

## 10. CORE GOVERNMENT RESULTS

### Public sector efficiency

Efficiency is the relationship between one or more inputs (or factors of production) and one or more outputs. In order to spend taxpayers' money prudently and as criteria for choosing between many competing spending priorities, governments and public sector organisations are constantly under pressure to achieve efficiency gains. For example, tax administrations are expected to collect all taxes owed by citizens and businesses in a timely manner. In turn, in the health sector there are several measures of health care efficiency, among which a key indicator is the average length of stay (ALOS) in hospitals. All other factors being constant, most importantly health outcomes, a shorter stay will reduce resource requirements and the cost per discharge, thereby allowing the treatment of a greater number of patients for given inputs. However, shorter stays tend to be more service intensive and costly per day. Too short a length of stay may also cause adverse effects on health outcomes or reduce the comfort and recovery of the patient.

In 2017, the average length of stay in hospitals for all conditions reached on average 7.5 days in OECD countries. Turkey had the shortest length of stay (4.1 days). On the other hand, hospital stays were the longest in Korea (18.5 days). On average ALOS have decreased by about 1 day over the past decade; however, some countries have experienced more significant reductions, for example the Netherlands (5.8 days less between 2006-17) Finland (4.6 days) and New Zealand (3.6 days). Countries have used different strategies to reduce ALOS while maintaining or improving the quality of care. These strategies include reducing the number of hospital beds alongside the development of early discharge programmes that enable patients to return to their home and receive follow-up care there, and promoting the use of less invasive surgical procedures (OECD, 2019). ALOS increased in some countries, such as Korea (3.6 days), where in the absence of old age homes, the elderly are treated in hospitals.

Taxes paid by citizens and businesses are the main source governments rely on to support the provision of public services. As a result, the collection of taxes is very important to governments. The process of tax collection is composed of several stages: registration, assessment, verification, collection and disputes. The assessment stage encompasses all activities related to processing tax returns (including issuing assessments, refunds, notices and statements) and is therefore a reflection of the work of tax administrations and their performance. When a tax return is filed by residents and businesses a tax liability is established and becomes payable. Tax administrations have interest in facilitating this process through electronic channels, pre-filing and any other means that could enhance timely compliance while contributing to reducing costs.

According to the latest available data, on average, on-time filing of personal income tax (PIT) returns amounts to 87.9%

in OECD countries, ranging from 100% in Spain, Denmark and Norway to less than 25% in Mexico. Despite this comparatively low rate, the Mexican Tax Administration has worked to close the gap with other administrations as evidenced by a recent upgrade of the technological tool for filling out PIT returns. This upgrade includes pre-filing, calculating automatically the amount of tax to be paid and speeding up refund times (OECD 2019). Reaching on average 81.8% for the on-time filling of corporate income tax (CIT) returns is comparatively lower than the average for PIT, which could be explained by higher complexity of the corporate system, as well as delays in the preparation of companies' year-end financial reports. Spain (100%) also fares comparatively well on the CIT on-time filing rate, which could be partially explained by the legal obligations for businesses to obtain a tax identification number, registering taxpayers in the census and by obliging business to relate with the administration exclusively through electronic means.

#### Methodology and definitions

ALOS refers to the average number of days that patients spend in hospital. It is measured by dividing the total number of days stayed by all inpatients during a year by the number of discharges (for all causes). Day cases are excluded.

PIT is defined as the taxes levied on the net income (gross income minus allowable tax reliefs) and capital gains of individuals. CIT refers to taxes levied on the net profits (gross income minus allowable tax reliefs) of enterprises. It also covers taxes levied on the capital gains of enterprises. The rates are calculated by dividing the number of returns filed on time over the number of returns expected.

#### Further reading

OECD (forthcoming), *Health at a Glance 2019: OECD Indicators*, OECD Publishing, Paris.

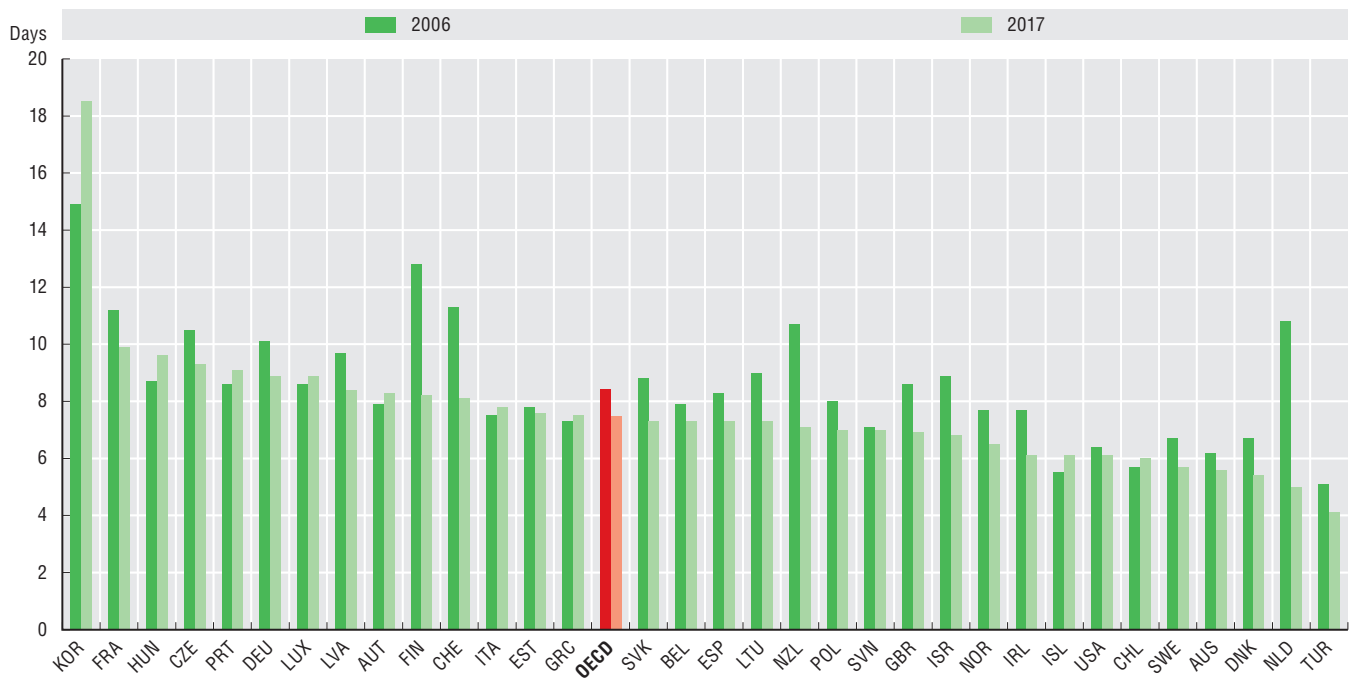
OECD (2019), *Tax Administration 2019: Comparative Information on OECD and other Advanced and Emerging Economies*, OECD Publishing, Paris, <https://doi.org/10.1787/74d162b6-en>.

#### Figure notes

10.13. Data for Austria, Denmark, France, New Zealand and the United States are for 2016; and for Greece are for 2013 rather than 2017. Data for Korea are for 2005 rather than 2006. Data for Japan are not presented as they refer exclusively to the length of stay for curative (acute) care.

10.14: Data for Hungary are for 2016.

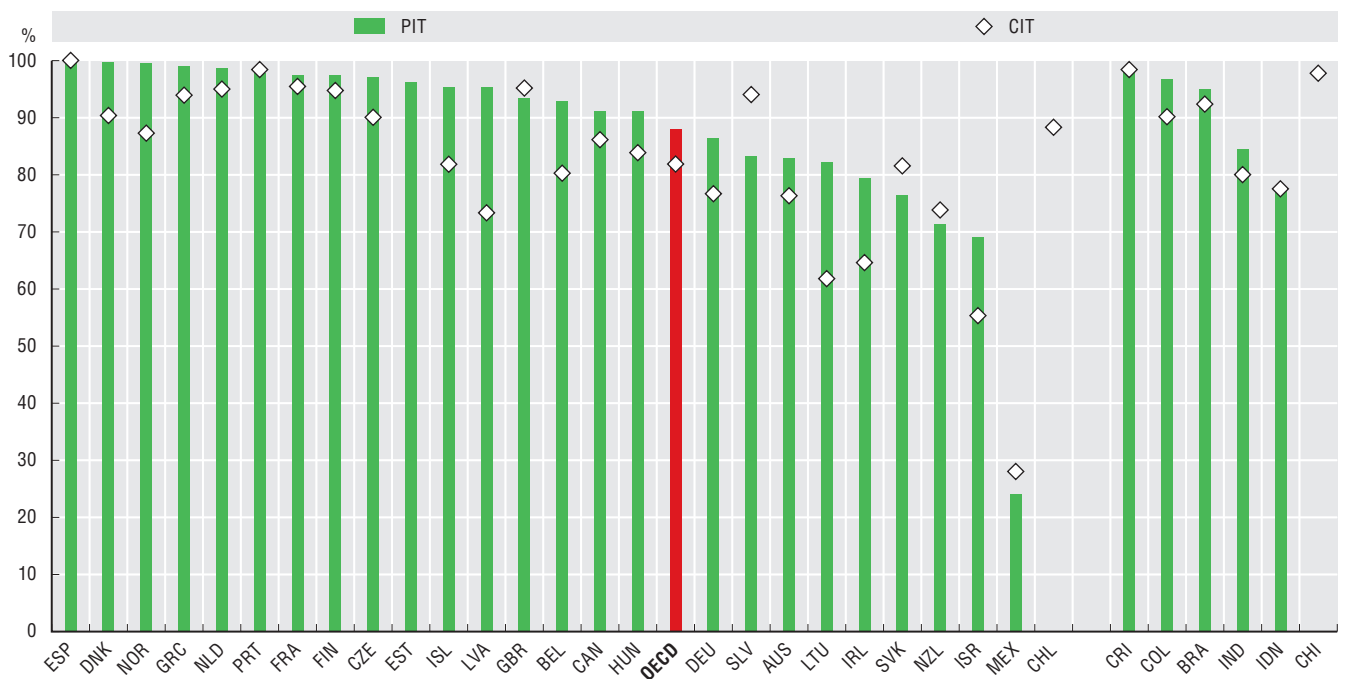
10.13. Average length of stay in hospital for all conditions, 2006 and 2017



Source: OECD Health Statistics (database)

StatLink <https://doi.org/10.1787/888934033365>

10.14. Personal Income Tax and Corporate Income Tax on-time filing rates, 2017



Source: OECD (2019), Tax Administration Series (database).

StatLink <https://doi.org/10.1787/888934033384>



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