

Reversing the Degradation of New Zealand's Environment through Greater Government Transparency and Accountability

Abstract

This article proposes greater transparency in and accountability for environmental governance, addressing widespread concerns about the degradation of New Zealand's natural environment. It assesses national environmental reporting in New Zealand against a recognised international framework and compares the wider governance framework for environmental management with other policy domains, particularly fiscal policy. It proposes significant changes to the Environmental Reporting Act 2015, together with mechanisms to integrate environmental stewardship more effectively into the formulation of government strategies, policymaking and the Budget cycle, including a new chapter in the annual *Fiscal Strategy Report* on fiscal policy and the environment.

Keywords environmental governance, environmental reporting, environmental outcomes, transparency, accountability

This article puts forward a new integrated approach to greater transparency and accountability for environmental governance, addressing widespread concerns about the degradation of New Zealand's natural environment and the sustainability of our current economic model. There is a wide range of possible approaches and levers that can potentially be used to achieve better environmental outcomes (Boston, 2018). The key elements of the proposed approach are two-fold: significantly augmented arrangements for ex post national-level environment reporting; and a package of new requirements for ex ante transparency of priority environmental policy goals and targets, systematic monitoring and reporting, and ex post accountability to Parliament and to the electorate. A number of changes are proposed to the Environmental Reporting Act 2015, together with mechanisms to more effectively integrate environmental stewardship into the formulation of

Murray Petrie is a Senior Research Associate at the Institute for Governance and Policy Studies, Victoria University of Wellington. He is also Lead Technical Adviser to the Global Initiative for Fiscal Transparency, a multi-stakeholder initiative based in Washington, DC. Email: mpetrie@esg.co.nz.

government strategies, policymaking and the Budget cycle, including a new chapter in the annual Fiscal Strategy Report on fiscal policy and the environment.

Problem definition

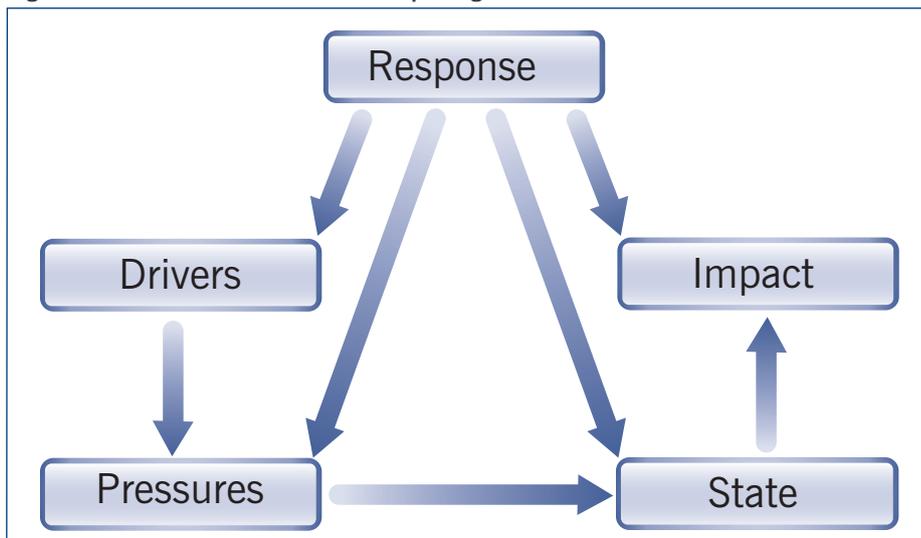
There is a broad and deep accumulated body of evidence and assessments that the quality of New Zealand’s environment is deteriorating. This poses serious risks to the country’s economic sustainability and to wider living standards and is largely due to policy weaknesses and flaws in the systems of governance of environmental management.

In brief, key sources of evidence are the following:

- degradation of natural capital: this has been especially pronounced with respect to fresh water quality and biodiversity (species extinction rates are among the highest in the world), as well as the major challenges New Zealand faces in reaching its Paris Agreement targets for greenhouse gas emissions, and is well documented in the briefings to the incoming minister 2017 prepared by the Ministry for the Environment and the Department of Conservation (see also Brown et al., 2015; OECD, 2017; Statistics New Zealand, 2017; Au and Van Zyl, 2018);
- New Zealand is reaching the environmental limits to its economic growth model (Productivity Commission, 2017; OECD, 2017);
- policy weaknesses and inconsistencies: failure to appropriately price natural resources and environmental externalities (e.g. fresh water, carbon emissions); lack of capacity for implementation of the Resource Management Act, and lack of enforcement of environmental regulations; inadequate data (Ministry for the Environment, 2017; Department of Conservation, 2017; Environmental Protection Authority, 2017; Treasury, 2018b; Brown et al., 2015; OECD, 2017);
- weak policy governance: lack of comprehensive frameworks for objective-setting and reporting (OECD, 2017). This is the subject of this article.

The key motivation is that the focus of successive governments has been on economic and fiscal outcomes, and to a

Figure 1: The DPSIR Framework for Reporting on Environmental Issues



Source: from United Nations Statistics Division (n.d.)

much lesser extent on environmental outcomes (Boston, 2018).

National state of the environment reporting

While there is no current international ‘standard’ for state of the nation environmental reporting, a well-established framework is the ‘drivers, pressures, state, impact, response’ (DPSIR) model of intervention (Jackson, 2017, p.10). According to this systems analysis view, human activities or *drivers* (underlying natural and human-caused forces: e.g. population change and economic activity) exert *pressures* (immediate factors) on the environment that lead to changes in the *state* of the environment. These changes result in *impacts* on human welfare and ecosystems that may elicit a societal *response* from government and non-government actors. Responses (adaptation, mitigation) act on the driving forces, or on the state of the environment, or on impacts.¹ Figure 1 illustrates the framework.

New Zealand’s first two state of the environment reports, in 1997 and 2007, used the DPSIR framework. However, the Environmental Reporting Act 2015 did not include either the ‘drivers’ or the ‘responses’ elements of the DPSIR framework. By comparison, Australia and most EU member countries use the full DPSIR framework. The Australian 2016 state of the environment report notes that the inclusion of information on drivers provides context for the pressures detailed in each of the reports.² Box 1 outlines the

key provisions in the New Zealand and Australian national environmental reporting laws.

New Zealand and Australia illustrate two quite distinctive approaches to environmental reporting: a large exercise only once every five years in Australia; and frequent reporting by domain in New Zealand, with a three-yearly synthesis report. Australian officials are understood to be considering more frequent reporting, while New Zealand officials are considering the desirability of less frequent reporting and better linkages across domains. There is also a desire to ensure greater clarity in the New Zealand Environmental Reporting Act on the purpose of environmental reporting.

One possibility would be to combine some domain reports, or even to move to a single report every three years covering all domains and a synthesis. This could be combined with brief annual score cards.

It is generally agreed that state of the environment reporting should exclude policy recommendations. The value of environmental reporting is in regular, independent technical data and scientific and policy analysis of the state of the environment and the effectiveness of responses to date. In 2014 the government concluded that: ‘it may be difficult to report on policy evaluation in a way that is perceived as politically neutral’ (Ministry for the Environment, 2014, p.20). This suggests that there may be constraints on the ability of officials to provide free and frank advice, and/or constraints on the

Box 1: Environmental reporting in New Zealand and Australia

New Zealand's first environmental report prepared consistent with the processes established in the Environmental Reporting Act 2015, *Environment Aotearoa 2015*, was published by the secretary for the environment and the government statistician in 2015 (although the report was published prior to passage of the legislation).³

The framework for environmental reporting, set out in the Environmental Reporting (Topics for Environmental Reports) Regulations 2016, divides the environment into five domains: air; atmosphere and climate; fresh water; land; and marine. Ecosystems and biodiversity are cross-cutting aspects that are considered in relevant domain reports and covered in each synthesis report.

A domain report is required every six months, and a synthesis report every three years. The 2015 report was a synthesis report across all five environmental domains. Domain reports have since been published on three of the five domains. Reports are due this year on land (April) and air (October), and the next synthesis report is due for publication in April 2019.

The framework used is pressures/state/impacts, but not 'drivers' or 'responses' from the DPSIR framework.

To provide assurance of independence from the government of the day, reports are developed and released in line with the principles and protocols in place for tier 1 statistics. Under section 18 of the act, the parliamentary commissioner for the environment may choose to prepare independent commentaries on the state of the environment reports (see Parliamentary

Commissioner for the Environment, 2016).

In Australia, every five years the federal government commissions an independent review of the state of the environment, as required under the Environment Protection and Biodiversity Conservation Act 1999.⁴ The most recent report was in 2016. Reports provide readers with:

- a comprehensive review of the state and trends of the environment;
- information about the pressures on the environment and the drivers of those pressures;
- information about the management initiatives that are in place to address environmental concerns, and the impacts of those initiatives;
- information about the resilience of the environment and the residual risks that threaten it;
- an overall outlook for the Australian environment.

Information is presented in nine thematic reports: on atmosphere, built environment, heritage, biodiversity, land, inland water, coasts, marine environment and Antarctic environment.

Assessments for different elements are graded. For instance, for pressures there are four grades of level of impact (very low impact, low impact, high impact, very high impact). Similar graded systems are used for change over time, for state, for trends, for management effectiveness, and for 'level of confidence' of conclusions.

public interest element of evaluation activities. The appropriate approach is not to leave 'response' out of the reporting framework, but to include it and attempt to ensure the technical independence of the response analysis.⁵

Finally, Australian state of the environment reports are required to contain information about the resilience of the environment and the residual risks that threaten it, as well as an overall outlook for the environment. These forward-looking elements are of central importance to understanding the state of the environment and designing policies. As the New Zealand parliamentary commissioner for the environment has observed: 'The significance of an environmental issue cannot be judged

without looking ahead.' She recommended that environmental reports 'should end with outlook sections as is done in Australia's state of the environment reports' (Parliamentary Commissioner for the Environment, 2016, p.45).⁶

Comparative policy governance

This section goes beyond environmental reporting to consider the wider framework for environmental governance, including ex ante transparency of goals and targets and reporting against them. It does so by taking a high-level view of governance arrangements in New Zealand for fiscal policy, and for monetary policy, in order to identify some fundamental elements of policy governance and to consider their

potential application to the governance of environmental policy. It also briefly considers environmental governance arrangements in Sweden.

New Zealand has very extensive and deep outcomes-focused management frameworks and accountability mechanisms for how governments manage fiscal policy and monetary policy. In fact, New Zealand was a pioneer in developing and implementing these frameworks. Table 1 assesses these frameworks against a set of recognised elements of target setting, monitoring and reporting. Table 1 also assesses state of the environment reporting and wider aspects of environmental governance in New Zealand, Australia and Sweden.

Table 1: Comparative policy governance

Stage in policy cycle	Parameter	Public Finance Act	Reserve Bank Act	NZ environmental governance status quo	Australian environmental governance status quo	Swedish environmental governance status quo
Ex ante elements	Legislated outcome targets	No	Yes	No	No	[yes] ⁷
	Targets required	Yes	Yes	No	No	Yes
	Milestones required	Yes	Yes	No	No	Yes
Ex post elements	Technically independent monitoring reports	Yes	Yes	Yes	Yes	Yes
	Monitoring reports contain:					
	•Drivers	Yes	Yes	No	Yes	
	•Responses	Yes	Yes	No	Yes	
	•Forward looking data	Yes	Yes	No	Yes	
	•Risks	Yes	Yes	No	Yes	
	•Relative priorities	Yes	Yes	No	Yes	
	•Effectiveness assessment	No	No	No	Yes	
Alignment with electoral cycle	Yes ⁸	No	No	No	No	
Technically independent commentary	Yes	Yes	Yes	Yes	Yes	
Mandated govt. response	Yes	No	No	No	Yes	

Sweden is recognised as a pioneer in transparency of national environmental goals, targets and progress reports. In 1999 Sweden created a system of environmental quality objectives (EQOs) which are set by Parliament but do not have legal status (OECD, 2014, p.40). There are 16 EQOs that describe the desired state of the environment, adopted by the government in 2012, and supported by milestone targets that specify concrete actions towards achieving them. In 2010 the government appointed an All-Party Committee on Environmental Objectives (comprising parliamentarians, external stakeholder representatives and experts) to advise on how the EQOs can be achieved. The EQO system engages government agencies at all administrative levels, with implementation responsibilities often residing at the subnational level. The prospects for achieving the EQOs are assessed each year to inform the annual budget bill and the government's annual progress report to Parliament.

Table 1 shows that, compared to arrangements for fiscal and monetary policy, there is a lack of requirements for ex ante transparency of environmental

objectives and milestones and reporting against them. While New Zealand governments have bound themselves in law to a very high degree of transparency and accountability in other domains, they have generally not done so with respect to environmental stewardship – although in 2014 they imposed a requirement on regional councils to publish fresh water quality objectives by 2025. One exception to this is the framework for fisheries management, which contains most of the elements in Table 1. The prospective Zero Carbon Act will similarly introduce a high degree of ex ante and ex post transparency and accountability.

Of course, the central government's public finances are to an important extent under the government's direct control, in sharp contrast to environmental outcomes. Most regulation of activities is conducted by local governments – although the Crown-owned public conservation lands managed by the Department of Conservation comprise around one third of New Zealand's land area.

There are also formidable conceptual and measurement difficulties and gaps in data that help explain this divergence in

management and accountability frameworks. There are current efforts to develop coherent multidimensional measurement frameworks for environmental management (e.g. natural capital accounting, integrated reporting, or summary indicators to supplement or replace GDP as a measure of performance). However, while new measurement frameworks will play an important role, they will take time to be developed, and putting estimates of monetary value on environmental stocks and flows will always involve debatable judgments, limiting their value in measuring progress or shaping policy design. On their own, without an ex ante element and accountability mechanisms, natural capital accounting and augmented measures of social progress seem likely to have limited impact on government decision making and accountability.⁹

Accordingly, there is a good case for amending the Environmental Reporting Act to require governments to respond formally to each state of the environment synthesis report, stating the government's assessment of the situation, its medium-term and long-term strategies, and

Box 2: Proposed changes to the Environmental Reporting Act 2015

1. Review the design and timing of reports to ensure a more appropriate balance between frequency, linkages between environmental challenges, efficiency, effectiveness, transparency and accountability, and review the purpose of environmental reporting as set out in the act.
2. Introduce the full DPSIR framework into the act, to include discussion of drivers of environmental pressures as well as ex post assessment of central government responses.
3. Require detailed geographical breakdowns for most environmental indicators, including breakdowns aligned with regional and territorial government boundaries.
4. Require forward-looking information on resilience, emerging risks and environmental outlooks.
5. Invite the parliamentary commissioner for the environment to indicate, in commentary on each state of the environment synthesis report, the critical few outcomes for priority government management in the next period, based on transparent criteria and reasoning.
6. Require a formal government response within a specified time to each synthesis report and to each independent commentary by the parliamentary commissioner for the environment stating the government's assessment of the situation, its medium-term strategies, and priority environmental outcomes with interim targets and milestones, and reporting on recent progress.
7. Change the timing of synthesis reports so that they are published, in the normal course of events, within a specific number of months of each general election.

priority environmental outcomes with interim targets and milestones, and reporting on progress in the period just completed.

Note that the proposed approach does not attempt to impose specific policy targets in law that reflect a particular view of how the trade-offs should be made between competing policy objectives. In an analogous manner to the Public Finance Act, the approach recommended relies on a legislative requirement for target setting and reporting, with the selection of the targets left to the political process.

It is, however, proposed that the parliamentary commissioner for the environment be invited to indicate, in commentary on each state of the environment synthesis report, the critical few outcomes for focused government

target setting, management, reporting and accountability in the next period. This should be based on transparent criteria and reasoning.¹⁰ This is an attempt to draw on the professional expertise and independence of the commissioner to promote well-reasoned selection of critical indicators, while leaving final decisions to the government of the day. The incumbent government could choose additional outcome indicators as policy priorities – the statement would be a political document of the government – but would be legally obliged to include at least the core critical indicators, and to justify elevation of other indicators as priorities. This is analogous to the way in which the Public Finance Act obliges the government to justify departures from the principles of responsible fiscal management.

Other amendments to the Environmental Reporting Act should include:

- requiring detailed geographical breakdowns for most environmental indicators, including breakdowns aligned with regional and territorial government boundaries, to indicate where environmental outcomes are of most concern and where they are not. While some environmental issues transcend local or regional government boundaries, many do not. Where they do this can be recognised through aggregated reporting;
- changing the timing of synthesis reports so that each three-yearly synthesis report is published, in the normal course of events, within a specified number of months of each general election (say, nine months prior to the last possible date for the election), to promote better informed public debate on environmental policies and trade-offs with other goals, and stronger accountability of government and Parliament to the electorate.

Box 2 pulls all the suggested changes to the Environmental Reporting Act together. The proposals in Box 2 should not be viewed as all or nothing. They could be introduced on a phased basis. For example, initial amendments could be made to the act to revise the design and timing of reports, introduce the full DPSIR framework, require disaggregated geographical reporting, and require a formal government response. The other proposed changes to the Environmental Reporting Act might be subject to further deliberation and planning.

Integrating environmental stewardship into routine government policymaking: a new chapter in the *Fiscal Strategy Report on fiscal policy and the natural environment*

While government regulation plays a key role in management of the natural environment, the lack of any overarching, aggregated approach to regulation (such as an annual regulatory policy cycle), and the lack of any national planning framework as is common in many other countries, means that the Budget cycle appeals as the best mechanism in New Zealand through which to integrate environmental stewardship into government strategy and policymaking.

Furthermore, there are increasingly important interfaces between fiscal and regulatory interventions. Some regulatory instruments, such as tradable permits, have some of the features of fiscal instruments and require analysis also from a revenue policy perspective. In addition, some fiscal instruments, such as green taxes, are complements to regulation. There are also significant direct interactions between fiscal policy and environmental outcomes, both on the revenue side of the Budget, and on the spending side (e.g. the Department of Conservation's funding for management of the public conservation estate, and environmental protection expenditures).

Note that section 26M(2) of the Public Finance Act stipulates that the Budget policy statement must state the broad strategic priorities by which the government will be guided in preparing the Budget, including the overarching policy goals that will guide the government's Budget decisions, and the policy areas that the government will focus on in that year.

Similarly, one of the principles of responsible fiscal management in the Public Finance Act is that, when formulating fiscal strategy, the government must have regard to its likely impact on present and future generations (section 26G). This can be interpreted as referring to the intergenerational impacts of aggregate fiscal policy (e.g. deficits and net debt). However, it might also be argued that the environmental and social impacts of micro-fiscal policies (expenditure policies and tax system design) are also covered by section 26G, which would support the addition of a new chapter in the *Fiscal Strategy Report* on fiscal policy and the environment.

Finally, the Public Finance Act requires individual government departments to prepare statements of intent with multi-year strategies and non-financial performance information, but the central government as a reporting entity is only required to publish financial statements. Yet it really only makes sense to attempt to measure environmental stewardship, and

the government's contribution to well-being, at a whole-of-government level.¹¹

Accordingly, there is a good case for including a new chapter in the annual *Fiscal Strategy Report*, which the Public Finance Act requires be presented with the annual Budget, that discusses the multiple points of intersection between fiscal policy and the environment. The chapter would desirably cover both tax and expenditure policies, the interfaces between fiscal and regulatory instruments, and the adequacy of funding of regulatory institutions, including local government capacity to implement the Resource Management Act and environmental monitoring functions.¹² The chapter would clearly require significant contributions from the Ministry for the Environment, Statistics New Zealand, the Department of Conservation, Inland Revenue and others, in close collaboration with the Treasury. An outline of the proposed chapter is in Box 3.

Such a proposal does not imply that fiscal policy is the main influence on

Box 3: Proposed outline of a new chapter on 'Fiscal Policy and the Environment' in the annual *Fiscal Strategy Report*

1. Current government environment strategies, outcome targets and milestones, and actual performance, focusing on the core critical environmental outcomes.
2. The latest data on trends in key environmental stocks and flows, and the policy implications; priorities for addressing gaps in data and monitoring systems.
3. An assessment and, to the extent feasible, quantification of the economic impact of recent degradation of ecosystem services (depreciation of natural capital) at the margin in a selected high-priority sector, or sectors, and the estimated cost of restoration of ecosystem services.¹³
4. Relevant case studies to illustrate the principles of integrated environmental management and assess current performance, e.g. fisheries management.
5. As feasible, an assessment of environmental resilience, short- to medium-term risks around key environmental outcomes, and threats to long-term sustainability.
6. Evidence on the environmental impacts of fiscal policies.¹⁴
7. An overview of the Department of Conservation's performance in managing the public conservation estate.
8. An overview of government investments in natural capital, and environmental protection expenditures, in the forthcoming Budget.
9. The anticipated positive and negative environmental impacts of the expenditure and revenue policies embodied in the forthcoming Budget.¹⁵
10. An assessment of the potential for government revenue and expenditure policies to improve critical environmental outcomes.¹⁶
11. The interactions between fiscal and regulatory policies in terms of environmental outcomes.¹⁷
12. A discussion of the levels of short- to medium-term risks around environmental outcomes in comparison with those around fiscal outcomes.
13. The consistency of government's environmental targets and announced targets in other domains, e.g. GDP growth, growth in agricultural production or tourism.

environmental outcomes (regulation is probably the key lever), but a new document in the annual Budget documents is another 'hand on the elephant', given the challenges and failures of environmental management and the lack of alternative mechanisms to link government strategies, interventions and outcomes.

This initiative would be fully consistent with the Treasury's Living Standards Framework, which has environmental quality as one of the key measures of current well-being, and natural capital as one of the four capital stocks that sustain well-being over time.¹⁸ The proposal would also support and reflect the government's intention for the 2019 Budget to be 'a well-being Budget'.

Some implications of these proposals

It is recognised that these proposals involve substantial changes to current governance arrangements for environmental management. Space does not allow for anything more than brief identification of some of the more important implications:

- Significant increases would be required in the resources devoted to environmental monitoring and reporting, the development of central guidance, and local government capacity building. These expenditures should be viewed as investments in the essential infrastructure for environmental stewardship.
- There will be a need for new cross-agency integration and coordination mechanisms around specific cross-domain policy analysis and advice and reports.
- There may need to be changes to the structure and/or membership of parliamentary committees.
- New arrangements for cross-party political deliberation will be desirable, and wider stakeholder and general public consultation and engagement, to build consensus around the new frameworks over time.
- Similar issues arise with respect to the accountability frameworks and transparency of social outcomes, and the interface between fiscal policy and social outcomes.

Conclusions

The proposals advanced here for more effective environmental governance are based on greater transparency, with ex ante setting of goals, targets and milestones, and comprehensive ex post monitoring, reporting and accountability. These have become the familiar tools of public management in New Zealand, and internationally, since the fundamental government reforms of the 1980s and 1990s, as exemplified in how governments manage, and how Parliaments and the public hold governments accountable for, the conduct of fiscal policy and monetary policy. These frameworks have enjoyed consistent cross-party support and have proved sustainable to date.

The proposed approach does not attempt to impose specific policy targets in law that reflect a particular view of how the trade-offs should be made between competing policy objectives. In an analogous manner to the Public Finance Act, the approach recommended relies on a legislative requirement for target setting and reporting, with the selection of the targets left to the political process. The aim is to promote better-informed public and political deliberation over the current state of the environment and the policy choices open to New Zealand; in short, to promote 'more light and less heat' in the difficult trade-offs, and more sustainable decisions, as advocated by Darby (2017) with respect to decisions over natural resource exploitation.

The proposed initiatives are fully consistent with, and indeed strongly supportive of, a number of the initiatives being adopted and considered by the new government, including a Carbon Zero Act, the tax review, use of core indicators to guide policy, and framing the 2019 Budget as a well-being Budget. The proposals should not be viewed as all or nothing. They could be introduced on a phased basis.

There may be a prospect of cross-party support for this type of approach – which relies on transparency rather than putting specific policy targets in law – if not on introduction of legislation, then through acceptance of the new frameworks on the next and subsequent changes of government. Once introduced, fundamental

governance reforms based on transparency appear to be somewhat resilient to political cycles.

1. This model was developed by the European Environmental Agency: see Smeets and Weterings, 1999. The UN System of Environmental-Economic Accounting (SEEA), a 2012 international statistical standard for producing statistics on environmental stocks and flows and their relationship with the economy, is consistent with the DPSIR model – see United Nations Statistics Division (n.d.) p.4.
2. See https://soe.environment.gov.au/sites/g/files/net806/soe2016-approach-launch6march17_0.pdf?v=1489452161.
3. <http://www.mfe.govt.nz/more/environmental-reporting/about-act>.
4. Most states and territories in Australia also produce a regular state of the environment report, although approaches to reporting differ across jurisdictions.
5. To the extent that the response analysis entails judgments about the effectiveness of responses, this should be the responsibility of the Ministry for the Environment, not Statistics New Zealand; the latter does not have a role in evaluation activities.
6. See also Warren, 2018, for discussion of the need for forward-looking institutional arrangements and clear objectives for the management of the four capitals (economic, natural, social and human capital).
7. Targets are set by Parliament, but not in the form of legislation.
8. A pre-election economic and fiscal update is required by the Public Finance Act 20–30 working days prior to a general election.
9. 'Bear in mind that it will take many years, if not decades, for the various methodologies for measuring and valuing natural capital to be refined and properly applied. The full impact on policy making is some time away' (Boston, 2016, p.365).
10. The parliamentary commissioner for the environment noted in her 2016 report that: 'A state of the environment report becomes much more useful to the public and decision-makers when it provides a sense of the relative significance of different environmental issues.' She recommended that future reports should 'contain conclusions on the relative significance of different environmental issues. The conclusions should be made transparently on a reasoned basis' (Parliamentary Commissioner for the Environment, 2016, p.46).
11. These points are due to Ian Ball.
12. Note that this would promote realisation of the high-level principles of fiscal transparency, participation and accountability promulgated by the Global Initiative for Fiscal Transparency. High-level principle 4 states: 'Governments should communicate the objectives they are pursuing and the outputs they are producing with the resources entrusted to them, and endeavour to assess and disclose the anticipated and actual social, economic and environmental outcomes.' See Global Initiative for Fiscal Transparency, 2012.
13. This is conceptually and practically less demanding than constructing estimates of the value of natural capital stocks, and more likely to be relevant to current policymaking. This proposal is due to Peter Clough.
14. Including expenditure policies (direct spending, grants, loans, any contingent instruments); revenue policies (including tax expenditures); and other fiscal opportunity costs (e.g. non-auctioning of rights to pollute).
15. For example, summary results of full social and environmental cost-benefit analysis of any initiatives in the Budget.
16. Including, for example, through changes to the use of pollution taxes or resource rents. This is related to the requirement in the Public Finance Act for the government to provide, in the *Fiscal Strategy Report*, details of its revenue strategy, including the government's objectives for the tax system and tax policy (section 26L(1)(d)).
17. For example, the adequacy of funding of environmental regulatory functions, including of regional and local

governments, local communities and iwi; revenue potential of cap and trade schemes and any foregone revenues from differential treatment of sectors; the fiscal and distributional impacts of greenhouse gas liabilities.

18. See <http://www.treasury.govt.nz/abouttreasury/higherlivingstandards>.

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