

press release

Comparing countries on public performance

Den Haag, 9 May 2012

An international comparative study of the performance of the public sector in 28 developed countries.

- In general, there is little correlation between the public sector spending and performance. Efficient structuring of the public sector has more influence on the outcomes than the amount of money spent on it.
- Countries spend an average of 49% of Gross Domestic Product (GDP) on the public sector, with the Scandinavian countries spending most on average (55%) and the Eastern Asiatic countries the least (40%). The Dutch public sector is slightly bigger than the average, accounting for 53% of GDP.
- The public sector in the Scandinavian countries, Japan and Switzerland delivers the best relative performance. Norway comes out best, with a score of 6.7 out of 10. The Netherlands is among the top seven best-performing countries; the Dutch public sector performs well on most fronts, with an average score over all sectors of 6.1.
- The performance of the public sector in the Mediterranean and Eastern European countries and the United States lags behind that of the other countries. Bottom place goes to Greece, with an average score of 2.7. Belgium also scores below average, with a score of 4.5.
- The Netherlands delivers an above-average performance in education, public administration, culture and social security, whereas the level of spending in these sectors is average.
- The Dutch performance fails to match the resources deployed in the care, social safety and, particularly, environmental sectors.

These are the main conclusions of the SCP report *Countries compared on public performance. A study of public sector performance in 28 countries*, which is published on Wednesday, 9 May 2012. The report, edited by Dr Jedid-Jah Jonker, examines the performance of the public sector in 28 OECD countries in the period 1995 to 2009. The study, which was carried out in collaboration with the Dutch Ministry of the Interior and Kingdom Relations, looks in depth at the sectors education, care, social safety and housing. Other sectors which receive attention

are social security, economic affairs and infrastructure, environment, culture and sport, and public administration. The report examines how the observed differences in performance can be explained and what countries can learn from each other on the basis of these outcomes.

Press Release

Where are the data drawn from?

The Organisation for Economic Cooperation and Development (OECD), based in Paris, is a collaborative organisation with a membership consisting of 34 developed countries. The OECD collects and analyses data on a number of important public sectors, particularly education and care. The data are mainly supplied by national organisations, such as Statistics Netherlands (CBS) in the Dutch case. The OECD data were a very important source for this study; however, not all sectors are covered in the OECD databases. Other data sources were accordingly used for sectors such as social safety, housing, culture and sport and the environment. SCP processed the data on the different sectors and rendered them comparable both across countries and over time (1995-2009). As yet, insufficient international data are available on the most recent (crisis) years.

Six of the 34 OECD countries were left out of the study because they deviated too widely to be used for comparison, either because of their level of prosperity (Turkey) or their population size (Luxembourg).

Higher spending does not always mean better performance

For most areas of the public sector, no relationship is found between expenditure and performance. This illustrates that the way in which the public sector is structured is more important than the amount of money spent on it. While it is true that the Scandinavian countries achieve a very high level of performance with a high level of expenditure, the Mediterranean countries also have a large public sector but perform only moderately. The Eastern Asiatic countries, by contrast, achieve very good results with a relatively small public sector. It should be noted here that for many sectors it is difficult to determine the contribution required from citizens themselves towards the delivery of services. From the available data on health care, for example, it can be deduced that co-payments by citizens are relatively very modest in the Netherlands.

Almost 50% of GDP goes on the public sector

The OECD data show the countries spend an average of 49% of their gross domestic product on the public sector. Social security is the biggest spending item, taking an average of 18% of GDP. This sector is followed at some distance by health care, on which countries spend an average of 10% of GDP. The size of the public sector varies considerably, being largest on average in the Scandinavian countries, where it accounts for 55% of GDP. The public sector in the majority of Continental and Mediterranean countries is comparable in size to that of the Scandinavian countries, and this also applies for the Netherlands, where the public sector accounts for 53% of GDP. The public sector's smallest in the Eastern Asiatic countries, accounting for 40% of GDP. The public sector in the Anglo-Saxon and Eastern European countries is slightly smaller than average, at 47% of GDP.

Room for improvement even in the best-performing countries

The performance of the public sector is rated on a scale from 0 to 10. To arrive at this rating, a range of performance indicators were used for each sector. In the care sector, for example, the aspects considered included life expectancy and child

mortality, while in education the number of young adults with a basic qualification and school results were used as indicators. An average performance for a given sector produces a score of 5 on the scale. Following this exercise, the average figure across all nine sectors forming part of the public sector was used to arrive at the overall rating.

No country achieves an average score of more than 7 on all sectors. Norway is the best performer of all countries in this study, with an average rating of 6.7. Norway does particularly well in the areas of social security and public administration, achieving a score of 8. By contrast, Norway scores only 4.5 on social safety. The other countries in the top seven best-performing countries are Japan, Sweden, Finland, Switzerland, Denmark and the Netherlands, which post scores ranging from 6.5 to 6.1. In each of these countries, there is at least one sector where the performance could be improved substantially. For example, Japan and the Netherlands achieve a score of only 4 for the environment; Sweden, Denmark and the Netherlands score 4 on social safety; Finland achieves a score of 4.5 on health care; and Switzerland scores just 3 for public administration.

Mediterranean and Eastern European countries lag behind

The performance of the public sector in the Mediterranean and Eastern European countries is below average. This also applies for the United States, with an average score of 3.3. Bottom of the rankings is Greece, which achieves a score of only 2.7 and delivers a below-average performance in all sectors. The performance of Belgium matches that of Italy and Spain, with a score of 4.5. This puts Belgium into the group with a moderate public sector performance.

The Netherlands: just below the top group

The Netherlands is among the best-performing countries in the areas of social security and culture and recreation, achieving a score of 8. The Netherlands also does well on economic affairs and infrastructure, housing (rental sector) and public administration, with a score of 7. The Dutch education system scores 6, again among the seven best-performing countries. The Dutch score on health care is below average, at just over 4.5; it should however be noted here that performance in health care was measured in this study in terms of health (life expectancy, healthy life expectancy). The sectors where the Dutch scores are weakest are social safety and the environment, where the scores lie between 3 and 4. Viewed across all sectors, the Netherlands achieves an overall score of 6.1, putting it in seventh position.

Generally speaking, the Dutch public sector performs slightly better than might be expected based on the level of expenditure. This is particularly true in education, public administration, culture and social security; the spending on these sectors is around the average, whereas the performance is above average. By contrast, in the care, social safety and especially environmental sectors, the performance lags behind the level of spending. Geographical circumstances mean it is difficult for the Netherlands to achieve a good performance on the environment; the high population density is a prime factor here. Expenditure on housing (rental sector) and economy and infrastructure are slightly above the average, but so is the performance.

What can the Netherlands learn from other countries?

Press Release

Based on the indicators used and an international literature review, it is possible to highlight a number of areas in the Dutch public sector where improvements could be achieved. In education, more attention could be given to the quality of teachers, an area where the Netherlands appears to be losing ground compared to the best-performing countries. More opportunities could for example be created to allow teachers to follow in-service training. The teaching profession could also be made more attractive to students from the higher tracks of secondary education, fewer and fewer of whom are choosing to train as teachers. In the care sector, the Netherlands already spends relatively large sums on long-term care, even though population ageing in the Netherlands is less advanced than in other countries. The Dutch also spend relatively large amounts on institutionalised care, while in other countries care for the elderly population is often provided in the home setting. This is in fact in line with the existing Dutch policy aim of enabling older persons to receive care in their own homes for as long as possible. In the area of social safety, comparison with the outcomes in other countries shows that efforts directed towards prevention are more effective than repression. This not only means prevention efforts by the government, but also by citizens, for example in the form of better home security.

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