

# **State Sector Productivity**

## **Focus Group Evaluation**

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## Context

The Commission submitted its final reports, *Improving State Sector Productivity* and *Measuring State Sector Productivity*, in August 2018 and is now conducting an evaluation of its performance. The evaluation includes: a focus group of inquiry participants; a survey of inquiry participants; an independent expert evaluation; and administrative data.

This report presents the results of a focus group held on 4 September 2018 with the following participants:

Andrew Squires	The Treasury
Anton Youngman	Ministry of Justice
Catherine Alington	New Zealand Police
Guy Beatson	Beatson Company
John Wardrop	Ministry of Education
Marc de Boer	Ministry of Social Development

The focus group was conducted with reference to the Commission's performance measures which are listed below and considered in turn in the body of the report.

1. The **focus** of the inquiry report (the significance of the issues covered, whether they were covered in sufficient depth, and the relevance of information sourced and people engaged with)
2. Satisfaction with the **process management** for the inquiry
3. The **quality** of analysis of information and the quality of the findings and recommendations
4. The quality and effectiveness of the Commission's **engagement** in completing the inquiry
5. The effectiveness of **delivery of message**, as evidenced in the inquiry reports and supporting material (summary reports and supplementary papers).

No attempt was made to reach a consensus among the focus group participants; instead, this report presents the range of views expressed.

# The Focus of the Inquiry

## The terms of reference

The focus group spent time discussing the terms of reference and the extent to which they may have made the inquiry more challenging for the Commission. The biggest issue was the requirement to focus on:

*“...the narrower definition of productivity as how efficiently inputs/resources are being used to generate quality outputs/services”.*

While the Commission had pushed the boundaries imposed by this definition, the group felt that the terms of reference were too limiting. Trying to have the productivity discussion without a strong connection to outcomes made the Commission’s reports less valuable than they could have been.

## Significance of issues covered

All agreed that productivity was an important issue and some group members had been very positive about the prospect of working with the Commission to further develop measures for their own agencies.

## Relevance of information sourced and people engaged with

A wide range of people had contributed to the inquiry and some very useful research had been commissioned. One participant commented on the high quality of the commissioned research, especially the history of efficiency measurement in the NZ health sector and the piece on reflections of senior state sector leaders. They would have liked to see more material from the background research carried through to the Commission’s final reports.

# Process Management

Group members were generally quite satisfied with the inquiry process, commenting that the Commission was very good at keeping in touch and keeping to deadlines. Commission staff were seen as very accessible and their willingness to incorporate points from submissions and discussions into the final reports was appreciated.

One person had only a short time to provide comment before the measurement report was finalised, but this was an exception in what was otherwise a good process.

The group also appreciated the transparent process that the Commission uses to evaluate its performance after each inquiry, including the focus group exercise.

While happy with the process management overall, some felt that the process around the case studies could have been better: this is discussed below under “Engagement”.

## Quality

### Quality of analysis

Some people commented that the Commission had done a good job within the constraints imposed by the terms of reference. The reports met the terms of reference, left nothing out, and could be applied by those working in the public sector.

Members of the focus group agreed that this was a difficult inquiry because of the narrow definition of productivity the Commission was working with and the wide range of services within its scope. The health, education, justice and social support areas include some activities that are transactional and simple to measure. However many services are more complex, their quality is difficult to measure, and they have impacts that are only seen in the long term. It was therefore very challenging to produce advice on productivity measurement to apply across the board.

There were several suggestions as to what could have made the final reports more useful:

- a stocktake of measures that were already being used, or were under development in the relevant agencies, could have been done as a preliminary step
- identifying 5-6 different types of activity and tailoring advice for each category (e.g. activities with short-term versus long-term impact; administrative functions versus activities that are more complex and difficult to measure; activities with an abundance of evidence versus those where evidence is yet to be gathered)
- providing specific examples of best practice in productivity measurement, from here and overseas
- taking some of the trends currently being adopted in the public sector and asking whether they were adding to productivity or not, e.g. office reconfiguration and the move to hot desking, the investment in modern learning environments in schools, or digital government
- identifying the areas of public sector activity where productivity measures have been more successfully developed and applied; identifying the characteristics that enabled success; and making recommendations on ways to deal with activities or services that have proven less amenable to productivity measurement.

## Quality of the findings and recommendations

There was a degree of frustration and a feeling that an opportunity had been missed to really move the productivity discussion forward. Participants felt that the recommendations were familiar and didn't break any new ground.

For example, recommendation R3.6 says that:

*“The Treasury should continue to raise expectations on agencies seeking new funding in annual budget rounds to:*

- *use data, analytics and other investment models to design new initiatives and demonstrate their benefits*
- *provide robust evaluation plans for new initiatives.”*

The group thought the recommendation reflected what Treasury has been doing for many years so did not seem to add anything.

The Commission could have said more about the Budget cycle and why it isn't always conducive to good decision-making, despite Treasury's best efforts. They could perhaps have addressed the potential for differences in how Ministers assess the relative merits of social service options compared to officials. Rather than “more of the same”, the Commission could have recommended new ways to improve how decisions are made about government spending.

Another comment was that the recommendations would have benefited from being less 'conceptual' and more 'specific and actionable'.

## Engagement

The Commission provided ample opportunity to engage and some of the discussions had been quite robust. People found that the Commission was open to what the agencies were saying but the input from agencies was not always reflected in the Commission's final product.

### The case studies

The engagement with agencies over case studies did not always go smoothly. When the Commission approached agencies for case study information, it wasn't clear what the Commission wanted, and how the material was to be used. As a result, quite a bit of time and effort was spent going back and forth to reach a mutual understanding. In one case this was made more difficult because the Commission personnel working with the agency changed, requiring the case study issues to be explained a number of times.

There seemed to be a degree of miscommunication, with agencies trying to ensure that the information provided was complete and fit for purpose, and the Commission sometimes interpreting their responses as unwillingness to engage and share information on productivity measurement.

It was suggested that the Commission providing an example up front could have helped to clarify the purpose and ensure that the right kind of case study and related information was made available. Establishing a common understanding of terminology and unit of analysis at the outset would also have been useful.

One agency commented that their discussions with the Commission had been helpful in demonstrating the various methodologies for productivity measurement. The same agency was now revisiting its annual report measures with a view to making them more meaningful.

## Delivery of Message

### What was the message?

There was quite a bit of discussion about what the key messages were, especially since the 'Cut to the Chase' and the final reports seemed to differ.

The measurement report contained discussion and examples that showed the complexities involved in measuring productivity. However some felt that the Commission had not fully acknowledged these difficulties and had instead presented productivity measurement and productivity improvement as aims that could be fairly easily progressed with more effort.

A key message in the 'Cut to the Chase' was that:

*"...some who work in the state sector are hostile to the concept of 'productivity' or 'efficiency' in public services and resist its measurement."*

Some participants acknowledged that their agencies had further work to do in shifting the focus of measurement to outcomes – the ultimate measure of productivity for the inputs used – and that measurement wasn't always an explicit priority for senior leadership.

However they were disappointed at the way the Commission had depicted the public sector as resistant to productivity measurement. Their own day-to-day experience was of public servants working hard to develop ways to assess effectiveness and deliver services more efficiently. There was a feeling that the very active community of public servants working to improve their measures and analysis was not acknowledged and that the impression given, especially in the 'Cut to the Chase', was misleading and unhelpful.

The unfortunate consequence was that media comment, which may have been based largely on the 'Cut to the Chase', was also negative.

### **Final reports**

The final report format, being presented in two slim volumes, was appreciated. The reports were well written and accessible, of the right length, and professionally produced. They could also be readily accessed online.

Ironically, someone commented that after reading the measurement report, a senior manager in their organisation said they now had a better understanding of why organisations **don't** do more to measure productivity. The message they had taken away was that it can be very difficult, not that people were unwilling to try.

### **Pre-release briefing**

A number of participants in the focus group had attended a pre-release briefing. Comments included that it was "once over lightly" and "not what it needed to be" to prepare them for the release.

### **No response from Ministers**

The lack of comment from the relevant Ministers meant that the reports "had nowhere to land" and the vacuum created was filled with negative comment from other interested groups like the Taxpayers' Union. With no comment from Ministers, it was unclear what would happen next.

The group thought that the Commission could have done better in engaging with Ministers before the reports were finalised and released. More consideration of how best to position the Commission's findings could have led to the reports being more positively received, and acted upon.