a case for re-instatement. The Ombudsman reviews this list and determines whether or not the exclusion stands. In two years of practice, the Ombudsman has approved the reinstatement of the businesses at the questionnaire level at the bequest of subject matter divisions. In 2016, 47 questionnaires of the 3,900 identified were reinstated. The Ombudsman for Businesses briefs the Business Response Management Committee on the review of units to be excluded from collection in the upcoming implementation of the strategy. A business response burden control module has been added as a feature of Statistics Canada's Business Register.<sup>27</sup>

This module was designed to reduce the response burden for small, simple enterprises. The size and class of the business was determined by using their revenue and number of employees. Simple is defined as operating one activity in one province. Enterprises that were determined to be overburdened received a response burden exclusion which exempted these statistical enterprises from collection of any survey with certain exceptions.

<sup>26</sup> For statistical purposes and sampling, the businesses are included in the frame. Imputation and estimation is made based on historical reporting, compared with cohort businesses.

<sup>27</sup> The business register has been expanded to include farms

**Table 3.0 Determining Overburdened Enterprises**

Class	Business Size			Burden Threshold expressed in hours over 3 year period	
	Employees	Condition	Revenue	2015	2016
1	Less than 2	and	< \$100,000	6	<b>6</b>
2	Less than 6	and	< \$500,000	12	<b>10.5</b>
3	Less than 11	and	< \$1,000,000	18	<b>15</b>
4	Less than 26	and	< \$2,500,000	24	<b>19.5</b>
5	Less than 100	and	<\$5,000,000	No threshold	<b>36</b>
6	100 or more	or	> = \$5,000,000	No threshold	
7	All Complex Enterprises			No threshold	

*From Statistical Registers and Geography Division and Business Survey Methods Division, Statistics Canada*

The response burden totals were calculated over a 3 year period. In the first year of the program 2015, 766 enterprises received one year reporting exemption under the program. In 2016, 1276 statistical enterprises, representing 3,853 questionnaires received a reprieve from reporting.

Relief Granted through ARB Initiative	Jan 1st, 2015	Jan 1st, 2016
Statistical Enterprises	766	1276
Surveys	106	108
Questionnaires	2292	3853

#### **4. Where is the Statistics Canada Office of the Ombudsman for Business Heading?**

##### **4.1 Complaint Resolution and Respondent Load Measurement**

Challenges persist in dealing with respondent refusals while the moral suasion to compel survey response is not always successful. Concerns about respondent burden have meant that increases in sample size have been used quite sparingly and that there has been an expansion in the use of administrative data. Consequently, reliance on response for in-scope respondents is more important to ensure quality estimates. Sample designs and collection strategies are focussed on obtaining the most representative survey coverage for businesses while moderating sample sizes. The emphasis for smaller and medium-sized businesses is to make collection strategies simpler and more convenient or to avoid the need to survey altogether with the use of administrative data. A key to reducing respondent load is to identify administrative data sources that may exist outside the agency that may be used to satisfy statistical needs. It will also be important to remain abreast of innovations in “big data” to identify opportunities to reduce survey activity.

The office is moving toward providing more useful and timely metrics on the triggers of complaint so that feedback can be given to survey areas and quarterly snapshots can be provided to senior managers. Also,

as patterns emerge as to the industries and the location of complaints, adjustments to survey programs can be made to address trouble spots. Efforts will be stepped up in those regions or survey programs that trigger the most complaints. New initiatives to seek business engagement in the statistical system are continually being explored. Most important among these initiatives will be an education function related to the means and uses of official statistics. Education initiatives will mean more outreach with organisations and associations who may represent business interests and who indeed may also be data users. There will also be more emphasis on understanding and employing the best practices in use by other Statistics agencies. More awareness of the Ombudsman through the agencies flagship training courses will continue to be stepped up.

While business surveys possess questions to indicate the amount of time spent filling out Statistics Canada surveys, this measurement does not fully encompass all respondent load. Costs of follow-up, estimation of burden relating to pilot testing, interviewer time in the case of computer assisted telephone interviews, time required to obtain technical support, if required, are not included. Time taken by a respondent to seek a Statistics Canada service related to a survey including services from the Ombudsman for Businesses are not included. The survey prescription process, with emphasis on questionnaire testing, is designed to minimize these costs. Focus groups are based on voluntary participation of select businesses.<sup>28</sup> These costs are not systematically included. Further work effort aimed at estimating anticipated respondent load will be an area that will receive attention.

#### **4.2 The Business Response Management Committee**

The approval process that comes with Business Response Management Committee (BRMC) have been found occasionally not to fit the special needs for expediency in negotiations on cost recovery survey activities. For example, in the case of cost-recovery work completed for external users, the Phase 1 presentation needs to occur before the memoranda of understanding, letters of agreement and other binding contractual arrangements that would commit Statistics Canada to undertaking any particular statistical activity are finalized. In order to address this problem, in cases of cost-recovery surveys where go/no go decisions are required in order to pursue discussions with clients, a separate approval process has been established. This involves agreement by the Director of the responsible division, the Director General and approval by the Assistant Chief Statistician. In an effort to reduce the bureaucratic burden with the phased approach, survey programs are increasingly presenting Phase 1 and 2 approvals together as a single approval before going to testing. As a future work effort, the Ombudsman and BRMC will seek to blend the elements of Phase 1 and 2 into a single step. The BRMC function, as it serves the Economic Statistics Field will continue to exercise oversight over the survey approval process but ways to streamline the process and reduce bureaucracy are continually being explored. This is particularly true of expediting approvals for survey programs that are recurring and have reliable survey histories.

The Ombudsman for Business will continue to refine processes that touch on business respondents so that bottlenecks in approval processes can be averted. Every effort will continue to be made to use tax and administrative data in place of survey data, in order to limit survey response burden. Whenever survey and administrative microdata are highly correlated, the possibility exists to exploit the administrative data to improve measurement accuracy and possibly timeliness, expand regional and industrial detail, and reduce survey response burden. The recommendations from the Ombudsman will continue to support and dovetail projects working towards increased standardization of business surveys as it enables analysts, both internal and external, to better understand the dynamics of the Canadian economy. More emphasis will be made on communications using survey support materials that clearly communicate, in a manner that respondents can understand, the benefits to Canadians of surveys and their results. Similarly, the Ombudsman for Business will work with areas so that they can develop effective communications

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<sup>28</sup> Survey prescription is the authorization of the collection instrument as an official Statistics Canada survey collected under the authority of the Statistics Act.

strategies to promote electronic reporting options, in order to maximize uptake by business and agriculture respondents.

The Business Register contains respondent information as well as a response burden module that indicates reporting history of the respondent. It is separate from the Client Relationship Management System. When respondent relations cases are opened, information must be looked up in the Business Register and transcribed into the CRMS. Future work effort will be placed on having a facility that imports existing business information from the Business Register to the CRMS to reduce the possibility of transcription error and improve efficiency.

### **4.3 Initiatives of Respondent Load Minimization**

The Accumulated Response Burden initiative is one of Statistics Canada's contributions toward a broader government initiative aimed at reducing administrative burden for small- and medium-sized businesses. The initiative is still in its infancy and one of the challenges is how to best communicate this measure to data suppliers and the public. One of the challenges is how to communicate a relatively small annual number of business beneficiaries receiving temporary relief as a percentage of the overall business population. Further analysis is required since it may be more desirable to communicate the results of this program in terms of total hours saved on business rather than number of businesses that benefitted from it. A related communication objective is to convey to data users that providing temporary reporting relief can be accomplished in such a way so as to minimize the perceived impact on the quality of the estimates. Using this measure, annually less than 1 percent of business are provided temporary reporting relief under the program. This may be perceived as more a token measure rather than a tangible strategy. The other main issue has to do with the behavioural analysis of good and poor business respondent businesses that receive relief. There is general consensus among the BRMC members that poor respondents do not merit relief under the program. Algorithms that generate the list of businesses that surpass the burden threshold are independent of respondent reporting history so as to not introduce a bias in identification. Another challenge has emerged for good respondents, some who exceed the threshold and hence are eligible to receive temporary relief under the program cannot when they are in a cohort of non-respondents and the response of the good respondent is required to publish the overall estimate. It will be important for Statistics Canada to study the reporting behaviour of good respondents who after their period of relief and required to return to active reporting.

Finally, the Ombudsman for Businesses seeks greater connectedness with large scale corporate programs aimed at creating efficiencies as well as increased collaboration with audit areas that evaluate survey programs. The evolution of the role continues to be oriented toward recommending and supporting strategies of burden minimization and one of ensuring engagement of data suppliers and users in the Canadian statistical system. Statistics Canada has always viewed positive incentives to respond to its surveys as a higher priority than strengthening negative measures to discourage nonresponse. The latter do have a role as well but the shape and form that it should take remains a challenge. The Ombudsman needs to be viewed by the respondent public as being empathetic to business respondents so this provides a natural limit when discouraging non-response.

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