

Improving the productivity of government services

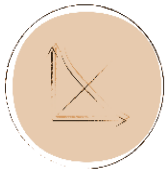
Judy Kavanagh, New Zealand Productivity Commission
Technology change and productivity conference
Te Papa 13 February 2018



Structure of presentation



Why should we care about it?



Productivity in New Zealand public services? – its pretty anecdotal



Why isn't productivity a focus in New Zealand public services?



What are we going to do about it?

Public services have grown in scale coverage and complexity

- Significantly more children receive subsidised early childhood education.
- The volume and complexity of calls to the police relating to mental health has increased.

Public services have lifted wellbeing

“A third of the dramatic gain in life expectancy in New Zealand between 1981 and 2004 was due to a decline in deaths from diseases that are preventable with effective and timely health care.”

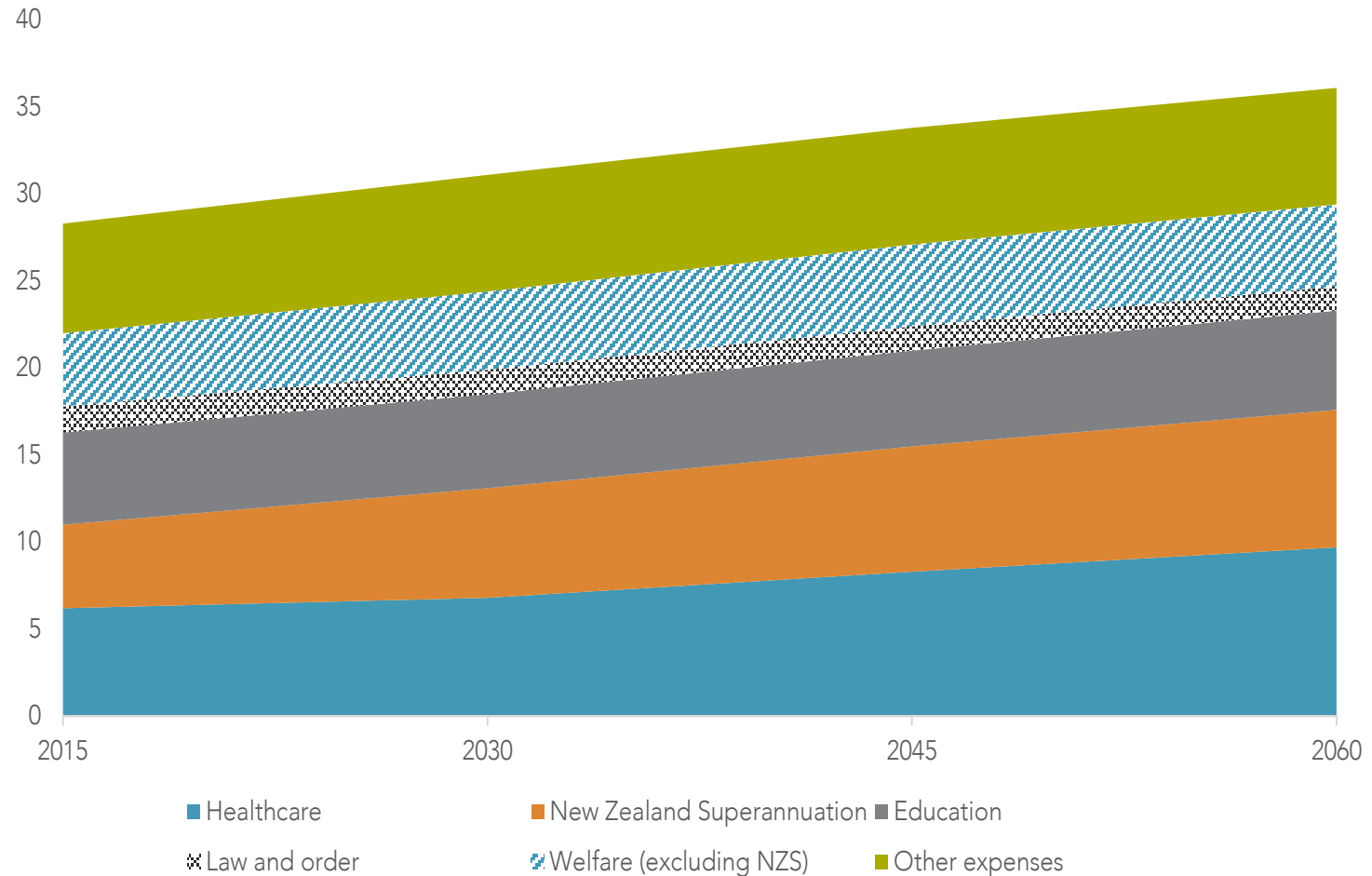
- Tobias & Yeh (2009)

Yet rising costs raise concerns about effectiveness and efficiency

“Health expenditure has risen steeply over the past two or three decades.... This has generated concern about health system efficiency and motivated efforts to reform national health systems so as to raise productivity.”

-Tobias & Yeh (2009)

Government expenditure as a share of GDP is expected to keep on rising in NZ



Delivering public services in the future

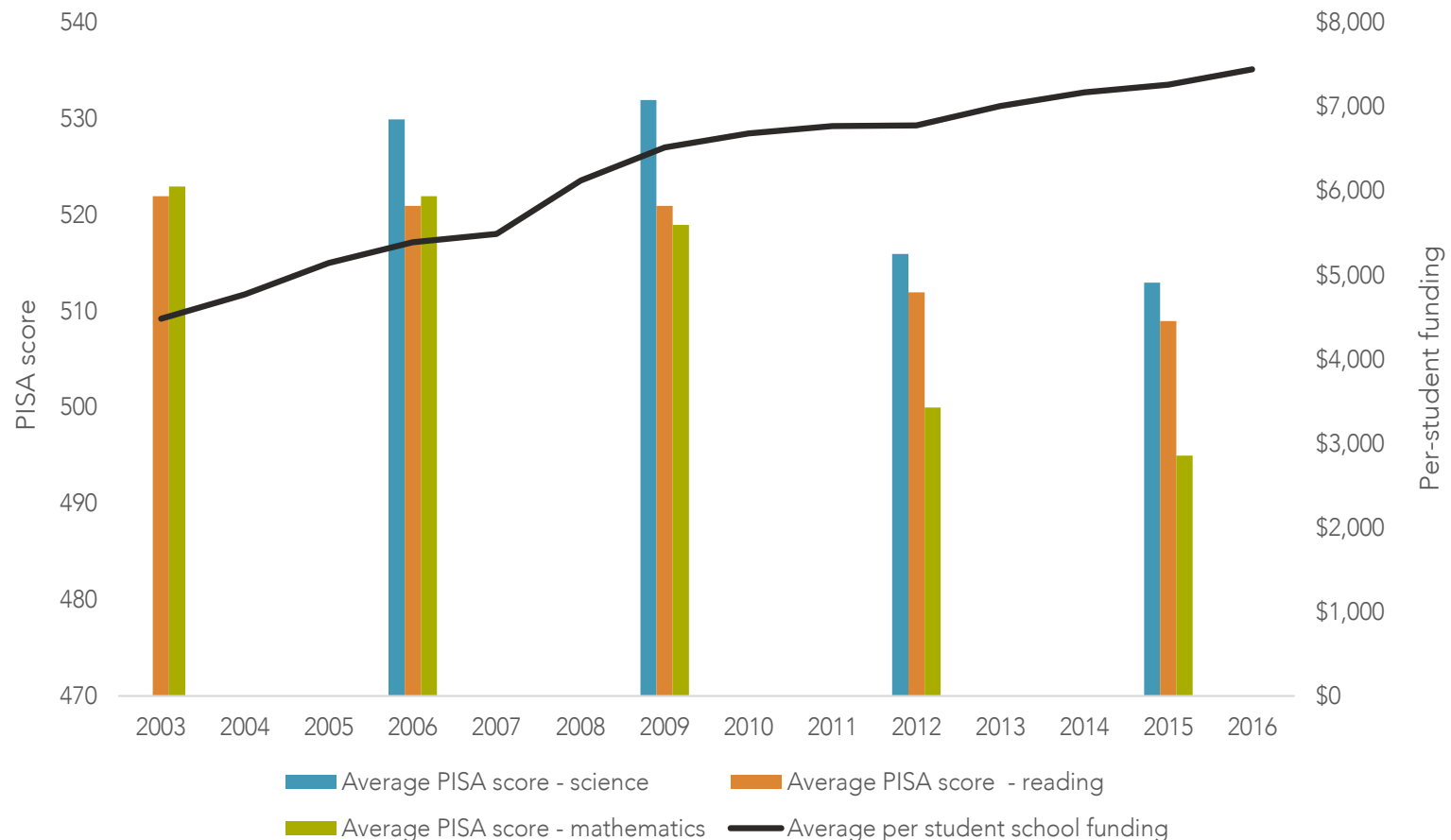
- Effectiveness and efficiency are both important.
- We need to deliver **effective** services as **efficiently** as possible.
- We've made some progress on understanding effectiveness.
- But there's been little focus on efficiency in recent years.

What do we know about the productivity of public services?

- Very little is known about public sector productivity.
- There have been improvements from re-engineered business processes.
- And improvements from changes to technology and institutions.
- But in some areas productivity appears to be flat or declining.

And increased expenditure appears not to have been effective in improving outcomes

Average per-student school funding and PISA scores

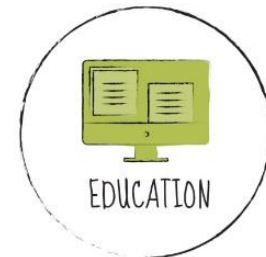
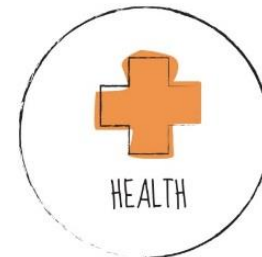


An inquiry into state sector productivity

- How to measure it
- What role should it play in performance management?
- What systems would support agencies to better understand and improve productivity?

What we found (1)

- The productivity of government is not a priority
- Productivity carries negative connotations.
- There's a language barrier and a lack of trust.



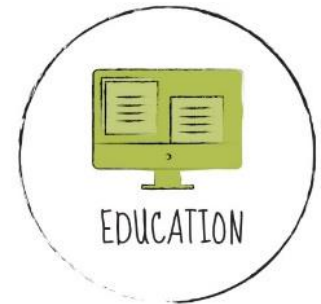
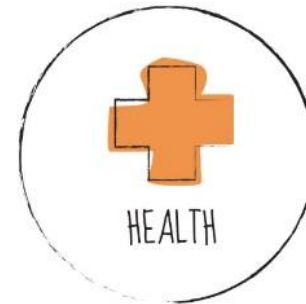
What we found (2)

- Some heavy handed funding and policy settings.
- Perverse incentives within the Budget process.
- And risk aversion works against innovation.



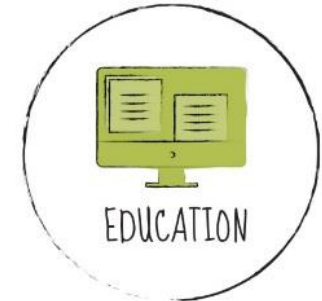
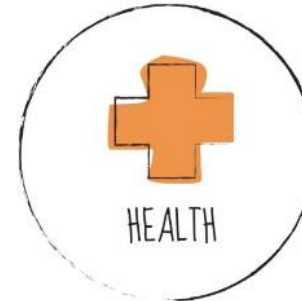
What we found [3]: public servants somewhat disagreed that...

- their organisation was good at learning from its mistakes and success
- people in their organisation are rewarded for exploring new ways of working
- their organisation handles change well
- their organisations were innovative



What we need to do

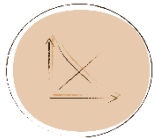
- We need to understand how productivity happens in the public sector.
- And create the conditions to improve productivity.



A guidance document for officials



What productivity is and why it should be measured



Theory of productivity measurement



How productivity can be measured with case study examples



Capability and systems needed to measure productivity



How to commission a productivity analysis

Advice for Ministers



What productivity is, why it matters and what we've found



How productivity happens in the public sector and what 'conditions' are needed



How to make progress on public sector productivity

Questions and comments

Thank you for your time

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