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Te Whare Māngai o Aotearoa

Finance and Expenditure Committee

Komiti Whiriwhiri Take Pūtea, Take Whakapaunga Pūtea

54th Parliament

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**Inquiry into performance reporting and
public accountability**

Interim report

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Inquiry into performance reporting and public accountability

Recommendation

The Finance and Expenditure Committee is conducting an inquiry into performance reporting and public accountability and recommends that the House take note of this interim report.

Chapter 1—Introduction and call for submissions

Performance reporting is about showing what has been achieved with public money. Public accountability is about how the public and Parliament hold the Executive accountable for the use of the powers that Parliament has delegated to it, including the use of public money.

Parliament's scrutiny of the objectives, spending plans, and performance of the Executive is a critical part of the formal process of public accountability. The ability of Parliament to effectively scrutinise the Executive is heavily dependent on the information that it receives. In other words, performance reporting is critical to public accountability.

The current state of performance reporting often does not enable Parliament or the public to understand what outcomes and value are being achieved with public money. This limits the ability of Parliament to hold the Executive to account. Often it can be unclear what outcomes the Executive wants to achieve, how it intends to achieve them, and what progress is being made.

In this context, this inquiry has two primary aims:

- to make findings about limitations of the current system of performance reporting and public accountability
- to make recommendations aimed at ensuring that the performance reporting and public accountability system is fit for purpose and meets the needs and expectations of 21st century New Zealand.

Background to the inquiry

The Review of Standing Orders 2023 made the following recommendation:

We recommend to the House that it establish an ad hoc committee in the next term of Parliament to conduct an inquiry into performance reporting and the provision of information by the Government through which it is held accountable by the House.¹

The recommendation followed concerns raised in reports to the House by the Auditor-General and the Parliamentary Commissioner for the Environment. A select committee inquiry was seen as the appropriate mechanism to address those concerns because of the

¹ Standing Orders Committee, Review of Standing Orders 2023, August 2023, pp 54–55.

constitutional nature of the subject matter. A select committee inquiry gives Parliament an opportunity to express its expectations about the information the Executive produces and through which it is held to account. Such an inquiry also enables members of Parliament to seek cross-party consensus, which is important for the longevity of any reforms that could follow.

We indicated support for the proposed inquiry in our scrutiny plan in May 2024.² However, due to the overall workload of the Parliament at the time, we paused our work on the proposed inquiry for the remainder of the year.

We resumed consideration in December 2024 and early 2025. We ultimately decided to run the inquiry ourselves, rather than seek to form an ad hoc committee, given our interest and responsibilities in the subject matter. (Under Standing Order 189, our subject area includes government expenditure, government financial performance, and public audit.) We initiated the inquiry on 12 February 2025 and adopted terms of reference on 5 March 2025.

The full terms of reference for the inquiry are set out in appendix B.

Our process for the inquiry

We have adopted a two-phase approach to the inquiry.

Phase one began in April 2025 and culminates in the publication of this interim report. The aim of this phase was to establish a shared understanding of the main issues and potential direction of travel for the inquiry, which we articulate in this report.

To this end, we considered issues papers from the Office of the Auditor-General and the Treasury, which are our advisers for the inquiry. We appointed Greg Schollum to provide independent comment on the advice we received. We also appointed Dr Ian Ball to gather evidence on our behalf. He interviewed approximately 20 key stakeholders about performance reporting and public accountability and produced a summary report. Dr Ball's work gave us an initial sense of the issues that submitters may also identify.

We record here our sincere thanks to everyone who agreed to be interviewed by Dr Ball.

We have produced this interim report based on the material we have received so far. This material is available on the Parliament website. (Refer to appendix C for weblinks.) We want this report to serve as a discussion document for interested parties to engage with and respond to in their submissions on the inquiry.

In phase two we will hold hearings with the public, analyse written and oral submissions, and consider further advice. Before the end of this term of Parliament we intend to produce a final report with specific recommendations for how to improve policy settings for performance reporting and public accountability.

² Finance and Expenditure Committee, Scrutiny Plan for the 54th Parliament, May 2024, p 6.

Call for submissions

We are now calling for written submissions on the inquiry.

Submissions will close at **11:59pm on 29 October 2025**.

When preparing submissions, we encourage interested parties to engage with:

- this report, especially chapter 6 where we set out our vision for potential reform
- our terms of reference (set out in appendix B)
- the documents we received (weblinks are available in appendix C)
- the following questions.

Questions for submitters

1. Have we missed or mischaracterised any strengths or weaknesses of the current system?
2. What are the biggest barriers, challenges, and opportunities to improving the current system? How could the barriers be overcome?
3. What are the key lessons we can learn from previous reforms and what is necessary for successful implementation this time around?
4. Are there any key improvements that are missing from our vision for reform and improvements?
5. What do you consider to be the most—and least—important information for:
 - holding the Executive to account?
 - enabling the Executive to learn and improve?
 - supporting trust and confidence in the Executive?
6. What options for change should we explore in the next phase of our inquiry?
7. Do you have any views on how the way that the Executive's reports on its performance should reflect the obligations that Te Tiriti / the Treaty places on it?

Chapter 2—Overview of the current system

This chapter gives a brief overview of the current system for performance reporting and public accountability.

Key aspects of the system have endured since the late 1980s. The reforms associated with the following pieces of legislation significantly improved the quality and the extent of financial information that is available to Parliament:

- State-Owned Enterprises Act 1986
- State Sector Act 1988
- Public Finance Act 1989
- Fiscal Responsibility Act 1994
- Crown Entities Act 2004 (although not part of 1980s legislation, it is a critical part of the current reporting framework).

The Executive consists of ministers (both inside and outside Cabinet) and public sector agencies. Different parts of the Executive have different roles and responsibilities. For example, ministers are accountable to Parliament for their policies, public spending, and the performance of the entities within their portfolios.³ Meanwhile, departmental chief executives are responsible to ministers for the operation of their departments, including their efficiency, economy, and effectiveness. They are also responsible for supporting their minister to act as a good steward of the public interest and for giving policy advice.

Where we refer to “Government” (with a capital G) we mean the elected Government for the current parliamentary term, while “whole of government” usually applies to all departments and Crown entities.

The primary way that the Executive reports on its performance is through a series of core accountability documents:

- The Budget Policy Statement sets out the broad strategic priorities by which the Government will be guided in preparing the Budget for that financial year.
- The Budget, Estimates of Appropriations, and Supplementary Estimates set out the money the Government has allocated to achieve its plans.
- Strategic Intentions, Statements of Intent, and Statements of Performance Expectations from government entities set out their objectives and plans for achieving them.
- Annual reports from government entities set out how much progress is being made and how much is being spent.

These core accountability documents are illustrated in figure 1 below. Most of these documents are not independently assured and not every document is fully scrutinised by Parliament.

³ [Cabinet Manual 2023](#), paragraph 2.22.

The primary way that the Executive is held to account for its performance is through the annual cycle of financial scrutiny by select committees and the House. This cycle is illustrated in figure 2 below. The annual cycle of financial scrutiny provides an uneven opportunity for scrutiny of the Executive.

Requirements for core accountability documents are set out in the Public Finance Act 1989 and the Crown Entities Act 2004. Requirements for independent assurance are set out in the Public Finance Act and the Public Audit Act 2001. Requirements for the annual cycle of financial scrutiny are set out in Standing Orders.

In addition to the core accountability documents that are statutorily required, the Executive sets out its objectives, plans, spending, and progress in a range of other documents. Some of these are required by legislation or Cabinet, and others are produced at the initiative of a Minister or individual public organisation. The Executive also produces a range of stewardship reports which can be used to support how it sets its objectives.

In principle, select committees can use these other documents to hold the Executive to account for its performance. Although many of these documents must be presented to the House, only a handful are automatically scrutinised by select committees, and only two (the health plan and the report on performance against the health plan) are legislatively required to be independently assured.⁴

Overall, the current landscape for how the Executive provides information on its performance includes a large number of documents that vary significantly in relation to:

- the basis for reporting
- whether the reporting must be independently assured
- whether the reporting must be made public
- whether the reporting must be provided to the House
- whether the reporting must be scrutinised by select committees.

Some of this variation is the result of deliberate design choices.

The current landscape is the result and accumulation of a series of changes that have occurred since the late 1980s. Key documents have been added, removed, or changed based on different objectives and design principles at various stages.

Changes to core accountability documents, and layering over time, have resulted in a landscape where it is often unclear how the documents relate to each other. It is unclear to what extent there is an integrated system of reporting that enables Parliament to effectively hold the Executive to account for its performance.

⁴ The Health Committee is currently considering the Healthy Futures (Pae Ora) Amendment Bill. Among other things, the bill would remove the requirement for the health plan to be audited.

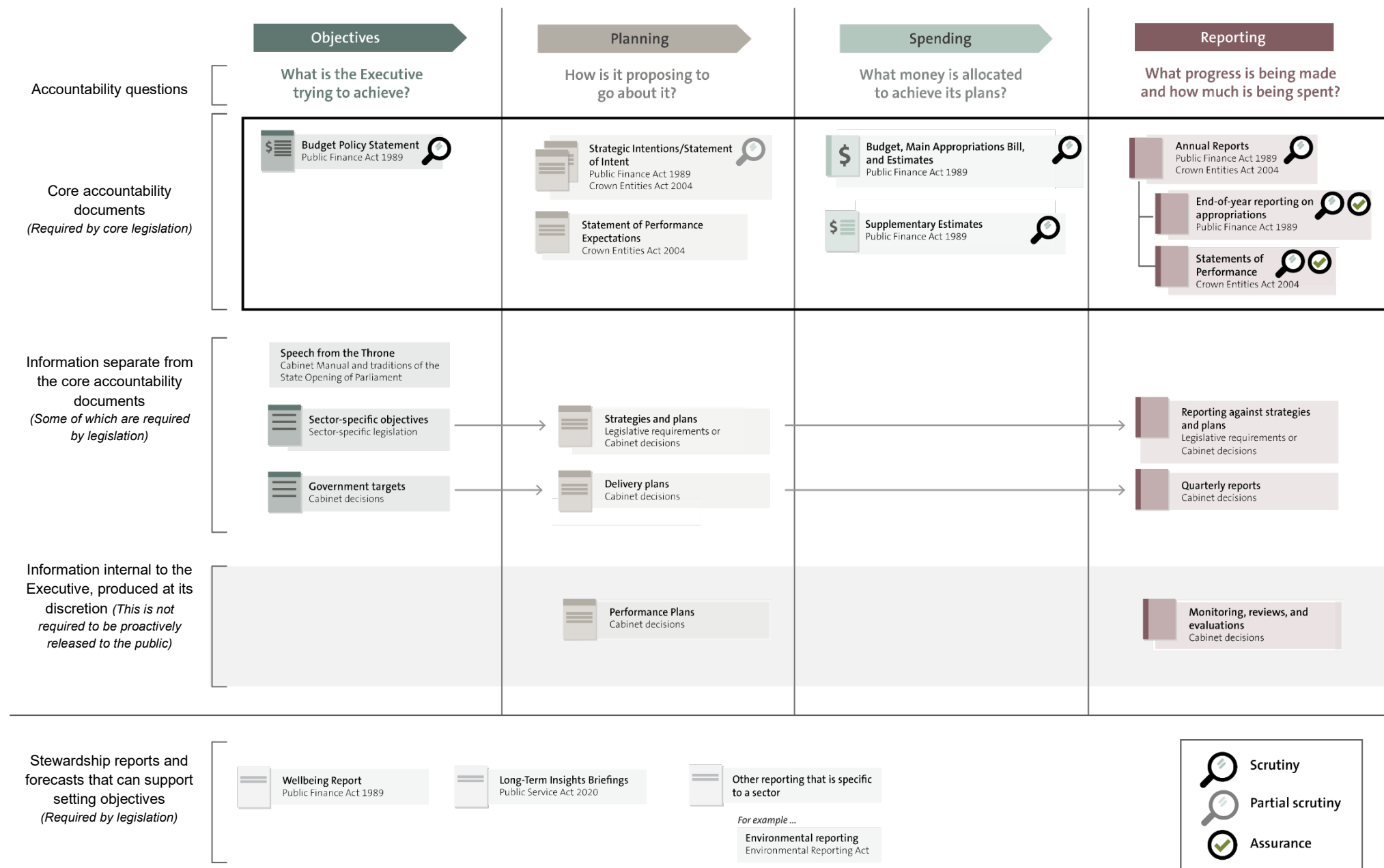
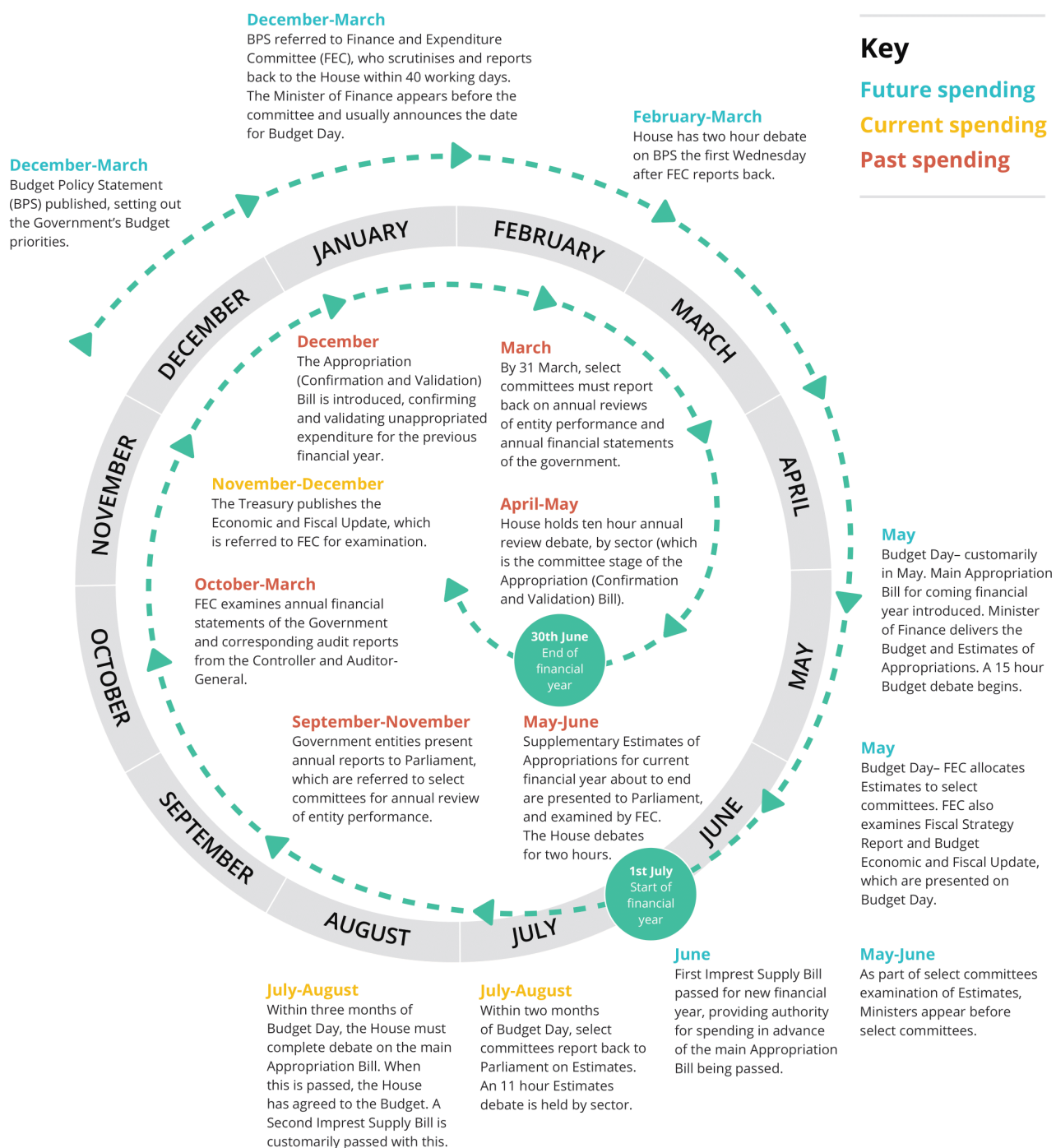
Figure 1—Key aspects of how the Executive reports on its performance

Figure 2—Parliament's financial scrutiny cycle

Chapter 3—Strengths and weaknesses of the current system

Figure 3 below summarises what we consider to be the strengths and weaknesses of the current system for performance reporting and public accountability.

One strength of the current system is that there is regular financial reporting about individual public organisations and the whole of government. This financial reporting is prepared to international standards and is audited and scrutinised by Parliament.

The Executive also produces a lot of non-financial information about its performance. However, there are a range of issues with that information. It does not provide Parliament with a clear and integrated view of what the Executive is trying to achieve, how it proposes to achieve it, how public money is being used to achieve it, and what progress is being made.

It is often unclear how the objectives set out in strategic documents from government departments and Crown entities (strategic intentions and statements of intent) relate to annual plans or performance measures. Also, it is often unclear how those strategic documents relate to the Government's overall policy priorities. The relationship between the objectives of different public organisations is not always apparent, particularly where they are required to work together to solve problems or improve outcomes.

The architecture of the system (both the legislation and its supporting guidance and processes) has been amended frequently since the late 1980s. Without a consistent set of design principles or objectives, this has resulted in a patchwork of requirements.

There are good controls in place to constrain spending once authorised by Parliament, and there is monitoring and reporting of whether public organisations are operating within these constraints. However, it is not clear at the time Parliament authorises spending that there is a full understanding of what the Executive intends to achieve with public money and what it should be held to account for.

Existing accountability documents provide Parliament and the public with large amounts of financial and performance information. This by itself is challenging. Documents such as the Estimates of Appropriations and annual reports can comprise hundreds (or thousands) of pages of detailed and sometimes complex information that is difficult to understand and scrutinise.

Performance measures that are reported on by departments and Crown entities are often inadequate. Performance reporting is focused on individual organisations and there is not enough reporting about the effect of organisations' activities or the outcomes they are working towards, or how those effects and outcomes are distributed across society. Only some information is required to comply with Generally Accepted Accounting Practice (GAAP) and be audited.

Many issues that are increasingly important to the public are long-term or intergenerational in nature, such as climate change, persistent disadvantage, or health costs associated with

an ageing population. However, core reporting and accountability processes focus on the short or medium term and do not support public understanding of how these longer-term challenges are being managed. Various stewardship reports are produced by the Executive, but it is not clear how they inform decision-making.

To some extent these problems have already been recognised by the Executive. There have been several attempts to focus more on outcomes. In some areas this has resulted in specific legislation that is designed to support a more deliberate and enduring focus on complex issues. Examples include the Child Poverty Reduction Act 2018 and the Climate Change Response Act 2002. There are also some requirements for Government Policy Statements to be published in a range of sectors.

Where these requirements exist, they often produce better information. There are also pockets of good reporting across the Executive, but this reporting is often not independently assured or scrutinised by Parliament.

Reporting requirements give flexibility for departments and Crown entities to report on the things that matter to them and on aspects of their performance that are most relevant to their role. However, this flexibility has also resulted in great variability in the content and quality of reporting across the system.

The lack of good reporting about the performance of the Executive places a lot of strain on Parliament's ability to understand and properly scrutinise:

- the objectives of the Executive
- how public resources are used to achieve those objectives
- how successful those efforts are.

Select committees spend as much time asking for information as they do in scrutinising it.

The result is a system that demands a lot of time and effort across the public sector for relatively little benefit to Parliament or the public in holding the Executive to account.

Careful consideration needs to be given to how these issues should be addressed, and how to strike an appropriate balance between constraining and enabling the Executive to operate, and between the cost of complying with requirements and the need for public accountability.

Figure 3—Summary of the strengths and weaknesses of the current system

Objectives	Planning	Spending	Reporting
✓ There are requirements for the Executive to set out objectives at an all-of government level, entity-level and in some specific priority areas. ✓ The Executive is required to set out long and short-term objectives for fiscal policy. ✓ Departments and Crown entities are required to set out performance objectives over both the short-term and the medium-term. ✗ It is not always clear how objectives are connected, or how they relate to the Government's overall policy agenda. ✗ Objectives, impacts and outcomes are often not well defined and lack useful measures. ✗ There are no requirements for the Executive to identify or describe how they will address long-term issues that matter to the public.	✓ All departments and Crown entities are required to publish organisational strategies at least once every three years. ✗ There is variability in the quality of information available about the Executive's strategies and plans. ✗ The strategies of individual departments and Crown entities do not explain how government is working together to progress key issues and outcomes. ✗ The Executive's strategies and plans for achieving objectives are generally disconnected from budgets.	✓ The Executive is required to set out how much Income it expects to receive and how it intends to spend it every year. ✓ Appropriations are generally an effective way to control spending. ✗ The Estimates do not provide an accessible view of how the Executive intends to spend money to achieve its objectives. ✗ It can be difficult to trace new expenditure, or expenditure on specific programmes, through appropriations to what departments are responsible for delivering.	✓ There are requirements for departments and Crown entities to regularly report performance and reports are independently audited. ✗ There is limited information that provides a perspective on performance at an all-of-government level. ✗ There is limited information on progress on outcomes at a sector level, or where organisations have a shared responsibility towards a common outcome. ✗ Reporting on impacts and outcomes is often not adequate. ✗ There are limited requirements for the Executive to report on major initiatives. ✗ Reporting does not provide an integrated view of what value is being achieved with public money. ✗ Measures are often not meaningful and frequently change. ✗ There is not enough focus on using other forms of assessment (e.g. evaluations, in-depth reviews).

Chapter 4—Lessons from past reform and implementation of the Public Finance Act

Various legislative and non-legislative reforms have tried to improve performance reporting since the Public Finance Act 1989. Figure 4 below summarises the main ones. This chapter summarises the lessons to be drawn from those reforms and the implications for this inquiry.

Setting and reporting on Government priorities

Governments set out and report on their priorities and objectives in different ways. These differences are driven by the democratic nature of how governments set priorities (including the nature of coalition agreements), how different Prime Ministers choose to govern, and the nature of the environment and challenges that different governments face.

Accordingly, we will need to consider:

- whether there should be more standardised requirements for how and where governments set out their priorities and objectives
- how to also provide sufficient flexibility for governments to express their priorities and objectives as they see fit
- who should report on the achievement of these objectives and priorities, given the different roles and responsibilities of ministers and agencies.

Outcomes and their reporting

Outcomes have always been a core element of the public finance system. However, the term “outcomes” can have a wide range of meanings, and this has implications for reporting and accountability. Outcomes can be focused or broad, short-term or long-term, direct or indirect. The broader and longer-term outcomes are, the weaker and less direct the relationship between activities and agency performance becomes.

We will need to consider:

- the levels and types of outcomes Parliament is most interested in, and the information Parliament wants in respect of those different levels and types of outcomes
- what reporting looks like when there are less direct relationships between activities and agency performance.

Overcoming silos

The reforms of the late 1980s and early 1990s created strong accountability relationships between individual agencies and their respective ministers. This is often referred to as “vertical accountability.” However, almost immediately, concerns were raised about the silos that were created in the public sector as a result of these reforms.

The Public Finance Act enables cross-agency reporting but reporting alone but cannot create cross-agency programmes or objectives. Structure, relationships, capability, capacity, and incentives are more important and are a prerequisite for cross-agency reporting. We will need to determine how Parliament can create demand for joined-up reporting where there are common, cross-agency objectives.

Ownership and stewardship

When the Public Finance Act was designed, the concept of ownership was a key consideration. Over time, the concept of ownership has been replaced with the concept of stewardship. Stewardship can be understood as:

- stewardship *of* an agency, which is about maintaining its capability and capacity
- stewardship *by* an agency, which is about maintaining its ability to provide information and advice on the policy and regulatory areas it is responsible for. (This is sometimes called system, sector, or regulatory stewardship.)

Achieving a focus on stewardship and good stewardship reporting has been challenging. A specific challenge is determining the frequency of stewardship reporting. If this information is provided on a regular (annual) basis, it risks becoming a compliance exercise. If it is less regular, there are risks to maintaining the capability to deliver and engage with this reporting.

We will need to consider what stewardship information Parliament wants and how we can ensure the scrutiny of information that is produced less frequently than annually.

Differentiated and common reporting

Amendments to the Public Finance Act have increasingly made reporting requirements more flexible to recognise the diverse functions, activities, and objectives of the public sector (“differentiated reporting”). However, this flexibility requires more judgement to determine what type of reporting is appropriate in different circumstances.

At the same time, there has been an increase in more prescriptive reporting requirements for appropriation and agency reporting, often in a blanket manner (“common reporting”).

This has led to an overwhelming level of information at the agency level, as well as:

- difficulty in drawing connections between objectives and funding, with performance reporting now based largely on the appropriation level
- a lack of clarity about the role of ministers in establishing performance expectations.

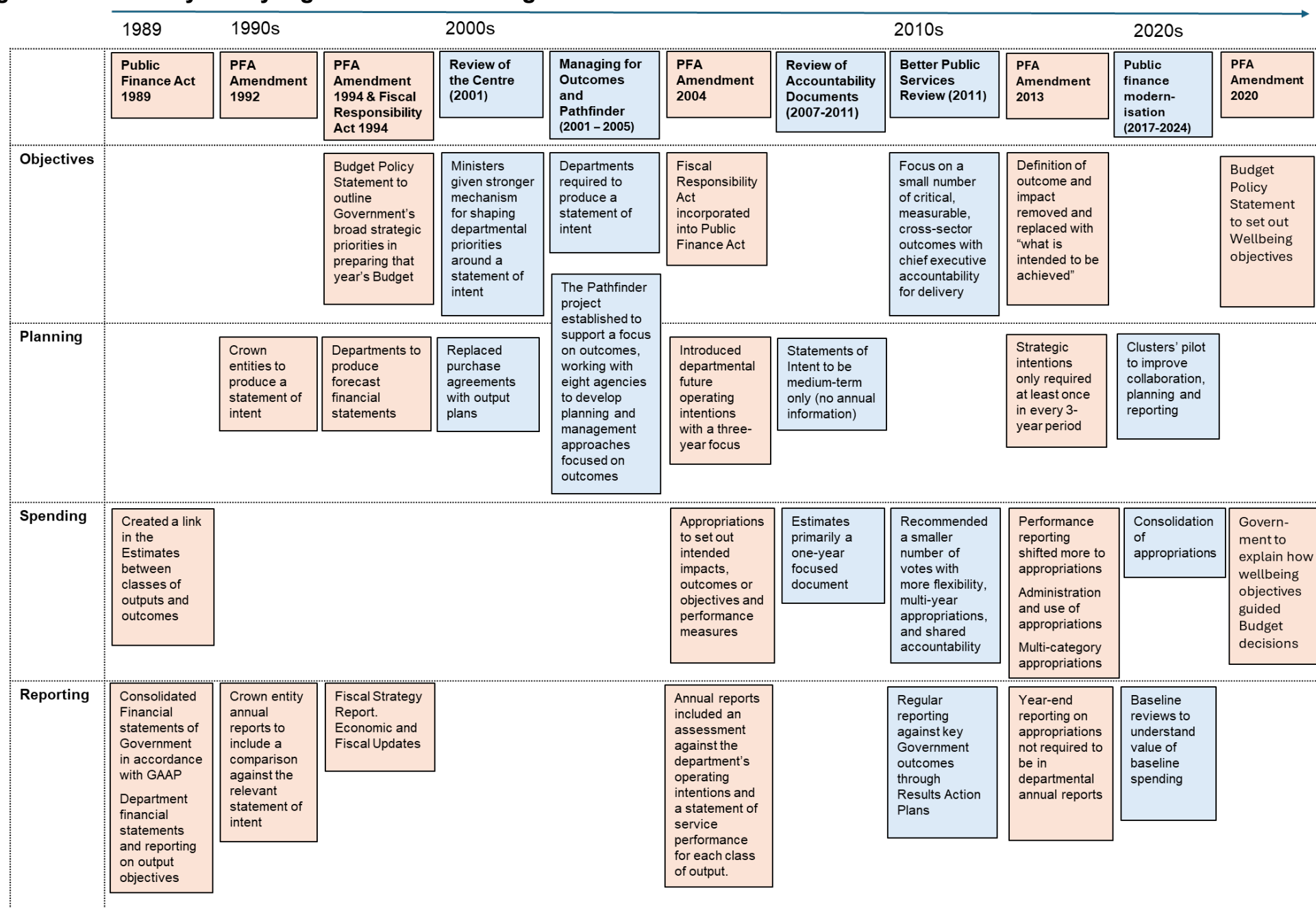
We will need to consider when there should be differentiated reporting and what common reporting we want to see across all expenditure and agencies.

Enablers of quality reporting

Reporting requirements alone are not sufficient to ensure that there is high-quality reporting and improvements in performance. This requires the reporter to have the motivation, capability, capacity, and ability to deliver (including skills, information, and IT systems), as well as a process that the reporting feeds into.

Many of the reform processes outlined in figure 4 below have resulted in effort for a period before focus shifts onto other priorities, or early gains have been achieved.

Alongside this, there will almost always be unintended and unanticipated reactions when there is change across a wide range of agencies that have different incentives, capabilities, and constraints. Any reform needs to keep an active view on how different parts of the system are responding to the change. All parts of the system should be—and remain—aligned to the change being sought. This would entail clear expectations across the wide range of performance reporting, and the different parties understanding those expectations.

Figure 4—Summary of key legislative and non-legislative reforms since 1989

Chapter 5—Insights from interviews with key stakeholders

This chapter summarises insights from interviews with key stakeholders that were conducted on our behalf by Dr Ian Ball. We encourage readers to read [his report](#) in full.

The interviewees included former Ministers, relevant statutory officers, public sector organisations, and representatives from te ao Māori and overseas jurisdictions. The interviews revealed a wide range of opinion about the performance reporting and public accountability system. However, there was significant agreement that it is a very important topic.

The views expressed on the quality of the existing system ranged from generally satisfactory but with areas for improvement, through to “terrible”. Three interviewees consider the current system to be seriously deficient, although for different reasons:

- One considered that the issues that led to this inquiry could not be resolved without a significant restructuring of the state. This would result in a far greater proportion of government activity taking place at the local or community level.
- The second considered that there was a serious lack of the data needed to assess the value for money of the Government’s activities. This was a comment on the extent and quality of the information that public organisations currently provide.
- The third considered that the Executive’s existing structural arrangements are deficient in that departments lack a board. This means that ministers are, by default, required to carry out the governance role. It also means that, among other things, chief executives are not monitored effectively in the way a governance board would.

However, most interviewees considered that the current arrangements are broadly appropriate. All of them saw weaknesses or deficiencies that, if corrected, could lead to better performance reporting and public accountability.

Many of the issues raised were about the content of the information in accountability documents. Some interviewees argued that there needs to be a radical change (a reduction) in the volume of information.

It is notable that no interviewees expressed serious concern about the basic architecture of the documents required by legislation, even though there were concerns about the content of some of those documents.

Dr Ball identified this inquiry as an opportunity to modify the design and functioning of the system to enhance performance reporting, public accountability, and ultimately the public sector’s performance. He suggested investigating potential system enhancements to address:

- **structural issues** within the Executive (to simplify reporting) and within Parliament (to create more demand for high-quality performance reporting)

- **performance specification issues**, including several issues associated with the reporting of, and accountability for, achieving outcomes and the role of appropriations in specifying expected performance
- **systems issues**, including the capacity and maintenance of the performance management system, the role of evaluation and analysis, and the potential to use data and technology more effectively
- **reporting issues**, including the potential for a new model of reporting, the appropriate frequency of reporting for different dimensions of performance, the place of the Government Targets within the system, and the role of audit and assurance in performance reporting.

Chapter 6—Our vision for potential improvements

This chapter sets out our vision for potential improvements to the system of performance reporting and public accountability. Figures 5 and 6 are visual representations of our vision.

Overarching purpose and vision

The purpose of the system should be to enable:

- **accountability**—by supporting Parliament and the public to scrutinise the Executive's spending proposals and to effectively hold the Executive to account for its use of public money
- **improvement**—by supporting the Executive to learn and improve, including its delivering of services and its contribution to outcomes
- **trust**—by strengthening the confidence of Parliament and the public in the ongoing ability of the Executive to serve New Zealanders and steward public resources.

We want the way that the Executive reports on, and is held accountable for, its performance to be fit for purpose and meet the needs and expectations of 21st century New Zealand. The system needs to ensure that Parliament and the public are provided with information about what the Executive seeks to achieve for the country, how it plans to do this, and how the plans will be funded. There also needs to be subsequent reporting about what results are being achieved and what money has been spent.

Tensions to navigate and design principles

We recognise that there are no easy solutions to the long-standing issues we have identified in this report. The challenges and monetary costs of achieving the improvements we are interested in will vary. There will be trade-offs, benefits and costs, and tensions that will need to be navigated. For example:

- the demand for information will always exceed the capacity and capability of the system to deliver
- the capacity of the system to implement change is not unlimited, so any reform would likely need to be sequenced
- technical complexities (such as attributing results to actions, and lags between actions and results) mean that reporting on the influence of government actions will often be inexact
- there is some tension between goals, such as a focus on enduring, long-term outcomes on one hand, versus the adaptive and responsive nature of government priorities (and reporting on those priorities)
- some issues that influence what is reported and how it is reported, such as the number of ministerial portfolios and the structure of the public service, are not strictly the focus of this inquiry.

We will need to navigate these tensions, decide what matters most, and determine what is feasible. In doing so, we intend to be guided by the following design principles:

- **Understandable information**—The system should facilitate the provision of clear, simple, and accessible information in a way that recognises the capacity and capability of both Parliament and the public.
- **Information on what matters most**—The system should provide sufficient information for Parliament and the public to understand what is important to them, both for today and the future.
- **Connected information**—The system should provide cohesive information across objectives, plans, spending, and reporting.
- **Trustworthy information**—The system should provide the basis for Parliament and the public to be confident that information is credible and can be relied upon.
- **Proportionality**—The system should meet the needs of Parliament and the public in a way that balances the costs of compliance, the benefits of flexibility, what is feasible, and the need to incentivise good practice. We expect this principle to play a key role in balancing trade-offs, benefits and costs, and tensions.

Possibilities we want submitters' views on

We list below eight key areas for improvement. Under each area, we identify possible ways to achieve the overall goal. We have considered international practice in identifying these improvements.

As this is only an interim report, we emphasise that we are not yet endorsing any of the possibilities we are raising; they are simply matters that we are considering and want to hear submitters' views on. In the next phase of our inquiry, we will finalise our specific policy recommendations.

Meaningful and clear information about what the Executive wants to achieve

Key area for improvement 1: Outcome evaluation

There need to be meaningful and clear statements of each Government's priority objectives for each parliamentary term and the long-term outcomes that it seeks to influence, which then cascade down to entities.

Possible ways to achieve this include:

- requiring the Government to publicly communicate its priority objectives for each parliamentary term
- requiring the Government to set out its priority objectives in a certain manner (such as using indicators, with clear time-frames in the context of long-term outcomes, and with links to stewardship reporting)
- setting up an appropriate process to establish a set of enduring outcomes and associated indicators that have cross-party consensus and that reflect the long-term outcomes that successive governments seek to influence and contribute to
- recognising those enduring outcomes and associated indicators in legislation (such as in a new performance-reporting Act, in an existing Act like the Public Finance Act, or in sector-specific legislation) with each Government setting targets
- requiring the Government to set entity-level objectives that reflect its priority objectives

- requiring the Government to clarify how those entity-level objectives will support the achievement of enduring outcomes.

Key area for improvement 2: Benefit/cost

There needs to be meaningful and clear information about how the Executive intends to use public money to achieve its objectives through its plans.

Possible ways to achieve this include:

- requiring the Government to set out its strategies and plans for achieving its priority objectives and provide information on the costs of major initiatives
- requiring Budget Day information to be clear about spending priorities, funding decisions, and how spending has been allocated to priority objectives and enduring outcomes
- improving the accessibility of Estimates documents by narrowing their focus to enabling the authorisation and control of spending (and by providing information on spending plans elsewhere)
- being able to trace spending through multiple levels of government (such as major initiatives, individual entities, and sectors).

Meaningful and clear information about what the Executive has achieved

Key area for improvement 3: Impact

There needs to be more focus on reporting about value for money, outcomes, distributional impacts, progress with long-term issues, and the stewardship of public sector agencies.

Possible ways to achieve this include:

- requiring reporting that enables the different components of value-for-money to be assessed (such as economy, efficiency, effectiveness, and equity)
- requiring reporting on the impact of spending on enduring outcomes and how those outcomes vary between different populations of interest, alongside reporting on inputs and outputs
- requiring reporting on the stewardship of entities (such as how entities are strategically and effectively managing their resources and assets to enable delivery of services and outcomes over the longer term).

Key area for improvement 4: Reporting

There should be better tailoring of reporting requirements to roles, responsibilities, and accountability relationships.

Possible ways to achieve this include:

- tailoring particular reporting requirements for entities that have specific:
 - roles—for example, they “lead” sectors
 - responsibilities—for example, they make major contributions to the Government’s priority objectives
 - focus—for example, they are asset intensive, regulatory stewardship intensive, or workforce intensive
- confirming a common set of minimum reporting requirements for all entities (such as reporting on delivery).

Key area for improvement 5: Performance

Performance should be reported at each of the levels that the Executive operates at, with clear connections between these levels where feasible.

Possible ways to achieve this include:

- requiring consolidated reporting on progress against whole-of-government objectives (such as the Government's priority objectives) that covers the impact of interventions spanning multiple entities and Votes as relevant
- requiring consolidated reporting on sector-level objectives (such as enduring outcomes) that covers the impact of interventions spanning multiple entities and Votes as relevant.

Supporting the overall system**Key area for improvement 6: Purpose**

All required information should have an authoritatively stated purpose that reflects clear roles, responsibilities, and accountability relationships.

Possible ways to achieve this include:

- formally recognising in legislation the purpose statement that we set out earlier in this chapter (that is, accountability, improvement, trust)
- clearly stating in legislation the purpose of all legislatively required information (for example, stewardship reporting would have the stated purpose of informing how the Executive sets out its objectives and priorities)⁵
- establishing more clearly who is accountable to whom for what, and who is simply responsible for reporting (which recognises that accountability relationships can be complex and dynamic).

Key area for improvement 7: Enablers

Key enablers of the system, such as high-quality data and information, need to be in place and effective.

Possible ways to achieve this include:

- more open data to enable its wider analysis and use
- clearer information about enduring outcomes and how they are likely to change in the future to enable more informed objective-setting
- 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
- building the capabilities of producers and users of information
- more use of technology to enable more regular or real-time online reporting.

⁵ Stewardship reports support the Executive to take a longer-term view, and inform the way that it develops its objectives and capabilities. For example, the Treasury is required to produce several stewardship reports every four years. They include the Long-term Fiscal Statement and the Investment Statement.

Key area for improvement 8: Reflexivity

There needs to be a semi-regular process for determining what information Parliament and the public wish to receive, what information is of lower value, and whether requirements are fit for purpose.

Possible ways to achieve this include:

- every parliamentary term, assessing the overall health of the performance reporting system (or wider public accountability system)
- every parliamentary term, having the Finance and Expenditure Committee consider what improvements can be made (for example, what information will no longer be required)
- reporting entities seeking regular feedback from Parliament and the public about how well the information that they provide supports the scrutiny of the Executive's performance.

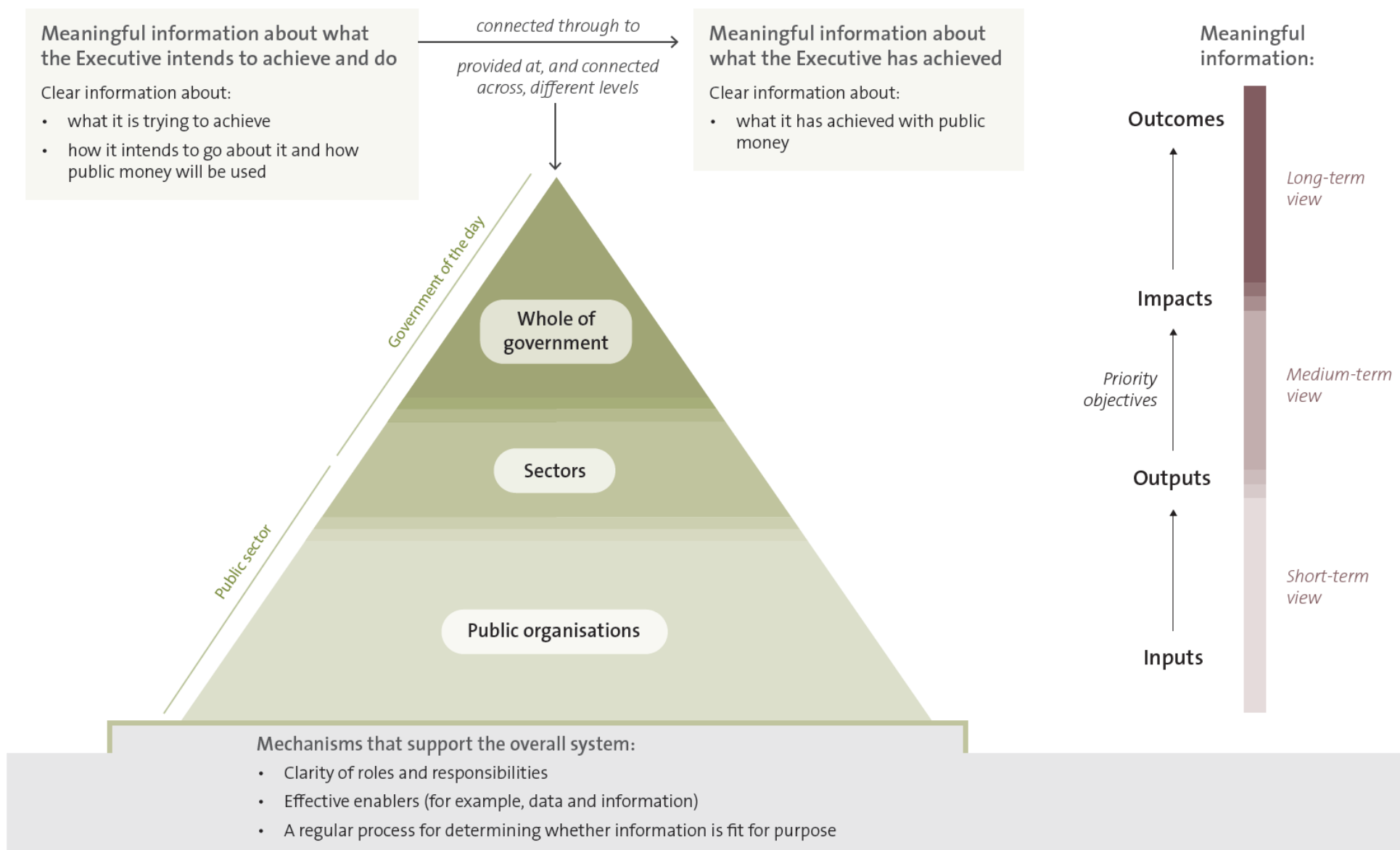
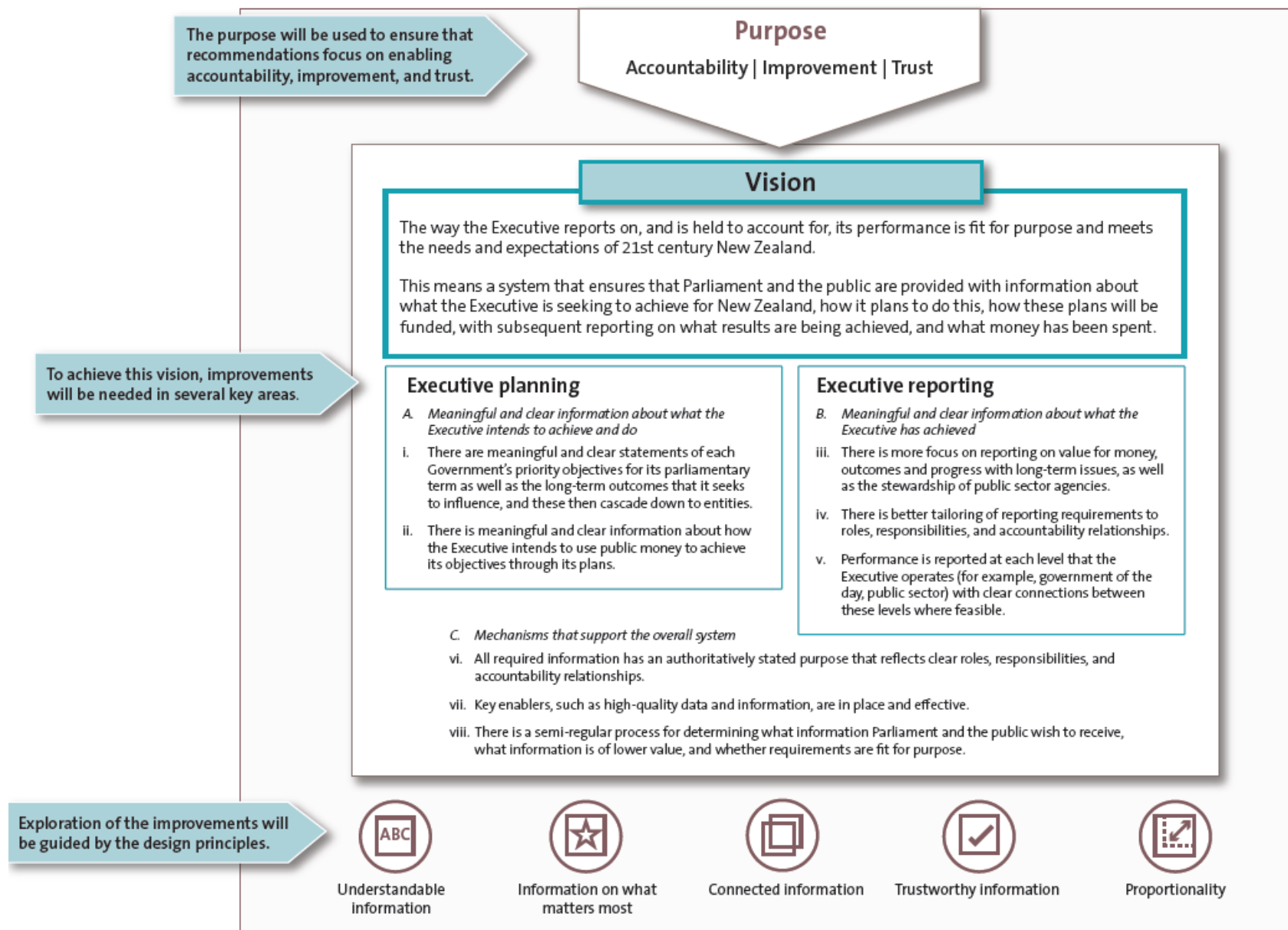
Figure 5—Key improvements to how the Executive reports on its performance

Figure 6—Vision, key areas of improvement, purpose, and design principles

Appendix A—Committee process and membership

Committee process

We initiated this inquiry on 12 February 2025 and finalised this interim report on 17 September 2025. We received advice from the Office of the Auditor-General, the Treasury, Greg Schollum, and Dr Ian Ball. The first chapter of this report contains more information about our process.

Committee members

Cameron Brewer (Chairperson)
Jamie Arbuckle (to 13 August 2025)
Dan Bidois
Hon Barbara Edmonds
Ryan Hamilton
Mariameno Kapa-Kingi (from 4 June to 25 June 2025)
Nancy Lu
Hon Dr Deborah Russell
Todd Stephenson
Chlöe Swarbrick
Rawiri Waititi (excluding 4 June to 25 June 2025)
Dr David Wilson (from 13 August 2025)
Hon Dr Megan Woods

Appendix B—Terms of reference for the inquiry

The Finance and Expenditure Committee will undertake an inquiry into how the Executive should report on and be held to account for its performance.

The overarching purpose of the inquiry is to make specific and actionable recommendations to strengthen the accountability of the Executive to Parliament and the public for its performance. The inquiry will:

- make findings concerning the strengths and weaknesses of how the government should report on and be held to account for its performance; and
- make recommendations aimed at ensuring that the way the government reports on and is held to account for its performance is fit-for-purpose in meeting the needs and expectations of 21st century New Zealand.

It is anticipated that recommendations will be aimed at improving both legislative settings (e.g. the Public Finance Act and the Crown Entities Act) and how those settings are given effect.

A select committee inquiry is a particularly appropriate process because of the central role that Parliament plays in holding the Executive to account for its performance. It will provide Parliament with an opportunity to express its expectations to current and future governments about the information that it needs to undertake its scrutiny.

The committee is particularly interested in:

- What the purpose of the performance reporting system should be.
- What kind of information Parliament and the public need to hold the Executive to account for its performance, including its efficiency and effectiveness.
- How reporting can provide clear information about what the Executive is seeking to achieve, its strategies and plans, how they are connected through to spending, and, ultimately, the progress that is being made.
- What levels the Executive should report on spending and performance (e.g., services, initiatives, agencies, collaborative arrangements, sectors, all-of-government).
- How reporting can support a sufficient focus on outcomes, including equity and the long term and complex challenges facing New Zealand.

In engaging with these issues, the committee will consider:

- the strengths of the current system and the key issues, gaps, barriers, and challenges that need to be addressed (and the incentives underpinning them)
- the changes (to system settings, legislation, capability, and culture) that are needed to build on those strengths and overcome those issues, barriers, and challenges
- the trade-offs that would be involved in implementing any changes, including the administrative costs to public organisations
- what can we learn from other jurisdictions.

The committee may, as it thinks fit, consider other matters relevant to the purpose of the inquiry.

The committee is particularly interested in hearing from members of the public about what their expectations are, in terms of:

- the information that they need to understand and assess the performance of government
- how Parliament should use that information to assess the performance of government.

Appendix C—List of key documents we received

The following is a list of key documents we received as advice during phase one of this inquiry. Most are briefly summarised in this report, but we strongly encourage interested submitters to read them in full using the weblinks below:

- [Office of the Auditor-General \(How the Executive reports on and is held to account for its performance\)](#)
- [Office of the Auditor-General \(Strengths and weaknesses of the current system\)](#)
- [Office of the Auditor-General \(Strengths and weaknesses of the current system, cover note\)](#)
- [The Treasury \(Comments on strengths and weaknesses paper\)](#)
- [Dr Ian Ball \(Comments on strengths and weaknesses issues paper\)](#)
- [Office of the Auditor-General \(The account that the Executive provides of its performance: purpose and design principles\)](#)
- [Office of the Auditor-General \(Figure 1—proposed purpose and design principles\)](#)
- [Greg Schollum \(Comments on purpose and design principles paper\)](#)
- [Dr Ian Ball \(Comments on purpose and design principles paper\)](#)
- [Office of the Auditor-General \(The account that the Executive provides of its performance: revised purpose and design principles\)](#)
- [Office of the Auditor-General \(Figure 1: Proposed purpose and design principles \(revised\)\)](#)
- [Office of the Auditor-General \(Figure 2: Proposed purpose and design principles \(original proposal with changes\)\)](#)
- [The Treasury \(Observations from over 30 years of PFA reform and implementation\)](#)
- [The Treasury \(Observations from over 30 years of PFA reform and implementation—Overview\)](#)
- [The Treasury \(Annex Three: Summary of key legislative and non-legislative reforms\)](#)
- [Office of the Auditor-General \(Commentary on Treasury’s Observations from over 30 years of PFA reform and implementation\)](#)
- [Greg Schollum \(Comments on PFA reform and implementation paper\)](#)
- [Dr Ian Ball \(Independent engagement to support the inquiry into performance reporting and public accountability\)](#)
- [Office of the Auditor-General \(The account that the Executive provides of its performance: Vision for reform\)](#)
- [The Treasury \(Comments on vision for reform paper\)](#)
- [Greg Schollum \(Comments on OAG vision for reform and Treasury’s commentary\)](#)