

A Commemorative event for the 60th Anniversary of the United Nations Statistical Commission

Seminar on “Evolution of National Statistical Systems”

23 February 2007

Independence of Official Statistics – a Finnish Experience

Heli Jeskanen-Sundström
Director General
Statistics Finland

Content:

1. Introduction
2. Independence of official statistics - what does it mean?
3. Main characteristics of Statistics Finland
4. Co-ordination of official statistics
5. Openness and publication policy
6. Training of users is necessary
7. Co-operation, negotiating, networking
8. Concluding remarks

1. Introduction

In a democratic society the independence of official statistics has the same status as the freedom of speech for the citizens. In order for official statistics to fulfil their important social task, they must be based on clear, publicly stated operating principles. Only thus is it possible to guarantee the quality of statistics and the trust among the users and providers of data towards compilers of statistics.

The key ethical principles of official statistics are defined internationally by the United Nations Statistical Commission and with regard to EU statistics, by the EC regulation on statistics and by the European Statistics Code of Practice¹. The principles expressed in these declarations create a lasting foundation for the activities of national statistical institutes as well.

In 1992, the UN Economic Commission for Europe adopted the Fundamental Principles of Official Statistics. In 1994, the United Nations Statistical Commission unanimously adopted the same principles.²

¹ Look at Eurostat home page ->Quality

² United Nations Fundamental Principles of Official Statistics, United Nations Economic and Social Council. 1994. Report of the Special Session of the Statistical Commission (New York, 11-15 April 1994), E/1994/29.

The UN's principles have proven enduring and pertinent even today. The principles lay strong emphasis on the requirements for independence, autonomy and impartiality of official statistics in compilation of statistics. Independence of official statistics is stressed as the prerequisite for their credibility and for the reliability and high quality of statistics.

2. Independence of official statistics – what does it mean?

What are we in practice talking about when we refer to independence of official statistics? What does this independence mean? There is no such thing as absolute independence; it can ever only be defined relative to some other matter.

The statistical legislation of the European Union³ states: "Community statistics shall be governed by the principles of impartiality, reliability, relevance, cost-effectiveness, statistical confidentiality and transparency." The term 'impartiality' is explained as "an objective and independent manner of producing Community statistics, free from any pressure from political or other interest groups, particularly as regards the selection of techniques, definitions and methodologies best suited to the attainment of the objectives as set out."

The United Nations Handbook of Official Statistics⁴ defines some characteristics related to independence of official statistics:

- Authority for professional decisions over the scope, content, and frequency of data compiled, analysed, or published.
- Authority for selection and promotion of professional, technical, and operational staff.
- Recognition by policy officials outside the statistical agency of its authority to release statistical information without prior clearance.
- Authority for the chief statistician and qualified staff to speak about the agency's statistics before the Government and the public bodies.
- Adherence to predetermined schedules in public release of important economic or other indicator data to prevent even the appearance of manipulation of release dates for political purposes.
- Maintenance of a clear distinction between the release of statistical information and policy interpretations of such information by the senior members of the Government.

³ Council Regulation (EC) No 322/97 of 17 February 1997 on Community Statistics, Official Journal of the European Communities No L 52, 22/2/97, pp. 1-7.

⁴ Handbook of Statistical Organization, Third Edition: The Operation and Organization of a Statistical Agency, United Nations Statistics Division, December 2001, ST/ESA/STAT/SER.F/88 (Final Draft), February 2002, pp. 10-11.

- Dissemination policies that foster regular frequent release of major findings from an agency's statistical programmes to the public via the media, the Internet, and other means.

Statistical agencies should thus have independent decision-making power over matters relating to the content, methods, compilation process, publication, interpretation and dissemination policy of statistics as well as to personnel recruitment. According to the Handbook, this independence extends to issues relating to the prioritisation of the agency's activities. The UN Handbook namely asks and answers: "If a statistical agency operates from a strong position of independence, then how are its objectives and priorities fixed? The answer is that its objectives are fixed by law, and its priorities must be decided by the chief statistician."

Legal texts, administrative arrangements and the UN's basic principles form the general framework within which each statistical agency by its pragmatic actions defends and interprets its independence. It should be noted that independence couldn't be a goal *per se* for a statistical agency, but rather a means to produce reliable and independent information. On the other hand, independence also involves responsibility. For an independent statistical agency responsibility is most of all responsibility for that the information produced is error-free and of high quality in all respects and that it meets social information needs. Responsibility also entails that the laws and publicly stated ethical and other operating principles are followed and that the activity is transparent.

How can an independent statistical agency then respond to the challenges brought by today's fast social changes? How are the current operating modes that lay stress on co-operation, networking and customer orientation compatible with independent official statistics? We can also ask how a statistical agency can in general terms retain its independence as part of the State's central administration? What can statistical agencies do to foster their own independence?

I will attempt to answer to these questions in the following sections by drawing on the experiences of Finland's official statistics.

3. Main characteristics of Statistics Finland

The Finnish statistical system is rather centralised. In financial terms, Statistics Finland produces approximately 75 per cent of all official statistics in Finland. The agency is also responsible for managing and co-ordinating all production of national official statistics.

Statistics Finland is a government agency operating under the Ministry of Finance. However, the Ministry's role is limited to the setting of targets regarding the resources and main results as well as to the monitoring and controlling of the resources used and the results achieved. The Ministry provides the framework of resources on the basis of annual midterm budgeting plans submitted by Statistics Finland. The

budgets are approved by the Finnish Parliament at the Government's proposal. The Ministry of Finance and Statistics Finland draw up an annual performance agreement, in which Statistics Finland undertakes to strive with the given resources towards the targets set for the improvement of its productivity, efficiency and services.

During recent years, the management system of Statistics Finland has been developed a lot. The annual and five-year programmes, plans and priorities are prepared on the basis of close and continuing discussion with other administrations, main user groups, data providers and research institutes. Statistics Finland started a Total Quality Management programme in 1996. This work is based on the European Quality Award Framework and EFQM (European Foundation for Quality Management) Excellence Model. Last year we took part in the national quality award competition. Even though we did not win any prize, we consider this effort as “a best investment ever done “.

Strategic outlines and operating principles are based on the needs and expectations of stakeholders and good knowledge of the operating environment. Personnel's expectations and needs are identified by means of an annual personnel survey, the daily management process, personal appraisal discussions and a participatory planning and monitoring system.

Broad, regular and systematic co-operation with domestic and international stakeholders is the central tool for identifying the needs and expectations of external stakeholders. Information about the operating environment is also obtained with regular corporate image surveys, customer satisfaction surveys, customer feedback and media monitoring, and with a Strategic Intelligence system tailored for Statistics Finland' needs.

Statistics Finland's Strategic Intelligence system has been designed to systemise and speed up the transmission of signals of change within the organisation. The system intermediates information about changes in the operating environment and in the expectations of stakeholders. The daily flow of news it generates also supports operative management.

From 1998 on, our strategic management system has been based on the Balanced Scorecard framework.

The collection and processing of data, compilation of statistics and the confidentiality and release of data acquired for statistical purposes are regulated by the Finnish Statistics Act (280/2004). The Act decrees that the response burden should be kept to the minimum through primary exploitation of data collected for administrative or other purposes. Statistics Finland has also defined its operational ethics and published an ethical guide, which provides a set of operational norms for its personnel as well as for all Finnish official statistics. Data protection rules are strictly adhered to, and to this aim co-operation is close with the Data Protection Ombudsman.

The number of Statistics Finland's personnel is about 1,100. About 60 per cent are females. The Personnel 2010 programme adopted in 2003 outlines the targets for personnel development. In 2004 to 2005 the programme was augmented with new steering tools, including personnel development plans for the whole agency and its departments, an occupational health and safety risk analysis, an equality plan and the documented management policy.

The personnel's competence and diversified know-how are critical success factors and important capital in an information-intensive expert organisation. The level of education among Statistics Finland's employees is high. In 2006, nearly two-thirds of the personnel (exclusive of statistical interviewers) held a tertiary educational degree or qualification. Forty-six per cent had completed master's degree or doctorate level. Key competence areas and tools have been defined for the management and for the development of competence in a competence strategy. Competence requirements are established by means of competence analyses. A systematic job familiarisation process, job rotation schemes, group and project work, mentoring practices and in-house training support knowledge sharing. A project databank and diverse networks of experts support the sharing of know-how.

There is a special statistical research and methods unit at our office and we have also drawn up our Research and Development Guidelines for the next two to three years. Our co-operation with the Finnish universities is intensive.

Today, Statistics Finland is a well-known agency in Finland. According to the latest survey from 2005, 81 per cent of the country's citizens know at least roughly what Statistics Finland does⁵. This, too, supports Statistics Finland's credibility as an impartial, autonomous and independent agency. Our doors are open to visitors. Thousands of persons visit Statistics Finland and its Library of Statistics per year as customers, trainees, visitors and so on. In addition to this, there are more than 2 million visits to our Internet pages annually.

4. Co-ordination of official statistics

In addition to Statistics Finland, about 20 other agencies contribute to Finnish official statistics, in other words, produce statistics for public use. The statistics they produce focus on a few specialised fields, such as agriculture and forestry, social security and health, the environment and natural resources and foreign trade.

Apart from the compilation of statistics, Statistics Finland's task is also to direct and co-ordinate all official statistics in the public sector, as well as head international co-operation in the field of statistics. Statistics Finland takes care of all the strategic planning of official statistics,

⁵ According to the same survey, 86 per cent of those who know us consider our statistics as very or fairly reliable.

common standards and classifications, development of statistical methods, shared data collection and dissemination rules and other questions common to all official statistics.

This mandate to lead official statistics is given by the Act on Statistics Finland (48/1992). In practice, many decisions made by the Finnish Government and the Ministry of Finance support this mandate and Statistics Finland's efforts to fulfil its tasks. For example, the Ministry of Finance has delegated to Statistics Finland its power in statistical questions related to the EU.

Finland's Statistics Act (280/2004) decrees that the data once collected in administration are to be exploited in the compilation of statistics in preference to direct data collection. As a consequence, official statistics in Finland rely heavily on the use of administrative registers and other administrative data. This is seen as both natural and rational from the point of cost efficiency. For example, our population censuses are totally based on the use of 33 or so administrative registers. Most part of the census data is produced annually and production costs are very low. Today, around 95 per cent of the data stock collected by Statistics Finland originate from different registers and other administrative sources. This means that, to a large extent, statistics compilation is dependent on the input of many other administrative agencies.

In these circumstances, an effective network and good co-operation is needed. Over the years, close collaboration between Statistics Finland and the administrative registers and keepers of other administrative data has proved extremely vital. It has enabled Statistics Finland to make the authorities understand better the needs of official statistics. If necessary, special consultative meetings are held to ensure that the needs of official statistics are given due consideration.

The Statistics Act and other national legislation support the use of administrative files in compilation of official statistics. It is worth mentioning that there is only one-way data flow, from administrations to Statistics Finland. Even though these administrative data were public within the administration, they are held as strictly secret in our office. Administrative data are treated exactly according to the same rules as data collected for statistical purposes directly by us. Decisions on releasing micro data (incl. data from administrative registers, which are in possession of Statistics Finland) for scientific and statistical purposes are made by Statistics Finland. The Finnish Statistics Act prohibits the release and use of statistical micro data to administrative purposes.

One further comment on the statistical use of administrative registers might be relevant in this context. It has occasionally been asked whether it would be better to transfer all the administrative registers to the statistical agency in order to minimise the workload of both statisticians and register authorities. Our answer is quite clear. While we want to maintain our independent role as compilers of official statistics, there is no room for mixing the role of administrative decision-making with that.

Having both functions in one agency might lower the trust of citizens in impartial, objective and neutral statistics.

5. Openness and publication policy

According to the UN's principles, official statistics form an essential part of the basic infrastructure of a democratic society. All citizens should have equal rights to reliable information. Citizens have the right to know how the affairs of the country lie. It may be a coincidence that the basic principles of the UN's official statistics were approved just before the breakthrough of the Internet. The creation of a global information network provided statistics producers with a new connection to information users. For the first time we have available a means – besides the media – with which statistics about society can also be disseminated direct to all those in need of them.

The purpose of official statistics is to produce relevant, high-quality and varied statistical information for political debate in society. Given the requirement of impartiality, statistical agencies do not, however, normally take any position on the issues debated, but rather provide background information, hard facts on which commentators and analysts can base their argumentation.

Having said that, it is clear that statistical agencies cannot remain in the role of passive bystanders who supply information on request, but they also have to recognise their responsibility for inspiring public debate. A constant effort is required in order that the statistics and services produced would be familiar to as wide a circle of users as possible. Statistics Finland is active towards the mass media. Each year we arrange 10 to 12 information events, invite journalists to training events and provide training to our staff on how to work with the media. We also follow actively dissemination of statistical news in the media.

Broad public recognition and acceptability of statistical agencies are founded on reliable and accurate data, high-quality services and continuous marketing of statistics and services as well as on transparency of its operations. This in turn promotes the use of statistical information, instils confidence among providers of raw data, and in this way has a positive impact on the quality of statistics. One indicator on this is the high response rates in statistical surveys. In Finland, the response rates to obligatory business surveys are usually over 90 per cent and even voluntary household surveys reach response rates of 70-80 per cent.

Statistics Finland is independent in its professional activities relating to the production of statistics and statistical methods and may freely decide on the publication of its results as well as on the timetables and contents of its publications. The agency's publication practices follow the best international standards. For nearly 15 years now, Statistics Finland has been issuing a "Release Calendar" indicating the release dates of our statistics and the dates of press conferences. The annual schedule of the

next year is published in December. The calendar specifies the exact release dates and times for regular monthly and quarterly releases and for releases subject to insider rules. The week or month the release is due is given for all the other statistics. Every Friday we publish the detailed weekly release calendar with other useful information on our activities. According to the Statistics Act, data subject to insider rules must not be released to anybody outside the office prior to the scheduled release date. In practice, this means that not even ministers or senior civil servants have access to these data before publication. We follow this same rule for other statistics as well.

In recent years it has become common at both national and international levels for politicians to seek credibility for their activity by tying their objectives to precisely specified statistical figures. As examples of this one could mention the EU's excessive deficit procedure, the Kyoto objectives for air emissions or the IMF loan terms. Such situations involve a risk that statistical agencies become subject to political pressure in compilation and publishing of monitoring statistics. Independent decision-making power and openness in relation to publication of statistics help statistical agencies to protect themselves against any possible pressure.

6. Training of users is necessary

The higher the quality of official statistics, the higher the public trust in the producers of statistics. Investment in work on statistical methods and quality improvements help statistical agencies in maintaining and promoting their professional independence as well. To define the operational guidelines, to publish them and to provide training and instructions on these guidelines both to personnel and to outsiders can effectively protect official statistics from any attempt of improper manipulation. Statistics Finland has published - among others - overall quality guidelines and guidelines for the release of statistical information.

In line with the basic principles of official statistics, statistical agencies are expected to prevent the misuse and erroneous interpretation of statistics. In practice, this means that Statistics Finland should monitor the use of statistics in research and in the media and offer training and guidance to statistics users where necessary, particularly in connection with the publication of new statistics or revised old statistics. Indeed, Statistics Finland has worked consistently to provide training and instruction to key disseminators of statistical data, such as the mass media and research institutes. Around 30 courses are arranged every year on statistical methodology, sources of statistical information and topical themes (e.g. the state of the economy, consumption trends, unemployment, and ageing).

The Internet provides a new and effective means for training activities as well. In 2001, we opened a web school of statistics. eCourse in Statistics is available on Statistics Finland's Internet service for all those needing

statistical information. eCourse in Statistics instructs how to read and use statistics; it provides a tool for understanding basic statistical concepts, for interpreting statistical information and for understanding the use possibilities of statistics. eCourse in Statistics also contains a number of examples from actual statistical data. Concrete examples can be used to illustrate how various everyday things are compiled into statistics and how statistical information can be exploited in everyday life.

Currently, eCourse in Statistics has the following nine modules: how to read and use statistics; search for statistical information; introduction to statistical thinking; demography and population statistics; labour market statistics; national accounts; indices; thematic maps and statistical graphics.

7. Co-operation, negotiating and networking

Independence in decision-making is based on a vast co-operative network in activities. In order to maintain relevance and high quality of official statistics, statistical authorities cannot function in a vacuum or work alone. It is extremely important to have a constant dialogue with users and data providers, with researchers and the media. As said earlier, Statistics Finland is closely connected with the administration due to its extensive use of administrative data. The Government is also an important user of statistics. In this situation Statistics Finland has built up a wide and varied collaborative network with government bodies, other data users and data providers, universities and research institutes, and other interest groups.

The co-operative network is maintained both at the expert level and at the management level. Several advisory co-operative groups of permanent nature have also been set up. These also play an important role in the development of statistics production.

The advisory groups of permanent nature include Advisory Board of Statistics Finland, Scientific Advisory Board, the Advisory Board of the Library of Statistics, the Co-operation Group for Official Statistics on EU Matters, the Co-operation Group with the Bank of Finland, the Co-operation Group with the Municipalities, the Co-operation Group with the Finnish Business and Industrial Associations, as well as various steering and advisory groups in different statistical fields and projects. Depending on the situation, the latter include representatives of key data providers, main users of statistics and relevant research institutes.

8. Concluding remarks

Based on the Finnish experience, I would like to summarise the characteristics of the independence of a statistical agency as follows:

- A strong legal position; legislation regarding both the compilation of official statistics and the status and tasks of the statistical agency;

officially agreed statement of the independent status of official statistics.

- Appropriate administrative arrangements that support the independent status of the statistical agency.
- Use of scientific methods and internationally agreed standards, concepts, definitions and classifications in the compilation of official statistics.
- Openness of its operations and good governance.
- Commitment to quality and competence of staff.
- Commitment to co-operation with users and main stakeholder, networking.

Legislation, norms and operating rules are necessary but not sufficient preconditions for the independent status of statistical agencies. Determined and persistent activity is also required of statistical agencies in order to attain and retain that status.

The best facilitators in maintaining and improving the independence of and general trust in statistical agencies seem to be transparency and professionalism in all their operations and high quality of their statistics, services and other activities. This means that we have to set our priorities and work accordingly in order to improve our operations. In this work, international co-operation among statisticians and daily contacts with users and data providers are of crucial importance.