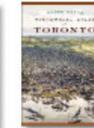


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Business / Economy

StatsCan employee detected error after job numbers released

Statistics Canada faces questions about its reputation after it dramatically revised its jobs number. Error blamed on computer programming mistake.

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Chief statistician Wayne Smith said in a statement Friday that the agency will continue to publish high-quality and relevant statistical information. Statistics Canada

By: **Vanessa Lu** Business reporter, Published on Fri Aug 15 2014

Last Friday, when Statistics Canada issued its stunning report that a paltry 200 jobs had been added to the economy in July, a single employee noticed his numbers didn't match those that had been released.

After flagging that discovery to his supervisor, a mad scramble ensued as the data agency raced to recalculate numbers and re-run complicated computer programs, only determining by Tuesday this week that the much-watched jobs data was indeed horribly wrong.

Statistics Canada then had to issue an embarrassing alert that it goofed and it immediately pulled the data from its web site. And then over three days, it checked its numbers again and again, and reissued the report on Friday, showing a whopping 42,000 new jobs were added across the country, not 200 jobs.

In the end, the mistake was traced to a computer programming problem — a large number of individuals were recorded as not being in the labour force, when in fact they were actually working.

The glitch occurred because Statistics Canada was in the midst of upgrading its survey method, which is done every decade to adjust for changes in Canada's population and economic situation, said Sylvie Michaud, director general of education, labour and income statistics.

"We have done so many checks, and updates. This should have been caught. So, I don't know why this was not caught," she said in an interview.

Chief statistician Wayne Smith said in a statement Friday that the agency will continue

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to publish high-quality and relevant statistical information.

"I am fully confident in the integrity of the Labour Force Survey program," Smith said. "This was an isolated incident."

Earlier in the week, the agency suggested an independent probe would be conducted, but instead an internal review is now under way, led by Claude Julien, director general of methodology, and Craig Kuntz, director general of economy-wide statistics.

Results are expected within two weeks, with a focus on how the error occurred and how it went undetected. Statistics Canada promises that the report will be made public.

Michaud refused to discuss whether there would be any disciplinary action or dismissals resulting from this case, noting the agency is just embarking on the review.

The incident capped off an incredibly bad couple of days for Statistics Canada, widely viewed as one of the best national statistical services around.

"I cannot believe how broadly based the revisions are," Derek Holt, Scotiabank's vice-president of economics in Toronto, told Bloomberg. "This is a black eye on StatsCan, which is unfortunate as it is otherwise among the elite data agencies anywhere in the world."

He added in a research note: "In my over two decades of experience in this business, I struggle to think of a comparable foul-up anywhere in the world."

But Finance Minister Joe Oliver says the error shouldn't have an impact on Statistics Canada's reputation as it has a long record of confidence and integrity.

"They made a mistake, they corrected it," Oliver said after a speech in Winnipeg on Friday. "We hope that will inspire the type of confidence that currently Statistics Canada needs going forward."

That should occur as long as no other mistakes emerge in the coming months, observers say.

"There's no question, its reputation has taken a hit," said Philip Cross, who was a chief economic analyst at Statistics Canada. "I think it's undeserved because data quality over the long run has been improving. This gives the impression it's getting worse."

In recent years, Statistics Canada has been under intense scrutiny over budgets cuts, changes to the long-form census, and departures of top officials like chief statistician Munir Sheikh.

"Given the scrutiny is higher than it used to be, the impact of every mistake is exaggerated," Cross said. "It's unfair, but there it is."

Gordon Betcherman, a professor in the school of international development at the University of Ottawa, believes the reputation of Statistics Canada has been impacted by changes to the long-form census, raising concerns around data reliability.

"A number of years ago, Statistics Canada was probably considered to be the best statistical agency in the world," said Betcherman, who worked at the World Bank for many years.

"We put a lot of resources into it. We were innovative in terms of our data. Our quality was considered to be very high," he said.

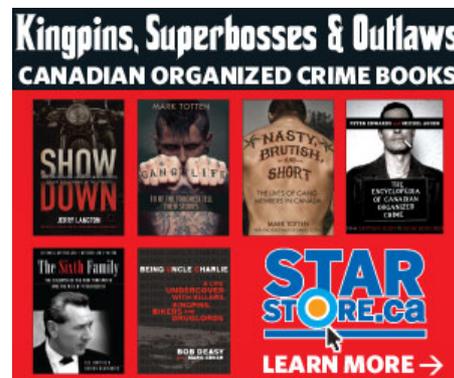
While Betcherman understands how a computer programming error is to blame in this case, he also wondered whether budget cuts and loss of senior experienced staff played a role.

"I wouldn't want to say I'm sure it's part of problem, but it's in the backdrop," he said.

"I think if this is only time it happens, and subsequent months' reports are back up to the standards that we are used to, I'm not sure this will be a permanent issue in terms of jeopardizing their reputation," Betcherman said.

"I think people will forget this."

While Statistics Canada is conducting a review of what happened, Cross, who is now a fellow at the Macdonald Laurier Institute, said the key is ensuring checks and balances are place to catch future errors.



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“People who were involved will never make the same mistake again. They’ll remember it for the rest of their lives,” he said.

“What you have to worry about is where the next mistake is. Why didn’t the checks and balances didn’t pick this up?”

With files from the Star’s wire services

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