



# Submission on the inquiry into performance reporting and public accountability

29 October 2025

To Finance and Expenditure Committee

## Submitter details

This submission is from the Parliamentary Commissioner for the Environment, Simon Upton.

I wish to appear before the committee to present my submission.

My contact details are:

**Phone:** 04 495 8350

**Email:** [pce@pce.parliament.nz](mailto:pce@pce.parliament.nz)

## Parliamentary Commissioner for the Environment

The Parliamentary Commissioner for the Environment was established under the Environment Act 1986. As an independent Officer of Parliament, the Commissioner has broad powers to investigate environmental concerns and is wholly independent of the government of the day. The current Parliamentary Commissioner for the Environment is Simon Upton.

## Introduction

As the Committee will be aware, I have been working for some time to improve scrutiny of and accountability for environmental outcomes:

- In 2019, I published a report titled, *Focusing Aotearoa New Zealand's environmental reporting system*.
- I followed up in 2020 with *A review of the funding and prioritisation of environmental research in New Zealand*.
- My 2021 report *Wellbeing budgets and the environment: A promised land?* looked at how the public finance system does or does not incorporate the environment into the way budgets are compiled (whether focused on wellbeing or otherwise).

The reports were not intended to be a trilogy, but as their development progressed it became clear to me that they were inextricably linked. So, in 2022 I published, *Environmental reporting, research and investment: Do we know if we're making a difference? (Are we making a difference? for short)*, which brought these strands together.

At the same time, and every year since, I have also published, *Estimate of environmental expenditure*, examining how much money in total is allocated in each budget to the

environment, and aggregating the environmentally related expenditure of each department by environmental outcome. This latter work has been done in close consultation with the Auditor-General.

As you can see, I have thought long and hard about the issues that the Committee is inquiring into. I commend the Committee's analysis of the current system and its strengths and weaknesses (chapters 2–5). It matches well with what I have found when looking specifically at the environmental management system.

## PCE's findings on environmental performance and accountability

Achieving environmental outcomes, like many other governmental outcomes, requires the engagement of multiple government agencies and the resources allocated to them through parliamentary appropriations. To make a critical assessment of what governments are doing and spending to achieve any particular outcome, and whether that action and expenditure is making a difference, demands an analysis that looks across the accountability reporting provided by those multiple agencies. Yet current scrutiny processes are set up to look into appropriations individually rather than across them.

In *Are we making a difference?*, I investigated how one might go about a multi-agency analysis of activities undertaken to achieve environmental outcomes. I found that, for there to be accountability, there has to be *clarity and transparency* about what it is we're trying to achieve. I concluded that we need:

- clarity about what environmental outcomes have been given priority by governments
- an equally clear idea of their plans or strategies to deliver those outcomes
- clarity about where and how money is being spent in pursuit of them
- information about the impact that spending is having and the progress we are making
- whole of government reporting that transparently communicates this to parliamentarians and citizens alike.

To that end, I made a range of recommendations, which included:

- being specific about both the long-term and intermediate environmental outcomes that governments want to achieve
- tagging and reporting expenditure and activities to those outcomes
- reporting to Parliament both what is spent on those outcomes and what progress is being made in achieving them.

Drawing from New Zealand's existing environmental reporting framework I also suggested six enduring environmental outcomes:

- Improving the biodiversity and ecosystem functioning and resilience of Aotearoa.
- Improving the coastal and marine environment of Aotearoa, including sustainable management of resources.
- Improving the land and freshwater of Aotearoa, including sustainable management of resources.
- Reducing pollution and waste.

- Reducing greenhouse gas emissions and adapting to climate change.
- Improving the efficiency and effectiveness of institutions designed to manage human interventions in the environment.

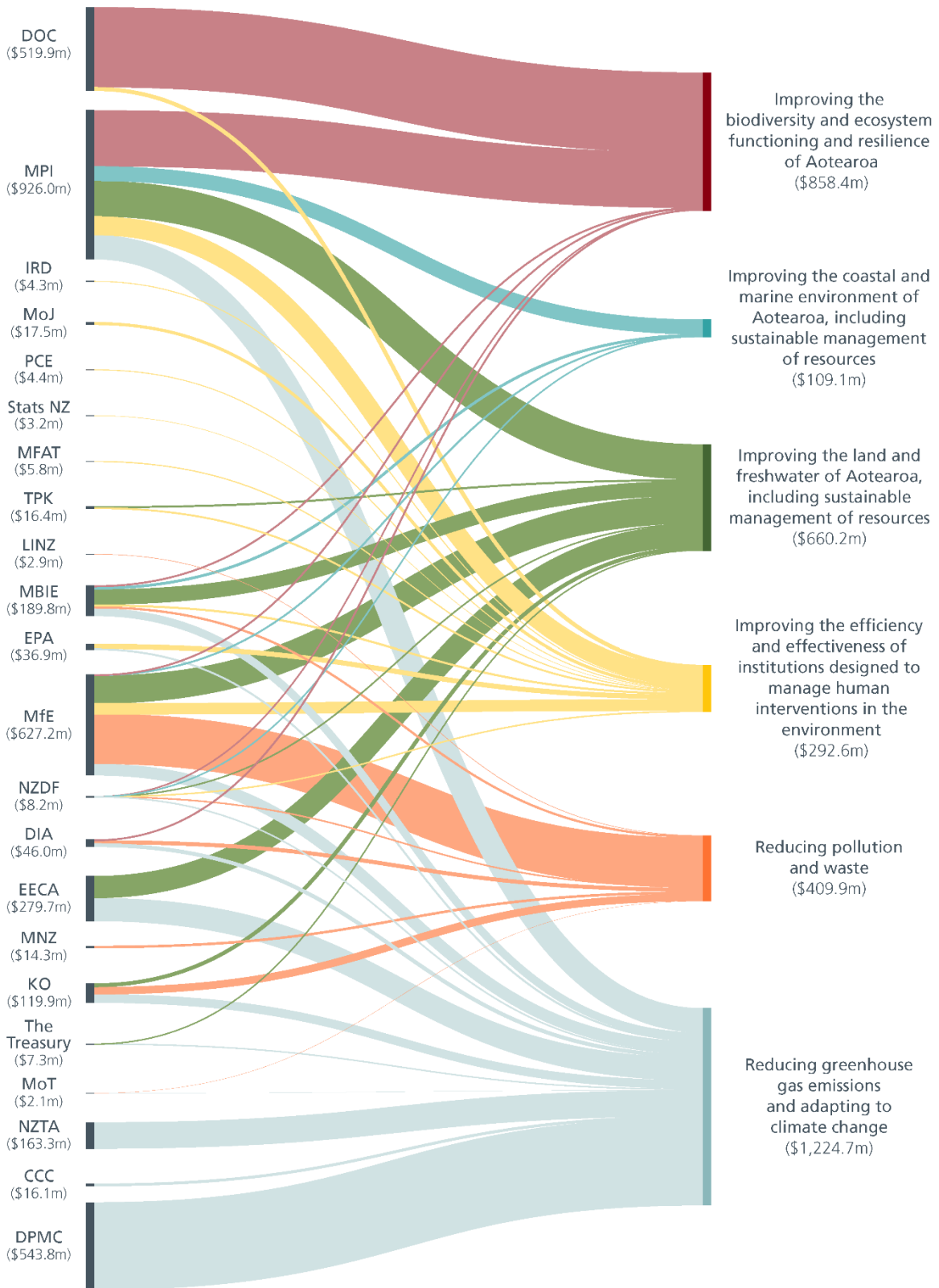
These broad outcomes indicate a direction of travel without prescribing how they might be achieved or how fast. They are deliberately apolitical – I doubt many politicians would seriously disagree with any of them. They are unlikely to change as governments change. But how different Governments decide to go about pursuing them will almost certainly change.

To support the uptake of those recommendations, I publish my annual, *Estimate of environmental expenditure*, that estimates expenditure on each of these six, long-term, enduring environmental outcomes. To produce the estimate, my team works with government agencies to disaggregate their appropriations and budgets and then re-aggregate them according under the six outcome headings. The process is easier than it sounds. The results are presented as a Sankey diagram (see Figure 1), which many of you may already have seen. My analysis allows parliamentarians to see which agencies are spending what (approximately) on each of the outcomes. The estimate is presented annually to the Environment Committee with the aim of assisting its scrutiny work.

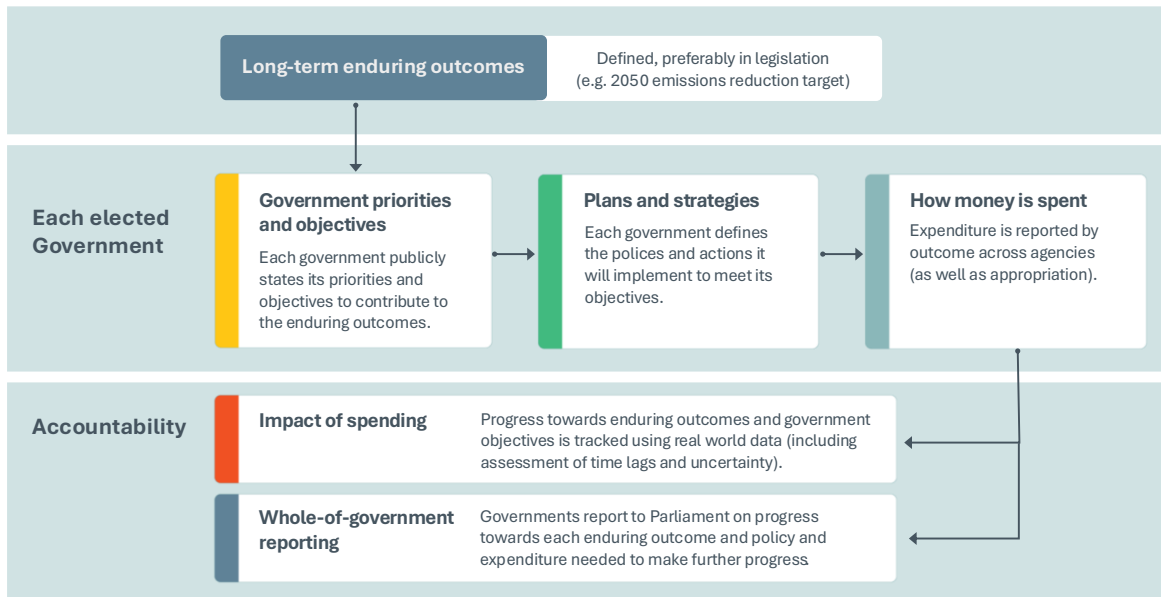
To test how scrutiny of cross-agency activity and expenditure of an environmental outcome might work, I assisted the Environment Committee of the last Parliament in a pilot that looked at what the Government was doing to improve freshwater. The Committee invited six agencies, who contribute substantively to the freshwater outcome, to a series of joint hearings. Discussion included what was being spent, what it was being spent on, and what was expected to be achieved.

Figure 2a provides a visual representation of how I envision the overall system could work. Figure 2b comments on how well the current system addresses each step. My annual, *Estimate of environmental expenditure*, is intended to address the weaknesses in the “how money is spent” step.

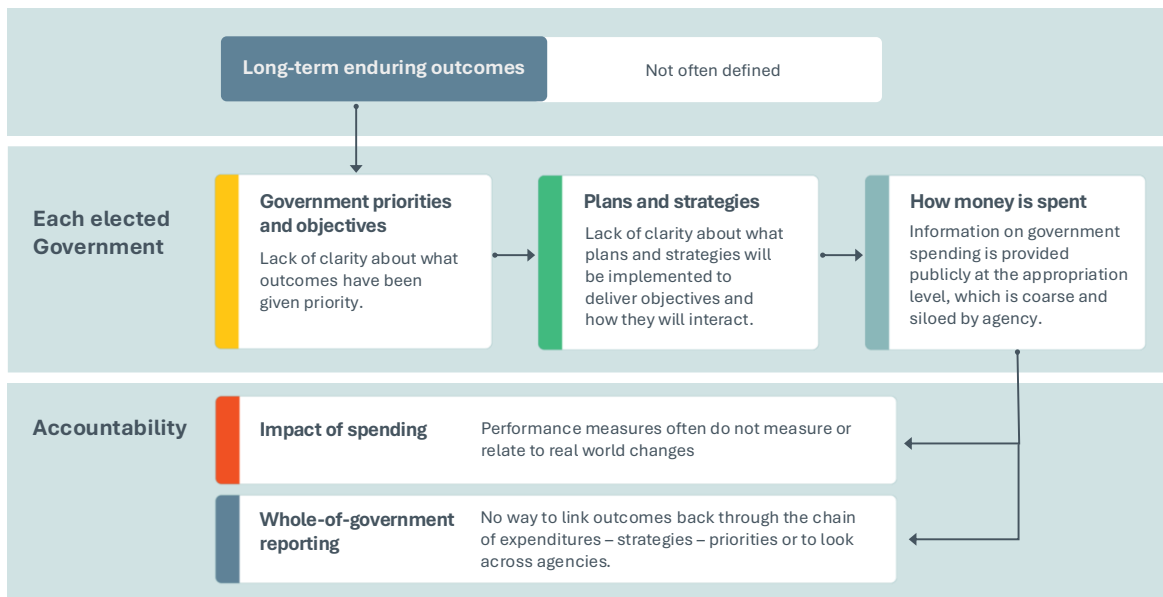
What I have done so far definitely needs refining and made a little more granular. It is also just a step in the process of linking expenditure and activities to actual progress on outcomes that is needed to answer the question: are we making a difference? Most importantly, select committees need to be prepared to think about their scrutiny role a little differently. Guidance from the Finance and Expenditure Committee and amendment to Standing Orders may be needed to give Committees the confidence they need to adopt a different framing for some of their questioning.



**Figure 1: Environmental expenditure (2024/25) by government agencies attributed to enduring environmental outcomes. The left side of the figure provides a sense of total environmental spending; the right side provides a sense of where that spending is focused. Flows capture the contribution of individual agencies.**



**Figure 2a: Schematic of how an outcomes approach to performance scrutiny could work.**



**Figure 2b: How New Zealand's performance and accountability reporting framework currently works.**

## Comments on FEC's vision for potential improvements

I strongly support the Committee's suggestion to set long-term outcomes and recognise those enduring outcomes and associated indicators in legislation. For the environment, these could be set out in the Environmental Reporting Act 2015, ideally to match the way in which information is gathered for environmental reporting purposes. I also strongly support the suggestion of a requirement for the Government to publicly communicate its priority objectives for each parliamentary term and to set them out in a certain manner.

### Sectoral approach

The interim report suggests that the Government set entity-level objectives that reflect its priority objectives and how those objectives will support the achievement of enduring outcomes. While that is important, it risks reinforcing the current siloed approach.

I think there is a missing tier. As noted above, achieving long-term outcomes, especially environmental ones, requires work across multiple government agencies and, by extension, across appropriations. Adding a sectoral 'tier' into the system is – in my view – important to help drive cross-agency collaboration.

Some thought would need to be given to the breadth and scope of each sector and what agencies might be included in each sector. Taking a sectoral approach may also help 'map' the accountability system better to the way Parliament organises its scrutiny functions through its select committees. Some 'sectors' may cover two committees. For example, environment might encompass both the Environment and Primary Production committees. A sectoral approach may also map well with the Cabinet committee structure most governments use.

If a sectoral approach is taken, it will be important to identify 'owners' of each sector for each relevant branch of government – Parliament, the Executive, and the public service (e.g. for environment – the Environment Committee, the Minister for the Environment and the Ministry for the Environment). The role that select committees could play in driving a sectoral outcomes approach for each sector could be set out in the Standing Orders.

### Flexible geometry

I would also caution against applying the enduring outcome approach to all of government. There are some domains of government activity for which the approach will work well. I think the environment is one of them. For others, such as defence or foreign policy, it is harder to see what benefit an outcomes approach might yield. While it may be relatively easy to spell out long-term outcomes at a high level, to make them useful there will be a need to define clear sectoral 'boundaries' and enable the priorities of the Government of the day to be expressed in relation to them.

There is no need for a one-size fits all approach. Each 'sector' will present its own idiosyncrasies and challenges that need to be factored in. In fact, there may be benefit from piloting different approaches for each sector. We are already well down the road for defining how an outcomes reporting and accountability system might work for the environment. I do not presume that that approach will necessarily work well for other sectors.

Some degree of consistency across the system is desirable but the geometry needs to be flexible to account for sectoral differences. While The Treasury (and possibly DPMC) should be involved across the board to provide whole of government linkages, giving leadership to an

appropriate subject-lead ministry would allow for sector-specific issues to receive the attention and solutions they need.

## Timeframes

Timeframes for both outcomes and reporting on outcomes is also important. A changed approach will be most valuable to the country if it avoids the immediate short-term. Many of the issues we are trying to illuminate by taking an outcomes approach are inherently long-term in nature. They will not be removed from the field of public intervention within the term of a single parliament, or even two or three. The system should recognise that.

Any outcomes should have a sufficiently long-term horizon (this might be decades or generations) to span multiple governments and be drafted in a way that will be acceptable to governments of different political leanings.

It is then up to each government to determine the actions it will take and the expenditure it will allocate to advance those outcomes. That will vary from government to government. Almost by definition, those actions will be pitched at a horizon of at least three years.

Reporting on progress towards outcomes should also happen no more frequently than once-per-term. That would help dissuade governments from targeting short-term gains, which may not be in the long-term interest of the outcome. It also recognises that for many of the solutions we try to implement, there is likely to be a lag before the results (positive or negative) become apparent. It is the long-term trend that matters, not short-term variations. Reporting could also set out drivers and trends and be used to discuss issues related to the legislative stewardship responsibilities agencies have. That role is currently partially covered by long-term insights briefings (LTIBs) but proposed changes suggest that even this contribution to long-term thinking is to be degraded.<sup>1</sup> Reporting sectorally against long-term outcomes could be an alternative way of salvaging a long-term perspective. A process that is driven by select committees rather than public servants could help ensure the public service retains that long-term thinking capability in the face of competing priorities.

I note that overly frequent reporting has been a problem in the environmental reporting system, and I have recommended longer six-year reporting cycles for it. The Government has accepted that but has yet to change the legislation accordingly. Saying that, what is overly frequent for the environment might well be ideal for outcomes in a different sector.

## Evidence, evaluation and attribution

It will come as no surprise to anyone that I agree with the Committee's view that high-quality data and information is a key enabler. It has been something that has arisen as a concern in almost every environmental issue I have investigated. I have made numerous recommendations on how to improve the information base we rely on. The success of government policies relies on it.

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<sup>1</sup> The Public Service Amendment Bill currently before the House proposes changing the requirement for LTIBs (Schedule 6, cl 8) to be a singular briefing, given to the PM and the Minister by the CE of DPMC. That seems rather heroic if a single briefing is to cover off in any detail all of the aspects over which governments have responsibility for. Removing the requirement for each agency to produce an LTIB will also reduce their capability for long-term policy thinking. My sectoral proposal could represent a good middle ground.

The interim report makes a brief mention of needing greater use of evaluation. I agree, but that is easier said than done. Evaluation is not something the current system does well, and it may even disincentivise its use. Results could be used as a stick to hit agencies over the head for their 'lack of performance' or used to embarrass a Minister if the findings look underwhelming in comparison to the claims of the budget bids that secured the funding. Evaluation is also often seen as something to do at the end. For complex problems that require multiple solutions, attribution may be difficult, and there may be no easily definable 'end'. The Committee should consider how evaluation can be incentivised and made into a 'learn as we go' approach. There should be no opprobrium attaching to a well-conceived programme coming up short. Governments don't have perfect knowledge. Admitting that the outcomes of initiatives have fallen short should be a source of learning rather than retribution.

## Conclusions

### Recommendations

As the Committee looks to build on its excellent interim report, I recommend that it consider the following:

- Add a sectoral lens to the outcomes, including considering ways to ensure that the approach to a sector is multi-portfolio and multi-agency. Ways to assign leadership of a sector at each tier of the accountability system (i.e. Parliament, Cabinet and the public service) should also be considered.
- Avoid a system that has all-of-government coverage and one-size-fits-all approaches to covered sectors. Ways to encourage flexibility and experimentation should be considered.
- Ensure outcomes are truly long-term (spanning multiple parliaments) and avoid short reporting timeframes on outcomes.
- Explore ways evaluation can be incentivised and made into a 'learn as we go' approach.

### An environmental pilot?

Considerable work by my office in compiling the annual, *Estimate of Environmental Expenditure*, and trialling some outcome-based scrutiny (which has entailed the assistance of the Auditor-General and government agencies) has already taken us some way down the track. Continuing it could be a useful pilot to trial the Committee's vision for improvements in the performance and accountability system. The Committee could recommend that Parliament give the work on environmental outcomes and performance a stronger mandate to proceed.

## Further reading

As the Committee evolves its thinking on the issues, members might find the following documents useful:

- PCE report 2022: [Environmental reporting, research and investment: Do we know if we're making a difference?](#)<sup>2</sup>
- PCE note 2025: [Estimate of environmental expenditure 2024/25: Method and results](#)<sup>3</sup>
- Role of evaluation in performance reporting – see Appendix 1
- PCE note 2025: [A federated system to improve environmental information](#)<sup>4</sup>



Rt Hon Simon Upton  
**Parliamentary Commissioner for the Environment**  
**Te Kaitiaki Taiao a Te Whare Pāremata**

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<sup>2</sup> <https://pce.parliament.nz/media/0qger2rr/environmental-reporting-research-and-investment-do-we-know-if-were-making-a-difference.pdf>

<sup>3</sup> <https://pce.parliament.nz/media/2gljyig3/eee-2024-25-web-v2.pdf>

<sup>4</sup> <https://pce.parliament.nz/media/ejnjtvdK/pce-letter-ministers-re-federating-the-environmental-information-system-april-2025.pdf> and [https://pce.parliament.nz/media/ksxlm5rj/pce-note\\_federated-environmental-information-system-april-2025.pdf](https://pce.parliament.nz/media/ksxlm5rj/pce-note_federated-environmental-information-system-april-2025.pdf)

## Appendix 1: Role of evaluation in performance reporting

As noted above, I was largely impressed with the interim report. Probably the weakest aspect is the report's treatment of evaluation. This is reduced to a sentence as part of the section on "Enablers":

*more use of evaluations and in-depth reviews to enable a richer assessment of value for money and the contribution of different activities to outcomes*

Evaluation is essential for both public accountability – the ability to stop poor quality spending and increase good quality spending – *and* creating a culture of learning and improvement in the public sector. In my view there is systemic under-evaluation in the New Zealand public sector. The lack of quality evaluation of policy was raised repeatedly by the Productivity Commission in many of its reviews.<sup>5</sup> I must confess it is not an area I have delved deeply into as Commissioner apart from briefly as part of my work on [Wellbeing Budgets](#).<sup>6</sup> What I can say is that many people whose views I respect make this point: that our lack of evaluation seems to be a result of institutional incentives. I will explore these below.

First, some context. There are two different types of evaluation that have important but different uses. Formative evaluation is low stakes learning about what is working and how to improve. Summative evaluation is high stakes impact measurement for accountability purposes. Both of these evaluation types are important for different reasons, and getting a balance between them is vital. Sometimes, for example, an excessive focus on summative evaluation can disincentivize formative evaluation as people don't want to give information that might reflect badly on them.

My understanding is that the Social Investment Agency is conceiving of formative learning as being embedded in operations. In other words, you don't have a formal evaluator identifying what is working. Instead, you set up processes so that people doing the work ask themselves questions (and capture the answers) in a structured way as they do the work. Meanwhile, summative evaluation is undertaken as a statistical exercise that is enabled by data sharing and setting up of a strong analytical method from the start.

In this respect, the Integrated Data Infrastructure (or IDI) gives the social sector a massive advantage when compared with the environmental sector. The administrative data captured within the IDI allows people to be tracked (anonymously) through their interactions with the state. With enough data about different people's interactions it becomes possible to statistically analyse whether a change in how the state operates leads to different outcomes.

As I have been arguing for some time, more integrated environmental data would over time allow a similar approach in the environmental space. These sorts of statistical evaluations are no substitute for a formal evaluation, but they are much cheaper and better than the status quo (which tends to be nothing). Big data also allows for evaluating multiple outcomes. It is good to see this point on information covered in the interim report under Enablers also.

The interim report's insights around Outcome Evaluation would also help encourage more evaluation to take place. Having a clearer understanding of what is important to governments in general as well as the Government of the day will motivate the public sector to provide the data

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<sup>5</sup> <https://www.treasury.govt.nz/sites/default/files/2024-05/pc-inq-nzfrff-final-report-frontier-firms.pdf>

<sup>6</sup> <https://pce.parliament.nz/media/lxgb4pt5/wellbeing-budgets-and-the-environment-report-pdf-225mb.pdf>

necessary to do this work. The recent focus on school attendance is a good example.

So, what more is needed to encourage more useful evaluation in the public sector? What the interim report doesn't cover is the incentive issues faced by agencies and Ministers. These need careful consideration.

There is currently very little incentive for agencies to properly evaluate their programmes. The findings of evaluations often look underwhelming in comparison to the claims of the budget bids that secured the funding. The results of an evaluation then become a stick to hit agencies over the head with for their 'lack of performance'. In contrast, agencies or initiatives that devote very little funding to evaluation (or spend money on evaluations that cannot tell us about impact one way or the other – I'll come back to that below) avoid the risk. This means that investing in evaluation is a doubly losing proposition for agencies; they are expensive, *and* they come with downside risks. The same can be said for the Minister if the initiative was their idea, although the stick is then more likely to be wielded by select committees or the media.

As noted above, another approach is to undertake evaluations that don't tell us much. Whether this is a deliberate tactic in response to the incentives above or a cultural shortcoming of our public sector is difficult to know for sure. Standard policy or commissioning cycles put evaluation at the end of the cycle. The message for public servants is that they don't need to worry about evaluation until several years down the track. This has two consequences:

1. Many initiatives end up skipping steps that are necessary for good evaluations (but also good policy proposals), such as being clear about what you're trying to achieve. It might be several years before this conversation happens.
2. The quality of the evaluation suffers when done in a backwards-looking way. There is often a lack of baseline or pre-intervention data which means quantitative evaluation becomes impossible. Qualitative insights can still be useful but are both expensive and less powerful on their own.

In my view FEC's final recommendations need to attend to these public sector incentive issues. Some solutions could include:

- Incentivising agencies to demonstrate that they are learning. A negative evaluation finding wouldn't be seen as bad, as long as the agency can show it is acting on the findings and doing something about it. It is worth noting this solution doesn't remove the risk for Ministers from the media.
- Requiring agencies to periodically evaluate all spending. The Office of the Auditor General's advice to FEC referred to Canada and the Netherlands as taking this approach.<sup>7</sup>
- Disincentivising agencies and Ministers from not learning. A lack of evidence of impact needs to be seen as worse than evidence of no impact. This is assuming the programme has been around long enough to be evaluated.

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<sup>7</sup> [https://www3.parliament.nz/resource/en-NZ/54SCFIN\\_ADV\\_5926b4cc-201c-4516-5958-08dd4aef532b\\_FIN171937/079dd30a4b66746fb30a2e78d3700370572e9dca](https://www3.parliament.nz/resource/en-NZ/54SCFIN_ADV_5926b4cc-201c-4516-5958-08dd4aef532b_FIN171937/079dd30a4b66746fb30a2e78d3700370572e9dca) p20