Efficiency Indicators

PPX Workshop Presentation

Results Based Management Division
Expenditure Management Sector
Treasury Board Secretariat

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Outline

• Context

• Requirements under the Policy on MRRS

• Conclusion
Context for Efficiency indicators

- Since 2007, the new Expenditure Management System has focussed on results and resources
  - Strategic Reviews required programs to report on their efficiencies

- In Strategic and Operating reviews, Deloitte tried to assess the efficiency of key activities in government

- Policy of Evaluation includes efficiency as one of its core issues

- More generally, many OECD countries are examining how efficient they are
  - Some have an efficiency dividend- where there is a small automatic reduction in program resources each year

- This government’s focus is on the elimination of the deficit
  - Public service efficiency is a subset of reviews conducted to eliminate the deficit
MRRS and Efficiency

- The policy on MRRS is intended to ensure that the results and resources of each program is measured as a basis for good expenditure management.

- The focus of implementation so far has been on effectiveness (outcome) measures - for obvious reasons.

- With the maturity of the Policy implementation, and the need for more comprehensive program information, it is time to focus on efficiency measures:
  - Wider spectrum of value for money
  - Equips departments to respond to the efficiency question.
Requirements for efficiency indicators

• Efficiency measurement is exploratory at the moment
  – Departments are expected to build capacity
  – Develop measures where possible
  – Continue to explore solutions to more difficult to measure areas

• TBS is flexible and willing to work with departments
  – We understand the difficulty involved
  – We understand this is leading edge
  – We will be developing our expertise in this area over a three year period

• Measures are required only for the lowest level PAA programs
Departments should explore different ways to measure efficiency—balancing cost and usefulness

Cost (Ideal)
- Cost per transaction:  
  - e.g. Cost per application processed
- Cost per particular major output:  
  - e.g. Cost/case heard by tribunal
- Cost per client population:  
  - e.g. Cost/client who receives CIC funded settlement services
  - e.g. Cost/departmental FTE for an internal service

Time
- Loan average processing time
- Application processing time
- Time to complete a transaction

Other Approaches
- % of work done the efficient way  
  - e.g. % of program benefits delivered through a Web environment
  - e.g. % of tax returns filed online
- Aggregate annual program savings
- Etc.
Timelines

• Departments are currently required to have efficiency measures in their 2014-15 PMFs

• First set of data on efficiency measures are to be collected in 2014

• The measures are to be refined and adjusted in the 2014-2015 departmental PMFs
  – Expected to be much more advanced at this stage
  – We would expect reliable measures by 2015-16 for trending
Conclusion

• Value for money includes both efficiency and effectiveness

• Position MCs and TB submissions to respond to efficiency questions

• It is also about expenditure management and support for evaluations

• This can be thought of as the exploratory phase for these indicators
Annex: Useful Resource

- Archived website
  - Google “expectmore.gov”
- Has outcome and efficiency measures for about 1200 programs in the US government (2002-2007)
  - Varying quality of measures