

## **Challenge of Measuring Public Sector Productivity**

Measuring productivity in the private sector is relatively straightforward but the challenge of measuring public sector productivity is because outputs are often not priced and most public services are consumed collectively. As a result, statisticians have tended to consider outputs too difficult to quantify and have adopted the solution that public sector outputs are equal to the cost of producing them, meaning that there is a flat productivity. While measuring public sector productivity remain a challenge, international examples demonstrate that it is possible to improve how public sector productivity is defined and measured; thus suggesting Malaysia can learn from other jurisdiction. This paper discuss guidelines to measure public service productivity; the measurement of non-market government output and of government expenditure on the inputs used to produce the output. Similar to the market sector, public service productivity is defined as the ratio of outputs to inputs. Productivity growth is the change in this ratio over time. All public service productivity measurement is multi-factor productivity measurement. It should be noted that while significant progress has been made in measuring public service productivity, it is still a developing area and MPC seek guidance and consult experts from The Office of National Statistics (ONS), to better understand and measure public service productivity.