

## Session 7

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### **Productivity in the central government sector of Finland – the case of the Ministry of Transport and Communications 2000–2004**

#### **General description of productivity statistics and development project:**

Statistics Finland has been publishing regularly from 1996 onwards the Statistics on Central Government Productivity. It is based on the survey which is sent to all of the central government agencies where basic information about their output, weight of each output and cost information is asked. The statistics is published annually six months after the end of the reference year. The coverage has been improving during all these years but there has not been resources to go through individually all the output measures of each agency, defining the output measures correctly are crucial to the quality of this statistics. At 2005 Statistics Finland started the project where the aim is to develop productivity measurements for the administrative sectors of central government. It is a four year project where each Ministry and every agency under its supervision will be studied individually. In that process every agencies activities are studied carefully to check that chosen output measures corresponds to public services what the agency in question is producing. If necessary the output measures will be redefined. The purpose of the project is to have productivity measurement for each of administrative sectors of central government separately and to improve overall quality of central government productivity statistics.

#### **Connections to NA:**

The project is in compiled in line with National Accounts so that the definitions of institutional units, sector classification and NACE follow the NA practices. It is also organisationally done at the National Accounts unit of Statistics Finland. The volume measures of non-market services for central government sector are also compiled by central government productivity statistic team for the annual National Accounts calculations.

#### **First case study : productivity in the administrative sector of the Ministry of Transport and Communications 2000–2004**

In detail paper presents the results of the Ministry of Transport and Communications project on measuring productivity in the administrative sector. A set of productivity indicators for agencies in the Ministry's administrative sector was developed in co-operation between Statistics Finland and the Ministry of Transport and Communications during 2005. Development of these indicators also called for improvements in accounting. The project resulted in productivity indicators being developed for all agencies within the administrative sector of the Ministry.

The paper presents a time series on the development of both the productivity of labour and overall productivity in the Ministry's administrative sector in 2000–2004. In addition to providing productivity figures for the sector and agencies, the paper also reviews key definitions and methods in measuring productivity. Overall productivity within the administrative sector of the Ministry has increased by more than 16 percent over the entire review period. The rate of progress in the administrative sector's productivity has been very rapid even in comparison with market production in the national economy. Structural change in the administrative sector has resulted in substantial leaps forward in the productivity of labour.

The productivity indicators now designed for the Ministry's administrative sector are a key element of modern performance management and will also enable sharper performance management for the Ministry.

#### **Conclusions of this specific case are:**

The results show that productivity can also be gauged for public services. The productivity indicators designed provide a reliable picture of the development of productivity at individual agencies and particularly in the administrative sector on the whole. The time series showed the indicators responded well to forward leaps attributable to structural change and reacted e.g. to enhanced efficiency in the purchasing of services.

Quality control of output was taken into account by dividing indicators to homogenous groups, adapting capacity coefficients and estimated coefficients for summing up output of different qualities.

#### **Future work:**

At present Statistics Finland is consulting 3-4 administrative sectors and all the administrative sectors should be gone through by the end of 2008. So it should be possible to publish complete set of productivity measurement for each of administrative sectors of central government separately and to overall level of central government at the spring of 2009.