Kāinga Ora
Homes and Communities

Together

we're building brighter futures

TE PŪRONGO Ā-TAU
ANNUAL REPORT 2022/23

Building brighter *futures*

for people

Every day more people, whanāu and children are being placed into our homes. That is why we do what we do. A good home can be the foundation for a life to be well lived.

Every day, the people who work at Kāinga Ora do their mahi with manaakitanga, with people at the heart. We all want to make a positive difference for people, whether that is handing over the keys to a new whānau, supporting communities to connect, or seeing people step into home ownership. All of these mean a brighter future because of our help.

Building brighter *futures* for Aotearoa

Our work across the country provides opportunity. A good home gives stability to people. A good home means children can settle in school and thrive. People become part of communities. Warm, dry housing means healthier homes and less reliance on healthcare services. A home can provide independence. When building the homes, jobs are created and sustained, and infrastructure can be upgraded. There are challenges we face, but we work hard every day to overcome them to provide a brighter future in Aotearoa New Zealand.

Hobsonville Point, Auckland

Nau Mai Haere Mai
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Image: Pallant St, Manurewa, Auckland

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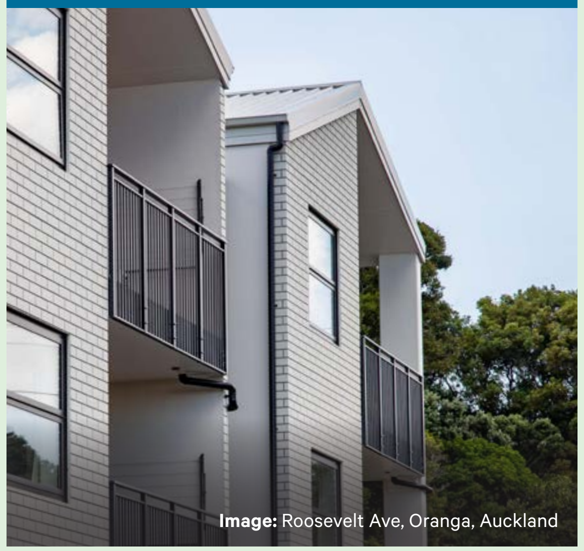

Image: Roosevelt Ave, Oranga, Auckland

NGĀ KAI O ROTO

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Nau mai

He mano tini ngā tāngata o Aotearoa me ō rātou whānau kei te noho i roto i ngā whare mahana, maroke, kounga tiketike hoki, i muri i ngā whakapikinga a Kāinga Ora – Homes and Communities i te kounga o ō mātou rārangi whare o nāianei, me tana whakapiki i te whāngainga whare huri noa i Aotearoa.

E anga ana mātou ki te panoni i ō mātou whare kia mahana kē atu, kia maroke, kia hauora kē atu, i a mātou e whakatika whakamuri, e whakamohoa nei, e whakakapi rānei i te mano whare tūmatanui tawhito kē atu – ko te hōtaka whakahou kāinga noho rahi rawa tēnei kia kawea i Aotearoa me tana tāpiri mai i te hia ngahuru tau hauora mō te rēti, mō ngā kāinga nei.

Kei te piki tā mātou hora i tēnei mea te whare hou i roto i ia tau. He āhuatanga nui tēnei o te tau 2022/23 i a mātou e whakawhānui nei i tā mātou waihanga whare mō te tangata, puta noa i te motu. Mā roto i ā mātou mahi whakahou tāone i roto i ā mātou Kaupapa Korahi Nui, kei te whakatikaina ētahi atu whenua mō te waihanga i te hia mano kē atu mō te mākete, whare āhua ngāwari te utu rānei.

Welcome

Thousands more New Zealanders and their whānau are living in warm, dry and quality housing as Kāinga Ora – Homes and Communities improves the quality of our existing portfolio and increases housing supply across Aotearoa New Zealand.

We're making our older homes warmer, drier and healthier as we retrofit, upgrade and replace thousands of older public homes – the largest residential property renewal programme ever undertaken in New Zealand – which also adds decades to the commercial life of the homes.

Year-on-year, our efforts are increasing the delivery of new housing. That has been a feature of 2022/23 as our build programme continues to expand to provide more new housing right across the country. Through our urban redevelopment activity in our Large-Scale Projects, more land is being readied for the building of thousands more market and affordable homes.

Kei te wewete hoki te Hōtaka Whenua o Kāinga Ora i ētahi wāhanga whenua rarahi i ngā rohe whenua taupori nui, kia whakatikaina mō te whakatū kāinga, ā, kei te tautokona ngā kaunihera puta noa i te motu e te Infrastructure Acceleration Fund hei hora tūāhanga e whakatāteatia ai te whanaketanga i ngā rohe he kaha te hiahia kāinga hou. Koia ēnā ētahi o ngā hōtaka tūāhanga kāinga noho rahi rawa kia kitea i Aotearoa mō te hia tau.

E mahia ana ēnei i raro anō i te tauwharenga tonutanga mai o te whiore o COVID-19, te whakapikinga utu puta noa i te rāngai waihanga, me ngā korenga kaimahi, korenga rawa waihanga hoki. Kua pā mai hoki ētahi tukinga nā te huarere, ā, ēnei mea katoa hei haupūtanga taumaha mō te hinonga nei.

I roto i tēnei horopaki, kua mahi nui a Kāinga Ora ki te whakaoti i ā mātou putanga Tauākī Whāinga Whakatutuki whānui kē atu.

Kua kawea e mātou ētahi panonitanga ki ō mātou pūnaha waihanga, arā, kua whakamahinetia e mātou ngā hātepe ka whakamahia e mātou ko ō mātou hoa kōtui i roto i ngā mahere tuatahi i mua i te waihanga, waihoki i te hanga whare. Nā ēnei panonitanga kua puta ētahi hua whakamīharo – kei te tino puta ake ngā kāinga ka hangaia e mātou, he hohoro kē atu, he tūmau tonu ngā ara mahi, kua piki ake hoki te putanga hua. Ko te tūmanako penapena ināianei kua kake ake ki te 30 ōrau mō ia whare noho.

Kei tā mātou Pūrongo ā-Tau 2022/23 tētahi rārangi whānui o ā mātou tutukitanga mahi. Ko tāna te tūhura i ngā mahi e mahia nei e mātou hei whakatūturu i te ahunga whakamua ki te tutukitanga whāinga a te Kāwanatanga, e tākina atu hoki i reira tā mātou ū ki te tautoko i ngā tāngata me ngā whānau i roto i ō mātou whare.

The Kāinga Ora Land Programme is also unlocking large sites in high-growth population areas to prepare for more housing, while the Infrastructure Acceleration Fund is supporting councils around the country to deliver infrastructure needed to enable development in areas of high housing need. These are some of the largest housing-related infrastructure programmes seen in Aotearoa New Zealand for many years.

This is being achieved against a challenging backdrop of the tail end of COVID-19, rising costs across the construction sector, and labour and materials shortages. Adverse and damaging weather events also added to the headwinds the agency has faced.

In this environment, Kāinga Ora has continued to deliver on our broader Statement of Performance Expectations outcomes.

We've also made significant changes to our building systems, re-engineering the processes we and our build partners use in the pre-planning and construction of homes. These changes are delivering very encouraging results – we now build faster, more predictably and with increased productivity. Cost savings of up to 30 per cent are expected for every home.

Our 2022/23 Annual Report provides a comprehensive view of our achievements. It looks at the work we have under way to maintain momentum to meet the Government's housing priorities, and demonstrates our unwavering commitment to support the people and families in our homes.

Te hora i ētahi atu kāinga mō te tini o ngā whānau

Tā tēnei mea te kāinga he whakapūmau i te mauri o te whānau, e tupu pai ai te tamariki i ōna rā tuatahi. Ko tāna he hora hononga ki te hapori. Mā te kāinga pūmau ka kore te āhua o te nukunuku o te tangata ki wāhi kē, me te kaipaoe o te tamariki ki roto i ngā kura maha, me te pōraruraru mō ōna akoranga kura.

Nā Kāinga Ora i hora mai ētahi kāinga 2,893 (huia katoatia) ngā whare tūmatanui hanga hou, whare i tautokona hoki i 2022/23 – ko te maha nui rawa tēnei mai o tō mātou whakatūranga i te tau 2019 –kua tata ki te 180 ōrau te pikinga o tēnei, i runga ake i ngā whare noho 1,036 i horaina e mātou i 2017/18. I muri i te tangohanga o ngā whare i whakakāhoretia e mātou nā te mea kāore i haumaru, kua kino i te ahi, kāore i tōtika, kāore i tika te taha utu rānei, i horaina e mātou tētahi pikinga ake o ngā whare tūmatanui, whare i tautokona rānei 2,526 te maha.

Nā ngā tukinga o te huarere i ngā marama o Hānuere, me Pēpuere i whakapōroritia te whāngainga o ngā whare 507 mā te whā ki te waru wiki. Ahakoa tērā, i horaina aua kāinga i mua i te mutunga o Ākuhata 2023.

I te tau 2022/23, i whakanohongia hoki e mātou ētahi tamariki, rangatahi 4,900 me ō rātou whānau ki tētahi whare noho mō rātou.

Nui atu tō mātou hari mō ēnei hua, me te mōhio anō, e hora tonu ana i ngā whare tūmatanui hanga hou, whare i tautokona hoki, – neke atu i te 10,000 ngā whare noho i roto i ēnei tau tata puta noa i te motu.

Ahakoa ēnei pikinga ake o tā mātou horanga whare, kei te whakaae mātou tērā ētahi hapori iti me ētahi tāngata āwangawanga mō ngā whanaketanga whare kua whakamaheretia. E ū ana a Kāinga Ora ki te kawe i ngā ngākau o ngā hapori ā-takiwā i runga i te tino kakama ka taea, hei tiro ki ngā whāinga

Providing more housing for more whānau

A home provides stability and a place for tamariki to grow. It provides connection to a community. Stable housing also means there's less chance of tamariki churning through different schools, impeding their education.

Kāinga Ora delivered over 2,893 (gross) newly-built public and supported homes in 2022/23 – the highest number since we were established in 2019 – an increase of nearly 180 per cent on the 1,036 homes we delivered in 2017/18. After we deduct homes we disposed of that were unsafe, fire damaged, unsuitable, or not economically viable, we delivered a net increase of 2,526 public and supported housing homes.

Due to major weather events in January and February, the supply of 507 homes were delayed by four to eight weeks. However, these homes were delivered by the end of August 2023.

In 2022/23, we also placed almost 4,900 tamariki and rangatahi and their whānau into housing.

We're very proud of these results, and the fact that the agency continues to deliver more quality, new, public housing and supported housing – over 10,000 homes in recent years throughout the country.

While our housing delivery has picked up, we acknowledge in a small number of communities there are people with concerns about planned housing developments. Kāinga Ora is committed to engaging with local communities as soon as practicable about new public housing and looking at opportunities to work with the community to ensure they are fully informed.

Andrew McKenzie,
Kāinga Ora Chief Executive.

wāhi tūmatanui hou, me te kimi whāinga wāhi mō te mahi tahi me ngā hapori kia mōhio rātou kei te tino whakamōhiotia atu rātou.

Mehemea he āwangawanga tō te tangata ka tuitui atu mātou me rātou kia mārama ki ngā pūtake o aua āwangawanga. Ko wai hoki te tangata kāore e mārama ki ngā pūtake o te urupare pērā a te hapori i ngā wā hurihuri pēnei, ahakoa tērā, kei te anga tonu mātou ki te tino hiahia whare noho mō te tangata, me te hira o te whāinga whare. Mā te hora mai i ētahi whare pūmau ka horaina te kahupapa mā te whānau me te tamariki, e pai ake ai tō rātou noho i te ao nei, āpōpō anō hoki.

He tini atu anō ngā whare hei tāpiri ki tō mātou rārangi whare, hei whakakapi rānei mō ngā whare kua tawhitotia, koia mātou e mahi nui nei me ō mātou hoa kōtui kāwanatanga, pakihi, iwi, hapori hoki hei kawe whakarunga tonu i te ahunga o tō mātou hōtaka waihanga.

Kua horaina mai te tini o ngā kāinga, ā, he tini, he mano anō e haere mai ana, – neke atu i te 6,300 kei te hangaia, kei raro hoki i ngā kirimana i te mutunga o Hune 2023. Kei te piki ake te tere o tā mātou hora whare, ahakoa ngā pēhanga whakamakoha kua pā ki te rāngai waihanga.

Ehara i te mea ko te hora whare e hiahiatia ana e tātou te hua o tēnei kahanga ake o ngā mahi waihanga, engari, kua puta i konei te tini o ngā ia mahi mō te hia rau o ō mātou hoa kōtui, kaituku rawa hoki.

Ia tau, kei te whakapaungia e mātou neke atu i te $2.5 me aua hoa kōtui, i a rātou e hora nei i ngā haora mahi me ngā pūkenga e hangaia ai aua whare noho.

I tua atu i tā mātou hōtaka waihanga e hora nei i ngā whare tūmatanui hanga hou, whare i tautokona hoki mō ā mātou kiritaki, neke iti iho i te 600 whare mākete i whakawāteatia

Where people have concerns we'll engage with them to understand what's behind those issues. Community push back is understandable when change is happening, however, we do emphasise the need and importance of housing. Providing stable housing is fundamental to ensuring whānau and children can lead better lives now and into the future.

We have many more homes to add to our portfolio, or replace old homes, which is why we're working hard with our government and commercial, iwi and community partners to maintain the upward trajectory of our build programme.

With thousands of homes delivered, we have thousands more to come – over 6,300 in construction and under contract at the end of June 2023. Our pace of delivery is picking up, despite the inflationary pressures the construction sector has experienced.

This increased scale of building activity not only supplies the homes we need, but it also provides a significant flow of work for hundreds of our build partners and suppliers.

atu i te tau 2022/23 mā roto i tā mātou hōtaka waihanga ā-tāone, e takatū nei i ngā whenua mō te waihanga whare. Mai i te tau 2018, nā ēnei mahi kua hua ake neke atu i te 4,500 whare mō te hoko i whakawāteatia ki ngā kaihoko.

Te ahunga whakamua i roto i te whiunga o te huarere

I te tau 2023 i kitea e mātou ngā kinonga me ngā wharanga mō te tangata, mō te whare me ngā mahi oranga o te tangata, nā te panonitanga huarere o te ao te take.

Ka ohomauri te katoa i te waipuke nui o te Wiki Huritau o Tāmakimakaurau i Hānuere 2023, waihoki ōna tāngata. Tokotoru te hunga i mate, he aituā tino nui. I eke ngā tukinga a te waipuke ki tōna teitei rawa o ngā tukinga katoa ki tō tātou tāone nui rawa, ā, i tukia hoki ō mātou rārangi whare noho. Neke atu i te 650 ngā kainga i tukia e te waipuke pūkeri, ko te nuinga kei Manukau me Waitakere.

I noho ō mātou urupare ā-rohe, me te hohoro o te rerenga ki te āwhina i ō mātou kiritaki i pākia hei tauira pai mō te manaaki i aua kiritaki – mai i te rapu whare hou mō rātou, ki te tūhono hoki i a rātou ki ngā hinonga hora tautoko, āwhina ā-pūtea hoki. Ka nui rā tō mātou whakamoemiti ki ō mātou tira mō ā rātou mahi i taua wā.

I ngā rohe pēnei i Māngere, i Tāmakimakaurau, i kitea he wharanga mō ngā kahupapa whare o ētahi whare hou, engari anō te tino nuinga i taua rohe tāone, kīhai i pakaru.

I muri tata tonu mai i te waipuke i Tāmakimakaurau, i pā te Huripari Gabrielle ki Te Ika-a-Māui i te marama o Pēpuere, me ana kurunga i Te Taitokerau, i te Tara-a-te-Ika-a-Māui, i te Tairāwhiti me Te Matau-a-Māui. I kitea i reira te haepapatanga o te tini o ngā kāinga noho, o ngā hapori, o ngā rori me te tūāhanga, ā, 11 ngā tāngata i ngaro i tēnei parekura.

Every year, we spend over $2.5 billion with those partners as they provide the labour and expertise to get homes built.

In addition to our build programme providing public and supported housing homes for our customers, just under 600 market homes were enabled in 2022/23 through our urban development programme which readies land for building. Since 2018, this work has resulted in over 4,500 market homes being available to buyers.

Progress in the face of environmental pressures

In 2023, we saw the damage and destruction to people, property and livelihoods that the world's changing climate can cause.

The Auckland Anniversary weekend flood in January 2023 was a major shock for Tāmaki Makaurau and its people. Tragically, three people lost their lives. The flood damage was the most ever experienced in our largest city and our housing stock was affected as well. Over 650 homes, mostly in South and West Auckland, were flood-damaged.

Our regional response, and the speed with which we helped our affected customers – from rehousing them to ensuring they were connected to agencies providing support and financial assistance – was a great example of caring for our customers. We thank our teams again for their efforts at that time.

In areas like Māngere, Auckland, despite damage to the foundations of some new homes, the vast majority of our new homes in the suburb were unaffected.

Shortly after the Auckland deluge, Cyclone Gabrielle hit the North Island in February hammering Northland, Coromandel, Tairāwhiti and Hawke's Bay.

I pā te waipuketanga o te tini o ō mātou wāhi waihanga ki tō mātou hōtaka waihanga mō te tau, arā, i whakapōroritia te whakaotinga o ētahi whare neke atu i 500.

Kua roa noa atu ngā mātanga e tūtohu ana i te mōrea o te huarere e panoni nei, e mahana haere nei, ā, nā ēnei tukinga huarere kua iri mai ngā tohu mō ngā uauatanga kei mua i a tātou.

E tūtohu ana ngā tauira panonitanga āhuarangi o nāianei tērā e pā tonu mai ngā waipuke a Parawhenuamea ki a tātou, me te kahanga ake o te pānga, te auau kē atu, te pokerehū kē atu, hei raurangi.

Te haumi ki ngā tūāhanga

Nā te mea he hinonga kāwanatanga kawe haepapa, matatau hoki mātou e kawe nei i te haepapa whakawhanake hapori whai hua, kei te whakapiki mātou i te pakari o te tūāhanga o Aotearoa. Ina mahi pērā mātou kei te whakapūmau mātou i ngā tūāhanga, ehara i te mea mō ngā hiahia anake o ēnei rā, engari hei tiaki i aua hapori hei ngā tau e tū mai nei.

Mā roto i ā mātou Kaupapa Korahi-Nui i ētahi wāhi puta noa i Tāmakimakaurau me Porirua, kei te hua ake he haumitanga tūāhanga rahi rawa i te taumata takiwā ā-tāone, nā te korahi o ā mātou mahi whakamahere, waihanga hoki. Me kī, kāore e herea ki ngā tūāhanga anake o ō mātou whare o Kāinga Ora homes, inā kē te whānui o tā mātou titiro ki te rohe tāone katoa, me te hora kauparenga waipuke pai ake ki te hunga katoa o te hapori.

I te marama o Hānuere, i kitea e mātou i te pai o te urupare o tēnei momo haumitanga hāngai i te takiwā tāone, me ēnei tūāhanga i tino pai te hoahoa, i ētahi o ā mātou kōkiri kua roa e haere ana, i ngā takiwā tāone o Tāmaki, o Hobsonville Point, o Te Ōnewa, o Pukewīwī ki te Tonga, o Ōwairaka me Tāmaki.

This saw the widespread destruction of homes, communities, roads and infrastructure while causing the deaths of 11 people.

The flooding of many of our building sites did impact our build programme delaying the completion of over 500 homes.

The threats posed by a changing and warming climate have been well signalled for some time and these weather events were a stark reminder of the challenges we face.

Current climate change models[1] indicate extreme flooding events will continue to hit more intensely, more frequently and more unpredictably in the future.

Investing in infrastructure

As a responsible and capable government agency tasked with supporting the growth of successful communities, we are improving the resilience of New Zealand's infrastructure. When we do that, we are putting in place infrastructure to not only meet current needs but also protect these communities in the future.

Through our Large-Scale Projects in several locations across Auckland and in Porirua, the kind of density and scale we are planning and building to is resulting in significant infrastructure investment at a neighbourhood level. This means we're not just allowing for the infrastructure capacity of our Kāinga Ora homes, we're looking at the entire suburb as well, delivering better flood-risk protection to benefit all residents in the community.

In January, we saw this neighbourhood-scale investment of new, well-designed infrastructure perform exceptionally in our more advanced developments in the Auckland suburbs of Hobsonville Point, Northcote, Roskill South, Ōwairaka and Tāmaki.

1. The science linking extreme weather and climate change report by the Ministry for Environment.

I ētahi rohe whakawhanake rahi pēnei i Pukewīwī me ōna rohe, kei te whai mātou i ngā tauira e hora nei i te whenua takoto noa o te taiao, hei rongoā whakapiki i te pūkahukahu o tētahi wāhi. Ko tētahi tauira pai ko te Rāhui o Freeland kātahi anō nei ka oti, ko tāna he whakamimiti wai āwhā, he ārai waipuke hoki mō te rua hautoru o te takiwā katoa o Pukewīwī ki te Tonga, (Roskill South). He rawe te mahi o tēnei Kāuru Wai i ngā waipuke nui i Tāmakimakaurau, i puritia ai e ia te hia mano kōnae wai e rere noa mai ana ki te āki i ngā papa whare me ngā kāinga o te rohe.

I ara mai te arotahitanga ki ngā tūāhanga rahi ake, pai ake i Tāmakimakaurau i te wā e tīmata nei te mahi o ētahi o ngā kōkiri tūāpapa taketake e tautokona ana e te Infrastructure Acceleration Fund (IAF) a te Kāwanatanga puta noa i te motu.

E whakahaeretia ana taua pūtea e Kāinga Ora, ā, i hoahoatia ai te IAF hei āwhina i ngā hapori kia whakaara pūtea mō ngā tūāhanga taketake – pēnei i ngā waka, i ngā wai me te ārai waipuke – hei wewete i ngā ārainga whanaketanga, hei whakawātea hoki i te ara waihanga whare hou i ngā takiwā e matea nuitia ana.

Nō te mutunga o ngā rā o Hune 2023, tata ki te $1 piriona pūtea IAF kua tukua ki ngā kaupapa tūāhanga taketake i ngā tāone nui me ngā tāone iti 28, mai i Te Tai Tokerau ki Ōtākou. Huia katoatia, mā ēnei kaupapa i raro i te IAF ka taea te hanga i ētahi kāinga noho 30,000 ki te 35,000 mō ngā tāngata o Aotearoa i roto i ngā tau 10 ki te 15 e tū mai nei.

Neke atu i te haurua o ngā pūtea IAF i rohea tae mai ki tēnei wā, he pūtea mō ngā tūāhanga wai, ārai waipuke rānei, pēnei i ngā mohoatanga wai parakaingaki, wai āwhā hoki. He wāhanga tūturu tō ēnei kaupapa mō te āwhina i te pakari o ngā hapori, mō ngā wā āhuarangi nunui kei mua i te aroaro.

30,000–35,000

new homes for New Zealanders over the next 10 to 15 years

In major development areas such as Roskill, we're also capitalising on nature-based solutions to increase an area's 'sponginess'. A great example is the newly-completed Freeland Reserve, which now provides stormwater treatment and mitigation for about two-thirds of the entire Roskill South neighbourhood. This Catchment Area did its job beautifully during the Auckland floods, holding back an extraordinary amount of stormwater that would otherwise have drowned backyards and homes.

The focus on the need for more and better infrastructure in Auckland comes at a time when critical infrastructure projects supported by the Government's Infrastructure Acceleration Fund (IAF) are starting to commence throughout the country.

Administered by Kāinga Ora, the IAF is designed to help communities fund core infrastructure – such as transport, water and flood management – to unlock development and enable new homes to be built in areas of high housing need.

By the end of June 2023, almost $1 billion in IAF funding had been allocated to critical infrastructure projects in 28 cities and towns,

He kāinga toitū kē atu, he āpōpō pai atu

Kei te kawe panonitanga a Kāinga Ora i roto i ana tikanga whakahaere, me kore e pakari kē atu ō tātou whare ki te pānga o te panonitanga āhuarangi. Kei te āhua titiro mātou ki te whakapikinga kapinga ngahere, hei whakaheke i ngā pānga o te wera ki ō tātou takiwā noho. Kua hangaia e mātou tō mātou whanaketanga Whare Hāneanea Whai Tiwhikete, hei whakatika i te wera nui rawa, i te wera iti rawa hoki, ā, kua whakamahia he raima waro iti hei whakaheke i ngā puhanga haurehu kati mahana, me tō mātou ake pānga ki te āhuarangi.

I roto i te whanaketanga Bader Ventura i Māngere, i Tāmakimakaurau i whakaotingia rā i te marama o Mei 2023, i tutuki i a Kāinga Ora tētahi whāinga hira, nā te mea koia nei te whanaketanga Whare Ngū Whai Tiwhikete tuatahi i Aotearoa me Ahitereiria, nā te kāwanatanga i whāngai ā-pūtea.

Ehara i te mea ko te tutukitanga putanga toitū maha, pēnei i te whakahekenga takahanga aro o te whakahaere, te mahi kotahi anake o tēnei whanaketanga paparanga toru, kāinga 18. Me kōrero rā te whakahekenga o ngā taumahatanga mō ō mātou kiritaki he tūmau, he pāpāku rānei te whiwhinga moni, nā te mea ka taea ō rātou whare te whakamahana, te whakahauhau rānei mō tētahi moni iti, hoki rā anō ki te $1 ia rā – hei whakahekenga tēnei o te 85 ōrau i ngā utu whakamahana.

Kua piki ake hoki ō mātou whāinga toitū i ētahi atu wāhanga mahi, tae atu ki ā mātou whakamātautau pūngao ka taea te whakahou, e whāngaia nei ki te pūtea e te Pūtea Pūngao ka taea te Whakahou, mō ngā Kāinga Māori, Kāinga Tūmatanui hoki a te Kāwanatanga.

from the Te Tai Tokerau (the Far North) to Otago. Combined, these IAF-funded projects are expected to enable around 30,000 to 35,000 new homes for New Zealanders over the next 10 to 15 years.

More than half of the IAF funding allocated to date is for water or flood management infrastructure, such as important wastewater and stormwater upgrades. These projects will play a key role in helping to increase community resilience against future climate events.

More sustainable homes, better futures

Kāinga Ora is making changes to the way we operate to ensure our homes are more resilient to the physical impacts of climate change. We're looking at how increasing ngahere (tree cover) can help reduce heat impacts in our neighbourhoods. We've constructed our first Certified Passive House development to help address both under- and over-heating, and used low-carbon concrete to minimise greenhouse gas emissions and our climate impact.

The Bader Ventura development in Māngere, Auckland, which was completed in May 2023, saw Kāinga Ora meet a significant milestone as the first government-funded Certified Passive House development in Australasia.

This three-storey, 18-home development not only meets many sustainability outcomes, notably a reduced operational carbon footprint, it also eases pressure for our customers on fixed or low incomes as the homes will be heated and cooled for as little as $1 per day – around an 85 per cent reduction in heating costs.

Nā ēnei mahi kua whakaurua e mātou he papa hiko kōmaru ki ngā kāinga me ngā wharetāone puta noa i te motu neke atu i te 200, tae atu ki tētahi hangarau toha hihi kōmaru tuatahi mō Aotearoa mō ētahi kāinga. E āwhina ana tēnei i te pānga pūngao ki ō mātou kāinga me ngā taumahatanga utu mō te pūngao mō ā mātou kiritaki.

I te taha whakahaere, kei runga mātou i te ara tika e tutuki ai te whāinga kāhui motokā waro korekore a te Kāwanatanga i mua i te tau 2025, arā, kua nuku tētahi 32 ōrau o tō mātou kāhui motokā 931 te maha, hei motokā hiko anake, (EV), taea noatia mai tēnei rā.

E noho tonu ana ko te whakaheke parahanga i ō mātou wāhi waihanga tētahi arotahitanga nui mō Kāinga Ora. He tino whakamanawareka ngā hua o tēnei mahi, otirā mō te taiao he tino pērā, nā te kawenga kētanga o tētahi 80 ōrau o ngā parahanga mā, atu i ngā wāhi whakahou, kāhore i haria ki ngā riu parahanga, i 2022/23.

Te hanga whakaumutanga pūnaha ki te rāngai waihanga

E mōhio nuitia ana ngā pēhanga ki te pūnaha whare o Aotearoa me te hiahia kia whakapikia te whāngainga whare.

E mahia ana ētahi mahi hira e te Kāwanatanga me ōna hoa kōtui hei whakapiki i te whāngainga whare mākete, whare āhua ngāwari te utu, ā, nā ngā haumitanga tūāhanga, pēnei i ērā i runga ake nei, kua piki te wāteatanga o ētahi atu whare.

I runga anō i te hiahia kia kawea whakamua te hanga whare kia maha tonu, i runga i te kamakama, kei te kawea e Kāinga Ora te hōtaka waihanga whare tūmatanui rahi rawa mō te hia ngahuru tau, ā, e hiahiatia ana tētahi hōtaka waihanga nui hei whakatutuki i ōna ūnga.

Our sustainability efforts have increased in other areas, including through our renewable energy trials which are funded by the Government's Māori and Public Housing Renewable Energy Fund.

This work has seen us install solar panels on over 200 homes and apartment complexes across the country, including a New Zealand-first solar-sharing technology for some homes. This is helping to reduce both the environmental impact of our homes and energy hardship for our customers.

Operationally, we're on track to meet the Government's zero carbon fleet target by 2025, with 32 per cent of our fleet of 931 vehicles moved to full electric vehicle (EV) to date.

Reducing waste on our construction sites continues to be a focus for Kāinga Ora. We're seeing encouraging results, particularly for the environment, with almost 80 per cent of uncontaminated waste from redevelopment sites diverted from landfill in 2022/23.

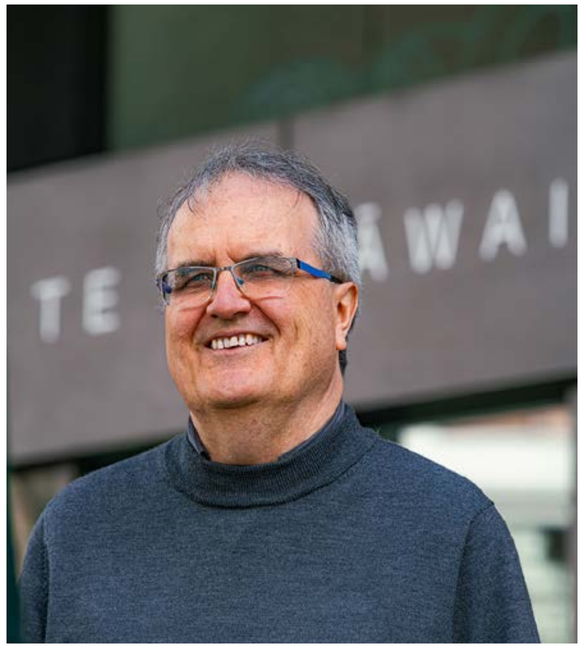
Building system transformation into the construction sector

The pressures on New Zealand's housing system and the need to increase supply are well known.

Significant steps are being taken by the Government and its partners to increase the supply of public, market and affordable housing while investment in infrastructure, as outlined, is enabling the supply of more homes.

With the need to continue building at scale and pace, Kāinga Ora is undertaking the biggest public housing build programme in decades and a substantial construction programme is required to achieve our targets.

Vui Mark Gosche, Kāinga Ora Chair.



Ka kawea haere tonutia e mātou tā mātou haumitanga whare hei whakakapi i ngā whare tawhito i roto i te ngahuru tau e heke mai nei.

Nā te rahi o te haumitanga, he tika kia hohoro tā mātou horo whare i runga i te utu ngāwari rawa ka taea, hei whakapūmau i ngā painga pāpori, ahumoni pai ake. I runga anō i te pāhekoheko ki ō mātou hoa kōtui hanga whare matua, i tūhuratia e mātou ngā whāinga wāhi mō te auaha, mō te mahi kakama ake, i roto i ā mātou tikanga hoko rawa o tau kē, engari tērā anō ngā pikinga ake i hiahiatia.

I runga i te mārama he tika kia whakareia ngā āhuatanga o nāianei, i tīmataria e mātou i te rua tau ki mua a Project Velocity - he kōkiri whakaumu matua, kua tupu haere i roto i te tau ka hipa ake nei hei Pūnaha Hora Whare (Housing Delivery System HDS).

He tikanga hou, he tikanga i āta whiria tēnei mō te whakamahere me te hanga i ngā kāinga pai kē atu i runga i te hohoro.

Kei te ruruku mātou i te hia mano mahi mō te hoahoa, mō te rapu whakaaetanga me te hanga whare, kia kakama ai te whakahōtaka i ngā mahi me ōna hokonga rawa e tika ana.

Mā ngā kakamatanga HDS hei āki whakamua i te putanga hua, hei whakaheke hoki i te utu. Ka taea ngā whare te whakamahere, te hoahoa, te hora hoki i runga i tētahi ara pūmau kē atu, pūataata kē atu, tēnā i ngā ara mahi o nāianei.

Mā te whakaheke i ngā wā mahi ka taea te hanga whare kia hohoro kē atu mō ngā tāngata o Aotearoa ia tau, me te hora ara pai kē atu mō te ahumahi waihanga. E kawea tonutia ana ngā whakamātautau pakari i te HDS, ā, ka nui tō mātou hari mō ngā hua e puta ana.

Kia tae mai ki tēnei rā, neke atu i te 600 ngā whare tūmatanui hou kua mahia i raro i te pūnaha hoki, ā, kei te kitea he whakahekenga wā

We will continue to invest in building new homes and replace existing old homes over the next decade.

The scale of investment means we need to deliver homes quickly and cost-effectively to ensure better social and financial outcomes. In collaboration with our leading build partners, we explored innovation possibilities and greater efficiencies through our traditional procurement methods, but more gains were needed.

Knowing the status quo needed enhancing, we commenced work two years ago on Project Velocity – a key transformational initiative, which has developed further over the past year into the Housing Delivery System (HDS).

This is a new and deliberate method of planning and building quality homes faster.

We're coordinating the thousands of tasks involved in designing, consenting and building a home to efficiently schedule the work and resourcing.

HDS efficiencies drive productivity and reduce cost. Homes can be planned, designed and delivered in a more predictable and transparent way compared to existing ways of working.

waihanga whare tūmatanui o te 80 ōrau, me te hekenga o ngā utu mā te 30 ōrau. E whakahekea ana e mātou te wā hoahoa kāinga noho mā te 94 ōrau – mai i te 17 marama ki te ono wiki.

Ko te tūmanako ia tērā e whakaratongia mai tētahi huinga whare tūmatanui 9,500 i raro i te HDS hou i roto i ngā tau e whā e tū mai nei, ā, mā tēnei e hua ake tētahi hekenga utu $820 miriona te nui i roto i taua wā.

He hira kē atu ēnei penapenatanga, ina whakaarotia te pikinga mō ngā rawa me ngā kaimahi e piki haere tonu nei, i te rāngai waihanga. Kua piki ngā utu ka tau ki mua i ngā kaiwaihanga rāngai tūmataiti e hanga whare nei mō Kāinga Ora, mā te 40 ōrau i roto i ngā tau e rua ka hipa ake nei. He utu ēnei ka kawea e mātou, pēnei i ngā kiritaki katoa o te ao, ā, ka pā hoki tēnei ki tā mātou hōtaka whakahou i ō mātou whare tawhito kē atu, me ngā whakatikatika i ō mātou whare 72,000 o nāianei.

E titiro whakamua ana mātou ki te whanaketanga tonutanga o HDS, nā te mea he ngāwari te urupare o tēnei tikanga ki ngā inoi a te Kāwanatanga kia auaha kē atu te hora ratonga whakarei, pai atu hoki mō Aotearoa New Zealand.

Te whakapiki i ngā putanga hua mō ngāi Māori

E mahi tonu ana a Kāinga Ora taiāwhio noa i te kāwanatanga katoa ki te tautoko i ngā wawata whāinga whare o te iwi Māori.

Ko tā tā mātou rōpū Māori, a Te Kurutao, he arataki, he takawaenga i ngā hononga o Kāinga Ora me ngā iwi/rōpū Māori. Ko tā te Rōpū he tautoko i te hikinga o ngā pūmanawa Māori mā tana pūtahi mātanga, ki te whakapūmau me te whakapakari i

By reducing timeframes, we can build homes faster for New Zealanders every year and provide a reliable way of working for the construction industry. HDS continues to undergo rigorous testing, and we're encouraged by the results.

To date, over 600 new public homes have been processed through the system and we're seeing public housing construction build times reduced by 80 per cent, and costs by at least 30 per cent. We're already reducing the design phase of homes by 94 per cent – from 17 months to six weeks.

A total of 9,500 public homes are expected to be delivered by the new HDS over the next four years, and this is projected to provide at least an $820 million reduction in costs during that time.

These savings are even more significant given the escalating costs for materials and labour in the construction sector. The costs faced by private sector builders, who build the homes for Kāinga Ora, have increased by almost 40 per cent in the past two years. They are costs which, like any customer, we have to absorb, and this extends to our renewal programme on our older homes and the maintenance of our 72,000 homes.

We look forward to seeing the HDS develop further as this method responds to calls from the Government for the public sector to adopt more innovation in delivering enhanced and better services for Aotearoa New Zealand.

Improving outcomes for Māori

Kāinga Ora continues to work across government to support Māori housing aspirations.

Our Te Kurutao Group Māori leads and facilitates the relationships between Kāinga Ora and ngā hononga kaha, hononga whirinaki ki ngā iwi/rōpū Māori puta noa i te motu.

Kei te hanga rautaki a Te Kurutao hei tautoko i ngā iwi/rōpū Māori kia eke ki roto i ngā kāinga haumaru, āhua ngāwari te utu, hei hora ara hoki mō ngāi Māori mō te haumitanga ki te ao hoko whare. Ka uru ki ēnei mahi te mahi kōtui me te haumi ki ngā auahatanga whare, me te whāinga wāhi whai tikanga ki ngā mahi whakawhanake tāone.

I te taumata takiwā, e mahi nui ana ō mātou tira ki te whakapiki i ngā putanga whare mō ngā iwi, i a mātou e whakauru haere tonu nei i ā mātou whakaūnga Māori ki roto i tō mātou anga ā-takiwā.

Te tautoko i ā mātou kiritaki me tō rātou toiora

I te tau 2022/23 i whakatinana haere tonu mātou i tō mātou tauira whakahaere, he mea āta hoahoa kia pai ai tā mātou mahi i ngā mea e tino tika ana mō ā mātou kiritaki. E whakawātea ana mātou i te wā whakawhanaunga e tika ana kia tata atu mātou ki te ao o ā mātou kiritaki, e paiheretia ai ngā hononga kia pakari, kia whirinaki hoki. Nā konei ka āhei mātou ki te mahi tahi me rātou kia tino pai ai tō rātou noho i tō rātou kāinga noho me tō rātou hapori, kia toitū ai tō rātou tū hei kairēti wā roa.

Ina mahi tahi mātou me ā mātou kiritaki, ka tūhonotia rātou ki ngā tautoko ā-rohe e tika ana, mehemea koinā tō rātou hiahia, tō rātou mate rānei. Ka hangaia e ā mātou tira ā-wāhi ngā hononga whai tikanga ki ngā kaihora ratonga ā-rohe, puta noa i ngā rāngai tūmatanui, tūmataiti hoki hei whakatutuki i ngā hiahia toiora whaiaro o ngā kiritaki.

iwi/rōpū Māori. The Group provides support through a centre of expertise to lift Māori capability, and to establish and maintain strong and trusted relationships with iwi/rōpū Māori across the country.

Te Kurutao is developing strategies to support iwi/rōpū Māori into secure and affordable homes and provide avenues for Māori investment in housing. This includes partnering and investing in housing innovation and meaningful participation in urban development activities.

At a local level, our teams are partnering to improve housing outcomes for iwi as we also continue to embed our Māori commitments into our regional structure.

Supporting customers and their wellbeing

In 2022/23, we continued implementing our new operating model, designed to make sure we are able to do the best by our customers. We focus on making time to support our customers, get to know them and build strong, trusting relationships. This allows us to work with them to help ensure they are living well in their home and community, and be in the best position to sustain their tenancy.

When working with our customers, we help connect them to the right local support, if that is what they want or need. Our place-based teams build meaningful connections with local service providers across the public and social sectors to help customers meet their personal wellbeing needs.

Te hora me te mahi i ētahi atu mahi

He tino pai te urupare o Kāinga Ora ki ngā ākinga ā-tai, kia tutuki ō mātou whāinga matua. I mahi nui mātou ki te whakatāhuhu i ā mātou mahi matua, ki te whakapuhuki i ngā ngaunga o te wā, kia mau tonu te ahunga o te ihu o te waka ki te aronga tika.

Mō ā mātou kiritaki, kua mahi nui mātou ki te whakamohoa i ā mātou kāinga tawhito kē atu mā tā mātou hōtaka whakatika whakamuri. Neke atu i te 750 ngā kāinga tawhito i mahia kia mahana kē atu, kia maroke kē atu, kia haumaru kē atu i tēnei tau ka taha ake nei. E mate ana tō mātou hōtaka whakahou whare i neke atu i 40,000 kāinga noho kia whakamohoatia i roto i ngā tau 10 ki te 15 e tū mai nei, ā, ko te whakatika whakamuri te rongoā pai rawa mō ētahi o ēnei.

He pai te haere ō ā mātou mahi kia tautuku katoa ō mātou whare ki Ngā Paerewa Kāinga Hauora i mua i te 1 Hūrae 2024. Nō te Hune 2023, kua tutuki te Paerewa i te 93 ōrau o ō mātou whare.

Mō ō mātou kiritaki whai hiahia urutanga, kei te hora kāinga mātou e tutuki ai ngā whakaritenga Hoahoa ā-Ao Katoa o Kāinga Ora. Nā tā mātou aronui ki te pēheatanga o te hora kāinga wātea te urutanga kua tātaritia e mātou ngā urupare mai i ngā kiritaki, kia tino mōhio ai mātou ki te hōhonutanga o ō rātou hiahia me ngā momo panonitanga e tika ana mō rātou. Kua mahi tahi mātou me Whaikaha – Ministry of Disabled People, Te Manatū Whakahiato Ora Ministry of Social Development (MSD) me te Kāporeihana Āwhina Hunga Whara Accident Compensation Corporation (ACC), me te whai kia whakapikia tā mātou hātepe whakatika kāinga kia pai ake ai te tautoko i ā mātou kiritaki. Nā konei i piki ake te mahi a Kāinga Ora ki tua

Delivering and doing more

Kāinga Ora has responded well to the headwinds faced to deliver on our key priorities. We undertook significant effort to prioritise our activities, and mitigate the effects, to ensure we remain on the right longer-term track.

For our customers, this has seen us continue to upgrade our older homes through our retrofit programme. More than 750 old homes were made warmer, drier and healthier in the past year. Our housing renewal programme requires in excess of 40,000 homes to be upgraded over the next 10 to 15 years and retrofitting some will be the best solution.

Our work to ensure all our homes comply with Healthy Homes Standards by 1 July 2024 is progressing well. At June 2023, 93 per cent of our homes meet the Standard.

For our customers with accessibility needs, we're providing more homes that meet the Kāinga Ora Full Universal Design requirements. Our focus on how to deliver accessible homes saw us analyse feedback from our customers to establish a richer picture of needs and the types of modifications they require. We have worked with Whaikaha – Ministry of Disabled People, Ministry of Social Development (MSD) and Accident Compensation Corporation (ACC) with the aim of improving our housing modifications process to better support our customers. This contributed to Kāinga Ora exceeding our target of at least 15 per cent of new-build homes being accessible.

Kāinga Ora also rents or leases homes directly to specialist third-party Community Group Housing providers. The people who live in these homes can often have specific and complex needs. Homes are carefully selected atu i te whakamaunga atu o 15 ōrau i te itinga o te noho wātea o ngā kāinga noho hou.

Ka rēti, ka rīhingia atu rānei ngā whare ki ngā kaihora whāiti tangata kē o Community Group Housing. Mō te tini o te hunga e noho ana i ēnei kāinga noho, he hiahia motuhake, matatini hoki ō rātou. He mea āta kōwhiri ngā kāinga kia tutuki ngā hiahia o te kaihora me ōna kiritaki, ā, i ngā wā e tika ana mā Kāinga Ora e mahi whakatikatika i roto. Kei te ruruku mātou i tētahi rongoā whare kia eke ai te pitomata o ngā tangata takitahi katoa ki tō rātou taumata, mā te noho mauritau i tētahi kāinga pūmau mō rātou.

Kua haumi mātou ki roto i ngā hononga hinonga e hiahiatia ana e mātou. Kua kawea e Kāinga Ora te whakawhanaketanga me te waitohutanga o ētahi Kirimana Tiri Mōhiotanga, Whakaritenga Tikanga Whakaae hoki (MOU) e pai ake ai te tautoko i ngā putanga hua papai mō ā mātou kiritaki. Inā rā ētahi tauira, ko te waitohu Whakaritenga Tikanga Whakaae ki Oranga Tamariki – Ministry for Children me te whakawhanake MOU ki Te Whatu Ora – Health New Zealand.

Kua tahuri hoki mātou ki whakawātea i te wā e tika ana kia urupare mātou ki ngā hiahia whare o ngā tāngata nō Ngā Iwi o Te Moana-nui-a-Kiwa. Mā tētahi Rautaki Whare Moana-nui-a-Kiwa ngātahi, e mōhiotia nei ko Fale mo Aiga, i mahia i te taha o Te Manatū mō ngā iwi o Te Moana-nui-a-Kiwa me te Tūāpapa Kura Kāinga, ka whakapikia ngā painga whare mā tētahi hātepe rōnaki, e tino pai ai te mahi mō aua hapori katoa.

Ka tīmata tēnei mea te hapori angitu ki te urunga o ngā tāngata katoa ki tētahi whare mahana, maroke hoki, engari kaua mā te mea kotahi e oti ai. E tika ana kia tautokona mātou e ētahi atu hinonga kia taea e mātou te whakapūmau i te noho pai o te tangata, kia pai ai tana ara i te ao nei.

to meet the needs of both the provider and their customers, and, where required, Kāinga Ora will undertake modifications. We are coordinating a housing solution that helps all individuals realise their potential through the stability of having a secure home.

We have been investing in the agency relationships we need. Kāinga Ora has led the development and signing of several Information Sharing Agreements, Service Agreements or Memoranda of Understanding (MOU) that will support better outcomes for our customers. Examples include signing an MOU with Oranga Tamariki – Ministry for Children and developing an MOU with Te Whatu Ora – Health New Zealand.

We have also put time into better responding to the housing needs of Pacific Peoples. A joint Pacific Housing Strategy, Fale mo Aiga, with the Ministry for Pacific Peoples and the Ministry of Housing and Urban Development will improve housing outcomes through a streamlined approach that works best for those communities.

A successful community starts with everyone having a warm, dry home but we cannot do this alone. We need the support of other agencies to ensure we set people up to lead great lives.

We're also supporting more people into home ownership with close to 10,000 homes purchased by New Zealanders last year with one or more of our home ownership products. We are assisting customers to achieve their dream of owning their first home. We provide access to many products by processing applications, running ballots, and providing advice, support and guidance to customers all over Aotearoa New Zealand.

Kei te tautoko hoki mātou i ētahi atu tāngata kia hoko whare rātou, arā, tata ki te 10,000 mano ngā kāinga i hokona e ngā tāngata o Aotearoa mā te whakamahi i tētahi, i ētahi rānei, o ā mātou hua hoko whare. Kei te āwhina mātou i ngā kiritaki kia tutuki tō rātou moemoeā o te pupuru i tō rātou whare tuatahi. Ka whakatuwheratia e mātou te kūwaha ki te tini o ngā hua, mā te tukatuka tono, mā te whakahaere rotarota, mā te hora tohutohu, tautoko, kupu ārahi hoki ki ngā kiritaki puta noa i Aotearoa

He kapohanga kanohi tēnei o ā mātou mahi, arā te hōhonutanga atu o ngā kōrero mō te āhua o ā mātou mahi kei tā mātou Pūrongo ā-Tau. Ka taea hoki e koe te pānui i te tini o ngā pūrākau whakaahuareka o te tau ka hipa ake nei, i tā mātou pae tukutuku, e whakatairanga nei i ngā mahi e mahia nei e mātou me tōna pānga whai hua ki te tangata, ki te hapori me te taiao.

E koke whakamua tonu ana a Kāinga Ora, me te tautoko mai o ō mātou hoa kōtui maha, ki te hora i ngā kāinga noho e matea ana, ki te tautoko hoki i ngā hapori, i ngā tāngata me ngā tamariki i ngā wāhi katoa o Aotearoa – mō tēnei rā, mō ngā rā katoa hoki.

Noho ora mai

Vui Mark Gosche
Heamana

Andrew McKenzie
Tumu Whakarae

These are a snapshot of our efforts, and more information on our performance is outlined in our Annual Report. You can also read many encouraging stories from the past year on our website that showcase the work we do and its positive impact on people, communities and the environment.

Kāinga Ora continues to make progress, with the support of our many partners, to deliver the homes needed, and to support communities, people and tamariki across all parts of Aotearoa New Zealand – for today and well into the future.

Noho ora mai

Vui Mark Gosche
Chair

Andrew McKenzie
Chief Executive

Mō Kāinga Ora / About Kāinga Ora

He oranga kāinga, he oranga hapori, he oranga tāngata

Building better, brighter homes, communities and lives

Kāinga Ora was established as a Crown entity on 1 October 2019 under the Kāinga Ora–Homes and Communities Act 2019.

We have two key roles:

- being a world-class public housing landlord
- partnering with the development community, Māori, local and central government, and others on urban development projects of all sizes.

We manage public housing and are responsible for housing tenancies. As the Government's lead developer in urban development, we are responsible for planning, coordinating and undertaking large and small housing developments, to create a diverse mix of public, affordable and market housing. We assist New Zealanders with financial products and advice towards home ownership.

The Urban Development Act 2020 provides us with ways of planning and funding complex or challenging urban development through the Specified Development Project (SDP) process, along with powers of land acquisition for the purposes of urban development.

With these legislative tools, we aim to contribute to sustainable, inclusive and thriving communities that provide people with good-quality, affordable housing choices that meet diverse needs; support access to jobs, amenities and services; and otherwise sustain or enhance the overall community and wellbeing of current and future generations.

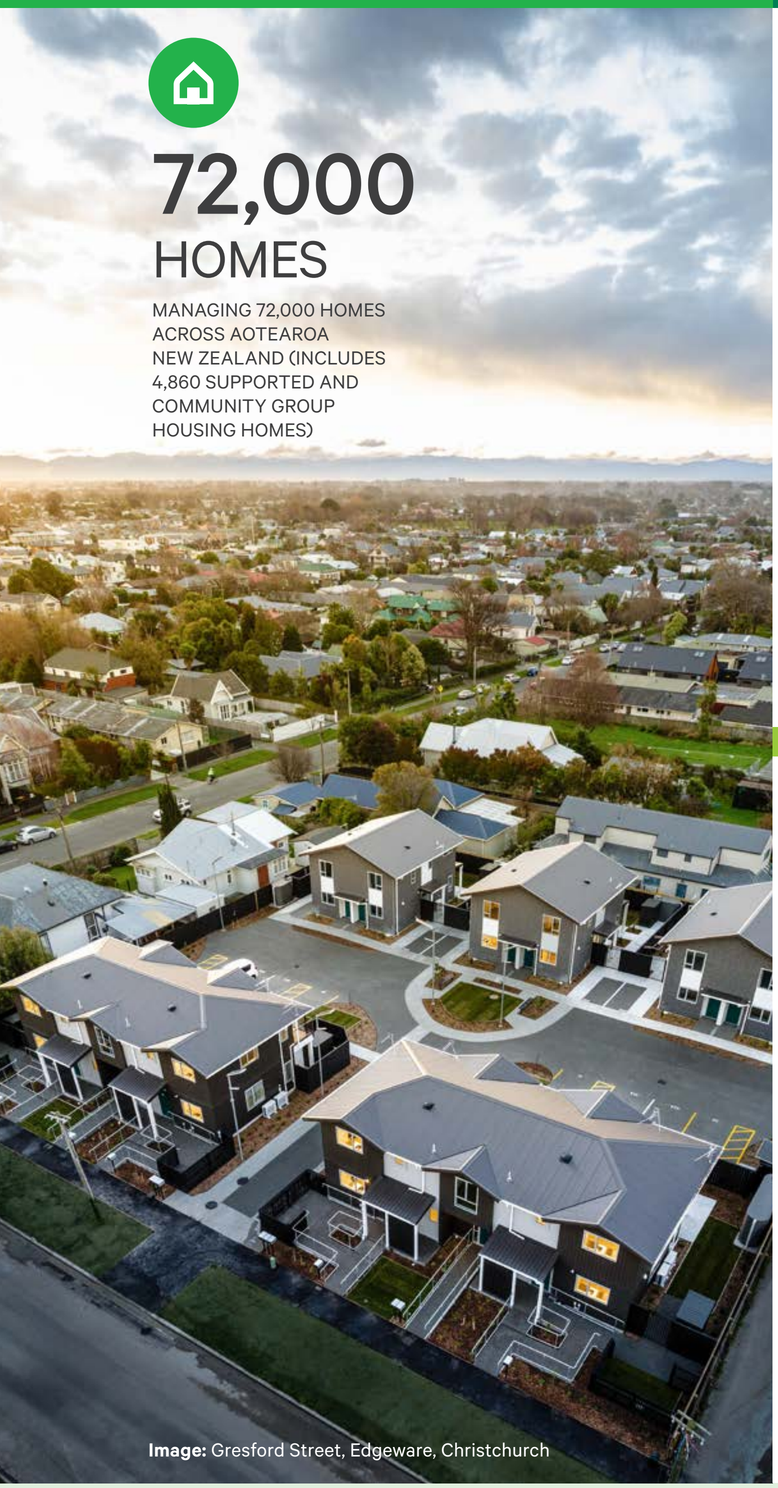
Kāinga Ora means 'wellbeing through places and communities'.

Our vision

Kāinga Ora is more than a public housing landlord or urban development agency. Our legislative framework has put in place operating principles that enable us to have a much larger impact on New Zealand and the quality of our customers' lives. We have a broad set of responsibilities, customers and stakeholders to work with, and the foundation for our success begins with a deep understanding of our communities and the challenges they face across Aotearoa New Zealand.

At Kāinga Ora, we understand that a home means more than a roof over someone's head. That is why we see our success as an organisation reflected not just in terms of bricks and mortar, but also in the choices, mana, stability and aspirations achieved in the communities to which we contribute. In addition, we work closely with other government agencies who provide public housing and support services for Aotearoa New Zealand.

Bringing it home – our story



72,000 HOMES

MANAGING 72,000 HOMES ACROSS AOTEAROA NEW ZEALAND (INCLUDES 4,860 SUPPORTED AND COMMUNITY GROUP HOUSING HOMES)

Image: Gresford Street, Edgeware, Christchurch

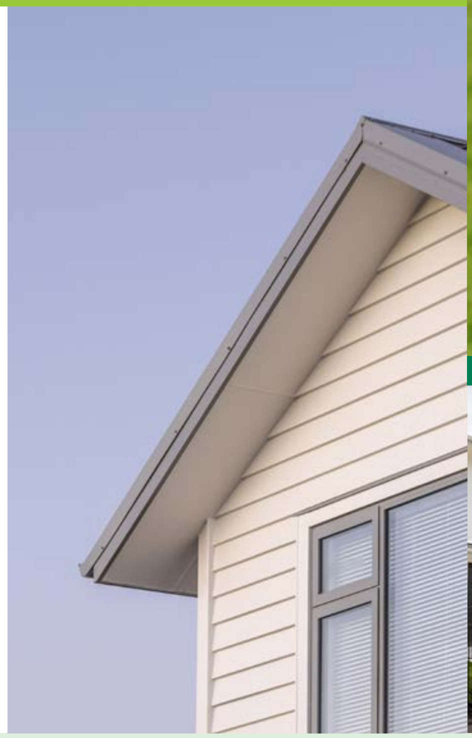
10,000 HOMES

WE ARE LEADING THE LARGEST PUBLIC HOUSING BUILD PROGRAMME IN DECADES, WITH OVER 10,000 NEW PUBLIC AND SUPPORTED HOMES DELIVERED SINCE 2018

Image: Riccarton Road, Christchurch

35,000 HOMES

AS A NATIONAL URBAN DEVELOPMENT AUTHORITY UNDER THE URBAN DEVELOPMENT ACT 2020, OUR LARGE-SCALE PROJECTS (LSP) ARE EXPECTED TO DELIVER UP TO 35,000 PUBLIC, AFFORDABLE AND MARKET HOMES OVER A 10 TO 15-YEAR PERIOD

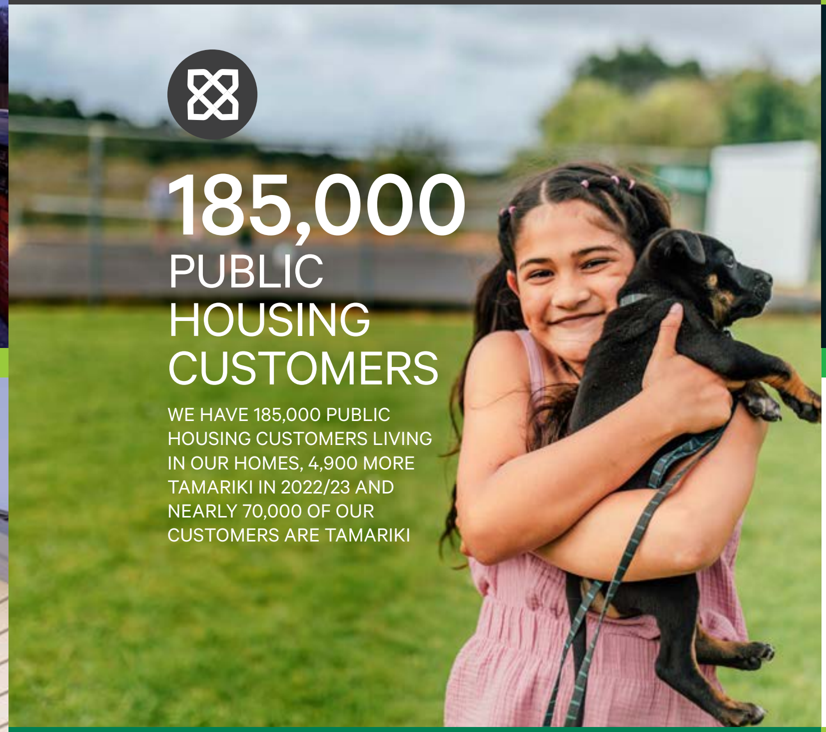


$926.7M

TO DATE, $926.7 MILLION IN IAF FUNDING HAS BEEN ALLOCATED TO CRITICAL INFRASTRUCTURE PROJECTS IN 28 NEW ZEALAND CITIES AND TOWNS

$2B PROGRAMME

MANAGEMENT OF A $2 BILLION KĀINGA ORA LAND PROGRAMME



185,000 PUBLIC HOUSING CUSTOMERS

WE HAVE 185,000 PUBLIC HOUSING CUSTOMERS LIVING IN OUR HOMES, 4,900 MORE TAMARIKI IN 2022/23 AND NEARLY 70,000 OF OUR CUSTOMERS ARE TAMARIKI

OUR PEOPLE

BUILDING CULTURAL CAPABILITY OF TE REO ME ONA TIKANGA THROUGH THE MĀTAURANGA MĀORI PROGRAMME

OUR ASSETS $44B

VALUE OF OUR HOUSING PORTFOLIO

Image: Māngere, Auckland

INVESTED $2.6B

BUILDING NEW HOMES – THAT'S CLOSE TO $10 MILLION EVERY DAY

Image: Briggs Road, Christchurch

591

MORE MARKET HOMES ENABLED VIA LSP LAND REDEVEOPMENTS

Ngā painga mā mātou e tāpiri / The value we add

Kāinga Ora is focused on delivering across our six outcome areas and committed to supplying more homes for more New Zealanders.

Capitals (Inputs) → Outputs → Outcomes

Capitals (Inputs)

FINANCIAL
Includes our financial assets and the available funds necessary (equity, debt) provided by the Government, generated through the disposal of assets and the purchase of our Wellbeing Bonds, which all have a direct role in supporting wellbeing and material living conditions.

HUMAN
This encompasses people's skills, knowledge and physical and mental health. These are the things that enable people to participate fully in work, study, recreation and in society more broadly.

NATURAL
This refers to all aspects of the natural environment needed to support life and human activity. It includes natural resources, including plants, animals and energy. It shows our commitments to reduce carbon emissions and waste in our operations so our customers are benefitting from warmer, drier homes and to live in environmentally-sustainable communities.

SOCIAL
This describes the norms and values that underpin society. It includes our relationships with our customers, our communities and across our system, with government, Māori, our partners and alliances, industry stakeholders and our people, working together to meet our outcomes.

MANUFACTURED
This comprises our physical assets in the form of houses and apartment buildings, built or developed by Kāinga Ora or our former entities, which provide housing services to our customers.

Outputs

Supporting
Supporting our customers to live well with dignity, stability and connectedness

Growing
Growing, renewing and maintaining our homes

Planning
Delivering and facilitating urban planning and development

Home ownership
Supporting Crown housing infrastructure and home ownership initiatives

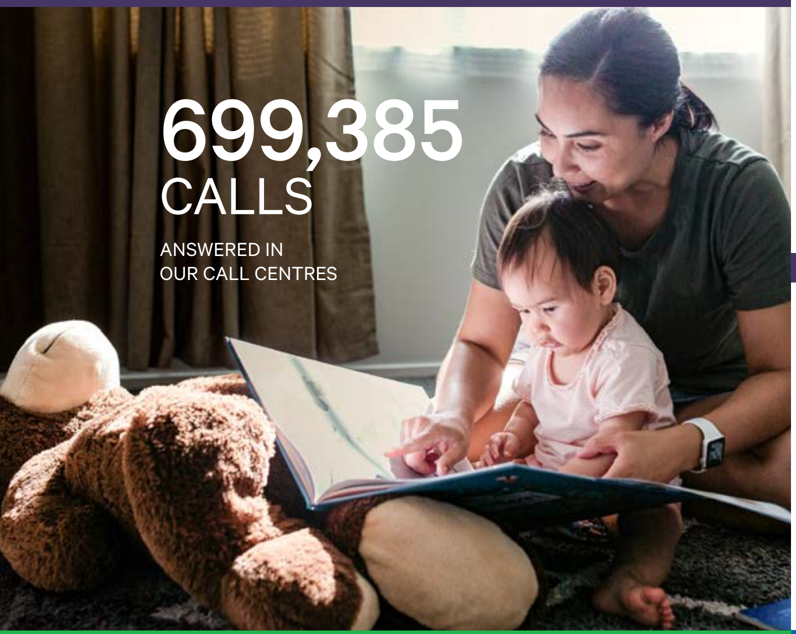
Outcomes

Our legislation and the Government's Letter of Expectations are reflected in our outcomes that guide our strategy, decision-making and the services we deliver. Our outcomes and their link with the Government Policy Statement on Housing and Urban Development (GPS-HUD) outcomes are shown below:

	SUPPORTING GPS-HUD OUTCOMES
Customer Wellbeing Customer wellbeing means people in our homes live well, with dignity, stability and the greatest degree of independence possible.	Partnering for Māori housing and urban solutions
Māori Aspirations Enabling Māori aspirations means investment in housing solutions that build capability and support whānau wellbeing.	Wellbeing through housing
Housing Access Housing access means enabling homes that meet diverse needs, are safe, affordable and healthy to live in.	Wellbeing through housing
Thriving Communities Thriving communities are inclusive and sustainable with access to employment, education, social and cultural opportunities.	Thriving and resilient communities
Environmental Wellbeing Environmental wellbeing means sustainable and resilient operations, assets and communities.	Thriving and resilient communities
System Transformation Land use, infrastructure and housing supply is integrated, efficient, effective and responsive to demand.	An adaptive and responsive system

Ngā āhuatanga hira o te tau / Highlights of the year

Customer Wellbeing
Home sweet home



699,385 CALLS
ANSWERED IN OUR CALL CENTRES

566,455 JOBS
MAINTAINING OUR HOMES WITH 566,455 MAINTENANCE JOBS COMPLETED

314 ACCESSIBLE HOMES
FOR PEOPLE WITH EXTRA NEEDS

Housing Access
Manaaki whenua and enriching lives

9,994 HOMES
PURCHASED BY NEW ZEALANDERS WITH ONE OR MORE OF OUR HOME OWNERSHIP PRODUCTS

2,893 HOUSES
GROSS NEW PUBLIC AND SUPPORTED HOUSES BUILT

60 LSP
INFRASTRUCTURE PROJECTS UNDER WAY

Image: Pallant Street, Manurewa, Auckland

Environmental Wellbeing
Sustainability in the house!

29,994 TONNES
OF WASTE DIVERTED FROM LANDFILL

Image: Ranolf Street, Rotorua

80 NATIVE TREES
PLANTED THIS YEAR

Thriving Communities

12 REGIONS
PLANS CREATED FOR 12 REGIONS ADDRESSING SPECIFIC ASPECTS OF EACH COMMUNITY

Māori Aspirations
Tangata whenua

85 HOMES
RELOCATED TO MĀORI

657 PARTNERSHIPS
PARTNERSHIP ENGAGEMENTS WITH IWI/RŌPŪ AND MĀORI

System Transformation

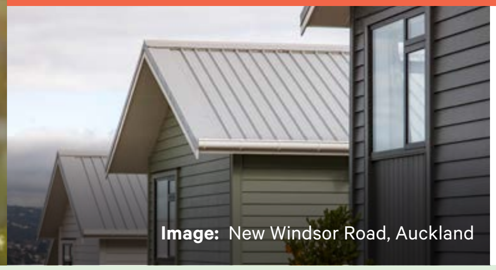


Image: New Windsor Road, Auckland

176 BUILDS
OFF-SITE MANUFACTURED BUILDS

Te whakatutuki i ō mātou putanga / Achieving our outcomes

1

Te toiora kiritaki
Customer Wellbeing

People in our homes live well, with dignity, stability and the greatest degree of independence possible

Providing warm, dry, healthy homes for our public housing customers

Kāinga Ora is committed to making sure our public housing customers live in healthy homes and in connected communities. Using a customer-centred approach, we are working with our customers to support their wellbeing needs so they can sustain their tenancies and live well in their homes.

What success looks like

- Our customers have accommodation that is stable, enabling them to remain in their home for as long as they need.
- Our customers feel safe and secure in their homes and communities.
- Our customers have the skills, support and confidence to have greater control over their lives and wellbeing.
- Our customers are connected to their cultures and communities and participate in community life.

How we are progressing

What we have achieved:

80%
of customers are satisfied with their Kāinga Ora home

80%
of customers are satisfied with the services we provide

96%
of new customers sustain tenancy for 12+ months

80%
of maintenance requests completed within the agreed service level targets

>550K
maintenance jobs completed

2,893
new homes built for public and supported living

2,526
net increase in public and supported homes

100%
New homes built to 6-Homestar standard

Building brighter futures together

A warm, dry, healthy home and a feeling of connectedness to a community are essential for all New Zealanders to thrive.

Kāinga Ora places the wellbeing of customers and their whānau at the centre of our work. Safe, healthy and stable housing is central to achieving a range of government outcomes. For this reason, we take a customer-centred sustaining tenancies approach to tenancy management. We assist our customers to access any support services they may need, stay connected to their communities and lead lives with dignity and the greatest degree of independence possible.

Supporting customers and their wellbeing

The people who come to Kāinga Ora have the highest housing needs in Aotearoa New Zealand – which is why, unlike many private landlords, Kāinga Ora provides more than just a roof over someone's head. We care about both the wellbeing of our homes and the nearly 185,000 customers and whānau living in them – of which almost half are tamariki and rangatahi.

With a wellbeing approach at the heart of everything we do, our whole way of working is set up to help make sure our customers have the right home and support to live well in their homes and communities.

In 2022/23, we have been embedding our new operating model designed to make sure we are able to do the best by our customers. We focus on making time to support our customers, get to know them and build strong, trusting relationships. This allows us to work with them to help ensure they are living well in their home and community, and be in the best position to sustain their tenancy.

We take a wellbeing approach to how we engage with customers at every step of the journey. Our approach is built on a deep understanding of our customers and what living well means for them. It is underpinned by Te Whare Tapa Whā principles, which recognise the critical part both personal and housing needs play in achieving overall wellbeing, and the interdependence between the two.

When working with our customers, we help connect them with the right local support, if that is what they want or need. Our place-based teams build meaningful connections with local service providers across the public and social sectors to help customers meet their personal wellbeing requirements.

Disruptive behaviour

We want Kāinga Ora homes and the communities they are in to be pleasant and enjoyable places to live – and the vast majority are. Over the past 12 months, we received no complaints for over 90 per cent of Kāinga Ora households. Of the complaints we do receive, a high proportion are for minor things like car noise, frequency of visitors and lawns not being mowed. However, when disruptive behaviour occurs, we take it seriously and aim to respond quickly and effectively. We understand the impact these situations have and are committed to doing everything we can to resolve them.

We seek positive outcomes for both the people living in our homes and their communities. To achieve this, we work closely with our customers, their whānau and other support services where necessary, to achieve an outcome that works for everyone. Our comprehensive sustaining tenancies policies guide us in this process.

Sometimes sustaining the current tenancy is not in the best interests of the customer or their community. In these situations, we can, and do, end tenancies where necessary, and typically offer the customer an alternative Kāinga Ora home. We find that most customers take relocating to a new home as an opportunity to change and make a fresh start without further issues.

Our place-based teams work hard to make relocations a success and consider the implications for the person, their whānau and the community. We take care to make sure the new home suits the household, and provide support to help the customer settle into it and within the community.

Building and maintaining meaningful relationships with our support partners

To help our customers receive the support they need to live safe and stable lives with dignity, we draw on the broader services of supporting agencies to address the specific needs of each customer. We have built into our regional roles and structures the capacity and capability to develop relationships with our local support partners. We recognise that better wellbeing outcomes result from mahi tahi (working together).

Our place-based structure allows our customer-facing teams to stay well connected with providers at a local level, identifying the support required to serve those customers with the greatest need. In 2023/24, we will continue to work closely with community and support service providers, non-government organisations and other government agencies. Maintaining our engagement with these services will ensure close collaboration and escalation when needed.

Community engagement

We are committed to working hard to deliver much-needed, new good-quality housing as we can, as quickly as possible, through redeveloping our land and partnering with developers.

Our aim is to not only provide warm, dry homes but also work alongside communities to help build thriving, sustainable and inclusive neighbourhoods.

We are mindful of the impact development work may have on our customers and their neighbours. As our first priority, we work closely with customers who may be impacted by redevelopment. We also look to engage with communities that will be affected by a Kāinga Ora development as soon as we can, by sharing information with them.

The nature and timing of this engagement, and tools we use, vary from case to case. Factors can include the size of the development; the significance for the community; and whether we are overseeing the construction from start to finish, or purchasing homes from a developer.

We are committed to keeping communities up to date, and making sure our new homes work well for the people and whānau who will live there, as well as the wider community. We are constantly looking for opportunities to improve and for new ways we can best engage with communities as our build programme across the country progresses.

National response – supporting our customers through times of emergency

There were 19 weather-related state of emergency declarations in the 2022/23 financial year. This included a National Declaration, when the impact of Cyclone Gabrielle followed closely after the damaging Auckland floods of January 2023. Supporting our customers through these events has been a priority for Kāinga Ora and this has included active engagement in the wider All-of-Government response.

These weather events severely tested individual and community resilience, as well as our readiness to respond and recover from a significant incident. Critically, we continued to deliver our essential services and activities through activating regional and national incident response teams. These structures allowed for more accurate information flows and understanding of customer needs, facilitating the necessary guidance and prioritisation of resources. A timely understanding of our customers' essential needs allowed us to better support the most vulnerable.

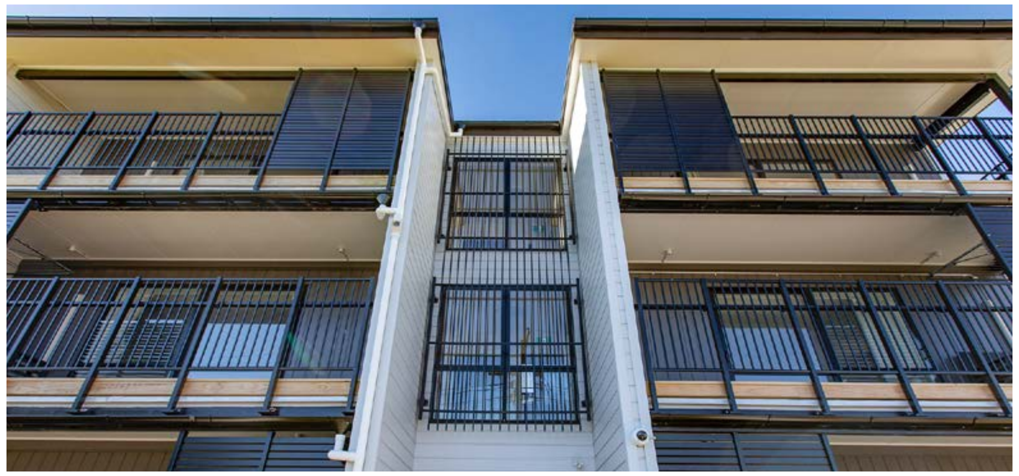
An organisational focus on continuous learning meant we used the opportunity to take stock, capturing our collective experiences in a formal review of the Kāinga Ora Emergency Management Framework. Alongside this is the ongoing development of business continuity planning across our organisation. With a wider appreciation that the unexpected can happen, we are developing our strategic resilience. These actions provide increased confidence that our critical functions will continue through times of disruption. In this way, our customers and communities also become empowered to build their own brighter futures with an increased capacity to act for themselves and others, for the safety and wellbeing of all.

Accessibility work programme

We have continued with activities to support and enhance our approach to improving the accessibility of our homes. For Kāinga Ora, accessibility is about our customers living comfortably in their homes now, and building homes that are able to be easily adapted as customers' circumstances change over time. We recognise that customer wellbeing is enhanced when they are able to have whānau and friends visit and be part of the wider community they live in without barriers.

In the past year, 19 per cent of our eligible newly-built homes met the Kāinga Ora Full Universal Design specifications. This exceeded our target of 15 per cent.

Over the last 12 months, we have continued to progress the joint work with Whaikaha – Ministry of Disabled People, Ministry of Social Development (MSD) and Accident Compensation Corporation (ACC) with the aim of improving the housing modifications process to better support our customers. Next steps include formalising a joint report, and each agency confirming its priorities and what changes it aims to undertake to improve the process.



Busby Street development, Blockhouse Bay

We also have a comprehensive internal work programme for addressing other accessibility initiatives. We have:

- increased the number of new homes built to the Kāinga Ora Full Universal Design standard, or that include accessibility features
- begun improving our internal modifications process to ensure this is fit for purpose and being applied consistently. This will enhance our asset data collection systems
- established a validation exercise to identify existing modifications and accessibility features in our homes
- used All-of-Government data sources and internal survey data to better understand the accessibility needs of our customers.

Our Accessibility Policy outlines our approach to managing and modifying our public housing properties for current and future customers with accessibility needs. A refresh of this Policy is underway and should be completed by the end of the 2023 calendar year. The key objectives of the Accessibility Policy review are to:

- measure progress and performance against our current policy outcomes
- identify additional areas we need to consider that reflect our broader mandate, government policy commitments, and customer and stakeholder feedback.

Healthy Homes Programme

Ensuring our customers are living well in homes that are warm, dry, healthy and safe is our absolute priority, and the cornerstone of our Healthy Homes Programme. The Government introduced the Healthy Homes Standards in 2019 and these include heating in the main living area, insulation, ventilation, moisture mitigation and drainage, and draught stopping. This is a significant undertaking for Kāinga Ora, as New Zealand's largest landlord, and the Healthy Homes Programme is our most extensive planned maintenance programme to date in terms of breadth, complexity and volume.

This year, we spent $187 million upgrading more than 26,000 homes to meet the Healthy Homes Standards. As at 30 June 2023:

- 93 per cent of all our homes met the Standards
- 4 per cent had Healthy Homes maintenance work currently in progress to meet the Standards.

The Government announced in November 2022 that private landlords, registered Community Housing Providers and Kāinga Ora had been given more time to comply with the Healthy Homes Standards. Under the revised timeframes, Kāinga Ora and Community Housing Providers have until 1 July 2024 to make their homes compliant with the Standards, while private landlords have until 1 July 2025.

Importantly, we recognise the impact a warm, dry and healthy home has on the long-term wellbeing and happiness of our customers. Our compliance data shows we are continuing to complete as many homes as possible, as quickly as possible.

Alongside the Healthy Homes Programme work, our older homes undergoing our Retrofit Programme receive the full suite of Healthy Homes improvements, while new builds include Healthy Homes requirements as part of the build design standards.

Supported housing

Along with the public housing we supply and manage, Kāinga Ora plays a pivotal role in the supported housing system in Aotearoa New Zealand. We lease around 3,300 warm, dry and safe homes to over 240 supported housing providers so they can successfully deliver their services to some of the most vulnerable people in the country.

Supported housing is the provision of publicly funded homes where the coordination of housing and other support services is essential to the wellbeing of the customer. Kāinga Ora provides supported housing properties through its Transitional Housing and Community Group Housing portfolios and through special programmes with Ara Poutama Aotearoa – Department of Corrections, and Oranga Tamariki – Ministry for Children.

These homes provide invaluable housing and support to, for example:

- people who experience mental illness
- people who have physical and intellectual disabilities
- people who abuse substances or have addiction(s)
- people seeking refuge
- families who need emergency housing
- tamariki and rangatahi at risk
- people transitioning from prison back into the wider community.

Following Board approval of the Supported Housing Strategic Plan in 2022, we are developing an implementation plan with short-, medium- and long-term initiatives. The strategic plan sets out an ideal future state for Kāinga Ora and the wider supported housing system. To achieve this, we are focusing our implementation planning to deliver four key shifts:

- doing the basics well by ensuring we have the capability and capacity to carry out our core functions
- better understanding and supporting our supported housing partners and customers
- delivering service excellence through the provision of fit-for-purpose, well-maintained properties
- shaping the wider supported housing system by influencing funding and policy decisions in an effective way.

Community Group Housing

Last year, we used our portfolio of 1,522 Community Group Housing properties (including 47 for Oranga Tamariki) to provide secure, sustainable housing solutions that meet the needs of organisations who deliver services to support people with illnesses, disabilities or urgent needs for housing.

With our partner organisations, we support the provision of community housing and beds for those in need, to make sure these customers have a safe, secure environment in which to live.

Supporting Oranga Tamariki with housing supply

Kāinga Ora has been working directly with Oranga Tamariki to provide warm, dry and safe homes for them to lease and manage as part of their programmes to improve support for tamariki and rangatahi in their care.

Last year, we committed to supply an additional 10 homes before June 2024. As at June 2023, we have delivered seven of these homes, bringing the total number of homes Kāinga Ora supplies to Oranga Tamariki to 47.

Responding to homelessness by contributing to increased transitional housing supply

Transitional housing provides warm, dry, short-term accommodation (generally for up to three months and longer) for people and families in urgent need of housing because they have nowhere else to stay or are unable to remain in their usual place of residence. The provider, contracted by the Ministry of Housing and Urban Development (MHUD) to operate the housing, offers them wrap-around services. People living in transitional housing contribute 25 per cent of their income towards the cost of their accommodation.

Budget 2020 committed funding for 2,000 extra transitional housing places, with the expectation that Kāinga Ora would deliver 1,400 of these places by June 2024. By June 2023, we delivered 1,270 of the 1,400 places.

Contributing supply for Corrections Housing and Support Services Programme

Work continued with Ara Poutama Aotearoa – Department of Corrections to provide 150 transitional housing beds by 2026 for people leaving prison and to provide suitable accommodation to help their reintegration into the community. This avoids them having to go back to or remain in prison because they have no suitable accommodation option.

Corrections' service providers support Corrections' housing customers while they are reintegrating into the community. Deliveries for Corrections remain at 91 beds (within 31 units). We will continue to work with Corrections on the remaining deliveries through to June 2026.

Maintenance and repairs – Te Mahi Ngātahi

Through our Te Mahi Ngātahi national maintenance contract, we are committed to carrying out the right job, at the right time, in the right way, and to making every maintenance experience a positive one for our customers. Each year, we work closely with our maintenance partners to improve maintenance delivery.

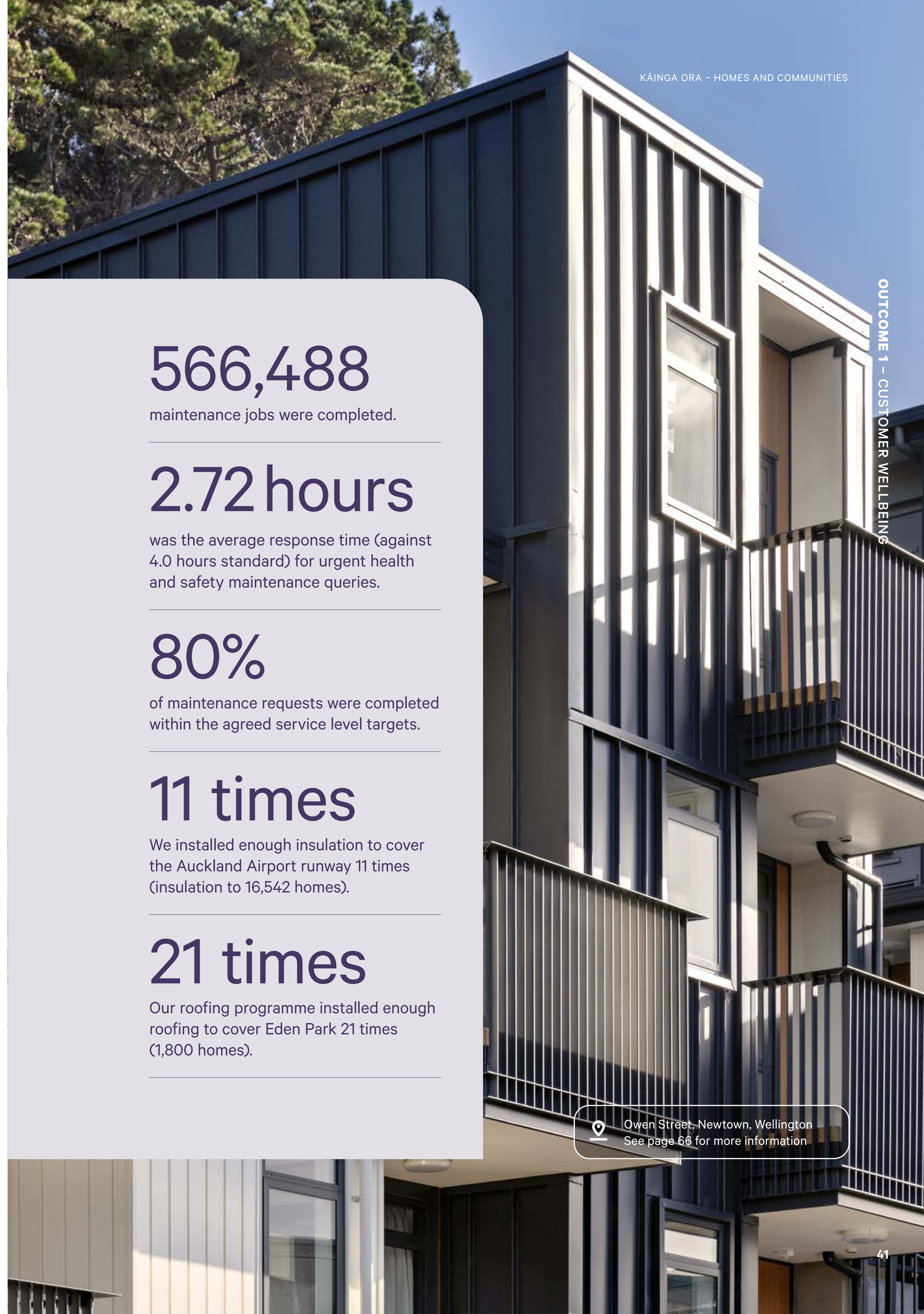
The size of the Kāinga Ora housing portfolio demands a significant maintenance programme and team of people behind it. The Kāinga Ora maintenance team, our five maintenance partners and around 11,000 trades work together to deliver maintenance services 24 hours a day, seven days a week.

We have navigated through many of the disruptions caused by COVID-19 over the past two years, and this year we delivered record levels of maintenance activity. Our maintenance partners have also completed work in excess of contracted levels while sustaining key performance indicators (KPIs).

- 566,488 maintenance jobs were completed. That's more than one work order for every minute of every day of the year or about 11,000 per week.
- $854.8 million was spent on maintenance and upgrade work.
- 80 per cent of maintenance requests were completed within the agreed service level targets.

This year we faced the significant weather events of the Auckland Anniversary Weekend floods and Cyclone Gabrielle as well. Our maintenance partners and our own staff were a major part of the response, ensuring customers were safe and that work was actioned quickly to safeguard homes.

This strong people-first approach is evident in our maintenance partners and their trades continuing to invest into local communities. Over the last 12 months, they have collectively enabled nearly 400 apprentices, cadet programmes, leadership development programmes, and other local social and environmental initiatives.



566,488

maintenance jobs were completed.

2.72 hours

was the average response time (against 4.0 hours standard) for urgent health and safety maintenance queries.

80%

of maintenance requests were completed within the agreed service level targets.

11 times

We installed enough insulation to cover the Auckland Airport runway 11 times (insulation to 16,542 homes).

21 times

Our roofing programme installed enough roofing to cover Eden Park 21 times (1,800 homes).

Owen Street, Newtown, Wellington
See page 66 for more information

CASE STUDY

Josh's journey to supporting others

When Josh was going through one of the most difficult moments of his life, rather than focusing solely on his own journey, his thoughts turned to how he could help others in the same situation.

When he was 18 years old, Josh (now 25) was paralysed after a rare autoimmune disease called transverse myelitis damaged his spinal cord. After a month in ICU, he spent another five months in Christchurch's Burwood Spinal Unit undergoing rehabilitation – where he realised he could use his own experience to help other spinal patients.

"I started volunteering while I was in hospital because I wanted to come back, but in the end I never left," he jokes.

Josh, who also holds down two other part-time jobs advocating for people with disabilities, moved into a one-bedroom, wheelchair-friendly Kāinga Ora home in July 2022 – and he is thriving in his new home.

"I have this space and the freedom to take control of my life again. To be able to come home to a house that takes all those issues [of accessibility] away from you is very liberating.

"I can get my Sunday coffee, and I'm close to Kmart. Everything I need is just five minutes away, and I can catch the bus to work just around the corner – it's great."

As a real 'people person' with a passion for advocating for those with disabilities, there's no denying Josh is a remarkable individual. But what is it that drives him?

"I know what it was like to receive the support when I was a patient, and I know the impact that made for me personally, so the drive for me is to be able to recreate that for someone else.

"You can't change the entire world, but you can change one person's world."

CASE STUDY

Friendships forged in cosy community hall

Every Friday morning, rain or shine, friends gather for morning tea in a cosy community hall at the heart of their Kāinga Ora housing complex.

For more than a decade, the community hall at Nelson's Karaka Flats has been a place to build and nurture close friendships.

"We've all got to know each other so well over the years," says Anne, a resident of 12 years and great-grandmother of seven.

"When you come in, you're fragile from whatever life has thrown at you ... but you begin to make contact with other people and you get to relax," she says.

Every week, residents each contribute a plate and donate a gold coin for cups of tea. Over the years, soup days, fish-and-chip days and even a fashion parade have turned the community hall from a central meeting place into a space to create long-lasting memories together.

The gold-coin donations funded the hall's maintenance until Kāinga Ora took ownership of the flats in 2021 and began covering the cost. This meant residents were recently able to donate $450 to Hospice New Zealand and put on a barbecue at the complex.

Another long-term resident, George, says he wouldn't be without the weekly catch-ups. "Getting old can be a bit lonely and it can sometimes be difficult to get yourself to the bowling club, or whatever. This is a great opportunity to socialise. It fills a need."

Kāinga Ora Senior Housing Support Manager Toby says he enjoys catching up with the Karaka Flats residents every Friday morning.

"There's a wonderful sense of community at the Karaka Flats... It's a great opportunity for friends to spend some time together, and they continue to look after each other throughout the week."

2 Ngā wawata o ngāi Māori
Māori Aspirations

Investment in housing solutions that build capability and support whānau wellbeing

Partnering with Māori to achieve better outcomes

Under the overarching context of Te Tiriti o Waitangi and Māori perspectives, the Kāinga Ora – Homes and Communities Act 2019 and the Urban Development Act 2020 have empowered Kāinga Ora to act consistently across our operating principles to include early and meaningful engagement with Māori.

What success looks like

- Māori and Kāinga Ora work in partnerships that genuinely reflect Te Tiriti o Waitangi to successfully deliver improved housing outcomes that meet the needs and aspirations of Māori.
- Intergenerational wellbeing outcomes are improved, including greater housing options and home ownership.
- Kāinga Ora provides a range of programmes designed to increase knowledge, understanding and demonstrable ability to use te reo Māori.
- Incorporating tikanga (culture)-based practices across the organisation and transforming both practice and systems within our organisation results in better outcomes for Māori.

How we are progressing

What we have achieved:

Partnering

Over the past year, our Te Kurutao team has had 657 partnership engagements which enabled Kāinga Ora to partner with iwi/rōpū and Māori.

100%

Of Māori business and suppliers are satisfied or very satisfied with their ongoing commercial relationship with Kāinga Ora.

50%

Of new trainees in our construction apprenticeship or cadetship programme identify as Māori or Pasifika.

1,074

participants completed our Mātauranga Māori Programme.

Wai 2750 Kaupapa Inquiry

We supported the Kaupapa Inquiry to gather information and work with teams across the organisation in response to the Inquiry.

Building brighter futures together

Kāinga Ora holds a unique responsibility to understand and support Māori housing and urban development aspirations. To achieve this, we think and operate in ways that reflect a Māori world view and are building capacity to support enduring and meaningful relationships with iwi and Māori.

Improving Māori outcomes

Te Kurutao Group Māori brings together key capabilities essential to ensuring Kāinga Ora can fulfil our legislative obligations to protect and enable Māori interests and aspirations in relation to housing and urban development.

Te Kurutao Group Māori regional teams primarily lead and facilitate the relationship between Kāinga Ora and iwi/rōpū Māori. The Group provides support through a centre of expertise to lift Māori capability, and establish and maintain strong and trusted relationships with iwi/rōpū Māori across the country.

Te Kurutao is tasked with developing strategies to support iwi/rōpū Māori into secure and affordable homes and provide avenues for Māori investment in housing. This includes partnering and investing in housing innovation and meaningful participation in urban development activities.

Te Kurutao also supports the implementation of Māori housing interventions across the government sector; in particular, targeted outcomes in the Māori and Iwi Housing Innovation (MAIHI) Framework for Action. In addition, Te Kurutao Group Māori leads and facilitates the relationships between Kāinga Ora and key partners across central government to ensure alignment and connectivity across key programmes of work.

Apprenticeships and trades training

Since the launch of the apprenticeship programme in 2019, a total of 448 trainees have successfully entered into apprenticeships and cadetships with our partners across our public housing programme. We are actively seeking to recruit more women, Māori and Pacific Peoples, as well as customers, into apprenticeships. In our new large tenders, 50 per cent of apprentices must come from these priority groups.

In 2022/23, there were 32 Māori trainees, equating to 26 per cent of total applicants, who participated in the trades training programmes. There were 30 Pacific Peoples trainees, which was 24 per cent of all apprentices.

Several different trades training partnerships and programmes are available across the country. There are 13 trades academies, consisting of high schools, polytechnics and Corrections facilities building new, warm, dry and healthy public homes for Kāinga Ora built to New Zealand Green Building Council 6-Homestar standards. The programmes also provide real hands-on experience for students that will fast-track them within an industry experiencing a skills shortage.

During 2022/23, our trades academy partners delivered more than 40 off-site manufactured homes for whānau across the country.

In 2022/23, 50 per cent of the 123 apprentices and cadets who started their careers on Kāinga Ora builds in Northland, Auckland, Hawke's Bay and Christchurch identified as Māori or Pasifika.

Breakdown of the Māori and Pacific Peoples apprenticeship and cadetship programme: 2022/23

26%	Māori
24%	Pacific Peoples
50%	Other

Wai 2750 Kaupapa Inquiry

Kāinga Ora supports the Crown's response to the Wai 2750 Kaupapa Inquiry into Māori housing policy and services. There are two stages of this Inquiry.

Stage One of the Inquiry focused on Māori Homelessness and heard claims concerning Māori homelessness from 2009 to 2021. On 19 May 2023, the Waitangi Tribunal released the report on their findings from Stage One, *Kāinga Kore: The Stage One Report of the Housing Policy and Services Kaupapa Inquiry on Māori Homelessness.*

Stage Two of the Inquiry will focus on four pakitara (themes): Whenua Māori (Use and develop of Māori land for housing); Te Ao Kāinga (Housing policy, practice and regulation of the housing market); Whānau Kāinga (Social housing – the provision of 'public housing' by the government (central and/or local), and Hauora (Relationship between poor physical and mental health (and other socio economic factors) and housing). Māori land). Te Tūāpapa Kura Kāinga (MHUD) is the lead agency and is leading the analysis and Crown response to the Inquiry. Kāinga Ora will continue to support as required.

The report is an important resource for Kāinga Ora. The report and the Inquiry will inform the development of policy, strategy and Kāinga Ora supports the Crown's response to the Wai 2750 Kaupapa Inquiry into Māori housing policy and services. There are two stages of this Inquiry.

Infrastructure Acceleration Fund – working with Māori

Te Kurutao plays a leading role in capturing iwi perspectives and interests. These are then incorporated into the process used by Kāinga Ora to administer the Infrastructure Acceleration Fund (IAF) funding across Aotearoa New Zealand. At the end of June 2023, a total of $926.7 million was committed to core infrastructure projects in 28 cities and towns.

Te Kurutao regional teams have an ongoing role to ensure there is meaningful engagement and participation of iwi/rōpū Māori in these projects.

Approximately 20 per cent of the allocated funding is expected to enable housing developments that are either co-led with Māori or have Māori as key partners, supporting Māori housing aspirations.

Some of the IAF-funded infrastructure projects expected to generate both Māori housing outcomes and more new homes for communities include:

- flood management and significant wastewater and stormwater upgrades in the Far North town of Kaikohe
- improved road access and wastewater upgrades in Hastings to enable new homes across multiple developments
- key water projects and road upgrades in Gisborne's Taruheru Catchment Area to enable a range of housing outcomes, including a potential mana whenua housing site
- crucial water and transport upgrades in Porirua. These will result in double the original number of homes in the Ngāti Toa Rangatira development at Kenepuru Landing.
- transport and water infrastructure works associated with a road extension in Castlecliff, Whanganui, to support the delivery of more new homes, including intergenerational housing
- new Three Waters infrastructure in Pahiatua to enable development on a Rangitāne-owned site; this will include papakāinga (ancestral Maori land) and affordable homes
- water and road upgrades in the Kāpiti Coast town of Ōtaki to enable the delivery of papakāinga, affordable and market homes for the community.

Councils are typically the recipients of the IAF funding, and are responsible for delivering the infrastructure. They are working in partnership with iwi and developers, who will build the homes.

Land sales development and information sessions for Māori

To support Māori aspirations:

- Superlots[1] have initially been made exclusively available to Māori to assist iwi through the process of applying to the land sales team for purchase of the superlots.
- Kāinga Ora has held information sessions to build the capability of iwi and Māori to understand this process, navigate the land sale and purchase process with confidence, and develop relationships with Kāinga Ora.

1. Superlots are large sections, normally at least 10 hectares in area, created by subdivision for further subdivision.

Mātauranga Māori Programmes

Our internal Mātauranga Māori Programmes support Kāinga Ora to meet our obligations under Te Tiriti o Waitangi and the Kāinga Ora – Homes and Communities Act 2019 to protect and enable Māori interests and aspirations in relation to housing and urban development. As well as providing an organisation-wide cultural capability uplift, the programmes internally empower staff to create stronger working environments within offices, self-reflect and participate in individual development, while also promoting leadership. Together, they facilitate greater opportunities to build meaningful relationships with iwi/rōpū Māori to better understand and support the bespoke delivery of Māori housing outcomes.

In 2022/23, a total of 1,074 Kāinga Ora people have participated in and completed the Mātauranga Māori pilot programmes, against a target of 800 in our Statement of Performance Expectations (SPE). Exceeding this SPE target by 34 per cent affirms the positive and enthusiastic organisational response to these programmes. Not only this, but their success also indicates the demand for these types of programmes and their continued development in the future.

The participation and completion breakdown across the programmes for the past two years is:

- 2021/22 Mātauranga Māori Programmes: 443 participants
- 2022/23 Mātauranga Māori Programmes: 1,074 participants.

Te Tiriti o Waitangi settlements

Kāinga Ora supports the Crown through the historical Treaty of Waitangi settlement process, for example by identifying Kāinga Ora properties to be made available for negotiations in different settlements, where requested by Te Arawhiti (Office for Māori Crown Relations).

As part of the settlement process, Kāinga Ora has had high-level discussions with several claimant groups on potential relationship redress. We have committed to explore relationship redress with Ngāti Hāua (Upper Whanganui) as set out in the Ngāti Hāua agreement in principle, and agreed to offer a relationship agreement with Te Korowai o Wainuiārua (central Whanganui) as set out in Te Korowai o Wainuiārua deed of settlement.

Te Arawhiti commissioned an independent Crown Asset Audit for the Te Paparahi o Te Raki (Northland) Inquiry and Kāinga Ora identified properties within the Northland iwi area of interest.

Whenua Māori Development

The Whenua Māori Development workstream provides guidance, coordination and technical support to the regional design and delivery teams of Kāinga Ora. This assists with managing complex projects in partnership with iwi/rōpū Māori across Aotearoa New Zealand, following the Māori Housing Programme.

The Whenua Māori Development team's key functions include:

- leading the House Relocations Programme
- organisational strategy support
- regulatory advocacy
- MAIHI/IAF funding support
- providing the key contact point for the MAIHI Partnership Programme
- Whenua Māori Development housing and project-specific support.

In 2022/23, we relocated 100 homes from Kāinga Ora redevelopment sites, primarily to whenua Māori. There is a group of 255 people on the Expressions of Interest (EOI) register, and Te Kurutao is assisting them to prepare for more homes to be relocated in the future.

Te Kurutao regional teams provide intelligence from iwi/rōpū Māori on opportunities for relocatables. They also collaborate with other housing partners and interface with iwi/rōpū Māori regarding sites and timing for relocations to occur to realise meaningful partnerships.

The House Relocations Programme operates in partnership with our Waste Minimisation team. The programme achieves our joint aims of getting whānau (families) into homes while at the same time meeting our waste minimisation targets.

Our Whenua Māori Development housing and project-specific support includes assisting rōpū with preliminary assessments of housing opportunities on whenua Māori. We completed 50 assessments in 2022/23 with specific site layout plans prepared for properties in Northland, the Bay of Plenty and Southland. Te Kurutao also supports the Kāinga Ora Development Planning team by promoting better enablement of papakāinga and Māori housing provisions in local government planning documents around the country.

100 Homes

relocated from Kāinga Ora redevelopment sites, primarily to whenua assist

1,074

Kāinga Ora people have participated in and completed the Mātauranga Māori pilot programmes

$926.7 Million

was committed to core infrastructure projects in 28 cities and towns.

The Wainuiomata Trust Eco-Papakāinga Development project

Kāinga Ora has been supporting the Wainuiomata Marae Trust to develop a proposal for building an eco-papakāinga on their Marae land. Through the MAIHI partnership arrangement HUD, Te Puni Kōkiri and Kāinga Ora have been working to support the aspirations of the Wainuiomata Marae Trust to find pathways for funding and capability support, in order to deliver the project. The proposal would see approximately 12 houses built with infrastructure which would enable further housing and amenities.

Partnering with iwi and rōpū Māori

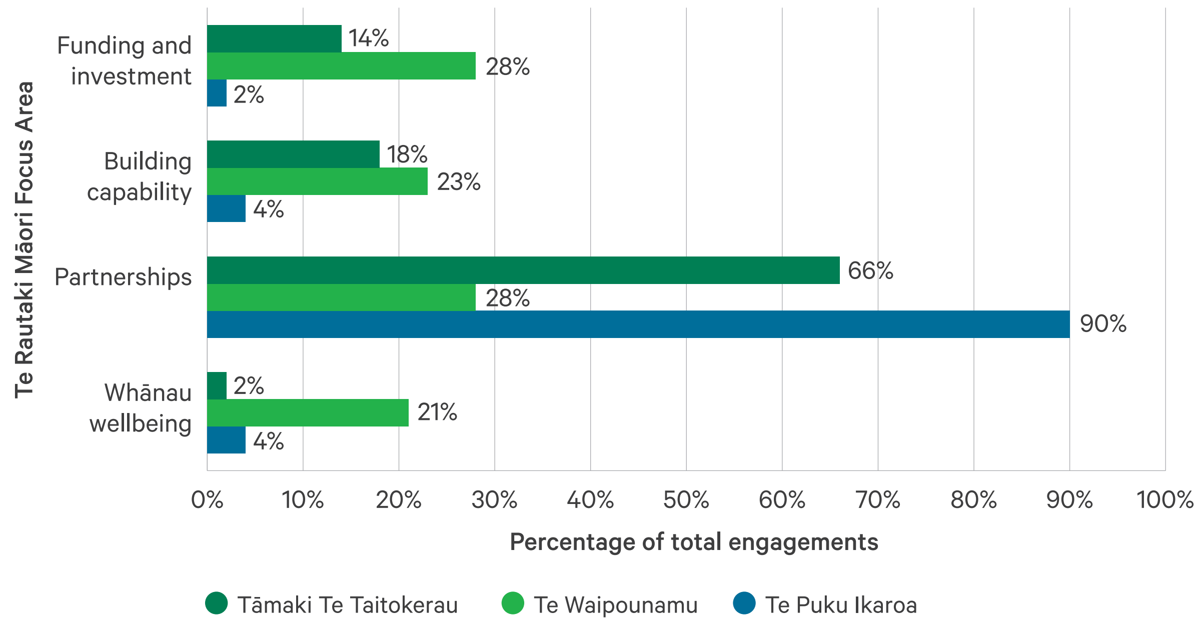
Te Rautaki Māori o Kāinga Ora 2021-2026 (Te Rautaki Māori) is our overarching strategy for prioritising and supporting iwi and rōpū Māori aspirations for housing.

There are three specific goals for realising Māori housing aspirations:

- at Kāinga Ora, all Māori are housed in safe and affordable homes
- significant and efficient scaling of increased housing options for Māori
- Māori-led solutions to Māori issues with the support of government.

The following graph gives a breakdown of the four Te Rautaki Māori focus areas for regional engagements in 2022/23.

The result of these engagements has led to:



Funding and Investment

- Of the $926.7 million committed to core infrastructure projects, $183.0 million is dedicated to Māori housing initiatives. Te Kurutao assists by supporting the various groups with appropriate 'cultural navigational aid through the multiple stages as projects progress.

Building Capability

- The participation and completion for the 2022/23 period has seen 1,074 of our people improve their cultural capability through their involvement in the Mātauranga Māori Programmes.

Partnerships

- In Te Puku Ikaroa (Central) region alone, there is over $270.9 million of agreed IAF funding which is set to enable more than 10,000 homes throughout the four IAF projects in Te Moana-a-Toi (Bay of Plenty). To ensure the success of these projects and that Māori perspectives are captured, our Te Kurutao regional team works with numerous rōpū Māori to provide strategic and technical engagement.

Whānau Wellbeing

- Increased focus on whānau wellbeing has seen our customer satisfaction regarding the way their cultures are recognised and valued increase from 73 per cent in 2021/22 to 79 per cent in 2022/23.

Te Rautaki Māori delivery examples:

1

FOCUS AREA ONE

Funding and Investment

Refocus investment in innovative housing solutions that are Māori led.

Murihiku (Southland) Māori Housing Data Insights Presentation

In February 2023, Te Kurutao, in collaboration with Awarua Rūnaka and Taylor Winter, Data Scientist, presented the final Murihiku Māori Housing Data Insights Report to southern-based Papatipu Rūnaka and community stakeholders at a hui in Invercargill. The report was well received and Awarua Rūnaka Housing Lead Corey Bragg delivered a follow-up presentation at a combined Rūnaka hui the following weekend.

Rūnaka agreed to continue housing discussions, and to work as a collective to deliver housing for Murihiku whānau by sharing information and learnings. This engagement supports the desire for the Rūnaka to acquire and develop 10 acres (about 4ha) of land in Invercargill for intergenerational, affordable housing. The cross-collaboration of agencies and the support to access funding streams make this possible.

2

Image: Quintin Erueti (QR Developments Ltd), and Kawe Jones (Kāinga Ora)

FOCUS AREA TWO

Building Capability

Better jobs, training and more opportunities

Unlocking opportunities for Māori businesses in Waikato

In June, Kawena (Kawe) Jones, Te Kurutao Principal Advisor for Waikato, met with Quintin Erueti, Director and owner of QR Developments Ltd, a small Māori-owned, land development and construction company. They met at one of our redevelopment sites, 40 Rawlings Street, Hamilton, where QR Developments Ltd has recently secured a small building contract.

Kawe says, "This is really exciting, not only for QR Developments but also for us [Kāinga Ora] to help unlock more opportunities like these for local Māori-owned businesses in the Waikato, because they create wider economic and social outcomes that benefit everyone."

QR Developments Ltd admitted that it has been a long journey, especially going through the whole procurement process, but it's all been worth it and they're eager and excited about the prospects of taking on more work in the future.

Thanks to key relationships with people like Stuart Lawrence, Supplier Diversity Lead from Amotai, Kāinga Ora has been able to build our database of Māori and Pasifika suppliers.

Construction kick-started in mid-May 2023 and is on track to deliver a total of three (3) units – one (1) four-bedroom and two (2) two-bedroom units.

3

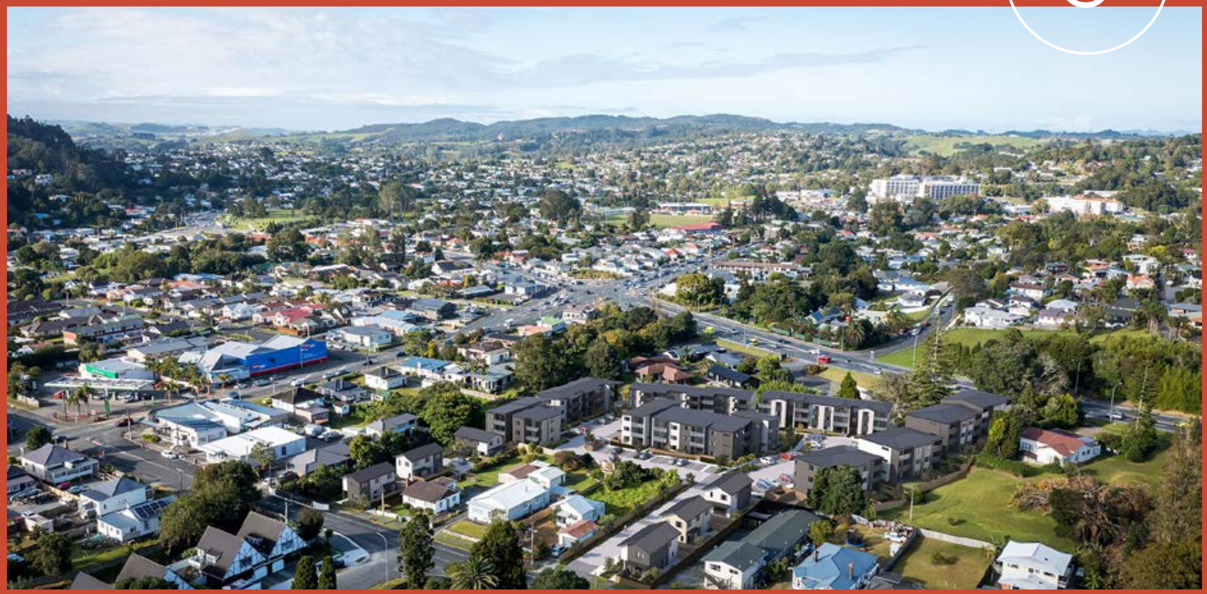


Image: Concept design of the new public homes to be built at 1b, 9 and 11 Kauika Road on the land where Casa Blanca Motel is currently located

FOCUS AREA THREE

Partnerships

Establish and nurture trusted partnerships and relationships.

The Kauika Road Development in Whangārei

Since February 2023, Te Kurutao has engaged with mana whenua of Te Parawhau and their professional services representatives on the Kauika Road Development in central Whangārei.

We are developing project relationships for local community participation in what will be the largest development for public housing outside of Tāmaki Makaurau, providing an estimated 95 homes for whānau. Iwi engagement for this project is crucial because the partnerships and relationships formed with mana whenua ensure we uphold and respect the mana of Te Parawhau.

The Kauika Road project is part of a wider neighbourhood planning approach that aims to increase stand-alone public housing delivery in areas of high demand in Whangārei, like Tikipunga, Vinegar Hill and the Avenues.

4

Image: The day of the whānau home being relocated from Tauranga to Ohakune

FOCUS AREA FOUR

Whānau Wellbeing

Support whānau Māori in our homes and through the housing system

Regional example from Tauranga to Ohakune:

Review ways the Government can better partner with Māori at a local level to meet the housing needs of Māori.

In April 2023, Ngāti Rangi, Te Puni Kōkiri and Kāinga Ora collaborated to assist a family that was living in a woolshed and in very poor conditions. This family wanted to remain on their land. However, there were concerns for the wellbeing of their most vulnerable – an 8-month-old baby and an 84-year-old grandfather.

The woolshed was of substandard quality. Significant problems included the floor slats from the original shearing shed, the sheep chute, inadequate electrical supplies and a lack of adequate sanitation and hygiene.

Commitments made previously by agencies had been withdrawn without alternative solutions being put in place.

Kāinga Ora utilised our House Relocations Programme to relocate a home from our redevelopment site in Tauranga to Ohakune. Te Puni Kōkiri provided support for refurbishing the home and infrastructure.

Facilitating the relocation between Kāinga Ora, iwi and Te Puni Kōkiri required a cross-functional effort between Te Kurutao and other Kāinga Ora teams. The foundations needed to be completed before the move was made. Ruapehu District Council assisted by ensuring the consenting process was timely and efficient.

CASE STUDY

Mere's heart of gold transforms lives

For Mere, life is about whānau (family). The walls in her home and piles of albums are stacked with photos of generations past and present, and fun times with lots of laughs.

"So many people have called this place home. Even if they're not blood, they are still family," she says.

It was 1970 when Mere, who had then only recently lost her husband, agreed to foster two children.

Fast-forward 53 years and the now 80-year-old is still providing a loving refuge to foster children in her Kāinga Ora home.

Her impact on the community in Brockville, Dunedin, also extends well beyond her front door – she's a kaumātua (elder) at the local marae, a staunch supporter of the Brockville Community Trust, she's worked as a Māori warden, and has supported the local kapa haka group for more than three decades.

"I'm quite happy with what I've done in my life, and the house I live in," she says.

Mere, who has six children of her own and many grandchildren, downplays her fostering efforts – "It's just what you do," she says – but the impact of her care and kindness has been far-reaching.

A book in her home shows pages of names of children she has supported over the years. Most stayed with her until they were young adults and gained their own independence, with several coming to her as babies.

"I work closely with Oranga Tamariki and support agencies, and I get along with the children's parents. I'm really lucky – I've had a really supportive family."

Taking care of others is in Mere's genes. Her mother supported rangatahi in their home through Barnados, and now her daughter fosters children too.

3 Te wātea o te whare ki te tangata
Housing Access

Enabling homes that meet diverse needs and are safe, affordable and healthy to live in

Access to a home and enabling home ownership

Kāinga Ora is delivering a range of programmes and products that provide or facilitate good-quality, public and affordable housing choices to meet the diverse and changing needs of New Zealanders. Through our build programme, we are increasing the supply of public, affordable and market homes to address the current housing shortage. Through our KiwiBuild programme, First Home Partner (a progressive home ownership scheme) and First Home Loans and Grants, we are helping people achieve the security of home ownership.

What success looks like

- Public housing is provided for those in need.
- More homes are built in regions across Aotearoa New Zealand, offering a greater variety of house types and tenures.
- We renew our homes so they are always warm, dry and healthy, meeting the needs of our changing population.

How we are progressing

What we have achieved:

93 hectares of land completed[2]

591 new homes enabled[3]

$39.1M in funds granted for First Home Grants

9,994 homes purchased with our home ownership products

2,893 new public and supported homes built

2,526 net increase in public and supported housing

19% newly-constructed homes meeting Kāinga Ora Full Universal Design standards[4]

747 homes completed as part of our home renewal programme

Enabling more New Zealanders to access homes is a large emerging part of our business. As well as providing warm, dry and healthy homes for those most in need, we have a substantial investment in developing build-ready land. While some will go into public housing, significant parts will be made available for market and affordable homes[5].

2. Land completed and ready to build a home on. This involves land development and infrastructure activities that will enable new homes to be built on these sections.
3. Enabled homes refers to the number of homes that will be built on ready-to-build land handed over to a third party or as agreed to under a signed unconditional contract between Kāinga Ora and the third party.
4. Universal design means a property is built according to Kāinga Ora universal design standards so it is or can be fit for purpose for most customers, whether or not they have a disability. Universal design delivers homes that are more liveable for the entire population, including (but not limited to) young and growing families, people of all ages who experience temporary injury or illness, those with mobility, visual or cognitive impairments and the growing ageing population.
5. Affordable housing means homes produced for sale at KiwiBuild price points or other affordable housing products produced in line with the Kāinga Ora affordable housing plan.

Building brighter futures together

Kāinga Ora is responsible for redeveloping our current homes, building new homes, purchasing properties and enabling land for housing development.

Our land development activity

Our urban development activity faced several challenges in 2022/23 that significantly affected the delivery of some of our performance measures. Poor market conditions and stalled negotiations with development partners meant we could not achieve our target for homes enabled. This is primarily a pre-sales issue due to macroeconomic factors beyond our control, with a drop in pre-sales of up to 90 per cent seen across the portfolio. Kāinga Ora will continue to use existing tools to promote sales, including refreshing our developer panel, holding communications sessions with developers, and exploring alternative commercial models.

The flooding caused by the weather events in early in 2023 – in addition to supply chain constraints and increased material, labour and finance costs – provided a complex and difficult operating environment. Activity within the Large-Scale Projects (LSPs) continued and land is still being developed and delivered. It is important to view these downturns in the context of LSPs that are decades-long urban regeneration projects.

Across the LSPs, we completed the construction of 844 new, warm, dry and healthy homes – including 237 public, 301 affordable and 306 market homes. Civil works in Auckland and Porirua were completed with over 135,000 square metres of land remediated to support the development of more than 1,100 homes. We diverted approximately 3,200 tonnes of waste from landfill due to our sustainable construction practices, delivering significant sustainability outcomes for the communities in which we are redeveloping.

Projects underway

Willis Bond (Kāinga Ora build partner) are well underway with a 13-storey apartment building at Hobsonville Point, Auckland. This development was the largest of its kind to begin construction in 2022 with the majority of the 82 apartments pre-sold.

Of the 64 affordable Colab Series homes sold in Lakeside, Te Kauwhata, in Waikato, 35 owners have already moved into their new homes.

In the LSPs, 60 infrastructure projects are underway – either in design and consenting or construction phases (including both precinct and neighbourhood projects). This represents a step-change in the number of infrastructure projects. Once completed, these will enable thousands of Kāinga Ora homes and many private housing developments.

Based on land enabled by the LSPs, construction has started on 1,155 new warm, dry homes – including 467 public, 353 affordable and 335 market homes. We have completed the Awataha Greenway, adjacent to the LSP development at Northcote, Auckland. This provides walking paths to local schools and serves as a central point for education around zero-waste initiatives led by the local community.

- The Precinct Business Cases for Porirua and the Auckland LSPs were approved in September 2022.
- Three new Neighbourhood Business Cases (NBCs) were approved in 2022/23: Aorere, Māngere West A and the neighbourhoods of Glen Innes Northwest, Panmure and Concord in Tāmaki, Panmure and Concord neighbourhoods.
- In Tāmaki, work is underway on new NBCs for Glen Innes Northwest, Point England and Panmure North. This will enable the provision of approximately 2,500 homes.
- NBCs for Waikowhai (Roskill Precinct) and Māngere East have also been approved by the Board. As the Waikowhai NBC has been noted as 'strategic', it has gone through Ministerial consultation, with the guidance being to continue with development stages 1 to 4 and later evaluate options for development stages 5 and 6. This will occur in conjunction with an Infrastructure Business Case for options to underground or relocate power lines owned by Transpower.

Funding support

In April 2022, the Minister of Housing, Hon. Dr Megan Woods, approved funding as part of the Housing Acceleration Fund (HAF) for the continuation of the LSPs. Through the HAF, approval was gained for a total of over 200ha of land development in the Auckland LSPs. Several months' work went into preparing the LSP business cases, including significant engagement with rūnanga (council), mana whenua, local community and across Kāinga Ora and our construction partners. The approved funding will deliver:

- 14 neighbourhoods (additional neighbourhoods are Wesley West, Middlemore Crescent, Māngere East and Māngere West B) to be delivered over the next 5 to 10 years
- 18,000 homes enabled over the next 5 to 10 years
- 11 more precinct planning projects, which will confirm 64 individual infrastructure projects to be delivered over the next 5 to 10 years.

Over the life of the LSP programme to date, we have 93 hectares of land development, which will enable the provision of 4,536 homes. A total of 1,935 new warm, dry homes have been constructed so far on this land.

Shovel-ready projects

Our shovel-ready projects[6] are delivering key stormwater and wastewater upgrades to support LSP development in Tāmaki, Roskill and Māngere. We are delivering these projects in partnership with Auckland Council's Healthy Waters and Watercare, with four of the seven project bundles complete or nearing completion, and all projects are to be completed by the end of 2025.

Working Better Together

A new partnership is active between Kāinga Ora, Auckland Council (Healthy Waters and Customer and Community Services), Auckland Transport and Watercare to better

6. Shovel-ready projects are infrastructure projects that are ready or near-ready for construction.

enable the planning, funding and delivery of the infrastructure needed to support Auckland's LSPs. The Working Better Together partnership further cements the commitment of asset owners to delivering a 10-year-plus redevelopment programme across the region. This is a programme approach, rather than project by project.

Working Better Together has political and executive sponsorship, a cross-organisational governance group and a mandate for exploring better ways to collaborate including the development of a joint programme of work. This will include agreed infrastructure and other projects to be completed by partner organisations to deliver agreed outcomes or other programmes over the next 10 years within the LSP areas.

The four agencies have been working together for many years to deliver successful projects such as Greenslade Reserve in Northcote and Freeland Reserve in Mt Roskill. The launch of the Working Better Together programme signals an exciting new phase in the collaboration.

Increasing the supply of public and supported housing in 2022/23

In the 2022/23 year, Kāinga Ora achieved its largest output of new construction to date in what was a difficult operating environment.

Severe weather events in New Zealand applied pressure on the wider construction industry. This resulted in direct and consequential impacts such as shortages of materials and labour, and site disruptions due to heavy rain and storms. Earlier in the year, contractors experienced resourcing challenges due to COVID-19 isolation requirements and illness, as well as international shipping delays, while inflation in the building sector and the wider economy had impacts also. These issues affected many of our regular activities, caused delays, and added constraints to our building work. Floods and Cyclone Gabrielle hit the North Island hard in early 2023, resulting in building delays for us of up to eigt weeks to the delivery of over 850 homes.

Despite these ongoing challenges, we continued to make progress towards our overall goal of supplying 11,928 net additional homes from 2018/19 through to the end of the 2023/24 financial year. This includes 416 non-public homes in Auckland, Nelson and Tauranga.

In 2022/23 we delivered:

- 2,893 (gross) newly-built public and supported housing homes against an SPE target of 3,400. The 2,893 result means more than 1,000 additional homes were built in 2022/23 compared with 2021/22.
- a net increase of 2,526 public and supported housing homes against an SPE target of 2,200. The improvement against the SPE target reflects reduced disposals (Sales, Lease Expiry and Demolitions) in the year.

Our full net additions of 2,526 public and supported homes takes the accumulated total of homes built since 2018/19 to 8,039 (67 per cent of the 11,928 multi-year target). Adding new homes to our housing portfolio through newly-built homes, purchases and leases allowed us to also dispose of homes that were unsafe, fire-damaged, unsuitable, or not economically viable.

Outdoor shared space at Te Mātāwai

Te Mātāwai – Greys Avenue, Auckland

The 200 public housing customers that live within Te Mātāwai, along with 50 Kāinga Ora customers living next door, will have access to around-the-clock, on-site support services. They will also have access to shared communal spaces that will provide opportunities to connect with neighbours, helping to foster a sense of community and belonging.

The homes at Te Mātāwai will provide a stable home to people from many different walks of life, creating a diverse and mixed community.

Te Mātāwai has 76 homes available for rent for the wider rental market as part of a one-off mixed-tenure pilot to help create a more diverse community. Initially the Temporary Accommodation Service (TAS) will lease 21 of these homes to provide housing for those impacted by the Auckland flood in early 2023.

We invited neighbours to have a look around Te Mātāwai and more than 100 locals attended. We received some very positive feedback on the thoughtful design, support services and community spaces. Neighbours were united in their support for this innovative approach to housing and wellbeing.

With customers moving in, our focus is on getting them settled in and making this a great place to live for everyone.

More information about Te Mātāwai

- At the Te Mātāwai complex, there are three tower blocks of between 9 and 13 storeys high.
- At the beginning of the project, Ngāti Whātua Ōrākei gifted an overarching narrative for the site that was used as a base to design the building. Ngāti Whātua Ōrākei designers worked alongside the Kāinga Ora construction team to provide input into the design, ensuring it followed Te Aranga design and brought the narrative alive.

2,893

(gross) newly-built public and supported housing homes

2,526

a net increase of 2,256 public and supported housing homes

8,039

our full net additions of homes built since 2018/19

Te Mātāwai, Greys Avenue, Auckland

- Ngāti Whātua Ōrākei also gifted the name of the complex – Te Mātāwai – and gifted the names for the three tower blocks that make up Te Mātāwai – Waitapu (sacred water), Waiora (connection between people and the environment) and Wainui (big bay/water).
- All 276 homes are built to 7-Homestar standard; this means they will be warmer, healthier and more energy efficient for customers and their whānau.
- About 60 per cent of the units are either accessible or built to Kāinga Ora Full Universal Design standard and have been recognised with Lifemark ratings of 3 or 4.
- As well as the common accessibility features, such as level access, wide doors and shower rooms, a number of the units have additional features like benches that are able to be raised and lowered, side-opening ovens and lower shelving to enable people in wheelchairs to live independently.

Tairāwhiti (Gisborne)

In Gisborne, we developed 10 warm, dry, high-quality public homes. We delivered Gisborne's first three-storey walk-up apartment building, which is centrally located and close to schools, shops, services and other amenities. The build saw us partner with the developer ICONIQ Group, who purchased the land, removed one older existing home and redeveloped 10 new public homes that met our standards and which we then acquired. ICONIQ Group also run a pre-employment programme for rangatahi to learn a trade. To support the training of apprentices, Kāinga Ora has committed to three build projects each year with ICONIQ Group.

The Public Housing Plan identifies Tairāwhiti as one of eight priority areas nationally. There were 605 applicants on the MSD Housing Register as of 30 June 2022 in Gisborne, up from 376 in December 2019. The Public Housing Plan focuses on building more homes in communities of severe housing deprivation. Our goal is to provide 200 new homes for Tairāwhiti whānau by 2024. To achieve this, we are looking to partner with local government, iwi, property developers and others based in the community to develop and implement cohesive local solutions. Together we will build great places for Tairāwhiti people to live.

Staff from Kāinga Ora's Gisborne office joined with local building developers ICONIQ Group at the blessing of Gisborne's first three-storey walk up apartments in the central city. Kaikarakia Morehu Pewhairangi and Tapeta Wehi blessed the new homes before whānau started moving in.

DELIVERING TO OUR CUSTOMERS
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Owen Street, Wellington

In June 2023, we completed the newly-rebuilt Owen Street complex in Newtown, Wellington. The former 32-unit site, affected by weather-tightness and seismic issues, has undergone a transformative rebuild to become a modern, fit-for-purpose residential space.

Compared to the $4 million estimated repair costs for the old building, the decision to reconstruct the old complex emerged as a more cost-effective and community-oriented solution, providing a better living environment for our customers.

This new complex represents our dedication to the community's wellbeing. We have built not just a building but also a space where our customers can feel safe, comfortable and at home.

In partnership with the award-winning Wellington-based firm JTB Architects and build partner Homes Construction, Kāinga Ora has delivered a unique design that provides 36 new fully-insulated, energy-efficient, one-bedroom units, 10 off-street parking spaces, privacy-ensuring screen and unit orientation that maximises natural light and views.

Thoughtful landscaping and user-friendly outdoor spaces have been designed to enhance the quality of life for our customers. The new complex also features best-practice lighting and security measures, ensuring a safe environment for all residents.

The Owen Street development is a great example of our commitment to delivering high-quality housing that provides secure, warm, dry homes for those in need within the Wellington region.

Puriri Park Road, Maunu, Whangārei

The 37 home development in Whangarei is the largest new public housing project Kāinga Ora has delivered in Te Tai Tokerau (the Far North) to date.

This whānau-focused community comprises duplex and stand-alone homes in a range of sizes, including 11 that are four- and five-bedroom, as well as a multi-purpose community room with a shared kitchen and terrace area. Off-street parking is incorporated in the development. In addition, some of the homes cater for people with mobility needs, including level access and wider hallways.

Over 100 people, including neighbours and Kāinga Ora customers, attended the opening ceremony. One customer thanked Kāinga Ora staff for providing her with a home after living in Women's Refuge accommodation for several months.

Retrofits and renewals

For the full 2022/23 year, we completed 739 retrofit homes and 12 complex remediation units in our home renewals programme, almost three times the volume delivered in the previous year.

Overall, the renewals programme has exceeded its delivery targets by seven per cent – an extraordinary milestone considering the impact of the Auckland floods and Cyclone Gabrielle, and ongoing inclement weather in many parts of the country. This achievement reflects the excellent progress our programme team has made on improvement initiatives to enable stable and consistent delivery. This has included improving engagement across the organisation to relocate our customers out of, and then back into, their homes in a way that is as seamless as possible.

We also worked alongside our design and build partners to develop an efficient and consistent programme of localised works. This has enabled build partners to provide a training environment for a new generation of builders – allowing apprentices to see several projects through from start to finish.

Highlights in 2022/23:

- In November 2022, we delivered our 1,000th retrofitted home. The millennial retrofit was a one-bedroom property on Riverside Drive, Hutt Valley, which is where the retrofit programme began as a pilot in 2018. We reached this milestone after four years of effort to develop and establish the retrofit programme, including through two pilot stages.
- The retrofit programme expanded its reach to operate in nearly all locations across the country. After completing the first projects in Gisborne, Northland, Auckland and Taranaki, we expanded the programme into Otago, Canterbury, Tasman and Manawatū. The final regions are set to begin during the course of the 2023/24 financial year.
- The Retrofit Design Standard was confirmed, helping to ensure retrofit work upgrades our homes to be consistently warm, safe and dry, and meet our aspirations to be a world-class landlord.

Supplier diversity

During 2022/23, the Kāinga Ora Construction and Innovation Group executed contracts with six Māori-owned build partners, which together will see more than 85 new homes constructed across the North Island in the coming year. This builds on the partnerships Kāinga Ora began last year, which has seen Māori-owned businesses deliver 33 homes for whānau during 2022/23.

Largest public housing development delivered in Kaikohe for decades

Rankin Street, Kaikohe

Yakas Construction, our Māori build partner, delivered five new homes in March 2023 at our Rankin Street development in Kaikohe, Te Tai Tokerau. The four- and five-bedroom homes represent the largest public housing development in Kaikohe for decades. Yakas, who are based in nearby Kerikeri, helped contribute to greater local social outcomes by offering employment opportunities for rangatahi, through three apprentice roles.

Manuka Street, Gisborne

Our Māori-owned build partner ICONIQ Construction completed a 14-home development in June 2023 at our Manuka Street development in Tairāwhiti (Gisborne).

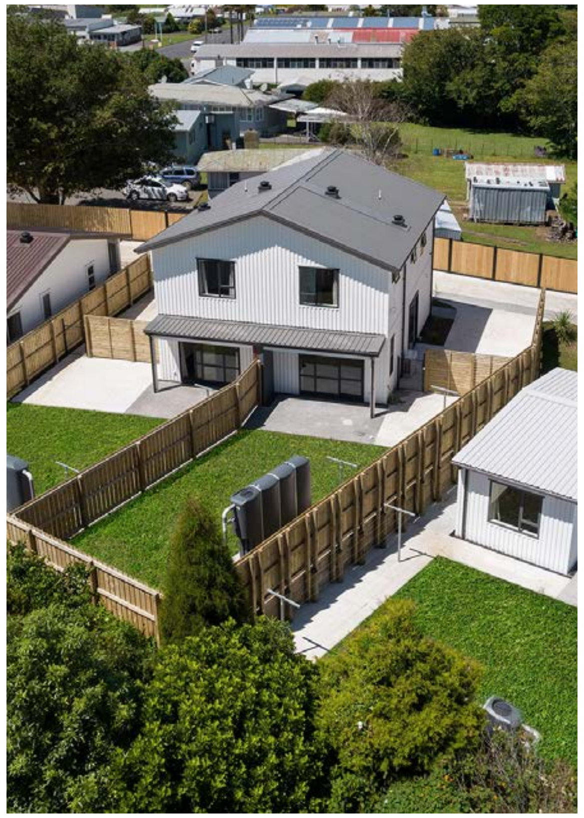
ICONIQ also completed four off-site manufactured (OSM) homes in Mary Street, Konini Street and Gladstone Road, Gisborne. These homes were built at ICONIQ's Gisborne facility, where they have a pre-employment programme for rangatahi who want to learn a trade. The developments provided them with valuable training opportunities.

Jamieson Road, Kaitaia

In 2022/23, nine of 13 new homes were delivered at the Jamieson Road development – the largest Kāinga Ora public housing development in Kaitaia for decades. Whānau settled into their new homes, which were constructed by Kaitaia-based Māori-owned build partner Far North Group. The final four homes were handed over in August 2023.

The 4,890-square-metre development provides a mix of duplex and stand-alone homes, ranging from two to four bedrooms. Five of the homes are to our Full Universal Design standard, making them more accessible to our customers at any stage of life.

These are also the first new homes in Te Tai Tokerau to include solar panels, an initiative we anticipate will reduce the power bill for customers in the homes by around 30 per cent. The installation of the solar panels is part of the Kāinga Ora Renewable Energy Programme, funded by the Māori and Public Housing Renewable Energy Fund, and aims to reduce energy hardship for our customers while lowering carbon emissions.



Mental health and suicide prevention

Our partnership agreement with MATES in Construction continues to provide an important service.

Over 100 of our sites received MATES training in 2022/23, with more than 850 participants attending workshops in support of mental health and suicide prevention.

In addition to Auckland, the programme has now rolled out to Kāinga Ora sites in Rotorua and Christchurch. Feedback from build partners is that having MATES officers present on site has been especially valuable during unsettled times.

Design quality

Crowned with Merit and Excellence for public housing developments

Hosted by the Property Council New Zealand, the Property Industry Awards celebrate excellence in design and innovation in the built environment. Four Kāinga Ora public housing developments were recognised at the June 2023 gala awards dinner.

Our development in Martin Avenue, Leone Terrace and Margaret Avenue in Mt Albert, Auckland, was awarded Excellence in the Community and Affordable Housing category. In this development, we replaced 10 older public homes with 50 new public homes that include modern apartments and four-bedroom townhouses, built to a 6-Homestar rating. Among the facilities for our customers at these homes are a playground, a solar-powered community room and smart EV chargers.

This development was also the first deconstruction pilot for our Waste Minimisation Programme with eight of the 10 existing homes removed using a deconstruction approach, and the remaining two homes relocated.

In addition, we were recognised with Merit awards for the following developments:

- our development in Sudeley Street in Ōrākei, Auckland, where 12 new public homes have replaced two older public homes
- Brewer Street in Blenheim, where 14 two-bedroom homes have been built to Full Universal Design and 6-Homestar standards
- Kauri Street and Kauri Place in Hastings, where 40 new public homes have replaced 11 older public homes. There is a mix of one- to four-bedroom duplexes and stand-alone homes.

Two Kāinga Ora public housing developments were recognised at the 2022 Property Industry awards, an event that was delayed until August 2022 due to COVID-19. The St Georges Road development in Avondale, Auckland, achieved an Excellence award in the Community and Affordable Housing category, and the Busby Street development in Blockhouse Bay receiving a Merit award in the same category.

Our developments continue to gain recognition for their quality urban design outcomes and the ways in which they contribute to thriving communities – both key aspects of our Building Momentum construction plan for future homes.

Universal Design, Mt Albert, Auckland

Kāinga Ora Full Universal Design

Under our Accessibility Policy, we have committed to ensuring at least 15 per cent of the new homes we are building across the country meet the Kāinga Ora Full Universal Design (FUD) standard, and that the remainder include as many universal design features as possible.

Universal design aims to create buildings and dwellings liveable by people of all ages and abilities, including those with permanent and temporary injuries, impairments, or ageing populations. Dwellings that incorporate universal design principles support people to remain in their homes, enabling adaptation as their circumstances change.

In the 2022/23 year, we delivered 314 homes (19 per cent for the year, against a target of at least 15 per cent) to our FUD standard. We also completed 33 FUD market rental homes within our Greys Avenue 'Te Mātāwai' development in central Auckland. These are included in our managed stock, taking the total to 347 FUD homes delivered during 2022/23.

Riccarton Road, Christchurch

New homes delivered with Kāinga Ora Full Universal Design

Riccarton Road, Christchurch

New Kāinga Ora housing complex offers unique solar technology

Kāinga Ora has completed a new 20-unit development in Christchurch that features solar technology expected to result in significantly lower power bills for people living there.

Construction of the new three-storey public housing complex on Riccarton Road began in June 2022 and took a year to complete.

Customers living in the new one-bedroom units will benefit from the Allume SolShare unit system. This type of solar technology is being used in New Zealand for the first time and takes electricity generated by solar panels on the complex's roof, sharing it equally among everyone living in the complex.

This technology monitors when a resident is using energy and will direct solar power to their unit to reduce electricity bills as much as possible.

This can increase the amount of solar used in the building by up to 50 per cent, which means there's less reliance on expensive grid power, and higher savings for residents. We're expecting this system to reduce customers' power bills by around $350 to $400 per year.

The complex also includes a heat recovery system, which will help to reduce heat pump costs in each unit, and has an 8-Homestar rating, which means it has been built to be warmer, healthier and more energy efficient.

This development will also provide a boost to accessible housing stock in Christchurch. It is the first high-density complex Kāinga Ora has built in the city to the Kāinga Ora Full Universal Design standard. This means the units are more accessible, with features such as wider doors and level entryways, and can be made more accessible in the future if needed.

Five of the new units on Riccarton Road also have another room for a carer, and two have additional accessibility features such as a larger wet-area shower and a lowered bench in the kitchen. A lift services all the units.

Residents will enjoy living in a well-connected area of the city. We're aiming to provide more homes for people in need in areas such as Riccarton that are close to transport routes, shops and other amenities. By building up, more people can enjoy living in a prime location that connects easily to all the services they may need.

Brewer Street, Blenheim

In October 2022, local iwi blessed 14 homes at the new Brewer Street public housing complex in Blenheim, the largest Kāinga Ora complex in the Marlborough region to date. The two-bedroom, single-storey homes were all built to the Kāinga Ora Full Universal Design standard.

Each home has private garden space, but lawns are small to reduce mowing and maintenance. They are next to a park and close to the central city, shops, schools and other services, making them a great place for whānau to call home. The Brewer Street development was recognised at the 2023 Property Industry Awards with a Merit in the Community and Affordable Housing category.

Bardia Lake Tui, Belmont, Auckland

In November 2022, we completed the largest Kāinga Ora development in the Takapuna–Devonport area of Tāmaki Makaurau (Auckland). Where 12 dwellings once stood, there are now 48 homes, quadrupling housing options on the site.

Ranging from one to four bedrooms, a community room, communal gardens and play areas, the Bardia Lake Tui development provides excellent homes for whānau in a location that is well served by local schools, shops, community services and access to employment opportunities.

Another hallmark of the development is the way apartments have been designed to meet the variable needs of our customers. Eleven of the 48 homes are built to the Kāinga Ora Full Universal Design standard, with features such as ramps, level entry access and accessible bathrooms, which make it easier for people with illness or disability to live well in them, while also being able to be modified if customers' needs change over time.

Rotorua

A total of 28 new homes built to the Kāinga Ora Full Universal Design standard were delivered across new public housing projects in Rotorua in 2022/23, 22 of which are part of our Off-site Manufacturing developments at Quartz Avenue, Pukehangi.

Urban Growth Partnerships

Kāinga Ora is a core contributor to the six urban growth management partnerships between the Crown and respective iwi and local authorities in New Zealand's Tier 1 urban areas (Auckland, Hamilton–Waikato, Tauranga–Western Bay of Plenty, Wellington–Horowhenua, Greater Christchurch and Queenstown Lakes).

Kāinga Ora contributes to each partnership's work programme and specifically assesses how it can enable or facilitate the agreed outcomes through its urban development and housing functions.

Overall, the partnerships have been effective in supporting more integrated urban growth management through four key work streams:

- Spatial planning – Kāinga Ora contributed to the successful completion of updated joint spatial plans (or Future Development Strategies) for each partnership area.
- Infrastructure programmes – The joint spatial planning in each of the partnerships is underpinned by related Transport and Three Waters programmes.
- Housing action plans – Kāinga Ora has also been a core contributor to new joint housing action plans in five of the partnerships.
- Priority development areas – Kāinga Ora has supported the joint work programmes of the 35 priority development areas across the six partnerships, which all have ambitious urban development, transport and housing delivery targets.

Area Development Strategies

Our Urban Planning and Design group provides evidence-based strategic plans for specific locations to guide investment decisions by Kāinga Ora with the aim of achieving good urban outcomes. In 2022/23, we completed Area Development Strategies for Dunedin, Christchurch, Hutt Valley, Kāpiti and Whangārei.

Kāinga Ora Land Programme

The Kāinga Ora Land Programme is a $2 billion land acquisition and development programme over 10 years, established in July 2021. It is one of the key tools available to Kāinga Ora to deliver urban development to improve access to housing through the provision of builder-ready land in areas of growth.

In October 2022, the Kāinga Ora Board approved the Strategic Land Acquisition Plan developed to provide a level of operational detail intended to meet the objectives of the programme. The Plan includes priority locations for acquisitions under the programme, different partnership models for the delivery of projects and discusses how Kāinga Ora could work with iwi/hapū to achieve Māori housing outcomes through the programme.

Work has continued on the first land programme acquisition in 2021 – Ferncliffe Farms, Tauranga – while two further land programme acquisitions have occurred during 2022/23. Several other acquisitions are currently under consideration.

Adelaide Road, Wellington

In September 2022, Kāinga Ora acquired an off-market brownfield site in central Wellington owned by a developer who had planned to complete a medium-density, 65-unit residential project. This outcome would have significantly under-utilised the site that, under proposed planning provisions, would allow for a high-density development ranging from 200 to 300 apartment dwellings.

The site is located on the preferred route corridor for the Let's Get Wellington Moving project and is adjacent to one of the potential station locations. It therefore has strong potential as a future Transit-Oriented Development.

Development planning is underway with a plan to tender for a development partner by the end of the 2023 calendar year.

Quaifes Road, Christchurch

In June 2023, Kāinga Ora acquired 3.68ha of greenfield land in Halswell, Christchurch. Early indications are that the site could deliver 75 to 85 dwellings. Affordable housing outcomes could be delivered through a mix of public housing and more affordable housing typologies than the market is current delivering. This project will help build and strengthen our urban development role through partnerships with the local rūnanga (council), Ngāi Tūāhuriri, and partnering with Māori to achieve Māori housing outcomes.

Specified Development Projects

Kāinga Ora holds several functions under the Urban Development Act 2020. This includes functions relating to Specified Development Projects (SDPs) that aim to unlock complex urban developments.

We have selected two projects for assessment as potential SDPs. These are the Northern Growth Area in Porirua and the Western Corridor in Tauranga. We expect to complete both assessment processes by the end of 2023, when assessment reports and recommendations as to whether or not to establish these as SDPs will be presented to the Kāinga Ora Board.

We continue to work with Let's Get Wellington Moving to determine when their proposal will be ready to be considered for a selection decision. Several other projects are under consideration for selection as well, with the majority resulting from our involvement in Urban Growth Partnerships.

Infrastructure Acceleration Fund

The Infrastructure Acceleration Fund (IAF) is designed to allow councils to have access to funding for critical infrastructure – such as transport, water or flood management – to unlock development and enable new homes to be built in areas of high housing need.

Kāinga Ora administers the IAF on behalf of the Government. During 2022/23, Kāinga Ora completed commercial negotiations and due diligence, with councils and project partners being invited to enter the final stage of the contestable process. This involved input from other government agencies, and the Ministers of Housing and Finance made the final funding decisions.

In July 2022, the Government announced the first tranche of infrastructure projects to receive IAF funding, followed by further funding allocations in late 2022 and early 2023.

As at 30 June 2023, Ministers had allocated $926.7 million of IAF funding to critical infrastructure projects in 28 New Zealand cities and towns. Combined, these IAF-funded projects are expected to enable the provision of around 30,000 to 35,000 new homes over the next 10 to 15 years.

In early 2023, the IAF transitioned to the delivery phase. This is where Kāinga Ora works closely with councils, developers and iwi to monitor progress on the infrastructure projects – ensuring milestones are reached and, ultimately, that housing outcomes are achieved.

KiwiBuild

The KiwiBuild underwrite programme partners with developers to support the delivery of new homes and enables more home ownership opportunities for New Zealand whānau.

In July 2022, the Minister of Housing announced changes to the KiwiBuild settings to increase price caps and expand buyer eligibility criteria. These changes have allowed the programme to support housing supply at a time when the residential construction industry has been facing significant challenges such as increasing construction costs, and tightening credit. For example, the programme has enabled developments meeting pre-sale requirements to obtain financing that may not have been able to proceed otherwise. This led to eight new underwrite contracts being signed with developers during the year, up from four in the previous year.

As at 30 June 2023, a total of 1,832 KiwiBuild homes have been built since the programme began – with 446 homes completed in the 2022/23 year, an increase of 52 per cent on the year prior – and a further 1,404 KiwiBuild homes were under construction.

The programme also enabled home ownership opportunities, particularly during a time when housing affordability has been out of reach for many prospective buyers. This year we processed 3,450 KiwiBuild buyer eligibility applications.

During the year, 16 Axis Series homes within the Hobsonville Point development, tagged with requirements to be delivered as affordable housing, were converted to the KiwiBuild programme. This is an example of how KiwiBuild supports the delivery of homes at affordable prices for first-home buyers.

KiwiBuild purchasers, if eligible, may also use First Home Grant, KiwiSaver first home withdrawal, and either First Home Loan or First Home Partner to help them achieve home ownership. Kāinga Ora administers all these lending products.

On the path to home ownership

Alex and Matilda are looking forward to moving into their brand-new one-bedroom home in Roskill Development, purchased through the KiwiBuild programme.

Matilda recalls Alex being excited when he heard how Kāinga Ora home ownership products and KiwiBuild can help people buy their own home.

"We could see KiwiBuild was the best way for us to purchase a house in Auckland," Alex says.

The couple had thought Roskill was outside their price range, but they were thrilled to sign up for a one-bedroom apartment, built to a high standard by Jalcon Homes. They're excited about moving into their new home once it's complete.

The couple have visited the display apartment, which is what their new home will be based on. "It's very nice," Matilda says. "It's got really high ceilings [2.7m], which I really like. It's a ground-floor, one-bedroom apartment with a nice garden area and a deck. When you walk into the living room, dining room and kitchen, it's all open plan. It's really lovely, with loads of storage." Alex likes its appliances, double-glazing and the fact that it's nicely insulated.

The Kāinga Ora First Home Loan was crucial in their path to home ownership.

"At the time, we had less than a 20 per cent deposit. We had our pre-approval through the bank via the Kāinga Ora First Home Loan. And then over the period of time of waiting for our home to be completed, we managed to save up to get closer to a 20 per cent deposit. We wouldn't have been able to do it without that First Home Loan," Alex says.

Home ownership products

First Home Grant

Kāinga Ora provides grants of $3,000 to $10,000 to first-home buyers or previous homeowners in a similar financial position, to assist with the deposit on their new home. Housing market conditions through 2022 had increased house prices; this meant that many first-home buyers could not access the First Home Grant to purchase a home.

The grant's house price caps were increased in May 2022 and again in May 2023, to align with lower-quartile market values. A minimum cap for new builds was created, as well as a new higher-income cap for dependents with children. As a result, the number of applications received, and approvals given, increased from the previous year. The changes meant that a greater number of applicants could access the First Home Grant to purchase a wider range of properties, and a greater number of households were able to access home ownership. The result was that we provided $63.9 million in funds this financial year, almost 56 per cent more than last year.

KiwiSaver first home withdrawal

Eligible KiwiSaver members can access their KiwiSaver funds to buy a first home by applying directly to their KiwiSaver provider. We assess previous homeowners' applications against a realisable assets test and provide applicants with a determination letter, which they take to their KiwiSaver provider when seeking access to their KiwiSaver funds. We assessed 3,645 applications this financial year, 24 per cent fewer than last year.

First Home Loan

The First Home Loan enables first-home buyers, or previous homeowners in a similar financial position, to borrow with only a five per cent deposit. Participating lenders submit applications to us for assessment and we underwrite the loan. We underwrote 2,773 loans during 2022/23, an increase of 268 per cent over last year. Volumes have increased significantly compared with last year, following the removal of house price caps.

Kāinga Whenua loan

This facility allows owners of multiple-owned Māori land to access a Kiwibank loan, underwritten by Kāinga Ora, to build, buy or relocate a property to the applicant's Māori land. In the past year, 32 applications were made with 20 applications in pre-approval stage. Eight of the 32 applications were from Ahu Whenua trusts and 24 are loans to individuals. Overall, enquiries and applications remained at relatively high levels during 2022/23, for both individuals and land trusts. A review of the Kāinga Whenua loan scheme is currently underway.

First Home Partner

First Home Partner is a shared home ownership scheme to help aspiring first-home buyers whose deposit and home loan are not quite enough to buy a home that meets their needs. The maximum contribution towards a home purchase is 25 per cent or $200,000, whichever is lower. Since the scheme's introduction in October 2021, we have supported 358 households into home ownership and they are active members of our Goals Management Programme. Our Goals Management team works alongside co-purchasers to determine the best avenue for them to purchase the remaining shares from Kāinga Ora over the next 15 years. There were 86 households as at 30 June 2023 with unconditional or conditional agreements awaiting settlement.

OUTCOME 3 – HOUSING ACCESS
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CASE STUDY

Debbie takes community-mindedness to the next level

Even as she faced significant challenges of her own, Debbie has always had a strong desire to serve.

At age 20, doctors told her a neuromuscular condition she was born with would kill her by the age of 27.

"So, getting to 64 – woohoo," she says with a grin.

Debbie – who gets around in a motorised wheelchair with the support of her husband, Guy, and a friendly service dog called Jackson – is grateful for the help she has received over the years and cherishes how accessible her Kāinga Ora home is.

"This house makes it a lot easier for me to get around. The doors have been modified and two bedrooms have been made into one because, with my chair and large hospital bed, I need quite a lot of space.

"To have a house that is accessible to me is brilliant." Ramps and modified paths around her Kāinga Ora home are helpful to Debbie, an avid gardener and busy volunteer.

"I do a lot of things in my life because it's rewarding to get out there. I might be in a wheelchair but that doesn't stop me," she says.

Through her church, Debbie runs food bank C3 Cares. On a weekday visit you might find her in the lounge, busy working on individually-parcelled grocery essentials.

For the past four years, she has spent many hours each week coordinating food parcels and carefully recording donations and deliveries.

"I have always wanted to give back and think that if you can help bring some relief or joy to people, you should.

"It gives me pleasure in my heart to be able to do that," says Debbie.

St Georges Road, Avondale, Auckland
See page 70 for more information

4

He hapori taurikura
Thriving Communities

Inclusive and sustainable communities with access to employment, education, and social and cultural opportunities

More than just a home, connecting within the community

We enable quality housing and urban environments that help people to thrive as individuals, in their whānau, communities and social contexts. We aim to create environments that encourage physical activity and social cohesion, and achieve maximum health, employment and education benefits while also creating a sense of place. This is important for the wellbeing of all New Zealanders.

What success looks like

- Whānau, rangatahi, people aged over 65 and those living with a disability have safe and reliable access to places.
- Public transport and active transport networks are at the heart of community and urban development.
- Urban development protects places of significant cultural value and provides a sense of place, belonging and continuity.

How we are progressing

What we have achieved:

123
new trainees engaged in local employment opportunities through our construction apprenticeship/cadetship programmes

Inter-agency Strategies
guiding Kāinga Ora to support Pacific families and communities.

Strategic Land acquisition
plan adopted[7]

Neighbourhood masterplans
for community regeneration developed

Māori Strategy
to ensure we work more effectively with iwi, hapū, whānau and rōpū Māori

Place-based teams
established for improved community engagement and partnership

7. The decision criteria for Kāinga Ora Land Programme land acquisitions. A strategic approach to site selection and development for the success of the programme.

Building brighter futures together

Increasing the number of homes across the country also means supporting neighbourhoods and communities to thrive and flourish. Our urban development activities are a key mechanism for us to support newly developed communities. We work to make sure the diversity of peoples in Aotearoa New Zealand find a welcome in their communities and are well connected to employment, transport and open spaces.

Community development

Community development is an important area of focus for Kāinga Ora, where we work to empower individuals and groups with the skills needed to effect positive change within their communities. As well as supporting our customers to be well connected, we also want to help the communities our homes are in to develop and thrive as great places to live.

As part of our work to build thriving, sustainable and inclusive communities, we are implementing the Kāinga Ora Community Strategy, where we will aim to:

- understand, support and enable the aspirations of Māori and our communities in relation to urban development
- develop good-quality and well-functioning environments to live, work and play
- deliver operational and service excellence that supports each community's wellbeing
- build partnerships that revitalise communities.

We are creating a community development policy and supporting framework to set out how Kāinga Ora engages with a community. This will focus on how we partner with individuals and groups within a community (like mana whenua) who will play an ongoing role over time. Te ao Māori is visible and well integrated into both our approach and outcomes.

We have completed the discovery phase of this work, completing 80 interviews with key community stakeholders throughout Aotearoa New Zealand. This has provided us with a strong grounding to inform the Strategy's design phase, which will begin during 2023/24.

This work will support the delivery of the Kāinga Ora Strategy 2030, approved by the Board in 2022 to sit alongside Te Rautaki Māori.

Pacific update

Kāinga Ora has focused its Pacific activity in 2022/23 on following four areas:

- cultural competency and responsiveness for regional staff working with public housing customers who identify as Pacific
- growing home ownership for Pacific Peoples
- supporting the design and development of homes suitable for Pacific Peoples
- community development.

We worked with other agencies to help develop two ongoing key inter-agency strategies: Lalanga Fou (the All-of-Government Pacific Wellbeing Strategy) and Fale mo Aiga (the Pacific Housing Strategy and Action Plan 2030).

Lalanga Fou sets the Government's strategic and implementation priorities for improving wellbeing outcomes for Pacific Peoples. As a contributing agency, Kāinga Ora has helped to establish All-of-Government reporting, and developed our own dashboard to identify how we are contributing to the wellbeing of Pacific Peoples.

Fale mo Aiga is the Government's targeted response for a culturally responsive, cohesive housing sector. The strategy includes supporting the aspirations of Pacific Peoples to achieve home ownership and the development of Pacific organisations to become Community Housing Providers (CHPs).

To support our Customer Programme, we developed tools and training for regional staff to improve their cultural competency and responsiveness. We also improved our use of language and imagery in marketing our home ownership products to Pacific audiences.

Our Marketing team researched the potential barriers, especially for Māori and Pacific People, to access our home ownership products. The study identified key themes and issues, which we will address during 2023/24.

We held several culturally-specific talanoa (meetings) in the Māngere community around the design and development of homes more suitable for Pacific Peoples. The findings helped in creating a co-authored housing design guidance document. We plan to share this with the public and building sectors, where appropriate, and use it to inform future builds in Māngere, particularly for the affordable and first home ownership markets.

Significant Pacific community engagement also occurred as part of our Porirua development work. Aotearoa New Zealand's second-largest Pacific community is in Porirua. Working with local partners, we hosted over 60 stakeholder meetings to engage the community on the housing plans for the area and to build strong and trusting relationships.

Kāinga Ora recognises the importance of growing the capability of our Pacific Peoples, and developing Pacific leaders within our organisation. Some staff took advantage of opportunities across the public service like the Public Service Pacific Mentoring Programme and the MBIE-funded Tu Mau Mana Moana – Pacific Leadership Programme. As a result of strong interest, our People team is developing an in-house mentoring programme for Pacific Peoples that is due to start in 2023/24.

Bari Lane, Buckland Road & Robertson Road, Māngere, Auckland

Urban Development Strategy

Following the implementation of our Urban Development Strategy, the majority of its short-term actions have been implemented, with the remainder expected to be finished by the end of the 2023 calendar year. Among those completed and published were the *Urban Design Guidelines*, a refreshed *Landscape Design Guide* and the *Accessible Neighbourhoods Guidance*, now named Masterplanning for Universal Design.

Consultation was completed and concept designs developed for the Modern Pasifika Housing (Māngere) Project – the designs are now being applied in the Māngere Project.

Urban Design and Planning

Urban design review and masterplanning functions ensure all our urban development and public housing projects support well-functioning urban environments and thriving communities. This includes providing briefing, design management and design review for all public housing and urban development projects.

Kāinga Ora continues to take an active role in working with the Ministry for the Environment, the Ministry of Housing and Urban Development (MHUD) and territorial local authorities (TLAs) in implementing the National Policy Statement on Urban Development (NPS-UD). This includes direct participation in Intensification Planning Instruments and related plan-making activities.

Kāinga Ora has played an active role in providing advice and supporting MHUD and the Ministry for the Environment with the proposed reform of the Resource Management System and new national direction (including work on the National Policy Statement – Indigenous Biodiversity, National Policy Statement – Freshwater Management, and the emerging National Planning Framework).

Alongside our work supporting and providing input to the Future Development Strategies being produced in the Urban Growth Partnership areas, Kāinga Ora has provided advice and input to Future Development Strategies in Napier and Hastings, Gisborne and Dunedin.

The year has also seen improvements to the Kāinga Ora resource consent application process to support the public housing pipeline.

As subject-matter experts, our National Infrastructure Strategy (NIS) team provides guidance and assistance to our Urban Planning and Design (UPD) team as well as the wider organisation. Over the last year, significant contributions have included:

- leading the infrastructure assessments that informed several Area Development Strategies (ADS) across the country
- providing expertise in the Specified Development Projects (SDPs) regarding infrastructure constraints and requirements, as well as funding and financing
- working alongside other parts of the organisation to evaluate the impact of recent flood events on Kāinga Ora properties and to help create a response plan
- providing infrastructure and development cost inputs to inform decisions on potential land acquisitions under the Kāinga Ora Land Programme
- ensuring that, as much as possible, UPD projects have a robust understanding of infrastructure constraints and requirements.

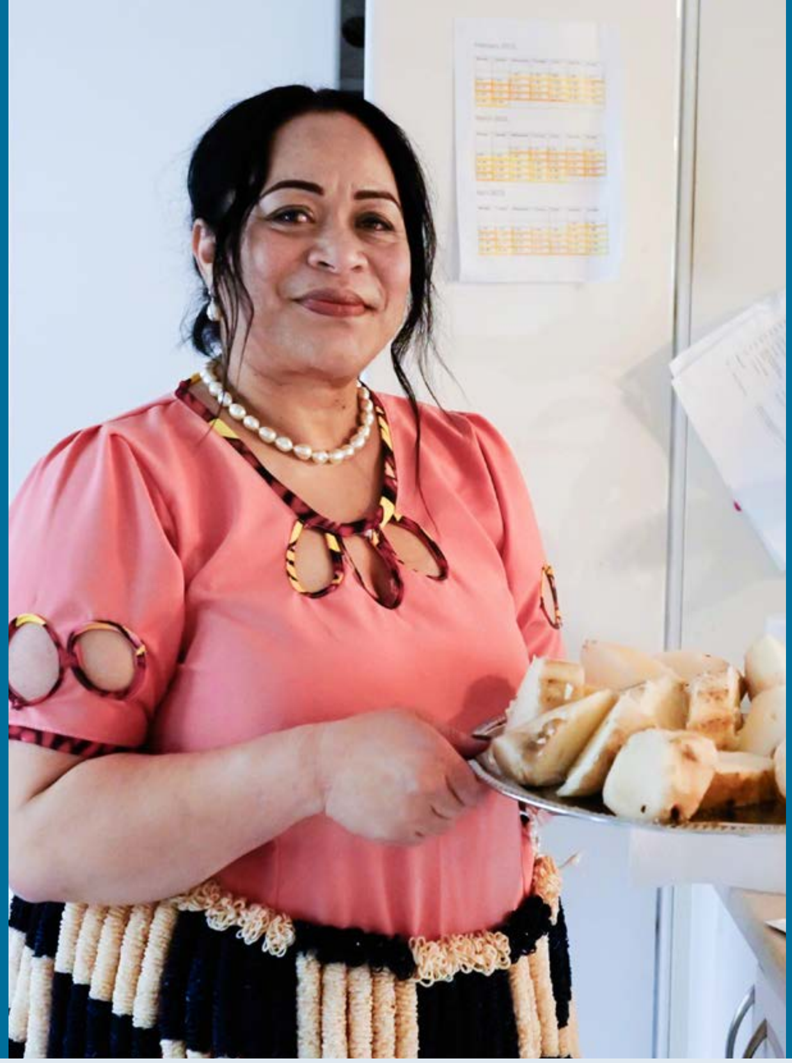
60 Stakeholder meetings hosted to engage the community

3 of our kaimahi (employees) completing the Public Service Pacific Mentoring Programme as mentees

80 interviews with key community stakeholders throughout Aotearoa

CASE STUDY

Crafty savings tips mixed in with craft-making



When Palema and other members of Mo'ui Feinga Kihe Lelei (Strive for the Best) get together for an evening of weaving, they're also crafting a better future for themselves.

Nimble hands weave intricate Tongan tapa cloth while women chat, laugh, uplift each other and, importantly, share tips about how they can support themselves and their families through careful budgeting and saving.

Palema started Mo'ui Feinga Kihe Lelei after her father urged her to share her skills for making money stretch with others in her community.

"I know what it feels like to have absolutely nothing ... I could see the struggle in my neighbourhood when I first moved in," explains Palema, a mother of four. So, Mo'ui Feinga Kihe Lelei set up its own saving scheme.

"We have a secretary and a treasurer and each family decides how much they are going to contribute ... whatever you put in, you get out in December. Some of the members were blown away by how much they could save, and what a difference it meant to their lives."

The savings meant it wasn't a struggle to buy Christmas presents and, for some, it meant for the first time they could make sure their kids had stationery when school began.

In its early days, the group met at Palema's Kāinga Ora home, before her savvy use of social media and word of mouth grew numbers to 23 members, including tamariki and rangatahi, and monthly meetings moved to a local hall.

For Palema's neighbour Kaufo'ou, it's been life-changing: "I learnt how to budget, to save and to socialise with people. And I have gained self-esteem."

CASE STUDY

Cadetship paving way for young women in construction

It's not often you find high school students willing to give up their school holidays to do work experience.

But for Māngere teenager Sisilia, the decision was easy.

"I learnt about the different aspects to construction, not just in carpentry but also all the trades involved in bringing a home up to modern standards," she says.

Her experience was thanks to the Spotless Cadetship Programme, a joint initiative between Kāinga Ora and maintenance partner Spotless, a Downer company.

More than 100 students have been through the programme, which aims to give rangatahi in Māngere experience across different vocations and careers, while encouraging employment and providing a positive activity for the school holidays.

Nigel Chandra, Kāinga Ora Construction Plus Manager, says building confidence and capability in young people to explore a future in the construction industry is a key focus of the programme.

"It was wonderful to see another cohort of students from Māngere graduate from the cadetship," he says.

"It's given them a first-hand taste of the trades and we hope that seeing the success of Sisilia and the other students will encourage even more young women to take part next time."

While completing Year 11 studies at Southern Cross Campus, Sisilia graduated from two rounds of the programme – first "on the tools", she says, then assisting her mentor with scoping and scheduling jobs for different trades.

"It has been remarkable to witness Sisilia's journey," says Casey Sutherland, Trades and Resource Coordinator at Spotless.

"She is a true inspiration for all other wāhine thinking about dipping their toes into this industry."

5 Te toiora taiao
Environmental Wellbeing

Sustainable and resilient operations, assets and communities

A sustainable environment

We have a significant role in supporting the urban development and construction sectors in New Zealand to decarbonise, prepare for the impacts of climate change and improve its overall environmental footprint. We expect substantial co-benefits for our environmental outcomes to support healthy homes and thriving communities.

What success looks like

- Urban development supports the health of the ecosystem and improves biodiversity, water quality and air quality.
- Urban design supports reduced emissions (including building materials, construction practices and whole-of-life) and resilience to natural hazards.

How we are progressing

What we have achieved:

100%
of new public homes were built to a 6-Homestar rating

99%
of our fleet vehicles are now hybrid/EV

100
homes (10%) have been relocated from our redevelopments to forever sites. These would otherwise have been deconstructed or demolished and added to landfill.

29,994t
site clearance waste diverted from landfill

192
homes with renewable energy systems installed (55 of these are live), with a further 616 approved

80
native trees planted

174
sensors installed for internal environment monitoring

Building brighter futures together

We are investing in sustaining and enhancing the environment to support the wellbeing of current and future generations.

Kāinga Ora is undertaking what is likely to be the largest programme of investment in housing and urban infrastructure that Aotearoa New Zealand has seen in generations. We are taking this opportunity to leverage our planned investment programme to accelerate the country's response to environmental issues and ensure we leave a sustainable legacy by:

- mitigating and adapting to the effects of climate change
- preserving the mana (power) and mauri (life essence) of the land for current and future generations
- leading the sector towards sustainable building and urban development solutions.

In 2022/23, our work to improve environmental wellbeing included:

Carbon Neutral Housing

Our Carbon Neutral Housing Programme is a long-term programme of work (2020–2030). It has the aspirational aim of transforming Kāinga Ora building and construction activity to 'low carbon' as defined by the Aotearoa Emissions Reduction Plan, the Kāinga Ora Act, and the MBIE Building for Climate Change Programme (national building code reform). We aspire to play a leadership role supporting the wider construction sector to make a similar transition.

For our Carbon Neutral Housing team, this means working to accelerate the uptake of sustainability solutions to decarbonise the public and supported housing build programme. We will then share those learnings and new ways of working with the private sector and other government departments and agencies.

The main focus for 2022/23 was to develop the tools and processes to calculate and report carbon emissions for the public and supported housing build programme. This applied to both our new Housing Delivery System and our traditional construction delivery approach. We plan to deliver these tools and processes in 2023/24.

In late 2022, we engaged Cerclos (formerly known as eTool) through a public Request for Proposal (RFP) to supply Kāinga Ora with an IT/web-based tool that can calculate/measure and report carbon emissions from our buildings and construction works. Our Carbon Neutral Housing Calculation/Measurement and Reporting project team has been working in partnership with Cerclos, BRANZ Limited, and the New Zealand Green Building Council to adapt the tool to the Aotearoa New Zealand and Kāinga Ora contexts.

The project team has been actively engaging with impacted internal Kāinga Ora teams to co-design processes to ensure we can calculate and report carbon emissions as easily and efficiently as possible.

The Bader Ventura Certified Passive House Development in Māngere

This home is the first certified Passive House (dual-rated with 8-Homestar v4.1 and 7-Homestar v5) to be constructed under our Carbon Neutral Housing Programme. It is the highest-performing building Kāinga Ora has ever designed and built.

Read the Innovation story on page 112.

Further key achievements:

- Supporting and contributing Life Cycle Carbon Assessment results for the building section of the Kāinga Ora Emissions Reduction Plan.
- Leading Kāinga Ora through the New Zealand Building Code's new requirements for Energy Efficiency (Clause H1 5th Edition) and the Kāinga Ora early adoption of these (six months ahead of the wider industry).

Our vehicle fleet

Kāinga Ora has a dedicated programme to realise the goal of a zero-carbon fleet by 2025, as set by the Carbon Neutral Government Programme.

We will achieve this goal by implementing an electric vehicle-first policy for any new vehicle purchases. This means we replace current fleet vehicles with EVs when they are due for replacement, every three years. We support this by installing a home charger for drivers of an allocated vehicle who take their car home at night, installing a number of chargers at our offices and making use of public chargers when required.

We are tracking steadily towards the Government's target to achieve a carbon-neutral public service by 2025. All vehicles in our fleet are being replaced with either an EV or a plug-in hybrid electric vehicle (PHEV) where an EV is not suitable. As at June 2023, we now have 301 EVs (31 per cent complete), 46 office chargers installed (19 per cent complete) and 119 home chargers installed. Our fleet's average CO_2 emissions are 58g/km compared with the Government's fleet average of 152g/km.

Renewable energy

The renewable energy programme is trialling the use of solar panels on our homes to understand how best to integrate renewable energy into our housing. We aim to help reduce energy costs for our customers, while increasing the sustainability of our homes.

In 2022/23, we installed solar panels at a further 152 homes, increasing the total number of homes with solar to 192. We also have solar trials underway or planned in Northland, Auckland, Hamilton, Gisborne, Hawke's Bay, Manawatū–Whanganui, Wellington and Nelson.

Our trials include the introduction of a unique technology to New Zealand, the Allume SolShare, which shares the electricity from rooftop solar equally between customers in apartment buildings. The first homes to benefit from SolShare comprise a complex of 20 apartments on Riccarton Road, Christchurch.

Read further about Riccartion Road on pages 73.

We are also working in partnership with Ara Ake, New Zealand's future energy centre, to establish an innovative Energy Sharing Pilot in Wellington. The Electricity Authority has recently granted Wellington Electricity and Intellihub with exemptions from the Electricity Code to enable this pilot to proceed.

Sustainable transport

For Kāinga Ora, sustainable transport is about making it easier for our customers to travel by walking, cycling and using public transport. Various teams across the organisation, and partnerships with external agencies and community groups, enable Kāinga Ora to take action in this space. Our Sustainable Transport Outcomes document, published in 2022, guides the organisation in this work.

Kāinga Ora has the greatest influence over sustainable transport outcomes through where we choose to locate our developments. This is because it is much easier for people to get around by sustainable modes of transport when access to goods, services, schools, employment, walking, cycling and public transport are within walking distance. Over the last year, we have been improving the tools and data our organisation has available to enable us to understand which areas are the most attractive from this perspective.

Kāinga Ora has also continued to advance sustainable transport outcomes by enabling the intensification of well-located sites, particularly through our Large-Scale Projects (LSPs). Increasing the density on these sites enables more people to live in these areas, compared with ones that are car-dependent. Within these sites, we have been providing increased infrastructure to support intensification, delivering apartment buildings, and supporting plan changes to make it easier for the market to also develop to a higher density of housing.

In addition, we have been shaping sustainable transport outcomes by designing our neighbourhoods, superlots and homes in ways that support walking and cycling over car movement. Kāinga Ora has partnered with local councils to improve walking and cycling infrastructure in our development areas, dedicating land to new pedestrian and cycling linkages, and designing our sites in a way that makes it safe for pedestrians and children to move through.

Alongside this, the Sustainable Transport project team has developed a mode shift plan template and researched funding opportunities to support sustainable transport. We have initiated consultation work on developing cycle parking guidelines and a review of our integrated transport assessments.

Waste minimisation

Our Waste Minimisation Programme supports cross-government waste minimisation efforts. Kāinga Ora is addressing waste relating to our assets, site clearance, development and maintenance activities in a way that minimises waste going to landfill and resources extracted from the environment. We have established a site clearance panel including contractors for house relocation, deconstruction and demolition. Materials are being repurposed for use by community groups, schools, marae and individual homes. One hundred entire homes that were due for demolition have been relocated to Māori, Community Housing Providers and training organisations.

Kāinga Ora aims to use more sustainable site clearance methods to reduce the amount of waste that ends up in landfill during housing development. In 2022/23 we exceeded our landfill diversion targets of 80 per cent (for the Auckland and Northland regions) and 60 per cent (for the rest of New Zealand) to repurpose and reuse materials from Kāinga Ora sites to achieve our commitment to reduce waste.

The Waste Minimisation Programme contributed to Kāinga Ora winning the Social and Environmental Impact of the Year and Supreme Award at the New Zealand Procurement Excellence Awards 2022, and The Growing Movement Award at the EcoMatters Zero Waste Awards 2022.

Internal environment monitoring

Our internal Environment Monitoring Programme helps us understand whether the homes we are building achieve our goals of being warm and dry, and how potential upgrades to our homes could contribute to this. During 2022/23, the research has focused on:

- analysis of temperature data to understand the extent of summer time overheating in our homes
- supporting the evaluation of the first Kāinga Ora Certified Passive House development, Bader Ventura
- the launch of the Health Outcomes Project Evaluation (HOPE).

HOPE is a collaboration between our Healthy Homes, Sustainability, and Evaluation and Research teams. It is focused on building internal capability to enable evaluation of various housing interventions. These include Healthy Homes, Whole-of-House Heating, Homestar build standards and the Retrofit Programme.

We also completed an IT project to implement a robust set of systems, processes and policies to provide monitoring as a business-as-usual activity.

Ngahere project

Our Ngahere project aims to reforest and increase biodiversity in our urban developments. We are using our development in Māngere, Auckland, where there is already a very low level of tree canopy coverage, to help us understand what it takes to revegetate our urban areas. This year, we developed the *Ngaa Hau o Maangere Ngahere Planting Guide*, which was launched in May 2023. This provides guidance on what to plant where – from the maunga (mountain) to the moana (sea). The Guide is informed by mana whenua values and priorities, ecological values and community aspirations, and will be a resource to all who are planting in Māngere.

We have also launched the Tiny Forests in Schools project in Māngere with 50 native trees planted this year in six schools. The project is now extending into the wider community with 30 native trees planted at churches and within other community spaces. Thirty extra fruit trees will be planted at Ashgrove Reserve Community Orchard, adding to the 18 trees that were planted last winter. A further 140 gifted trees are being planted across the community by local organisations.

In 2022/23, we published our Management of Trees and Vegetation Policy, with a suite of tools and guidance documents to support its implementation.

Emissions Reduction Plan

Under section 107 of the Crown Entities Act, Kāinga Ora has been directed to develop and publish an Emissions Reduction Plan by December 2023. The Kāinga Ora Emissions Reduction Plan will include all sources of emissions associated with our operations and construction activity, including:

- corporate emissions
- emissions associated with buildings we own
- emissions associated with infrastructure we deliver
- customer transport emissions arising due to the locations where Kāinga Ora locates homes and places our customers.

Kāinga Ora has varying levels of control and influence over each of these emissions sources. For each source, we have developed our baseline emissions, established a reduction target and are aiming to set out potential reduction strategies we could deploy to achieve them. We will also need to establish processes for reporting on our emissions and the progress made.

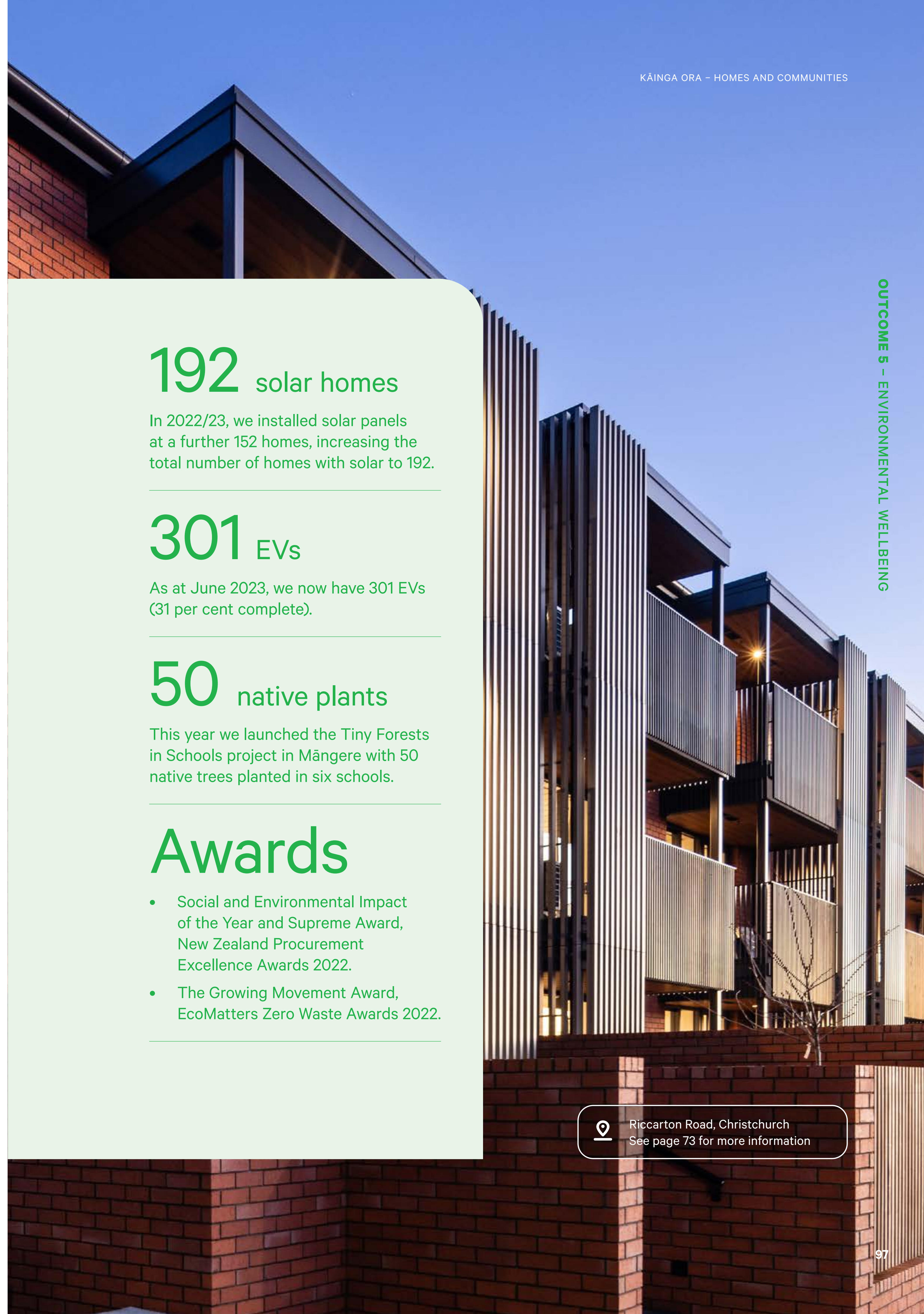
Over the last year, we have engaged across the organisation to ensure we tackle the most impactful actions and begin to understand the feasibility of delivering different emissions-reduction pathways. We will submit our Plan to the Ministry for the Environment in December 2023.

Managing and reporting on climate risks and opportunities

Kāinga Ora plays a key role in supporting community resilience to natural hazards and the impacts of climate change. As an organisation, we are required through legislation and policy to consider climate risk and adaptation in investment decision-making, for example in the Kāinga Ora Act 2019 and GPS-HUD. Kāinga Ora has also committed to "establishing an initiative for climate-resilient public housing" under the National Adaptation Plan (NAP).

During 2022/23, we have focused on improving our tools and data to manage climate-related risks. We have developed new tools and guidance to support flood-risk decision-making, and discussions on risk appetite have progressed through workshops with the Kāinga Board and senior leadership. We have engaged with councils to progress Area-Level Flood Hazard assessments for Auckland, Nelson, Tasman, Marlborough and the West Coast. Most recently, we have integrated flood hazard identification and climate risk consideration into our Investment Management Framework, along with associated guidance.

We have furthered organisational maturity on climate risk through this year's climate-related disclosures process, summarised on pages 232-263.



192 solar homes

In 2022/23, we installed solar panels at a further 152 homes, increasing the total number of homes with solar to 192.

301 EVs

As at June 2023, we now have 301 EVs (31 per cent complete).

50 native plants

This year we launched the Tiny Forests in Schools project in Māngere with 50 native trees planted in six schools.

Awards

- Social and Environmental Impact of the Year and Supreme Award, New Zealand Procurement Excellence Awards 2022.
- The Growing Movement Award, EcoMatters Zero Waste Awards 2022.

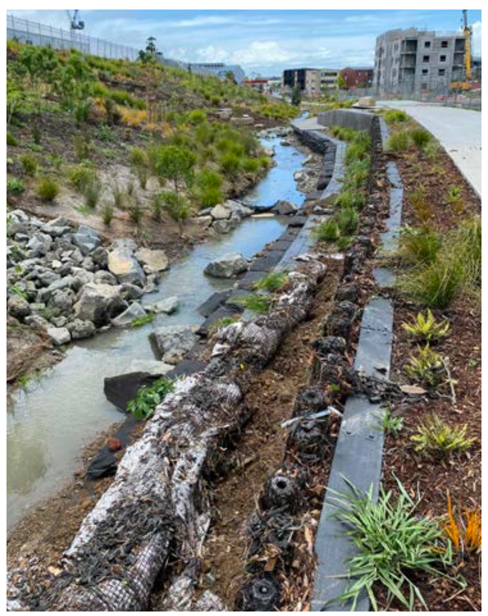
Riccarton Road, Christchurch
See page 73 for more information

CASE STUDY

New infrastructure of Large-Scale Projects performs well in flood events

The flooding events in early 2023 highlighted the value of the Government's investment in the infrastructure of our Large-Scale Projects (LSPs). Most of the new infrastructure designed to manage stormwater in our LSPs performed very well. For example, the Northcote development in Greenslade Reserve, which had been transformed into a detention basin, recovered within 24 hours of the floods, as designed.

The photos below demonstrate the difference between Friday 27 January 2023 and Saturday 28 January 2023, where a parent and child are able to play on the field following the significant flooding.



Before-and-after photos of flooding in the stomwater management area of Greenslade Reserve

CASE STUDY

Wellington solar trial

Our Renewable Energy Programme is trialling the integration of rooftop solar photovoltaics on our homes. The key goal of this programme is to contribute to affordable energy and improved wellbeing for our customers, while supporting decarbonisation.

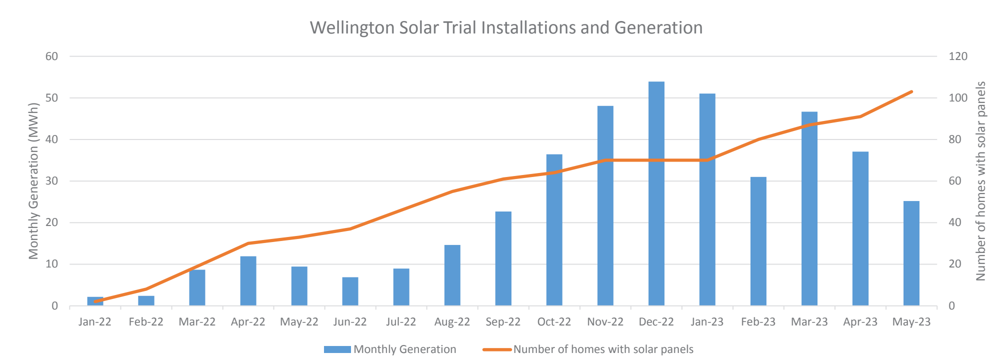
One of our larger trials is in Wellington, where we have been installing solar panels on our homes since 2022. We now have 111 homes with solar panels in the Wellington region, including in Porirua, Lower Hutt and Upper Hutt.

From the start of this trial,[1] our Wellington systems have generated over 417 megawatt hours (MWh), as at the end of May 2023. This has provided an estimated saving of $64,000[2] on our customers' electricity bills.

Our post-implementation customer survey has made contact with 67 customers so far. Ninety per cent of these respondents were satisfied or very satisfied with both the service provided by our solar installers and with their overall experience of being part of the trial.

Our customers also provided some positive comments on their experience to date:

- "It has made a massive difference to our electricity bill in the summer time. I have never seen the bill so low."
- "Our home is noticeably warmer, as a result of having the freedom to use the heat pump on colder days."
- "We are very blessed to have been afforded a chance to get solar panels, to help our family with savings."



1. All Wellington production data from Jan 2022 to June 2023, note new systems have been coming on line throughout this period.
2. Assumptions – 33% self-consumption, Wellington electricity price 30.41c/kWh, buy-back rate 8c/kWh.

OUTCOME 5 – ENVIRONMENTAL WELLBEING
DELIVERING TO OUR CUSTOMERS
ACHIEVING OUR OUTCOMES
OUR PERFORMANCE
FINANCIAL STATEMENTS

CASE STUDY

Fleet

Our sustainability journey isn't one with a final destination. For Kāinga Ora, the end goal keeps shifting with changing environments and responsibilities in reducing our emissions – including the way we fuel our fleet.

In 2019, Kāinga Ora moved from a leased fleet to an owned one, sparking the conscious decision to purchase hybrid vehicles to lower our fleet emissions. This foresight put our organisation in an advantageous position ahead of the Carbon Neutral Government Programme (CNGP), which aims to achieve carbon neutrality in the public sector from 2025.

As we progressed through our sustainable transport journey, we recognised that our approach to reducing emissions needed to shift with changing expectations and factors, as well as aligning with the CNGP. Our focus changed from hybrid vehicles in favour of a fully electric fleet.

Our current fleet

As of May 2023, the Kāinga Ora fleet is 99.7 per cent electric or hybrid, consisting of a total of 976 vehicles.

The final petrol vehicle, a Toyota RAV 4, is due for replacement in November 2025, which will result in a zero-carbon fleet by the end of 2025.

Our purchasing strategy considers the best available EVs that meet our criteria, which includes a five-star safety rating, significant range between charges, and price. We also factor in where the cars are driving on a daily basis, for feasibility.

For most requirements, an EV is suitable; however, in some circumstances we opt for a plug-in hybrid electric vehicle (PHEV) – for example, if a home charger cannot be installed, if there is no existing public charging infrastructure, or if drivers cannot charge their vehicles without significant changes to their journey.

At this stage, Kāinga Ora has installed 154 home chargers – 54 per cent of all allocated drivers. While home chargers aren't a requirement, we offer this to all drivers of our EVs.

A snapshot of our emissions

Our current emissions average is 60g/km CO_2 – as of September 2022, the All-of-Government average was 168g/km CO_2.

To provide more context, we measured how our vehicles performed against others in the market. The best-selling vehicle in Aotearoa New Zealand in 2022, the Ford Ranger, has emissions of 218g/km CO_2, while the top hybrid, the Toyota RAV 4, measured at 121g/km CO_2. The most common vehicle in our fleet is the Hyundai Ioniq hybrid, and while this has significantly lower emissions of 79g/km CO_2, it's clear from emissions data why EVs are the priority for rapidly transitioning to a low-emissions fleet.

The future of our fleet

As technology evolves around the development of new EVs, so too will our fleet offering as we can better purchase for purpose, including smaller cars.

However, this doesn't mean our current fleet isn't impressive, with some vehicles demonstrating significant power beyond the tarmac.

A Hastings showroom deployed several BYD ATTO 3's – of which we have 49 – in the wake of the devastating Cyclone Gabrielle, providing essential power to impacted homes through Vehicle-To-Load (V2L). Depending on use, each vehicle could power a home for three days and up to a week depending on usage. To best utilise this capability, we now need to regard the vehicles in our fleet not only as transport but also as integral assets in our disaster response strategy.

In preparation for the rising number of EVs, we're giving priority to the installation of chargers at Kāinga Ora offices. Our approach to installing chargers considers how many EVs will be at each office by 2025, as well as existing public charging infrastructure, to determine how many chargers are installed.

Lower Hutt recently received the first 25KW DC fast charger alongside several AC chargers, in recognition of the high number of EVs in the area and the low level of public charging infrastructure. The fast charger has remarkably rapid energy capabilities – while a regular AC charger would take around 10 hours to fully charge an EV, the new fast charger completes a charge in less than two.

This allows drivers in the Greater Wellington area to put 50 per cent charge into their vehicle with one hour of charging. For most drivers in this region, this is most, if not all, of their weekly range requirements. As our EV journey progresses, these chargers will roll out to offices across Aotearoa New Zealand.

While we look to a cleaner, greener future across Kāinga Ora, it's important our fleet reflects our outcome of environmental wellbeing. By putting our best foot – or wheel – forward in conscious transport, we have the opportunity to lead by example in this space, paving the way for other government organisations.

CASE STUDY

Sustainable and resilient operations, assets and communities

A community built the 'greenway'

Te Ara Awataha is a path connecting people, not just with their destination but also nature. It is a place for wildlife to flourish and for children to play and learn. Its flowing waters are a symbol of nearby homes being connected, protected and safe.

Te Ara Awataha is the name gifted by Ngāi Tai ki Tāmaki to a 1.5km blue-green corridor linking existing parks, the town centre, schools and homes in Northcote, Auckland. It is an infrastructure project to support 1,700 new public, affordable and market homes Kāinga Ora and our development partners are building in the area. It will also support a further 800 to 1,000 homes built as part of the town centre redevelopment by Eke Panuku, the council-controlled organisation delivering urban regeneration in Tāmaki Makaurau/Auckland.

But it is also much more than an infrastructure project to enable more homes.

"Every part of the Northcote development has been planned in consideration of Te Ara Awataha," says Claire Laybourne, Kāinga Ora Senior Development Manager.

"In that regard, Te Ara Awataha is the backbone of Northcote."

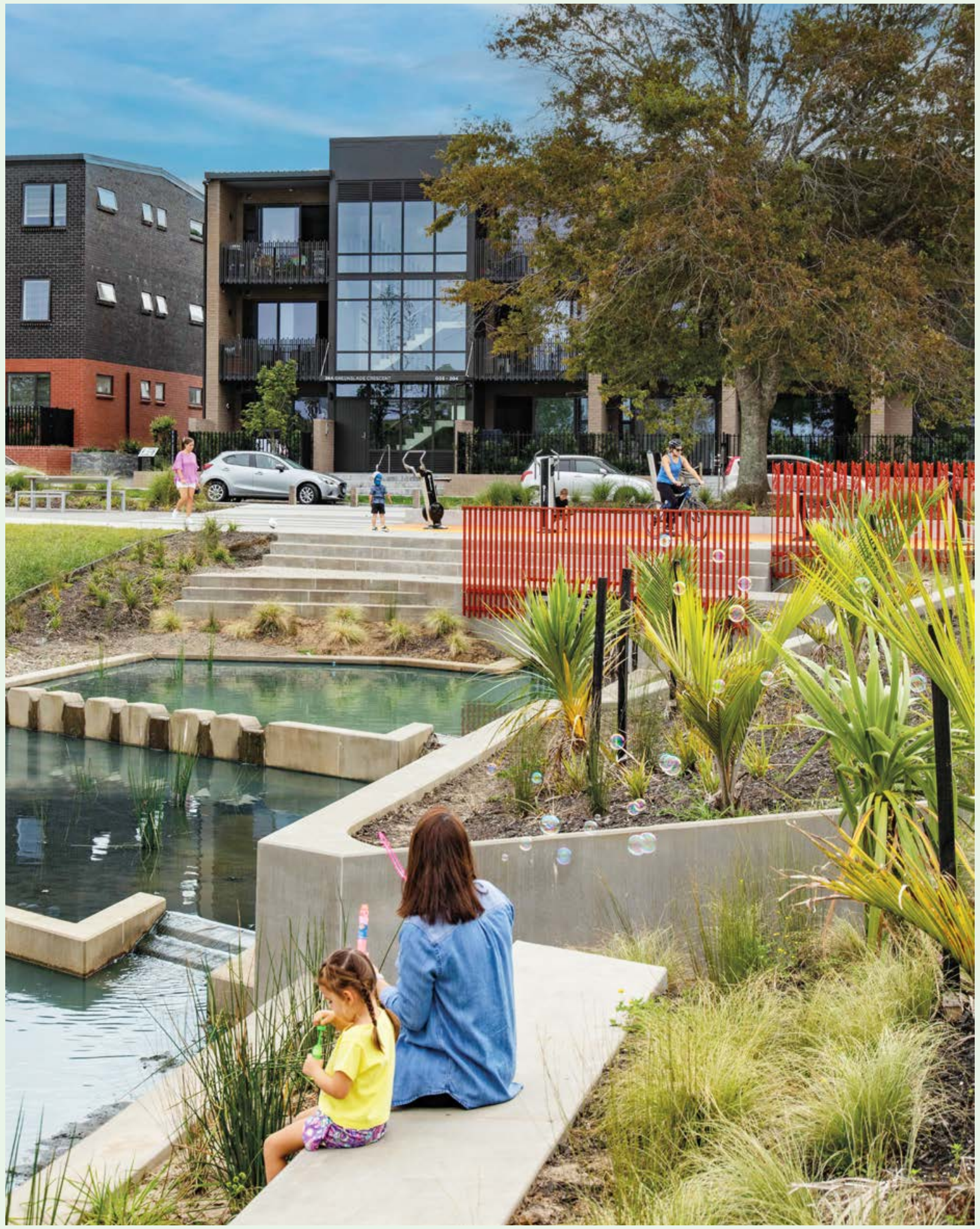
Since the 1950s, the Awataha Stream had been confined in underground pipes. 'Daylighting' the stream – bringing it above ground and restoring its mauri (life essence) – has increased capacity and means the overland flow of water travels through the stream corridor and not neighbouring homes.

Years of teamwork from government, schools, community groups and businesses brought the project to fruition and, in June, Te Ara Awataha project was awarded an Excellence award in Water, Best Infrastructure Project over $5 million and an Asset Management Excellence Supreme Award at the event in Rotorua.

As well as holding, moving and treating stormwater, Te Ara Awataha is a greenway to walk, cycle, play and learn. The route means a safe connection between the community and local destinations like the town centre – a space Eke Panuku will be renewing with more shops, eateries and places in which to relax.

Te Ara Awataha provides bird and wildlife habitats, including nationally threatened species like the kōkopu, kōura (crayfish) and longfin eels.

And, for Claire Laybourne, one measure stands above the rest: "At the end of the day, success will be a space that is well used and loved by the community."



6

Te whakaumu pūnaha
System Transformation

Land use, infrastructure and housing supply are integrated, efficient, effective and responsive to demand

Leading innovation in the construction sector to deliver more and better-quality housing

We do this through collaboration, innovation and effective parterships that are essential for improving efficiency and creating change in housing and urban development, leading to better wellbeing outcomes for all New Zealanders.

What success looks like

- Innovation and productivity improvement are evident in materials and build.
- Housing supply responds and adapts at pace to evolving demand.
- Partnerships and collaboration deliver place-based approaches to development.

How we are progressing

What we have achieved:

2,061

consents issued for 3,237 homes in 2022/23

Housing Development System

will reduce the time the construction process takes by up to 80%

11% (176 homes)

public and supported homes delivered using off-site manufacturing techniques

80%

of uncontaminated demolition waste diverted from landfill for Auckland and Northland regions

Building brighter futures together

System transformation requires revolutionary thinking, leadership and a willingness to share risk and learnings with the construction industry. We are leading innovation in the construction sector through new approaches, systems, products and materials to deliver more and better-quality housing, and we want to support the scaling-up of more home-grown innovation.

Responsive building systems delivering at pace

Kāinga Ora has a clear mandate from the Government to deliver more homes to meet the urgent housing need in our communities. We are committed to delivering that housing as quickly and cost-efficiently as we can.

Our Housing Delivery System (HDS) is what we are calling a new way of planning and building homes to deliver much-needed quality homes for whānau faster and at a lower cost.

As a way to enable us to deliver public housing sooner, the HDS was initially designed and developed in 2020 through Project Velocity, by a team of Kāinga Ora people and partners.

Project Velocity, now known as the Delivery Transformation Group, is a forward-thinking programme bringing together people from across Kāinga Ora to share knowledge and thinking, and to identify ways we can transform our organisation to achieve more, and do better.

The system was developed through integrating various principles from well-known process design systems including Lean, Kaizen and Agile. HDS is significantly reducing the time to complete pre-consenting, consenting and construction for housing projects.

We project it will cut new public housing construction build process times by 80 per cent and costs by at least 30 per cent, through planning and delivering construction work and materials differently.

The HDS is currently in the final stages of testing to ensure it can robustly deliver public housing at scale. It is important for us to understand how the HDS will work in different regions. Homes are currently being planned and delivered in Northland, Auckland, Hawke's Bay, East Coast, Taranaki, Manawatū, Marlborough and Canterbury. Teams are designing, planning and working with build partners across the country to deliver more public housing while testing HDS in real places in real-time.

How the HDS works: Plan together, work together

The HDS coordinates the thousands of tasks involved in planning and building a home to schedule the work more efficiently and make the best use of resources.

Every professional is together in one place as a team from day one of the project. This includes architects, development and project managers, civil and structural engineers and landscape architects.

"My first thoughts on the time to plan and lodge the consent being only six weeks was, can we really get through the process in six weeks? Really? Seemed unbelievable. Working collaboratively in person has made a much more significant difference than I ever thought was possible."
– Scott Cracknell, Principal Architect, Context

Councils working on HDS projects are reaping the benefits too. For local councils, Kāinga Ora seeks their detailed feedback to ensure consent documentation is exactly what the local authority needs, which means they can issue resource consents more efficiently.

Working in partnership with the private sector

Scaling up existing build methods will not, on its own, enable us to produce housing quickly or cost-effectively enough to meet the significant ongoing demand for public housing.

The HDS means Kāinga Ora can build homes faster for whānau and, along with existing delivery methods, provide a reliable pipeline of work for the construction industry.

Construction companies involved in delivering the first public homes built using the HDS have been impressed by its efficiency and potential to speed up the delivery of new homes.

"Having that openness to actually work out where that dead time sits and how we can actually manage the process better and still be able to deliver quality in a shorter timeframe has been a breath of fresh air."
– Chris Stevens, Project Manager, Home Construction

Predictable building timelines mean the construction sector can work with confidence, securing building materials, crew and subcontractors in advance.

Permanent operating model

Kāinga Ora is committed to creating improved value for the New Zealand public, the Government and our customers.

On 30 May 2023, our Chief Executive, Andrew McKenzie, announced that the HDS would become part of the Kāinga Ora permanent operating model, delivering housing alongside our other well-established ways of building homes through our Construction and Market Delivery functions.

The new Housing Delivery System is transformational for Kāinga Ora and represents a shift in the way we work with the construction industry. Kāinga Ora is motivated to deliver on targets that have never been reached before, by addressing inefficiencies in the residential construction sector and tackling the housing shortage.

Next steps

We expect to deliver a total of 9,500 homes in the next four years through the HDS.

The current HDS testing programme is being put through its paces in real-time, with real place settings to ensure a robust system that endures and can meet the ongoing need for public housing.

Our focus is on developing sustainable system change, which means an upfront investment and long-term view to explore, test and enable an improved way of delivering public housing. We must invest now to save later, in both social and financial outcomes.

Consentium Building Consent Authority

Consentium has been operational for over two years and is still the first of its kind in New Zealand – a non-territorial authority, national Building Consent Authority (BCA). It adds value by reducing consenting timeframes and improving operational efficiency for consenting for Kāinga Ora properties.

Previously, Consentium's scope was consenting Nationwide Residential 1 to Residential 3 and Commercial 1 to Commercial 2 building category levels (as described by the National Building Consent Authority (NCAS) building categorisation system). Consents were restricted to residential public housing owned and retained by Kāinga Ora.

In 2022/23, Consentium increased its accredited scope to include buildings to be owned by Kāinga Ora that are:

- public housing developments of five storeys and above (Commercial 3 building category)
- Community Group Housing (CGH) where customers require higher levels of care
- mixed use – where planning rules require ground-floor 'activation'
- mixed-tenure developments (if policy permission is provided)
- buildings used for non-residential activities.

In the 2022/23 year, Consentium also:

- issued 2,061 consents for 3,237 homes
- issued consents on average within 14 working days compared with the statutory requirement of 20 working days
- conducted 34,133 inspections within 24 hours for major cities or 48 hours for outside major cities
- issued 814 Code Compliance Certificates (CCCs) with an average of 1.2 working days (statutory requirement of 20 working days)
- granted 97 per cent of building consents within 20 working days
- ran a successful pilot for six months with our Market Delivery (Acquisitions) team to consent and inspect for homes which Kāinga Ora will own that are being built by the pilot group of developers.

We are supporting the consenting, regulatory industry by investing in a graduate programme, working with major tertiary institutes, and this saw two graduates join us this year. Consentium continues to work with architects and build partners to improve consent application quality and reduce Requests for Information.

For Off-site Manufacturing consenting, we are working on local and offshore off-site manufactured housing projects.

In 2023/24, Consentium is looking to:

- extend the Market Delivery pilot to a wider set of approved development partners
- support the ramp-up of the Housing Delivery System (HDS) building projects with consenting and inspection services.

Innovation and Off-site Manufacturing

Kāinga Ora is embedding innovation into our construction activities through new approaches, systems, products and materials to deliver more and better-quality housing. This is a key focus of our Building Momentum construction plan for future homes.

In 2022/23, our innovation teams have increased our collaborative efforts with build partners and the wider industry. This has enabled us to leverage and learn from growing innovation activity, both within and beyond Kāinga Ora, and access solutions that help us meet performance targets. Focus areas include energy and water use, new materials and systems, and climate-change adaptation and resilience.

Partnerships

- Callaghan Innovation – we implemented a Memorandum of Understanding and collaborated to deliver innovation workshops for industry.
- Construction Sector Accord (CSA) – we are a member of the CSA Innovation Off-site Manufacturing (OSM) working group, and are actively contributing to growth initiatives.

Discovery

- We increased our connection with New Zealand universities and research organisations to identify early-stage development of frontier innovation and exponential technologies.
- We are scanning the industry for both emerging innovation and challenges across the built environment.

Research and Development (R&D) support

- We continue to grow the numbers of innovative products we are assessing.
- We have supported the R&D of two key disruptive manufacturing technologies, including large-scale 3D printing (QOROX®) and heat technology that melts and binds selected waste materials into new panel products (saveBOARD).
- We continue to explore the development of an innovative OSM product, increasing the opportunity for multiple component suppliers to contribute to a new panelised product that better meets Kāinga Ora requirements.

Piloting

- We developed, and are implementing within pilot projects, a comprehensive monitoring and evaluation framework.
- We have several pilots in progress, at stages varying from developing a pilot brief through to monitoring of completed developments. Notable examples include:
  - the Bader Ventura Certified Passive House pilot
  - Highbury Triangle in Avondale, Auckland. This flagship development consists of 236 apartments across five buildings, ranging between six and eight levels, predominantly designed for older customers. The development, which is currently under construction, includes a multi-storey (above three levels) Cross-Laminated Timber (CLT) building and represents a significant contribution to satisfying our obligations under the Carbon Neutral Government Programme. We will capture learnings primarily associated with system performance, construction time and costs.

Ranolf Street,
Glenholme, Rotorua

Off-site Manufacturing

We are working to develop the capacity and capability of Off-site Manufacturing (OSM) in New Zealand as we increase our use of this construction method across our build programme. Kāinga Ora currently has delivery contracts in place with nine local OSM producers. We have also engaged with 60 OSM suppliers to increase our knowledge of the capability and capacity within the market.

This last financial year, approximately 11 per cent of the homes we delivered used OSM techniques (176 homes). Next year (2023/24), we have set a target for 12 per cent of new public housing builds to use OSM as a construction method.

Off-site manufactured housing delivery in Rotorua

In Rotorua, we completed 72 quality, modern, off-site manufactured public homes during 2022/23 across four development sites.

Whānau moved from emergency housing into the final 21 of 25 new OSM homes on the corner of Ranolf Street and Malfroy Road in Glenholme, a previously-vacant two-hectare site that Kāinga Ora purchased in 2021 and is developing for public housing in stages.

The first phase comprises 37 two-, three- and four-bedroom homes, as well as a community room and shared green space for residents. A further 12 OSM homes will be ready in the coming months.

In Pukehangi, 42 two-, three- and four-bedroom OSM homes have been completed at the Quartz Avenue subdivision (formerly known as Collie Drive), 22 of which meet Full Universal Design standards.

In Western Heights, seven OSM homes at Tania Crescent provide Rotorua whānau with a place to call home.

These developments are an example of Kāinga Ora scaling up its use of OSM build methods to provide more housing at pace and scale for people in need. The homes were built in facilities by two Kāinga Ora build partners, Huntly-based Builtsmart and local Rotorua business, Exeter Homes.

Home delivery in Morrinsville and Cambridge

Kāinga Ora build partner, the Waikato-based Builtsmart, delivered nine OSM homes at four development sites in Morrinsville and Cambridge – the first OSM homes we have completed in these Waikato towns. We are proud to be working with local OSM firms to provide Kiwis with much-needed homes.

CASE STUDY

This is where I started

Arriving to work at a flagship Auckland development, Montell looked on the buildings with pride.

Through a scholarship, CMP Construction hired the aspiring carpenter and he began working at Highbury Triangle, a 236-home Kāinga Ora project in Avondale.

"I know I will feel happy to think that I helped to make this," he says.

"I can show my family that this was my first project – this was where I started."

Montell's scholarship was part of Construction Plus, a Kāinga Ora initiative that helps local communities impacted by urban development. It connects people with training, employment and industry opportunities across Auckland and throughout New Zealand.

In addition to a job with Certa Construction, Montell, a CMP contractor, received $5,000 for tools and equipment. And when he put those new tools to use at Highbury Triangle, he was working on a site that serves as an early example of how the construction industry is transforming to ensure land-use, infrastructure and housing supply are all efficient, effective and respond to demand.

To build the development's 236 homes, 45 existing dwellings were first removed, and about 90 per cent of uncontaminated materials were reused or recycled.

One of the new buildings was designed with mass timber, where products are sustainably sourced, efficient to install and enable a reduction in the overall embodied carbon in the development.

"We aim to achieve a 7-Homestar rating at Highbury Triangle," says Patrick Dougherty, Kāinga Ora General Manager Construction and Innovation.

"A mechanical ventilation system will reduce moisture and enable fresh air to circulate. In addition, rooftop solar panels will help provide electricity for communal spaces and apartment hot-water cylinders."

The entire complex is being built to the Kāinga Ora Full Universal Design standard, including wider hallways and paths and level access. Mobility parking areas and EV charging points are provided with each apartment.

North-facing balconies on every building will incorporate planters, creating a visual connection with the trees to the north, and two rainwater-harvesting tanks integrated into the overall stormwater attenuation system will irrigate the gardens and balcony planters.

This connection to nature continues throughout the development with rich native landscaping, communal vegetable and flower gardens, and three glasshouses. One glasshouse will be used to germinate vegetables, another flowers, and the third will contain a social hub with a tea and coffee station.

2023 Innovation story – Bader Ventura

Passive Houses are designed and built to maximise energy efficiency. They optimise the health and wellbeing of people living in them, while consuming very little energy.

In June 2023, we achieved a significant milestone when we completed the first Kāinga Ora Certified Passive House pilot as part of the large-scale Māngere Development. The three-storey, 18-home complex sits on the corner of Bader Drive and Ventura Street in Māngere, Auckland. It is Australasia's first Certified Passive House public housing funded by central government.

Bader Ventura is a pilot project under our Carbon Neutral Housing Programme. It is the highest Homestar-rated building we have ever designed and built, benefitting our customers and the environment.

There were several innovative aspects in its construction.

- Ground remediation work used new double auger stone columns to prepare the challenging geology of the site to take the weight of the three-level walk-up buildings. This is New Zealand technology, developed in response to the Christchurch earthquakes.
- Offsite manufactured concrete foundations were brought finished to the site and stitched together with minimal on-site concrete work. This increased the speed of construction, proving that high-performing homes don't need to take longer.
- Off-site manufactured concrete sandwich wall panels – with insulation and high-performance windows pre-installed – were trucked to the site for installation.
- The specification of low-carbon concrete, incorporating both fly ash and Neocrete D5 Green substitutes, reduces the embodied carbon impact by 18 per cent compared to standard practice.
- A high attention to detail and collaborative approach in the design and engineering overcame thermal bridging issues, passing the stringent standards required for Passive House Certification.

The reduced operational carbon footprint means the homes will be heated and cooled for as little as $1 per day. We expect our customers' heating costs to reduce by about 85 per cent.

The development is a step for Kāinga Ora towards meeting MBIE's proposed Building for Climate Change 2035 thermal performance cap, 12 years ahead of industry expectation.

As a pilot development for Kāinga Ora, we will carry out continuous post-occupancy building performance monitoring for Bader Ventura, and interview customers for feedback on their experiences. This will help inform how we build future Passive Houses. We will also share with the wider construction industry what we learn from our monitoring, as well as from interviews with key build personnel.

The MBIE Construction Sector Accord selected Bader Ventura as a Beacon Project demonstrating an example of good practice to the wider building sector. Beacon Projects align well with the Building Momentum objectives of Kāinga Ora, demonstrating leadership and innovation across the sector and supporting the Accord's vision of "a higher-performing construction sector for a better New Zealand".

Bader Ventura, Māngere, Auckland

Ngā mahi a Kāinga Ora
Our performance

Pallant Street, Manurewa, Auckland

Te whakaruruhau me ngā ture / Governance and legislation

Our governance framework is primarily based on two pieces of legislation: the Kāinga Ora – Homes and Communities Act 2019 and the Crown Entities Act 2004. The first sets out the objectives, functions and operating principles for Kāinga Ora. The second defines Crown entities, and sets out the rules that govern them, and the respective roles of the Board and responsible Minister. Kāinga Ora is described in Schedule 1 of the Crown Entities Act as a "Crown agent" which must give effect to government policy when directed by the responsible Minister. Kāinga Ora must also give effect to the Government Policy Statement on Housing and Urban Development (GPS-HUD) when performing our functions. In addition to our governing legislation, other legislative, policy and strategic settings direct or guide the understanding of our role and how we operate.

The Urban Development Act 2020, for example, provides for the establishment of "Specified Development Projects" that Kāinga Ora may deliver, partner on or enable, and for associated regulatory and funding powers to streamline the development process. The Act also provides additional powers and obligations for Kāinga Ora when we undertake urban development, including land acquisition powers. The Act complements the Kāinga Ora – Homes and Communities Act 2019 by setting out in more detail the obligations of Kāinga Ora to Māori in urban development.

Responsible Ministers

Our responsible Ministers are the Minister of Finance, Hon. Grant Robertson, and the Minister of Housing, Hon. Dr Megan Woods.

The primary relationship between the Government and Kāinga Ora is between our responsible Ministers and the Kāinga Ora Board. From 14 June 2022, Kāinga Ora has five responsible Ministers:

- Hon. Dr Megan Woods – Minister of Housing
- Hon. Barbara Edmonds – Associate Minister of Housing
- Hon. Willie Jackson – Associate Minister of Housing (Māori Housing)
- Hon. Marama Davidson – Associate Minister of Housing (Homelessness)
- Hon. Grant Robertson – Minister of Finance.

The Minister of Housing conveys the Government's expectations to Kāinga Ora (through the Letter of Expectations) and has direct responsibility for Kāinga Ora.

Ministerial portfolio responsibilities include the provision of mechanisms for further development and implementation of the Government's build programme, and general responsibility for housing matters, tackling homelessness and the provision of public housing.

The Kāinga Ora Board

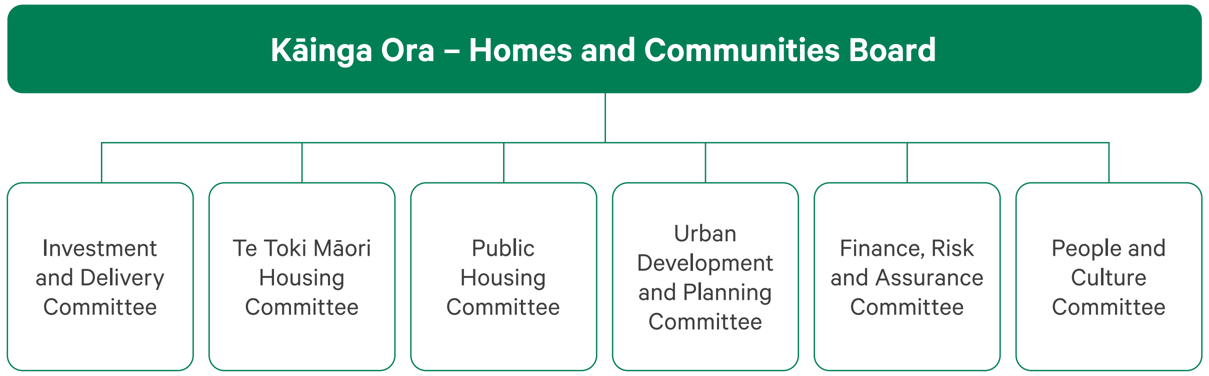
The governance framework includes the Kāinga Ora Board, Ministers and Parliament. Our leadership team is responsible for delivering expectations set by these parties. The Board is responsible for governing the organisation and exercising our statutory powers and functions. The Board remains responsible for decisions relating to our operations made under its authority. Together with the Minister, the Board sets our strategic direction, makes sure we achieve our objectives, and manages any risks to the Crown. When they are appointed, all Board members receive induction, training and guidance on their duties, responsibilities and the key policies and procedures of Kāinga Ora.

At 30 June 2023, the Board comprised 10 non-executive members:

- **Vui Mark Gosche (Chair)** was a Member of Parliament from 1996 to 2008 and held several Cabinet posts, including Minister of Housing. He is a former Chairperson of Counties Manukau DHB and member of the interim Health New Zealand Board. Vui joined the Housing New Zealand Board in 2018 and served as Deputy Chair and Chair prior to the establishment of Kāinga Ora on 1 October 2019.
- **John Duncan (Deputy Chair)** has extensive experience in global capital markets, banking and finance. He is a Deputy Chair of the Public Trust, Chair of the Northern Rescue Helicopter Limited, Trustee of Auckland's Cornwall Park and a former Housing New Zealand Board member and Chair of the HLC Board.
- **Ngarimu Blair** has strong Māori governance experience and is a Director of Ngāti Whātua Ōrākei Whai Rawa Ltd, a large property company responsible for the protection and growth of the iwi commercial assets. He is the Co-Chair of the Tāmaki Makaurau Mana Whenua Forum, and a director of Manaaki Whenua and Waka Kotahi – NZ Transport Agency.
- **Robin Hapi CNZM** has significant governance experience across not-for-profit organisations and commercial and tertiary entities. He has expertise in management, financial management, dispute resolution and strategic planning, and maintains a wide national network of Māori and non-Māori individuals and organisations. He was chair of the Māori Economic Development Advisory Board and is chair of Te Wānanga o Raukawa. Robin has recently completed his term as a member of the WorkSafe Board.
- **Distinguished Professor Philippa Howden-Chapman CNZM, QSO, RSNZ** has a background in public health, with a focus on housing, energy, climate change and sustainable cities. She is co-director of He Kāinga Oranga/Housing and Health Research Programme, has been awarded the Prime Minister's Science Prize and the Royal Society of New Zealand's Rutherford Medal, and is a representative on the World Health Organization (WHO) Collaborating Centre on Housing and Wellbeing. She is the director of the NZ Centre for Sustainable Cities and chaired the WHO Housing and Health Guideline Development Group and the International Science Council Committee on Urban Health and Wellbeing: A Systems Approach. Philippa joined the Housing New Zealand Board in 2018.

- **Major Campbell Roberts CNZM** has held senior leadership roles within The Salvation Army and New Zealand community organisations involved in housing and poverty alleviation. He is a member of the New Zealand Parole Board and The Salvation Army Social Housing Board. He has worked in housing on the Boards of the Centre for Housing Research Aotearoa New Zealand (CHRANZ), KiwiBuy Coalition, Community Housing Aotearoa, New Zealand Housing Foundation, Community Finance, and Habitat for Humanity. He has also participated in the Ministerial Shareholders' Housing Advisory Group, the Prime Ministerial Taskforce on Housing Reform, the Ministry of Social Development Housing Reference Group, and as a housing expert in the Children's Commissioner's Expert Advisory Group on Solutions to Child Poverty.
- **John Bridgman** (appointed effective 1 January 2022) has significant experience in engineering and project management roles across Australasia and Asia. He has held a variety of senior leadership positions and governance roles, including at global infrastructure building company AECOM (as Industry Director – Civil Infrastructure in Australia and as Managing Director for the New Zealand business), as well as governance roles on major infrastructure projects in New Zealand, Australia, Asia and the United Kingdom. John is the Chair of the City Rail Link Limited and a Director of Waka Kotahi – NZ Transport Agency.
- **Sir John Hansen** (appointed effective 15 August 2022) has had a distinguished law career spanning over 30 years across New Zealand and Hong Kong. After retiring from the bench in 2008, he undertook a number of significant community-focused roles such as chairing the independent panel for the new Christchurch District Plan, heading the Red Cross' Earthquake Appeal Commission following the 2010 Christchurch earthquake, and being a trustee of the Bone Marrow Cancer Trust.
- **Fiona Mules** (appointed effective 1 January 2023) began her career as an investment banker specialising in transactions and valuations, before being brought in by the New Zealand Treasury to establish and lead a Public-Private-Partnership programme in New Zealand. Since that time, she has consulted to the New Zealand Government on numerous large-scale infrastructure projects and programmes across the areas of funding, financing, structuring and procurement. Fiona is a former director of the Reserve Bank of New Zealand, KiwiRail Holdings Limited and Lyttelton Port Company. She is also currently a Director of Rural Livestock Limited.
- **Nicole Anderson** (appointed effective 1 January 2023) is a chartered member of the Institute of Directors (CMInstD) with a background in financial management and business development. She is currently a Director of Ngāpuhi Asset Holding Co, Top Energy, and Chair of Northland Inc Ltd. On 1 June 2023, Nicole was appointed Chair of the International Accreditation Council of NZ (IANZ). She is passionate about whānau ora (health) and community development.

Board subcommittees



The Board has six subcommittees, some of which include independent specialists to support particular areas of the organisation's activity.

Senior leadership

Our senior leadership team comprises the Chief Executive, Andrew McKenzie; three place-based Deputy Chief Executives: Tāmaki/Te Tai Tokerau, Te Puku Ikaroa, and Te Waipounamu; Deputy Chief Executive Sector Engagement, Ringa Raupā Deputy Chief Executive Māori; and General Managers from eight business groups: Strategy, Finance and Policy; National Services; Urban Planning and Design; Urban Development and Delivery; Construction and Innovation; Commercial; People, Governance and Capability; and Delivery Transformation.

Chief Executive

Our Chief Executive, Andrew McKenzie, has led Kāinga Ora since it was established on 1 October 2019, having previously served as Housing New Zealand's Chief Executive from September 2016. The Board recently extended Andrew's tenure for a further two years to 30 September 2026.

Kāinga Ora structure and how we work

The structure and momentum in Kāinga Ora are supported by:

- decision-making and actions being taken where they need to be, by those who know their regions best. Place-based groups bring together functions dedicated to service delivery, customer and community engagement and regional planning in defined spatial areas, as well as integrating the broader operations of Kāinga Ora in each region of Aotearoa New Zealand.
- centres of expertise – these work in partnership with each other, and with Kāinga Ora place-based teams, to support delivery.
- keeping the customer at the centre – we enable our public housing customers and their whānau to live well, with dignity and stability, in connected communities.
- distributed leadership – leadership responsibilities and accountabilities are shared by those with relevant skills and expertise.

Ngā Pae Tātaki / leadership groups

Ngā Pae Tātaki

Strategy, Risk and Performance	Te Tira Māori	Customers and Communities
People and Organisation	Public and Supported Housing	Urban Development, Land and Housing Supply

Ngā Pae Tātaki is our gifted name. 'Pae' refers to the oratory bench of a marae and implies that those on the bench act as māngai (representatives) for their respective peoples. It can also be used in other contexts to refer to the horizon, capturing the role these rōpū (groups) will have in keeping our eyes on our outcomes.

'Tātaki' refers to leading by conducting, keeping in time to a beat used both in kapa haka and in paddling waka. In both contexts, a large group is working as a team towards a common goal and a united effort is required to achieve the desired outcome in a way that is improved by collective effort rather than individual achievements.

Ngā Pae Tātaki are the collaborative leadership groups of Kāinga Ora. They bring life to the values and heart of our organisation and set the tone and culture to guide how our people engage with our distributed leadership model.

Each of the six Pae Tātaki has its own key areas of strategic focus and responsibility within the organisation. They act collectively to ensure our distributed leadership attributes are role-modelled, our values are demonstrated, and successful outcomes are shared and adopted across Kāinga Ora. They guide the delivery against our operating principles and mandate for our customers, including developing our partnerships with, and improving outcomes for, Māori.

Our distributed leadership model is designed to enable more of our people to contribute directly to the development of the direction and work programme for Kāinga Ora. It does this by moving away from traditional, hierarchical leadership to six specialist Pae Tātaki leadership groups. Pae Tātaki meetings encourage diversity of thought and ideas, trust and open communication.

Programme Governance Boards

Programme Governance Boards

Housing Supply	Large-Scale Projects
Housing Delivery and Renewals	

Housing Delivery & Renewal PGB				Housing Supply PGB		Large-Scale Projects PGB					
Community Group Housing	Transitional Housing	Public Housing New Supply	Public Housing Renewal	Land Supply	KiwiBuild	Mt Roskill LSP	Oranga LSP	Northcote LSP	Māngere LSP	Eastern Porirua LSP	Tāmaki LSP

Kāinga Ora has three Programme Governance Boards (PGBs):

- Housing Supply
- Public and Supported Housing Delivery and Renewals
- Large-Scale Projects (LSPs).

The PGBs have a close working relationship between members, Programme Directors and their teams, the Investment Management Office (IMO) and the Kāinga Ora Governance team. They have been set up to enable dedicated focus on programme- and project-level governance. They provide the programmes with a structured and supported way of delivering in accordance with approved business cases and disciplines to achieve their outcomes and manage risks. They also promote visibility of, and input into, the programmes across the organisation.

PGBs enable successful delivery by:

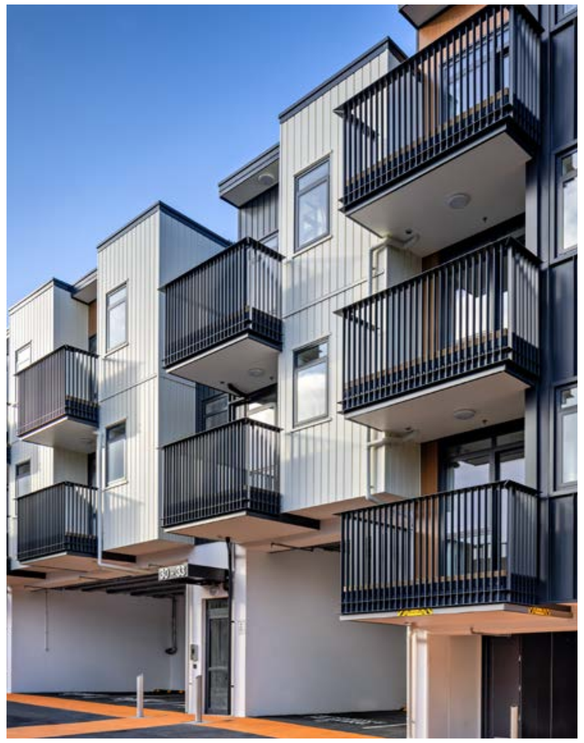
- alignment with organisational goals – increasing the opportunity to achieve those goals
- timely and effective decisions, reducing risk of delays and rework
- risk management – identifying and managing risk, assessing the potential impact of decisions and addressing potential challenges before they become problems
- optimising performance – ensuring efforts are aligned towards achieving programme and organisational goals
- accountability to responsible Ministers, the Board and the public – through transparent and responsible use of public funds
- Minister's trust – managing resources effectively, to achieve what we have been tasked with delivering.

Risk management – our approach and improvements

Kāinga Ora risk management practice is aligned with international best practice, using BS ISO 31000:2018 Risk Management guidelines. We also consider related standards such as BS EN ISO 2600:2020, the standard for Social Responsibility, and BS EN ISO 14001:2015, the standard for Environmental Management. The Board approves the Kāinga Ora risk management policy and risk management framework. They are reviewed regularly to reflect the operating environment, and to ensure they support achievement of our organisational strategic objectives.

Key elements

Our risk management is collaborative: we communicate and consult with internal and external stakeholders to ensure the process is efficient and effective. This brings different areas of expertise together to facilitate risk oversight and decision-making. Increasing enterprise risk management maturity is iterative, and systems and processes to record and manage risks are updated regularly to reflect the growing scale and complexity of the organisation. A fundamental principle is that all our people are clear on their risk management responsibilities, including contractors, or others who work on our behalf.



Owen Street, Newtown, Wellington.

Contribution

Operating under the principle of trust-based assurance, risk management is an enabler and key contributor to business performance, assurance and successful delivery of programmes and projects. We anticipate, detect and respond to changes and events in an appropriate and timely manner, and prioritise the fulfilment of legislative, regulatory, health and safety, and other compliance obligations.

Risk governance

Risk governance exists at various levels. The Ngā Pae Tātaki governance process brings together the operational and strategic parts of enterprise risk management at Kāinga Ora. This governance framework helps to integrate risk management across the organisation by supporting the Three Lines of Defence model that enables senior leaders and the Board to have a single view of material risks to the performance of Kāinga Ora, and what is in place to manage and mitigate these.

Te noho hei hinonga mahi kounga tiketike / Being a high-performance organisation

The outcomes we need to achieve, combined with our operating principles, shape the type of organisation we need to be. This includes our five key attributes:

Our people

Our people feel they are empowered, the organisation cares about them, and they have personal responsibility for it being as good as it can possibly be.

Relationships

We are effective at building long-term relationships and our stakeholders want to work with us.

Strategy driven

We are strategy driven, with deliberate, thoughtful and long-term thinking driving our direction and decisions.

Te ao Māori (the Māori world)

We are committed to te ao Māori, recognising our culture, heritage and obligations in how we operate.

Operational excellence

Operational excellence is the objective in everything we do.

Our People Work Programme

What success looks like

We continue to build on the four pillars (the four key focus areas) that are the foundations of our People Strategy. In addition, our work equips and supports our people across Kāinga Ora to grow their skills as they deliver the organisation's priorities. It brings our culture to life and supports our purpose, vision, values and organisational objectives.

During 2022/23, some of our key focus areas have been:

- ensuring Ō Tātou Uara – Our Values are the foundation for everything we do
- launching our revised Waka Tangata programme, designed to give our People Leaders a shared understanding of what strong leadership looks like at Kāinga Ora, along with practical tools they can apply every day
- commencing a focus on Kia Toipoto, a comprehensive set of actions set out by the Public Service Commission to help close gender, Māori, Pacific and ethnic pay gaps in the public service. This will inform our focus areas for 2023/24
- continuing to support key Kāinga Ora strategic initiatives.

Our People Strategy

Our People Strategy sets the direction and priorities for our People Work Programme across our four focus areas: Our Culture, Leadership, Capability, and Making It Easy.

Our goal

Kāinga Ora is a place where people thrive

We put people first always, working across Kāinga Ora to create a positive, inclusive and high-performing workplace where our people are empowered to deliver great mahi for our customers and communities.

What guides our mahi

Ō Tātou Uara – Our Values + Our leadership principles and focus areas + Ako: our learning principle + Whakaurungia Te Whare Kanorau – our Diversity and Inclusion Framework + Our people systems, policies, processes and practices

Our focus areas

Our Culture
A positive and inclusive organisation where we live and breathe our values.

Leadership
Our leaders are empowered, confident and capable to lead and serve their people.

Capability
Our people have the resources, knowledge, skills and experience to perform to their potential now and in the future.

Making it Easy
Our advice, systems, policies and processes make it easy to do the right thing well.

What success looks like

Our Culture
- Ō Tātou Uara – Our Values guide how we work, and are the foundation of our culture.
- Our people are valued and feel a sense of belonging.
- We connect with, reflect and understand our communities.
- Kāinga Ora is known as a great place to work.

Leadership
- Leaders are clear on what is expected of them; their actions and decisions reflect our values, leadership principles and focus areas.
- Leaders build relationships with their teams and others based on trust and respect.
- Our people have meaningful work, are connected with our purpose, and contribute to shaping their workplace culture and delivering our organisational outcomes.
- Our people are supported to develop in their roles and their careers.

Capability
- We have the capability we need to enable our current and future organisational direction.
- Our people take responsibility for their own development, applying their learning in their mahi.
- Our people have and apply the knowledge, skills, experience and behaviours they need to be successful in their roles.
- Our people policies, processes and systems provide the ability and capacity to enable organisational performance.

Making it Easy
- We align with legislation, Ō Tātou Uara – Our Values, organisational direction and priorities.
- We empower our people and people leaders with the information and knowledge they need to make decisions that are consistent, equitable and compliant with relevant legislation and good practice.
- Our systems and processes are digitised and streamlined to enable self-service, and are easy to access, navigate, understand and apply.

Our Vision
Building better, brighter homes, communities and lives.

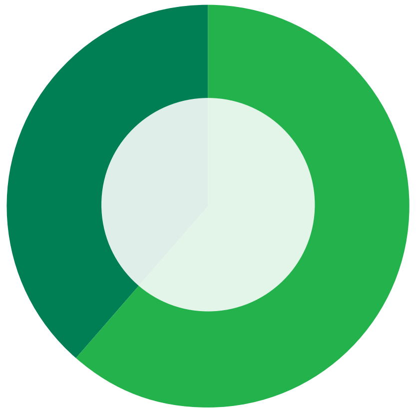
Kāinga Ora Strategy 2030 Shaping our Future
Contribute to sustainable, inclusive and thriving communities by shaping the Housing and Urban development system.

Te Rautaki Māori o Kāinga Ora 2021–2026
Prioritising and supporting iwi and rōpū Māori aspirations for housing.

Overall FTE and headcount

As at 30 June 2023	Permanent	Fixed term	Total
FTE	3,126	179	3,305
Headcount	3,164	182	3,346

Overall gender proportions

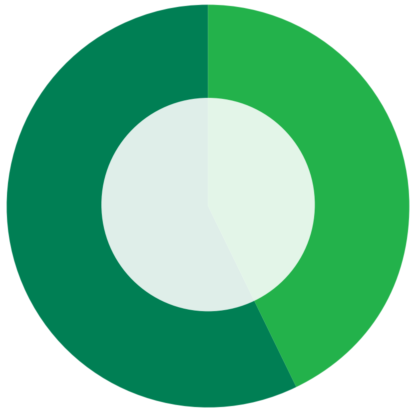


Overall ethnicity proportion

As at 30 June 2023

European	51%
Māori	14%
Pacific Peoples	18%
Asian	16%
Middle Eastern / Latin American / African	2%
Other Ethnicity	4%
Unknown	5%

Gender proportion – Tiers 1–3 with direct reports



Leadership ethnicity proportion for Tiers 1–3 with direct reports

As at 30 June 2023

European	82%
Māori	13%
Pacific Peoples	2%
Asian	3%
Middle Eastern / Latin American / African	1%
Other Ethnicity	5%
Unknown	3%

Kāinga Ora collects data on up to three ethnicities per person, which allows us to report on the full diversity of our people. Where a person identifies with more than one ethnic group, they are counted once in each of those groups. This results in the total percentage of ethnicities adding up to more than 100 per cent.

We began collecting disability data in 2021/22, and will be in a position to report on this from 2024 onwards.

Diversity and inclusion

Introduction

We want Kāinga Ora to be a place where everyone feels they belong. It is about making the most of the diversity of our people, fostering and celebrating it, and enabling a culture of inclusion in everything we do.

This year we published our Gender and Ethnic Pay Gaps for the first time. We have begun some meaningful initiatives we expect will have a positive impact on our diversity, equity and inclusion goals.

These include:

- a career development pilot programme
- testing a scalable mentoring approach
- targeted leadership development opportunities for Māori and Pacific Peoples
- continuous learning for our people
- acting on the review of our recruitment experience.

Kia Toipoto

Our Gender and Ethnic Pay Gaps data is published as part of our commitment to Kia Toipoto – the Pay Gaps Action Plan outlined by Te Kawa Mataaho Public Service Commission (PSC) to help close gender, Māori, Pacific and ethnic pay gaps across the public service.

Average pay – 30 June 2023

18.30%	10.00%	28.40%	6.10%
Female pay gap	Māori pay gap	Pacific Peoples pay gap	Asian pay gap
to average male pay	to average non-Māori pay	to average non-Pacific Peoples pay	to average non-Asian pay

Since December 2022:

- Our overall gender pay gap has dropped by 1%.
- The Māori pay gap has increased slightly, by 1.1%. This is due to
  - average pay for Māori decreasing by $1,085
  - average pay for non-Māori increasing by $229.
- There is no change to Māori representation, which remains at 14% at the organisational level.

Overall, our pay gaps are higher than those across the broader public service for women, Māori and Pacific Peoples, while the pay gap for our Asian people is lower.

Kāinga Ora sets and pays the same rate for all jobs of similar size and does not use remuneration ranges or pay steps. This supports us in delivering equity for our people, to ensure those working in the same role earn the same rate of pay regardless of their gender or ethnicity.

While we have one rate of pay for roles, our data shows an opportunity to reduce our pay gaps by improving representation of, and pathways for, women, Māori, Pacific Peoples and other ethnic communities into more senior and specialist roles that tend to attract higher rates of pay.

As an organisation, we are making a strong commitment to reduce our gender and ethnic pay gaps by:

- improving gender and ethnic representation at senior leadership levels
- continuing to support the PSC/PSA Pay Equity work looking to ensure roles that have historically been performed by women, Māori and Pacific Peoples are not undervalued
- improving gender and ethnic representation in specialist roles.

In 2023/24, through authentic engagement with our people, Employee-Led Networks and the PSA, we will be identifying the key drivers of our gaps and forming targeted actions to reduce them.

Diversity and inclusion initiatives

The following table sets out some of the key initiatives that contribute to our goal to be a diverse, equitable and inclusive Kāinga Ora; and to the outcomes and focus areas of the PSC's Papa Pounamu and Kia Toipoto programmes.

Initiative	Description	Impact	Contribution to Papa Pounamu and Kia Toipoto
Diversity data	In 2022, we made improvements to our people data collection. We have since captured 95% of our ethnic and 99% of our gender composition. This rich data has informed our gender and ethnic pay gap reporting for Kia Toipoto. We also used it to create Diversity Reports for the organisation, and each business group. These were shared and discussed with each of our senior leaders.	Our diversity data helps us to better understand our pay gaps, and what might be driving them, so we can target our actions to reduce them. It also enables us to set clear priorities that matter to our people. Making this data available helps to increase transparency, accountability and ownership for our diversity, equity and inclusion (DEI) progress.	Our data supports Papa Pounamu and Kia Toipoto goals for making substantial progress towards closing gender, Māori, Pacific and wider ethnic pay gaps; and improving gender and ethnic representation in leadership by: • collecting consistent, good-quality data • having a monitored plan in place to address what the data is telling us • being transparent about our progress.
Recruitment Experience Mapping	As part of our Recruitment Experience Mapping, we have engaged with Hiring Managers and candidates across the organisation to understand their experiences of our recruitment process and practices.	Understanding the insights from the recruitment experience mapping from an inclusion perspective means we can identify opportunities to prevent bias and discrimination in our recruitment process.	Addressing bias is a critical factor in relation to Papa Pounamu and Kia Toipoto, to ensure our practices are free from bias and discrimination and our recruitment process is fair for everyone.
Pilot Career Development Programme	We designed this programme to enhance our people's understanding of career development. This includes how their skills, interests and values align with a variety of career paths, and how to pursue career opportunities in an area of interest. We sought insights from a range of stakeholders to shape this pilot. We will also capture participant feedback to inform how we continue to improve, fine-tune and scale the programme.	The programme aims to empower our people to achieve their career aspirations and provide connections to opportunities as part of our effort to accelerate career progression for women, Māori and Pacific Peoples.	The programme supports Papa Pounamu and Kia Toipoto goals for working towards equitable opportunities for progression, improving gender and ethnic representation in leadership, and reducing gender and ethnic pay gaps in the public service.
Pilot Pasifika Mentoring Programme	We have co-designed an in-house Pasifika Mentoring Programme, following the high level of interest in Te Moana-nui-a-Kiwa – the Public Service Pacific Mentoring Programme. The programme aims to support our Pacific People's aspirations and development, both professionally and personally.	An evaluation process is under development to create measures of success for this programme. This pilot will provide a blueprint for a mentoring approach that can be scaled for different business groups and Employee-led Networks.	The Pilot Pasifika Career Development Programme supports Papa Pounamu and Kia Toipoto goals for working towards equitable opportunities for progression, improving gender and ethnic representation in leadership, and reducing gender and ethnic pay gaps in the public service.

Initiative	Description	Impact	Contribution to Papa Pounamu and Kia Toipoto
Targeted leadership development opportunities	Te Akoranga Whakapuāwai is a professional development programme for employees of Māori descent that provides huarahi (pathways) into leadership roles. This year, we also became a partner agency for the Tū Mau Mana Moana Pacific Leadership Scholarship Programme, for which three of our people have been accepted.	Our people can access, and are supported to participate in, targeted leadership development opportunities.	Providing access and support for targeted leadership development opportunities supports Papa Pounamu and Kia Toipoto goals for working towards equitable opportunities for progression, improving gender and ethnic representation in leadership, and reducing gender and ethnic pay gaps in the public service.
Employee-led Networks	Strong and thriving networks play a vital role in valuing and celebrating the diversity that we have, continuing to grow our diversity, and enabling a culture of inclusion in everything we do. In 2022/23, we launched an internal Employee-led Networks resource hub, to provide networks with easy-to-follow, streamlined guidance, tools and resources to support network activities.	We have 12 active Employee-led Networks at Kāinga Ora. The resource hub has supported the development of these networks, helping them to be strong, thriving, sustainable and truly employee-led.	Our networks are a critical lever for meeting Papa Pounamu and Kia Toipoto goals. Supporting our networks' activities means they can: • champion and promote diversity, equity and inclusion • create a sense of community and connection by providing an opportunity for people to gather, share, support and celebrate their whole selves and lived experiences • work in partnership with the teams across Kāinga Ora, contributing valuable subject-matter expertise.

Initiative	Description	Impact	Contribution to Papa Pounamu and Kia Toipoto
Diversity, equity and inclusion awareness, education and capability building	Kāinga Ora offers a suite of learning and development tools and resources to build inter-cultural awareness and capability across our employee base. Many of these tools are part of the onboarding pathway for new employees. Some highlights for 2022/23 include the launch of the Rainbow Awareness module, and a third module – Te Tatau Māramatanga – for our Kāinga Ora and the Treaty Programme.	The number of our people accessing learning modules in the past year has been very promising. The Rainbow Awareness module, launched in January, has had over 350 course completions, while our Kāinga Ora and the Treaty Programme has had over 2,200. In 2022, Kāinga Ora signed up for the Pride Pledge and ran a number of Rainbow Awareness workshops. These workshops were designed for the Kāinga Ora context and run in conjunction with Pride Pledge. In 2023, we renewed our Pride Pledge membership and will be running more Rainbow Awareness workshops with Pride Pledge later in the year.	Developing the capability to enable a diverse and inclusive workforce will be essential for Kāinga Ora to meet our future organisational goals and aspirations, as well as our public service diversity and inclusion commitments.

Diversity and inclusion priorities – 2023 and beyond

At Kāinga Ora, we recognise that the diversity and inclusion journey is an ever-evolving one, requiring a clear direction and strong leadership commitment. To date, work streams have focused on getting the basics right through collecting robust data and building the infrastructure to enable our Employee-led Networks to flourish. These foundational building blocks will continue to be a focus, alongside targeted career progression work streams currently under development.

Building inter-cultural leadership capability is an organisational priority to enable an inclusive working environment where diversity can participate, progress and prosper.

Health, safety, security and wellbeing

Natural disaster response – health and safety lens

In response to the major weather events in 2022/23, we worked in collaboration with the National Response team and Eastern North Island region. We established a Workforce Mobility and Wellbeing Support work stream to:

- ascertain that our people were safe, monitor safety and wellbeing in the team, and provide support services and resources
- identify emerging risks and mitigations
- monitor our people's capacity and capability to work, and respond with additional support and resources
- ensure our people were equipped with guidance, technology, personal safety and protective equipment and vehicles to keep them healthy and safe.

We produced a Natural Disaster toolkit that includes a deployment process, guidance on working safely in impacted areas after a natural disaster, and templates for volunteers' lists and rostering.

We issued Health, Safety and Security Alerts to provide guidance on personal safety during emergency events.

Safety calls conducted

A total of 95 calls were made to employees to confirm safety and over 30 calls to follow up on capacity to work.

Confirmed safe

Eight-six per cent of employees from our Gisborne and Napier offices had been confirmed as safe within four days of the weather event. For around 40 per cent of our team members, a lack of phone signal meant that voice messages and texts needed to be left and follow-up calls/texts made.

Post-event support

In the incident response phase, five employees were deployed to Napier to provide relief for local people. Other strategies included remote teams' support such as the Customer Support Centre, project management, HR and debt functions, an on-site Employee Assistance Programmes (EAPs), personal protective equipment (PPE), rostering and discretionary leave.

Occupational Health Lead referral process and data management tool implemented

The Occupational Health Leads at Kāinga Ora are experts in occupational health, and advise our people on how to maintain and improve their health and wellbeing (physical and psychological) while at work.

Over the last 12 months, there has been increasing demand on these roles to provide case management support to individuals. We implemented a centralised referral and triage process, using a short online form, to enable better workload management. The Occupational Health team assesses these referrals, and individuals whose cases may not meet the internal case management criteria are guided towards appropriate support through Kāinga Ora or the broader public health system.

We also implemented a Case and Data Management tool using Noggin 2 (the Kāinga Ora health and safety online system) to enable our Occupational Health Leads to manage the information and privacy of our people securely.

Public Sector Leadership: Post-traumatic Workplace Event Response Plan

In 2022, we developed a Post-traumatic Workplace Event Response Plan to help our people deal with unexpected or traumatic work-related incidents, such as the death of a colleague or customer, or violent and threatening behaviour. We designed this Response Plan to provide systematic and transparent support for the immediate and ongoing personal wellbeing needs of our people.

As part of the Government Health and Safety Lead (GHSL) Mentally Healthy Work Community of Practice, and in response to recent weather-related events, we shared this resource with Manatū Hauora (Ministry of Health NZ) to help develop consistent approaches across the public sector. Manatū Hauora has created their own 'Supporting our kaimahi (employees) after distressing events' resource based on our Response Plan.

Ongoing transition to Activity-Based Working

Activity-Based Working (ABW) is an approach to working that provides a variety of workspaces in an office environment to give people the freedom to choose the space that supports the work they are currently doing. It contributes to our strategic priorities of stewardship and sustainability, helping reduce our carbon footprint through efficient use of space and enabling changes in people numbers while reducing energy consumption.

As at 30 June 2023, about 80 perc ent of our people in 22 Kāinga Ora locations nationwide are working in offices set up to enable ABW. A further 14 offices are due to move to ABW by 31 October 2023 and one location will move in 2024 when an alternative site is available. The timing for change in five remaining locations is yet to be determined.

SafePlus Health and Safety, Culture and Continuous Improvement maturity model

In May 2023, our people participated in the SafePlus questionnaire about their health and safety experience at Kāinga Ora. We sent the questionnaire to 3,615 people and received 1,059 responses. We are now collating the feedback and will use the information to consider further improvements to our health and safety culture.

Protective Security Requirements Self-assessment

Kāinga Ora has completed a Protective Security Requirements (PSR) assessment for 2022/23. We did this on a proactive basis, as Kāinga Ora is not yet a mandated organisation. Subject-matter experts across Kāinga Ora provided statements on the security measures we currently have in place, how these align with the PSR, and the perceived effectiveness of these measures as controls for our organisation's security risks. We assessed the feedback against PSR capability indicators to determine scoring and the specific work required to achieve the New Zealand Security Intelligence Service's (NZSIS) mandatory requirements.

We submitted the report to the NZSIS in May 2023.

Te tauākī whakamaunga atu – te ahunga whakamua / Statement of Intent – progress

Our key deliverables for 2022/23 are highlighted in the earlier Outcomes sections.

Our key deliverables align with the Government's housing and urban development priorities and the Minister of Housing's Letter of Expectations. The deliverables are grouped to mirror our operating principles as set out in the Kāinga Ora – Homes and Communities Act 2019.

Our outcomes

Our six organisational outcomes describe what we set out to achieve over the period of the Kāinga Ora Statement of Intent 2022–2026. Our outcomes outline what we will deliver in the medium term and establish a shared understanding of our challenges, opportunities and strategic goals.

These outcomes also state our vision for the future. This ensures we remain focused on our long-term objectives and ambitions for improving housing in Aotearoa New Zealand.

Our measures

Our measures provide a critical connection between our outcomes and the services, activities and outputs that enable us to achieve success. These measures focus on activities we are funded to deliver. They allow us to gain insight and drive performance across Kāinga Ora core services and deliverables in the medium term. Our Statement of Performance Expectations provides an annual view of our performance.

We use a scale in our Statement of Performance Expectations document to indicate the level of influence Kāinga Ora holds across our performance measures. In some areas of measurement, Kāinga Ora holds less influence over outcomes and results, especially in relation to the property market or areas where we facilitate housing outcomes for others. These measures remain important to us because they provide performance insights that can shape future policy decisions.

Judgements applied in the selection of performance measures

Our measures represent the activities we will monitor to ensure we stay on track in delivering our short to medium-term goals. In selecting the mix of performance measures for the upcoming year, we have considered the Public Benefit Entity Financial Reporting Standard 48 'Serivce Performance Reporiting'. In doing so, we have carefully considered which measures will be the most meaningful to the public and reflect our core business activities.

Customer wellbeing

Customer wellbeing means people in our homes live well, with dignity, stability and the greatest degree of independence possible.

Our measures

The table below shows our progress over the past year towards achieving the objectives set out in the Kāinga Ora Statement of Intent (SOI).

Customer wellbeing measures	Actual 2021/22	Target 2025/26	Actual 2022/23
Percentage of public housing customers who are satisfied with the services we provide	82.0%	85.0%	**80.0%**
Percentage of public housing customers who are satisfied with their Kāinga Ora home	80.0%	85.0%	**80.0%**
Percentage of public lettable properties that meet or exceed the asset condition baseline standard	92.5%	95.0%	**93.9%**
Percentage of new public housing customers who sustain their tenancy for 12 months or more	95.0%	95.0%	**96.0%**

This is a 4-year target and our results reflect our progress towards achieving that outcome.

Māori aspirations

Enabling Māori aspirations means investment in housing solutions that build capability and support whānau wellbeing.

Our measures

Māori aspiration measures	Actual 2021/22	Target 2025/26	Actual 2022/23
Percentage of homes purchased by people who identify as Māori with one or more of our home-ownership products	8.0%	Demand driven	**9%**
Number of homes enabled through Kāinga Ora and iwi/rōpū Māori partnership activity	These new SOI measures will be finalised for publication in December 2023.		
Kāinga Ora net promoter score for commercial partners who identify as Māori			

Housing access

Housing access means enabling homes that meet diverse needs and are safe, affordable and healthy to live in.

Kāinga Ora plays a pivotal role in delivering the Government's Public Housing Plan 2021–2024. This plan enables us to build additional public and supported housing in communities throughout Aotearoa New Zealand where there is housing need. Kāinga Ora will deliver 70% to 80% of homes in the Public Housing Plan, with the remainder delivered by Community Housing Providers.

Managed Housing Stock

	Public Housing	Community Group Housing	Transitional Housing	CHP Lease Portfolio	Total Homes
Opening Stock 1 July 2022	64,870	1,498	2,179	962	**69,509**
Additions	3,195	21	197	–	**3,413**
Disposals	-876	-4	-15	–	**-895**
Transfers	-22	7	13	2	–
Adjustments*	8	–	–	–	**8**
Closing Stock	**67,175**	**1,522**	**2,374**	**964**	**72,035**

* Adjustments consist of property movements into and out of our stock categories.

Our measures

Housing access measures	Actual 2021/22	Target 2025/26	Actual 2022/23
Number of newly-constructed Kāinga Ora public and supported homes:			
• Gross	1,815	17,200	**2,893**
• Net	1,340	6,300	**2,526**
Average proportion of our public housing stock renewed per annum over the four-year period	1.5%	2.5% per annum	**2.3%**
Number of homes purchased by New Zealanders with one or more of our home-ownership products	5,683	Demand driven	**9,994**
Number of homes enabled through Kāinga Ora Large-Scale Projects:			
• State homes	571	1,900	**217**
• Market homes	725	2,800	**127**
• Affordable homes	505	2,400	**247**
• Total homes	1,801	7,100	**591**

Our Large-Scale Projects provide a means for us to significantly increase the supply and choice of quality housing over decades to come. When Kāinga Ora 'enables' more homes to be built, we make land available for housing and enter development agreements with third parties who are ready to build these homes. This allows us to lift the supply of housing across the spectrum by enabling affordable homes that will be built and sold by developers at affordable prices agreed with us:

- market homes built and sold by developers at market prices
- public homes to be constructed by Kāinga Ora.

System transformation

System transformation means land-use, infrastructure and housing supply are integrated, efficient, effective and responsive to demand.

The Kāinga Ora build programme is significant – we are delivering increasing numbers of public and supported homes, as well as renewing and maintaining existing homes. The scale of our residential construction activities across Aotearoa New Zealand offers us an important opportunity to actively encourage the construction sector to develop more innovative, faster and productive means of delivering a greater number of quality homes. Our system transformation programmes support the construction sector to adopt new practices and products and to pursue innovation opportunities that will improve the delivery of new homes across the country.

Our measures

System transformation measures	Actual 2021/22	Target 2025/26	Actual 2022/23
Percentage of Kāinga Ora-managed redevelopment new builds of public and supported homes adopting off-site manufactured (OSM) building solutions	Not available	These new SOI measures will be finalised for publication in December 2023.	**9%**
Kāinga Ora net promoter score for commercial partners			**New measure**
Number of days to design and build a new Kāinga Ora public or supported home			**New measure**

The Actual result for 2022/23 is indicative only as there is no agreed target and therefore measurement. The results reflect baselines. These baselines were based on assumptions and our results for these measures will be published in December 2023.

Environmental wellbeing

Environmental wellbeing means sustainable and resilient operations, assets and communities.

Our opportunity to improve environmental wellbeing

As we increase the number of public and supported homes in our portfolio and expand our urban development activities, we have a critical opportunity to improve and protect our natural environments. Kāinga Ora will take a lead in the construction sector by engaging System Transformation and minimising the environmental impact of the homes we build through employing sustainable, low-waste construction and urban development solutions.

We will also work to support our customers in responding to the effects of climate change. In building better-quality homes and more sustainable urban environments, we aim to reduce energy, healthcare and transport costs for our customers and their wider communities. Working in partnership with iwi and rōpū Māori will help us better understand and deliver on Māori aspirations for te taiao (the environment), whenua (land) and tangata (people), seeking to restore and maintain the mana and mauri of their whenua for current and future generations.

Our measures

Environmental wellbeing measures	Actual/ Baseline	Target 2025/26	Actual 2022/23
Percentage of uncontaminated materials produced during Kāinga Ora site-clearance works diverted from landfill:	Actual 2021/22	Targets and indicative baselines will be published in the Kāinga Ora Emissions Reduction Plan in December 2023, fulfilling our public sector obligations outlined in the Carbon Neutral Government Programme.	
• Auckland	87%		**85%**
• Rest of New Zealand	N/A		**79%**
Carbon dioxide equivalent emissions resulting from the construction of new Kāinga Ora homes:	Baseline		**Refer to the Climate related disclosure section of the Annual Report**
• Total emissions (tCO_2e)	586,000 tCO_2e		
• Emissions per occupant ($kgCO_2e$)	53,000 $kgCO_2e$		
Carbon dioxide equivalent emissions resulting from the operation of Kāinga Ora homes:	Baseline		
• Total emissions (tCO_2e)	102,000 tCO_2e		
• Emissions per occupant ($kgCO_2e$)	544 $kgCO_2e$		
Carbon dioxide equivalent emissions resulting from the transport activities of occupants of new public or supported housing	Our transport carbon modelling tool is under development.		**Not available**

Thriving communities

Thriving communities are inclusive and sustainable with access to employment, education, and social and cultural opportunities.

For Kāinga Ora, increasing the number of homes across the motu also means supporting neighbourhoods and communities to thrive. We recognise that homes are an essential foundation for lives, whānauand thriving communities. Our urban development activities are a key mechanism for Kāinga Ora to support newly-developed communities where we are building more homes. Beyond the walls of a home, we work to make sure people are well connected to employment, transport and open spaces and that our communities are accessible to those living with disabilities. Neighbourhoods need these facilities to thrive and flourish.

Our measures

Thriving communities measures	Actual 2021/22	Target 2025/26	Actual 2022/23
Number of newly-constructed homes resulting from Infrastructure Acceleration Fund agreements	This new SOI measure will be finalised for publication in December 2023.		
Percentage of Kāinga Ora Land Fund priority locations where land has been purchased	5%	80%	**15%**
Percentage of public housing customers who feel safe in their neighbourhood	69%	70%	**67%**

Te tarāki whāinga mahi – te ahunga whakamua / Statement of Performance Expectations – progress

We measure our annual non-financial performance with our Statement of Performance Expectations (SPE) measures. We have four output classes with targets for each measure.

Our outputs represent the activities we undertake for our customers, their whānau and their communities. These activities support us to achieve our outcomes and are divided into four output classes.

Output class 1	**Supporting our customers to live well with dignity, stability and connectedness**
Output class 2	**Growing, renewing and maintaining our homes**
Output class 3	**Delivering and facilitating urban planning and development**
Output class 4	**Supporting Crown housing infrastructure and home ownership initiatives**

OUTPUT CLASS 1

Supporting our customers to live well with dignity, stability and connectedness

Under this output class, Kāinga Ora establishes and manages public housing tenancies of individuals and households while supporting customers to be well connected within their communities. Our core role is to ensure our homes meet customer needs, and our customers feel well supported to manage their tenancy and live well in their home.

Supporting our customers – four of eight measures achieved, two further measures just 1 per cent from target.

- Our new measure *New customers receiving Support to Settle In within the first 12 weeks*, saw results improve consistently throughout the year, ending at 86 percent and achieving our target.
- Our Customer Service Centre saw dramatic improvement over the year, with a record average answer speed of 1 minute 26s. For the full year, the average speed was **3 minutes 43s**, just short of the 3-minute target.
- Positively, *Satisfaction with Customer Support Centre* increased by a statistically significant 4 per cent to 88 per cent, achieving the 85 per cent target, and was likely impacted by the increase in answering speed of the contact centre.
- Our customer survey saw overall improvements from last year in June 2022. This resulted in two Statement of Performance measures achieving target and one missing by one percent. We did, however, note decreases in the full-year results compared to last year in percentage of customers who feel their tenancy manager takes into account their individual circumstances and percentage of customers who feel their tenancy manager treats them with respect.
- We have introduced new ways of working with our customers to build trusting relationships, so we can best understand what their whānau needs in order to live well in our homes. Our customer-facing teams are working to embed this new way of working and we expect improvements across all performance measures.

Grahams Road, Burnside, Christchurch

Target progress key

Yes met	✓ Sub-targets met
Almost met	× Sub-targets not met
Not met	— Not measured

2020/21 Actual	2021/22 Actual	Supporting our customers to live well with dignity, stability and connectedness	2022/23 Target	2022/23 Actual	
N/A	N/A	Percentage of new customers to receive Support to Settle In within the first 12 weeks of commencing their tenancy	≥85%	86%	
87%	85%	Percentage of public housing customers satisfied with Kāinga Ora Customer Support Centre	≥85%	85%	
N/A	N/A	Customer Support Centre average speed to answer telephone calls	≤3 minutes	3 minutes 43s	
		Although we missed this measure, the year saw strong and continual improvement off the back of effective training and recruitment. Based on the improved results, we are confident we will achieve this SPE measure in 2023/24.			
85%	87%	Percentage of customers who feel their tenancy manager treats them with respect	≥85%	84%	
		Kāinga Ora has recently introduced a new way of working. This includes building trusting relationships with customers so we can best understand their whānau needs in order to live well in our homes. Our customer-facing teams are working to embed this new way of working.			
94%	95%	Percentage of new customers who sustain their tenancy for 12 months or more	≥92%	96%	
N/A	53%	Percentage of customers in rent arrears with a successful working repayment arrangement	≥75%	74%	
		Customers in rent arrears with a working arrangement was a story of improvement: last year's result was 53%; this year finished at 74%. • In real terms, compared to the start of the year there are 200 fewer households in debt, but 1,300 more households with working arrangements. • This starts the next year in a strong position, and we are likely to achieve this SPE measure in 2023/24.			
N/A	71%	Percentage of customers who feel their tenancy manager takes into account their individual circumstances	≥75%	70%	
		Kāinga Ora has recently introduced a new way of working. This includes building trusting relationships with customers so we can best understand their whānau needs in order to live well in our homes. Our customer-facing teams are working to embed this new way of working and it is expected to improve our performance for this measure.			
		Percentage of customers who are satisfied that their interactions with Kāinga Ora are culturally appropriate			
N/A	78%	• All customers	≥75%	79%	
N/A	75%	• Māori customers	≥75%	78%	✓
N/A	75%	• Pacific Peoples customers	≥75%	74%	×

Output class 1 – Revenue and output expenses

	Actual 2021/22 $m	Budget 2022/23 $m	Actual 2022/23 $m
Revenue Crown	75.7	70.8	87.5
Revenue other	11.4	31.1	86.7
Expenses	(87.1)	(101.9)	(174.2)
Net surplus/(deficit)	**0.0**	**0.0**	**0.0**
Capital Programme Expense	6.5	9.3	6.3

Comment

The revenue and expenses of this output class are in relation to the management of the public housing portfolio. This includes all rent revenue and administration and customer-serving expenses for public housing.

Output class revenue and expense tables may have rounding differences.

OUTPUT CLASS 2

Growing, renewing and maintaining our homes

As part of the public housing portfolio, Kāinga Ora provides public housing that is supported by income-related rent subsidies as well as some that is not. The latter includes Community Group Housing, transitional housing and housing for other government agencies such as the Department of Corrections.

Twelve measures achieved, six not achieved

Due to the adverse weather events in January and February, we would not achieve seven measures, with another two uncertain.

Highlights include our Renewals being more than double last year's volume, and Healthy Homes achieving a 93 per cent increasing from 21 per cent in 2020/21 and 52 per cent in 2021/22.

Quartz Avenue, Rotorua

Target progress key

- Yes met
- Almost met
- Not met
- ✓ Sub-targets met
- × Sub-targets not met
- — Not measured

2020/21 Actual	2021/22 Actual	Growing, renewing and maintaining our homes	2022/23 Target	2022/23 Actual	
2,432	1,815	Number of newly constructed Kāinga Ora public and supported homes[1]	≥3,400	**2,893**	Not met
	1,232	• Public homes	≥3,155	**2,722**	×
	583	• Supported homes	≥245	**171**	×
		We did not achieve the SPE target, with the severe weather events in January and February delaying delivery of around 850 homes. All the delayed homes will be delivered by the end of 2023.			
1,915	1,340	Increase in the overall number of Kāinga Ora public and supported homes (net increase)	≥2,200	**2,526**	Yes met
	723	• Public homes	≥1,930	**2,307**	✓
	617	• Supported homes[2]	≥270	**219**	×
91%	100%	Percentage of new public and supported homes built to the 6 HomeStar standard[3]	≥90%	**100%**	Yes met
N/A	9%	Percentage of eligible[4] newly constructed Kāinga Ora public and supported homes meeting Full Universal Design standards[5]	≥15%	**19%**	Yes met
N/A	N/A	Percentage of Kāinga Ora managed redevelopment new builds[6] of public and supported homes adopting Offsite Manufactured building solutions	Establish baseline	**10%**	—
N/A	N/A	Develop appropriate housing construction timeliness to deliver metrics (from project initiation to construction delivery)	By Dec 2022	**Completed Dec 2022**	Yes met
N/A	354	Number of public houses completed as part of Kāinga Ora home renewal programmes[7]	≥700	**747**	Yes met

1. A newly constructed home is defined as a home that is newly built and has not previously been occupied before its use for public or supported housing purposes
2. Supported housing targets contribute to the expectation on Kāinga Ora to deliver 70–80 percent of the Government's commitment to fund 2,000 transitional housing places by June 2022.
3. Homestar is a comprehensive independent national rating tool run by the not-for-profit Green Building Council that measures the health, warmth and efficiency of New Zealand houses. A 6 Homestar rating or higher provides assurance that a house will be better quality – warmer, drier and healthier and cost less to run – than a typical new house built to comply with the New Zealand Building Code. This excludes new homes acquired from the market.
4. Given long design lead-in times, eligible homes for our universal design standard are those homes briefed on or after 1 October 2019 and contracted on or after 1 July 2020 and completed within the financial year.
5. Universal design means a property is built according to Kāinga Ora universal design standards so it is or can be fit for purpose for most customers, whether or not they have a disability. Universal design delivers homes that are more liveable for the entire population, including (but not limited to) young and growing families, people of all ages who experience temporary injury or illness, those with mobility, visual or cognitive impairments and the growing ageing population. This excludes new homes acquired from the market.
6. This excludes new homes acquired from the market.
7. This includes Kāinga Ora retrofit and complex remediation programmes, this excludes retrofit for COH homes. (Note that the 2020/21 measure included only retrofits.)

Target progress key

- Yes met
- Almost met
- Not met
- ✓ Sub-targets met
- × Sub-targets not met
- — Not measured

2020/21 Actual	2021/22 Actual	Growing, renewing and maintaining our homes	2022/23 Target	2022/23 Actual	
N/A		Percentage of uncontaminated waste diverted from landfill			Yes met
	87%	• Auckland region	≥80%	85%	✓
	N/A	• Rest of New Zealand	≥60%	79%	✓
119	87%	Number of new trainees actively engaged in our Kāinga Ora construction apprenticeship and cadetship programme	≥100	123	Yes met
N/A	N/A	• who identify as Māori or Pacific Peoples	≥50%	50%	Yes met
N/A	N/A	Percentage of new trainees engaged in our Kāinga Ora construction apprenticeship/ cadetship programme who identify themselves as: • Māori • Pacific Peoples	≥50%	50%	Yes met
N/A	73%	Percentage of our construction partners, who are satisfied or very satisfied with their on-going partnership with Kāinga Ora	>65%	72%	Yes met
N/A	N/A	Number of existing Kāinga Ora homes relocated to make way for new redevelopments. Targeted groups include: • Māori Iwi or Māori community housing providers (CHPs)[8] • Other CHPs, non-governmental organisations or private sector	Establish baseline	94	—
N/A	99.7%	Percentage of building consents granted by Consentium within 20 working days[9]	≥98%	96.9%	Almost met
		At 97% for the year's result, this measure was missed by just 1%. Consentium saw a 60% increase in the number of consents processed this year, completing 97% of them within the 20 days SPE target. A shortage of people at peak times meant that the year-end total result fell just short of target.			
97.9%	97.6%	Percentage of public homes that are let (occupied days)	>97.5%	96.1%	Almost met
		We did not meet our occupancy target this year. This was primarily due to our increased renewal and redevelopment activity, with the majority of our long-term vacant properties falling within these categories. This activity is a vital part of regenerating our portfolio, and the target for next year's SPE measure has been adjusted to reflect the volume and importance of this.			

8. Māori Iwi and Māori community housing providers will be given the first priority over these homes. However, where the offer of these homes is unable to be taken up by them, other CHPs, non-governmental organisations or the private sector will be offered these homes.
9. These building consents are granted by Consentium, which is the only nationally accredited building consent authority in New Zealand. It is a stand-alone and independent organisation within Kāinga Ora and is only authorised to grant building consents for public and supported housing.

Target progress key

- Yes met
- Almost met
- Not met
- ✓ Sub-targets met
- × Sub-targets not met
- — Not measured

2020/21 Actual	2021/22 Actual	Growing, renewing and maintaining our homes	2022/23 Target	2022/23 Actual	
20.8	27.6	Average number of days[10] from a public home becoming vacant to being "ready to let"[11]	≤23 days	24	Not met
		This measure saw consistent improvement throughout the year, and we expect this to lead to meeting our target in 2023/24.			
74.0%	73.0%	Percentage of public housing customers satisfied with repairs and maintenance	≥75%	73.0%	Not met
		These customer survey results showed statistically steady improvement during the year, ending the year just short of the 75 percent target, at 73 percent. Based on these results we expect to succeed in meeting this measure in 2023/24.			
3.9	2.6	Average time taken to respond to urgent health and safety queries (hours)	≤4 hours	2.7	Yes met
84.0%	79.0%	Percentage of public housing customer maintenance requests completed within the agreed service level targets[12]	≥80%	80.0%	Yes met
N/A	14.0%	Percentage of our public and supported housing portfolio that receives one or more major planned interventions[13] (excluding retrofit and Healthy Homes)	≥13%	16.0%	Yes met
21.0%	52.0%	Percentage of our housing portfolio compliant with the Healthy Homes standards	100.0%	93.0%[14]	Not met
		We did not achieve this target with the severe weather events delaying delivery of homes. We are confident that we will complete the remaining 7 percent to achieve the 100 percent target in 2023/24.			
92.7%	92.5%	Percentage of public lettable properties that meet or exceed the asset condition scale baseline quality standard[15]	≥93.5%	93.9%	Yes met

10. This refers to calendar days.
11. This target has been increased to reflect the ongoing impact of COVID-19. This relates to both supply chain shortages of materials and the inability to access homes prior to the tenancy end dates.
12. Kāinga Ora has different service level targets for different priorities of maintenance requests. This measures the percentage of responsive repairs that meet the service level targets for completing urgent health and safety work (12 hours), urgent responsive work (48 hours) and general repairs (10 working days).
13. Planned interventions include properties where work has been carried out through one or more of our planned programmes. This includes unoccupied repairs >$5,000, new roof replacement, exterior paint, heating, gas services, fire reinstatement and meth-lab reinstatement for both public and supported housing. It excludes both our Healthy Homes Programme and renewal (retrofit and complex remediation) programme.
14. This is a cumulative target that includes the compliant portion of our housing portfolio achieved in previous years.
15. Kāinga Ora uses the New Zealand Asset Management Support (NAMS) asset condition scale. Each major component of a house is rated 1–5 (where 1 is the highest score and 5 is the lowest). Where the average of the components for a house is rated at less than 3.5, the house is deemed to meet the baseline quality standard.

Output class 2 – Revenue and output expenses

	Actual 2021/22 $m	Budget 2022/23 $m	Actual 2022/23 $m
Revenue Crown	1,060.7	1,126.0	1,064.4
Revenue other	563.8	628.3	568.3
Expenses	(1,789.0)	(2,243.9)	(2,105.5)
Net surplus/(deficit)	**(164.5)**	**(489.5)**	**(472.8)**
Capital Programme Expense	1,999.8	4,189.2	3,309.6

Comment

The expenses of this output class are in relation to the maintenance of the public housing portfolio. This includes all administration and maintenance expenses for public housing and both revenue and expense for supported housing. It includes net interest expense.

Output class revenue and expense tables may have rounding differences.

OUTPUT CLASS 3

Delivering and facilitating urban planning and development

The Government is committed to moving from a fragmented housing and urban development system to a well-connected system that delivers the outcomes it seeks for New Zealanders.

Through this output class, we will facilitate and deliver urban development projects. This includes reshaping public housing neighbourhoods and enabling land for affordable and general housing, to deliver homes where they are needed. Where homes are not being provided by the private market, we will ensure there is an appropriate mix of public, affordable and market housing.

We will build partnerships and collaborate with others to:

- deliver on housing and urban development opportunities
- develop and renew urban environments
- develop related amenities and infrastructure, facilities, services and works.

To achieve this, we will work with iwi, Māori landowners, private developers and local councils.

We will also ensure our engagement with Māori is early and meaningful, and offers Māori opportunities to participate in urban development partnerships.

Highlights in this Output Class include our success in working with third parties to ensure that 99% of all market and affordable enabled homes were under construction on time, while 100% of the enabled homes met the 6-Homestar rating for health, efficiency, and sustainability.

With the adverse weather events in early 2023 and the Russian invasion of Ukraine contributing to cost inflation and shortages of materials, along with the subsequent changes in market conditions, we did not achieve our enabled homes and newly constructed homes in this Output Class. As with our other construction targets, homes were deferred, but will still be completed. We are strongly focused on working with our build partners within the current market conditions to deliver more enabled homes, including taking further advantage of our existing tools to help our partners maintain momentum, and new methods of sales to reach more developers.

Large-scale development, Māngere, Auckland

Target progress key

- Yes met
- Almost met
- Not met
- ✓ Sub-targets met
- × Sub-targets not met
- — Not measured

2020/21 Actual	2021/22 Actual	Delivering and facilitating urban planning and development	2022/23 Target	2022/23 Actual	
1,713	1,801	Number of new homes that will be built on land enabled[16] through Kāinga Ora urban development activity	≥1,700	591	Not met
		The shortfall is due to the fact that with the change in market conditions, build partners experienced funding difficulties as they were unable to meet the level of pre-sales required by lenders. Efficient land sales strategies are key to delivering more enabled homes, and we are strongly focused on making further progress.			
53%	41%	Affordable[17] homes enabled as a percentage of total market and affordable homes enabled	≥40%	66%	Yes met
81%	97%	Percentage of market and affordable enabled homes under construction by third parties within agreed timeframes[18]	≥95%	99%	Yes met
N/A	N/A	Percentage of deliverables met as per Kāinga Ora Large Scale Projects monitoring framework agreed with Ministry of Housing and Urban Development and the Minister Monitoring framework agreement delayed	≥80%	Not measured	—
N/A	265	Number of newly constructed homes with delivery managed by Kāinga Ora on behalf of Tāmaki Regeneration Company[19]	≥324	164	Not met
		This measure was affected by the resourcing and supply chain issues throughout the year.			
88%	100%	Percentage of new affordable, market and Tāmaki Regeneration Company public homes enabled to 6-Homestar standard	≥90%	100%	Yes met
N/A	90	Number of jobs[20] created and retained through the life of shovel-ready projects	Tracking progress	85 (175 to date)	—

16. Enabled homes refers to the number of homes that will be built on ready-to-build land handed over to a third party or as agreed to under a signed unconditional contract between Kāinga Ora and the third party.
17. For the purpose of this measure, affordable means homes produced for sale at KiwiBuild price points or other affordable housing products produced in line with the Kāinga Ora affordable housing plan, noting that this is subject to both business case funding approval of large-scale projects and further affordable housing policy development.
18. Agreed timeframes is defined as the house being under construction in line with timeframes set out in the contracted development agreements.
19. Kāinga Ora is responsible for neighbourhood planning, infrastructure delivery, superlot creation, contracting of builders/developers to build TRC's public and shared equity homes on their land and management of the construction of these homes to completion. These homes are defined as completed once practical completion has been achieved.
20. Full-time equivalents (FTEs).

2020/21 Actual	2021/22 Actual	Delivering and facilitating urban planning and development	2022/23 Target	2022/23 Actual	
N/A	N/A	Kāinga Ora Urban Development Strategy and its implementation plan adopted	By Oct 2022	Completed 28 Oct 2022	Yes met
N/A	N/A	Strategic land acquisition plan for Kāinga Ora Land Programme adopted	By Oct 2022	Completed 28 Oct 2022	Yes met
N/A	N/A	Number of projects that have been formally considered for selection as a Specified Development Project under the Urban Development Act 2020	3	2	Not met
		In June, we were evaluating three potential Specified Development Projects, however only two met the criteria of formally considered.			

Output class 3 – Revenue and output expenses

	Actual 2021/22 $m	Budget 2022/23 $m	Actual 2022/23 $m
Revenue Crown	25.5	53.3	25.8
Revenue other	138.4	284.7	134.1
Expenses	(290.0)	(416.9)	(267.6)
Net surplus/(deficit)	**(126.1)**	**(78.9)**	**(107.7)**
Capital Programme Expense	437.9	986.9	338.8

Comment

The revenue and expenses of this output class relate to activities associated with urban development activities and increasing general and affordable housing supply.

Output class revenue and expense tables may have rounding differences.

OUTPUT CLASS 4

Supporting Crown housing infrastructure and home ownership initiatives for New Zealanders

We support New Zealanders to purchase their first home by providing financial home ownership products. This output class includes using Crown land efficiently, effectively and sustainably to provide good-quality affordable housing choices that meet diverse needs to provide homes and more liveable communities for all New Zealanders.

Crown infrastructure and home ownership initiatives – **all measures successfully achieved**; increased demand for our products.

- The number of applications assessed for eligibility rose from 28,000 last year to 31,000 this year. Similarly, the number of homes purchased with our financial products were nearly double the previous year, rising from 5,683 to 9,994.
- Our time to assess applications remained consistently low throughout the year at between 1.7 and 2.2 days each month, convincingly beating the 5-day target, with a 1.9 days average.

New Windsor Road, Auckland

Target progress key

- Yes met
- Almost met
- Not met
- ✓ Sub-targets met
- × Sub-targets not met
- — Not measured

2020/21 Actual	2021/22 Actual	Suppporting Crown housing infrastructure and home ownership initiatives for New Zealand	2022/23 Target	2022/23 Actual	
		Number of new applications assessed for eligibility:	Demand driven		—
41,984	22,634	• First Home Grants		28,692	
5,279	2,043	• KiwiBuild		864	
New measure	New measure	• First Home Partner (progressive home owners)		1,453	
Total: 47,263	**Total: 24,677**			**31,009**	
First Home Grant: 4.1 KiwiBuild: 1.4	First Home Grant: 2.0 KiwiBuild: 1.3	Average number of days taken to assess a completed First Home Grant, KiwiBuild or First Home Partner application	≤5 working days[21]	1.9	
		Percentage of applicants gaining full pre-approval for First Home Partner who are part of the following targeted groups:	Monitor progress		—
N/A	11%	• Māori		8%	
N/A	7%	• Pacific Peoples		6%	
N/A	52%	• families with children		58%	
N/A	753	Number of First Home Loan mortgages underwritten	Demand driven up to 3,600[22]	2,773	—
10,618	5,683	Number of homes purchased by New Zealanders with one or more of our home ownership products	Demand driven	9,994	—
N/A	8%	• purchaser identifies as Māori	Monitor	9%	—
N/A	4%	• purchaser identifies as Pacific Peoples		5%	—
N/A	21%	Underwritten KiwiBuild homes acquired by the Crown as part of the Buying Off the Plans Programme	≤25%	15%[23]	
N/A	N/A	Percentage of IAF funding agreements, with an aggregate call on the IAF of approximately $1 billion, entered into by 30 June 2023	≥80%	96%	

21. "Average Days to Process"/ "Number of Days to Assess" is the number of days where the responsibility is on Kāinga Ora, i.e. days are not counted when Kāinga Ora asks for further information.

22. Kāinga Ora is funded by an appropriation up to a maximum of approximately 3,600 First Home Loan underwrites based on an average loan value of $427,000.

23. This is 15% cumulative since 2018/19. In 2022/23 there were nil homes acquired by the Crown.

Output class 4 – Revenue and output expenses

	Actual 2021/22 $m	Budget 2022/23 $m	Actual 2022/23 $m
Revenue Crown	72.6	120.3	100.4
Revenue other	1.9	1.7	3.0
Expenses	(58.4)	(114.2)	(117.3)
Net surplus/(deficit)	**16.2**	**7.8**	**(13.9)**
Capital Programme Expense	0.8	1.2	0.8
P&L Net surplus/(deficit)	(274.5)	(560.6)	(594.4)
Capital Expenditure Total	2,445.0	5,186.6	3,655.5

Comment

The revenue and expenses of this output class are in relation to products that are managed on the Crown's behalf and expenses associated with these home ownership products.

Output class revenue and expense tables may have rounding differences.

Reporting against Vote Housing and Urban Development appropriation – estimated measured

The Vote Housing and Urban Development appropriation includes assessments of KiwiBuild performance. This performance information is reported in the table below:

2020/21 Actual	2021/22 Actual	Financial sustainability and stewardship	2022/23 Forecast	2022/23 Actual
1,272	753	Number of First Home Loan mortgages underwritten by Kāinga Ora – Homes and Communities	Up to a maximum of 1,650	2,773
100%	100%	Percentage of applications to Buying Off the Plans assessment against the agreed criteria	100%	100%
100%	100%	Percentage of Relation and Option Agreements including delivery milestones monitored by the KiwiBuild Unit	100%	100%
100%	100%	Percentage of KiwiBuild purchasers monitored for compliance with minimum home ownership requirements	100%	100%
1.4	1.3	Average number of days taken to assess a completed KiwiBuild eligibility application	5 working days	1.6

Target progress key

Yes met	✓ Sub-targets met
Almost met	× Sub-targets not met
Not met	— Not measured

Organisational health

2020/21 Actual	2021/22 Actual	Organisational health	2022/23 Target	2022/23 Actual	
New measure for 2022/23		Percentage of invited people leaders who completed Waka Tangata leadership programme by June 2023	70%-90%	75%	Yes met
New measure for 2022/23		Ministerial correspondence, parliamentary questions and Official Information Act requests delivered to meet the agreed deadline[24]	≥95%	99.5%	Yes met
New measure for 2022/23		Ministerial services delivered to meet the quality criteria[25]	≥95%	99.5%	Yes met
New measure for 2022/23		Percentage of supplier contracts and agreements with Māori businesses[26] by volume The percentage of spend with Maori suppliers over this period was 6.6%. Following a system transition we are working through contract data and aim to be able to report an exact result by end of year	≥5%	N/A	—
New measure for 2022/23		Number of Kāinga Ora staff who have participated in and completed Mātauranga Māori pilot programmes	≥800	1,074	Yes met
New measure for 2021/22	Establish baseline	Percentage of Māori businesses and suppliers who are satisfied or very satisfied with their ongoing commercial relationship with Kāinga Ora	≥65%	100%	Yes met
New measure for 2021/22	Establish baseline	Tonnes of carbon dioxide equivalent emissions (tCO_2e) resulting from corporate activities – gross	Track progress towards targets for 2025 and 2030	8,500 tCO_2e	—
New measure for 2021/22	Establish baseline	Tonnes of carbon dioxide equivalent emissions (tCO_2e) resulting from corporate activities – per FTE	Track progress towards targets for 2025 and 2030	2.65 tCO_2e/FTE	—

24. Agreed deadlines refer to deadlines set out in relevant legislation and or agreed with by the Minister's office.
25. Quality criteria is in relation to grammar, style and accuracy, which covers errors in layout or content.
26. The definition of a Māori business is a Māori authority (as classified by the Inland Revenue Department) or a minimum 50% Māori ownership. This is consistent with the definition adopted by Te Puni Kōkiri and the Ministry of Business, Innovation and Employment.

2020/21 Actual	2021/22 Actual	Organisational health	2022/23 Target	2022/23 Actual	
New measure for 2022/23		2025 and 2030 gross emissions reduction targets established in line with Carbon Neutral Government Programme requirements	Reported as part of Kāinga Ora Annual report 2022/23	Yes	
New measure for 2022/23		Emissions associated with Kāinga Ora activities reported in Kāinga Ora Annual Report 2022/23 in line with Carbon Neutral Government Programme requirements	Reported as part of Kāinga Ora Annual report 2022/23	Yes	

Financial sustainability and stewardship

The scale of our activity and the value of our property portfolio mean we need to ensure we are financially sustainable and that we plan well for future needs. We work with the Government (the Ministry of Housing and Urban Development, Ministers' offices and the New Zealand Treasury) to ensure appropriate funding for the services required and effective management and sustainability of our investment programme over the long term. This considers the cash sustainability, debt position and accounting perspective reflected in our forecast financial statements. This is increasing in importance due to the need to maintain the delivery of our activities in an environment of evolving uncertainty regarding longer-term projections of cost to deliver those activities. The outcomes of this work will be reflected in our Long-Term Investment Plan.

Comments on financial sustainability measures that did not meet forecast

The net operating cost of managing our housing portfolio includes direct expenses such as rates, repairs and maintenance, insurance, staff costs, and corporate overheads, for all tenancy services and those involved in managing our portfolio. For 2022/23, inflationary pressure resulted in councils increasing rates above our forecast. Higher repairs and maintenance was largely driven by higher volumes in responsive and unoccupied repairs (in part owing to the catch-up from COVID-19 lockdowns), and $20 million related to the North Island weather events. The number of homes delivered was close to forecast, but the higher costs of managing our housing portfolio has resulted in a higher average cost per home.

For the other measures, the primary reason for missing the forecast was a drop in EBITDA. This was approximately $100 million (28 per cent) lower than forecast, with rates, and repairs and maintenance higher as explained above. Rent was lower due to the lower occupancy of our homes (required to deliver our significant homes renewal programmes).

2020/21 Actual	2021/22 Actual	Financial sustainability and stewardship	2022/23 Forecast	2022/23 Actual
$21,467	$15,885	Net operating cost of managing our housing portfolio per housing unit (excludes depreciation)[27]	$18,063	$18,895
18%	27%	Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) as a percentage of total income[28]	18%	14%
38.2	19.0	Total debt to Non-sales adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) ratio[29]	33.3	41.7
2.2	0.8	Non-sales adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) to interest cost[30]	1.1	0.8

27. The increase in net operating costs per housing unit between 2021/22 and 2022/23 is in the main related to increased maintenance expenditure to deliver our Healthy Homes Programme, increases in capitalised responsive repairs and roof replacements (capitalised maintenance costs are included in the calculation) and increased personnel costs associated with the implementation of our new customer operating model, aimed at supporting the wellbeing of our customers.
28. For the purpose of this calculation, adjusted EBITDA excludes asset write-offs. Non-sales adjusted EBITDA excludes asset write-offs and affordable products contribution. These metrics have been updated to be aligned with S&P Global Ratings' guidance for stand-alone credit profile rating (treatment of asset impairments and asset renewal programmes updated). Actuals for the year 2020/21 have been restated using this new method of calculation and therefore do not match those stated in the Kāinga Ora Annual Reports for that year.
29. The increase in the 2022/23 standard ratio is driven by Kāinga Ora housing portfolio growth. The increased upfront investment is required by Kāinga Ora to meet our Public Housing Plan commitments, generating associated earnings in later years.
30. Financing costs from upfront investment in public housing and urban development continue to rise due to both increases in issued debt and the associated interest rates charged.

Ngā Wehenga Pūtea Karauna 2022/23 / Crown appropriations 2022/23

We deliver programmes on behalf of the Crown. The Crown obtains appropriations for Kāinga Ora to fund the delivery of these programmes. These are administered by the Ministry of Business, Innovation and Employment (MBIE), the Ministry of Social Development (MSD) and the Ministry of Housing and Urban Development (MHUD).

The following table details the funding initially budgeted as reported in our 2022/23 Statement of Performance Expectations and compares this with the actual funding provided.

Output Table: Crown appropriations by Kāinga Ora output class 2022/23

			Kāinga Ora Output Classes			
			Output Class 1	Output Class 2	Output Class 3	Output Class 4
Appropriation name	**Programme name**	**Budget $m**	**Supporting our customers to live well with dignity, stability and connectedness**	**Growing, renewing and maintaining our homes**	**Delivering and facilitating urban planning and development**	**Supporting Crown infrastructure and home ownership initiatives**
Kāinga Ora Home ownership						
Kāinga Ora – Homes and Communities	Mortgage Insurance Scheme (First Home Loan)	18.473				18.183
Kāinga Ora – Homes and Communities	First Home Grant – Administration	2.998				6.060
Housing Assistance	Community Owned Rural Rental Housing Loans (CORRL)	0.042				0.060
Housing Assistance	Legacy Loan portfolios	0.300				0.175
Kāinga Ora – Homes and Communities						
Kāinga Ora – Homes and Communities	Te Kurutao	7.020			9.124	
Kāinga Ora – Homes and Communities	Core Urban Development	39.470			24.760	
Kāinga Ora – Homes and Communities	Sustainability Building Initiatives	1.500				6.554
Kāinga Ora – Homes and Communities	KiwiBuild	16.500				4.912
Kāinga Ora – Homes and Communities	First Home Partner	1.579				2.324
Kāinga Ora – Homes and Communities	Infrastructure Acceleration Fund – Administration					6.927
Total Kāinga Ora – Homes and Communities including Home ownership and administration*		**87.882**	**–**	**–**	**33.884**	**45.195**
Single-site Supported Housing						
(NEW) Hapori Kaitiaki function at Greys Avenue, Auckland			0.538			
Total Single-site Supported Housing		**–**	**0.538**	**–**	**–**	**–**
First Home Grants		81.000				61.809
Kāinga Ora Land Programme (MYA)		6.848				
Grand Total		**175.730**	**0.538**	**–**	**33.884**	**107.004**

* This appropriation group is considered in total in terms of the overall appropriation limit.

Output Table: Multi-Category Appropriations (MCA) 2022/23

			Kāinga Ora Output Classes			
			Output Class 1	Output Class 2	Output Class 3	Output Class 4
Appropriation name	Operating or capital expenditure	Budget $m	Supporting our customers to live well with dignity, stability and connectedness	Growing, renewing and maintaining our homes	Delivering and facilitating urban planning and development	Supporting Crown infrastructure and home ownership initiatives
Community Group Housing MCA						
Community Group Housing Market Rent Top-Up	Operating	13.891		13.891		
Community Housing Rent Relief	Operating	4.104		3.456		
Acquisition and Improvement of Community Group Housing Properties	Capital	5.800		5.800		
Market Rent Top-Up is exempt from Crown performance reporting as the information is unlikely to be informative						
Public Housing MCA						
Purchase of Public Housing Provision (Public Housing (MCA))*	Operating	1,193.885	86.934	1,063.827		
* This contains both the Kāinga Ora income-related rent subsidy (IRRS) and regional incentive appropriations.						
Earthquake-prone Building MCA						
Residential Earthquake-prone Buildings Financial Assistance Scheme: Delivery and Administration of the Loan Scheme for Earthquake-prone Buildings	Operating	0.750				0.433
Residential Earthquake-prone Buildings Financial Assistance Scheme: Loan Scheme for Earthquake-prone Buildings	Capital	4.000				
Energy and Resources: Renewable Energy in Public and Māori Housing MCA						
Energy and Resources: Renewable Energy in Public and Māori Housing MCA	Operating	0.416				0.785
Energy and Resources: Renewable Energy in Public and Māori Housing MCA	Capital	3.050				2.459
Total Multi-Category Appropriations		**1,225.896**	**86.934**	**1,086.974**	**–**	**3.677**

Purchase of Housing and Related Services for Tenants Paying Income-related Rent:

This performance measure is reported by the Ministry of Housing and Urban Development (MHUD) in its annual report. The IRRS budget value is based on a different set of assumptions from those used by the MHUD for the IRRS Crown Appropriation budgets, with spend managed at a total appropriated vote level.

Output Table: Capital Appropriations 2022/23

		Kāinga Ora Output Classes			
		Output Class 1	Output Class 2	Output Class 3	Output Class 4
Appropriation name	**Budget $m**	**Supporting our customers to live well with dignity, stability and connectedness**	**Growing, renewing and maintaining our homes**	**Delivering and facilitating urban planning and development**	**Supporting Crown infrastructure and home ownership initiatives**
Refinancing of Crown loans to Kāinga Ora – Homes and Communities	216.302		213.997		
(New) financing of Crown loans to Kāinga Ora – Homes and Communities			2,600.000		
Progressive Home Ownership Fund (MYA)					45.727
Housing Acceleration Fund – Large-Scale Projects	904.634			210.800	
Housing Acceleration Fund – Infrastructure Acceleration Fund				1.070	
Shovel-ready Projects	43.599				24.453
Energy and Resources: Crown Energy Efficiency – Capital Injection	8.435				3.893
Total Capital Appropriations	**1,172.970**	**–**	**2,813.997**	**211.870**	**74.074**

Ngā tauākī whakahaere pūtea
Financial statements

Roosevelt Ave, Oranga, Auckland

Te haumi mō ngā rā kei mua i a tātou - he huritao mō ā mātou mahi / Investing in our future – A reflection on our performance

Gareth Stiven
General Manager
Strategy, Finance and Policy

Kia ora,

I am proud to present the financial statements for Kāinga Ora – Homes and Communities for the year ended 30 June 2023.

We have continued to ramp up delivery of more warm, dry homes, investing $3.483 billion (up from $2.271 billion in 2021/22), delivering 2,893 (gross) new homes to our portfolio during the year and nearly 6,600 additional homes contracted and under construction. This was despite substantial challenges in our operating environment. While the impact of COVID-19 is lessening, supply chain impacts remain, and 2022/23 has brought new sets of challenges such as weather-related events that saw upper North Island floods and Cyclone Gabrielle having a significant impact on Aotearoa New Zealand.

Financial sustainability has continued as a key focus for 2022/23. Last year we saw inflation, particularly in construction and maintenance costs, place considerable pressure on our budget, as cost increases exceeded rental revenue rises. This has continued into the current year. In response, we have established a programme to ensure our significant delivery systems provide value for money.

We have established a new Housing Delivery System (HDS) to create efficiencies in our operating model, providing homes in a fast, predictable and reliable way. The HDS is projected to speed up the delivery of housing through better planning, and delivering construction work and materials differently, driving cost savings of up to 30 per cent.

We have also begun a review of our asset management and maintenance system. Maintenance and renewal of our assets is a significant and growing cost area, driven by a combination of very high inflation, ageing assets and higher-quality service level requirements. This review is looking at both the way we manage our assets through their life cycle, as well as our end-to-end maintenance system – right from the point of identifying a maintenance issue to delivering the repairs (over 566,450 per annum), to ensure we are delivering for our customers in the most efficient and effective way possible. Alongside this, we are looking at our large-scale land development operations. We expect to better understand how we can make improvements, delivering savings across these systems, through 2023/24.

Our balance sheet remains strong

The property market has cooled over the past 12 months, and we have seen the value of our assets drop from $48.8 billion at 30 June 2022 to $45.1 billion at 30 June 2023. However, this value remains significantly above 2021 levels.

Our assets are offset by liabilities totalling $14.7 billion (2022: $12.8 billion), the largest contributor of this being borrowings of $12.3 billion (2022: $9.8 billion). This results in a debt-to-debt-plus-equity ratio of 28.8 per cent (2022: 21.4 per cent) and a debt-to-assets ratio of 27.2 per cent (2022: 20.1 per cent).

Our net assets (valued at $30.3 billion) continue to provide a strong balance sheet position as we maintain investment into our portfolio, and look to take on additional debt (subject to the debt protocol agreed by the Minister). We are monitoring our capital position alongside our operating environment to ensure the pace of our investment is manageable within our overall financial parameters.

Our successful Wellbeing Bond Programme provided an important source of much-needed capital to build warm, dry public and supported homes for New Zealanders. This programme gave investors access to contribute to these outcomes and over five years we issued a total of $7.9 billion, making Kāinga Ora the leading sustainability bond issuer in New Zealand. We were proud to be the KangaNews Issuer of the Year for four consecutive years.

Kāinga Ora has made tremendous progress in transforming the sector and building new homes but there is still more to be done. In this context, the Ministers of Finance and Housing jointly announced in November 2022 that financing requirements of Kāinga Ora will be met centrally through the Crown. This provides a greater certainty of financing for Kāinga Ora and allows us to focus on delivering more warm and dry homes to New Zealanders.

Our Statement of Comprehensive Income and Expenditure reflects our challenging operating environment.

Income growth continues to be strong. The biggest contributor to this growth is from rent, which increased from $1.548 billion in 2021/22 to $1.620 billion in 2022/23 – an increase of 5 per cent. This reflects both volume growth in our rental portfolio (we have added 2,252 (net) warm, dry homes for New Zealanders during 2022/23) and an increase in market rent across Aotearoa New Zealand.

While revenues continue to rise, our costs, particularly repairs and maintenance, rates and interest, have been increasing at a faster rate.

Volume growth in our repairs and maintenance

Repairs and maintenance costs were up to $630 million, from $460 million in 2021/22. This was primarily driven by the downstream impact of the 2021 COVID-19 lockdowns, where completing responsive repairs work was challenging. Our planned maintenance programme increased also, with more exterior painting and roof replacements being undertaken and increased activity to ensure our homes meet Healthy Homes standards.

In addition, extreme weather events had an impact on the cost and pace of maintenance across our housing portfolio. We incurred significant repair costs as a result of the upper North Island floods and Cyclone Gabrielle, which will only partially be offset by insurance claims. Delays in supply chain sourcing and inflationary pressures of maintenance materials and labour costs are also reflected in the increase in maintenance costs.

Interest costs remain high

A concerted effort to dampen inflation resulted in domestic and global interest rates moving to multi-year highs. This has increased effective borrowing costs for households, businesses and government, including Kāinga Ora. While interest costs remain under pressure, on a portfolio basis the weighted average cost of debt remains lower at around 3.5 per cent. However, the portfolio is insulated to sharp increases due to an average debt maturity profile of around 5.5 years. In the current environment, the work to deliver the Kāinga Ora capital programme will expose us to increased interest rate costs over time. This will require us to continue to monitor our financial sustainability, and ensure the right financing settings are in place.

People costs increasing as we are asked to do more

People costs have risen in our customer-facing roles, as we are increasing the number of homes we manage. These roles are crucial to Kāinga Ora as they are the front door to our customers and provide a basic service to support the needs of the people who live in our homes.

In addition, we have invested into the transformation of our key delivery systems – the HDS, our asset management and maintenance systems review and land development review. This is an upfront cost that is expected to deliver significant efficiencies over coming years.

Rates increase by 16 per cent

While smaller in comparison, council rates on our homes increased to $231 million, from $199 million in 2021/22. As the largest residential landlord in New Zealand, cost pressures faced by councils that are passed on through rates affect our financial performance.

Net deficit after tax consistent with last year

Our net deficit after tax has increased to $520 million in 2022/23 from $344 million last year, but remains consistent with budget. This reflects our strong focus on active management of our costs while continuing to deliver against our significant mandate.

Financial sustainability remains at the forefront of our minds as we are constantly seeking to slow our cost growth without slowing progress on delivery against our mandate. As mentioned above, we are reviewing our key delivery systems to ensure they are fit for purpose and deliver value for money for our shareholder, the New Zealand Government.

We are also working alongside Te Tūāpapa Kura Kāinga – the Ministry of Housing and Urban Development (MHUD) and and Te Tai Ōhanga – the Treasury on a Spending, Funding and Financing Review, which will support a better understanding of required settings for the future.

Cash flows from operations remain positive

As we discussed last year, our large-scale land development activity drives significant expenditure. This is covered largely through third-party sales in the case of market and affordable housing, or rental revenue in the case of public housing. However, accounting standards drive non-cash adjustments where the carrying value of the asset is higher than the value the land is sold for, despite years of capital growth. This, combined with depreciation expenses incurred on our rental property portfolio, means we continue to see surplus cash flow from operations of $164 million. Alongside increased borrowings, this has been invested into the growth of our rental property portfolio through 2022/23.

Looking ahead

We expect to continue to build new warm, dry homes for New Zealanders and in Budget 2023, the Government has committed to this through to 2024/25.

Financial sustainability will remain important as we balance what Kāinga Ora needs to achieve with funding and financing levels. The mechanisms we have put in place through the HDS, the end-to-end review of our maintenance system and the review of our land development will see us well placed as we confront the challenging market conditions that exist.

Equally important will be working alongside the MHUD and Treasury through the Spending, Funding and Financing Review that is currently underway, providing a pathway to understand the service levels achievable, as well as assessing the effectiveness of current funding and financing settings.

Gareth Stiven
General Manager
Strategy, Finance and Policy

Statement of responsibility

Kāinga Ora – Homes and Communities is a Crown Entity operating in accordance with the Kāinga Ora–Homes and Communities Act 2019 and the Crown Entities Act 2004. It has two wholly owned subsidiaries, Housing New Zealand Limited and Housing New Zealand Build Limited, which are Crown entity-controlled companies required to comply with the Companies Act 1993.

The Board is responsible for the preparation of the financial statements and statement of performance and the judgements used therein. The Board is responsible for any end-of-year performance information provided by Kāinga Ora – Homes and Communities under section 19A of the Public Finance Act 1989.

The Board is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting. In the opinion of the Board, the financial statements and statement of performance for the year ended 30 June 2023 fairly reflect the financial position and operations of Kāinga Ora – Homes and Communities at that date.

For and on behalf of the Board.

Vui Mark Gosche
Chair

26 September 2023

John Duncan
Deputy Chair

26 September 2023

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2023

	Notes	Group Actual 2023 $M	Group Actual 2022 $M	Budget Unaudited 2023 $M
Revenue from non-exchange transactions				
Rental revenue – Crown income-related rent subsidy		1,151	1,128	1,182
Rental revenue – Tenants income-related rent		469	420	468
Crown appropriation revenue	5(b)	142	107	172
Revenue from exchange transactions				
Sale of developments		141	166	307
Rental revenue from tenants at market rent		57	47	52
Lease income		61	46	60
Interest revenue	5(a)	42	21	58
Mortgage Insurance Scheme	5(c)	7	11	9
Other revenue	5(d)	2	5	8
Total operating revenue		**2,072**	**1,951**	**2,316**
Expenses				
Repairs and maintenance		630	460	587
Depreciation and amortisation	6(a)	433	407	489
Interest expense	5(a)	344	203	369
People costs	6(b)	340	296	332
Rates		231	199	214
Cost of land sold		146	161	307
Third-party rental leases		73	68	64
Grants	6(e)	63	38	81
Other expenses	6(c)	284	228	268
Total expenses		**2,544**	**2,060**	**2,711**
Other gains/(losses)				
(Loss) on asset write-offs		(100)	(69)	(111)
Impairment of property under development		(15)	(91)	(55)
Gain/(loss) on disposal of assets		(9)	(5)	–
Total other losses		**(124)**	**(165)**	**(166)**
Operating surplus/(deficit) before tax		**(596)**	**(274)**	**(561)**
Current tax (expense)/benefit		42	(66)	8
Deferred tax (expense)/benefit		34	(4)	79
Income tax (expense)/benefit	**7(a)**	**76**	**(70)**	**87**
Net surplus/(deficit) after tax		**(520)**	**(344)**	**(474)**
Other comprehensive revenue and (expenses)				
Items that could be reclassified to surplus/(deficit)				
Hedging reserve gains/(losses)	17	11	54	–
Income tax (expense) on other comprehensive items	7(a)	(2)	(16)	–
Items that will not be reclassified to surplus/(deficit)				
Revaluation reserve gains/(losses)		(6,075)	5,951	(60)
Income tax (expense)/benefit on other comprehensive items	7(a)	635	86	24
Other comprehensive revenue		**(5,431)**	**6,075**	**(36)**
Total comprehensive revenue and (expenses)		**(5,951)**	**5,731**	**(510)**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Statement of Changes in Equity

For the year ended 30 June 2023

	Notes	Group Actual 2023 $M	Group Actual 2022 $M	Budget Unaudited 2023 $M
Total equity at 1 July		**36,078**	**30,349**	**34,589**
Net surplus/(deficit) for the year		(520)	(344)	(474)
Revaluation of property, plant and equipment				
Revaluation reserve gains/(losses)		(6,075)	5,951	(60)
Deferred tax benefit/(expense) on land and building revaluations	7(a)	635	86	24
Financial assets at fair value through other comprehensive revenue and expense				
Hedging reserve gains/(losses)	17	11	54	–
Deferred tax (expense)/benefit on hedging reserve gains/(losses)	17	(2)	(16)	–
Total comprehensive revenue and expense for the period		**(5,951)**	**5,731**	**(510)**
Net capital contributions (to)/from the Crown		219	(2)	909
Total changes in equity		**(5,732)**	**5,729**	**399**
Total equity at 30 June		**30,346**	**36,078**	**34,988**
Equity attributable to the Crown				
Equity attributable to the Crown at 1 July		3,562	3,564	3,827
Net capital contributions (to)/from the Crown		219	(2)	909
Equity attributable to the Crown at 30 June		**3,781**	**3,562**	**4,736**
Retained earnings				
Retained earnings at 1 July		779	904	802
Surplus/(deficit) for the year		(520)	(344)	(474)
Net transfers from asset revaluation reserve		144	219	104
Retained earnings at 30 June		**403**	**779**	**432**
Revaluation reserve				
Revaluation reserve at 1 July		31,741	25,923	29,965
Asset revaluation on property, plant and equipment		(6,075)	5,951	(60)
Deferred tax benefit/(expense) on property, plant and equipment	7(c)	635	86	24
Net transfers to retained earnings		(144)	(219)	(104)
Revaluation reserve at 30 June		**26,157**	**31,741**	**29,825**
Hedging reserve				
Hedging reserve at 1 July		(4)	(42)	(5)
Fair value gains/(losses)	17	11	54	–
Deferred tax benefit/(expense) on derivative fair value movement	7(c)	(2)	(16)	–
Hedging reserve at 30 June		**5**	**(4)**	**(5)**
Total equity at 30 June		**30,346**	**36,078**	**34,988**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Statement of Financial Position

As at 30 June 2023

	Notes	Group Actual 2023 $M	Group Actual 2022 $M	Budget Unaudited 2023 $M
Assets				
Cash and cash equivalents	8	39	174	100
Investments	9	741	1,199	1,403
New Zealand Government Bonds		49	98	-
Interest rate derivatives	17	8	5	4
Receivables and prepayments	10	395	350	370
Properties held for sale		19	44	45
Properties under development	11	525	504	934
Other Assets	12	36	37	92
Property, plant and equipment	13	43,264	46,433	48,720
Total assets		**45,076**	**48,844**	**51,668**
Liabilities				
Accounts payable and other liabilities	14	582	421	359
Income tax payable/(receivable)	7(b)	(48)	(6)	3
Mortgage Insurance Scheme	15(a)	51	25	28
Interest rate derivatives	17	23	22	21
Borrowings – Crown	18	4,630	1,985	1,986
Borrowings – Market notes	18	7,673	7,809	11,521
Deferred tax liability	7(c)	1,819	2,510	2,762
Total liabilities		**14,730**	**12,766**	**16,680**
Net assets		**30,346**	**36,078**	**34,988**
Equity				
Equity attributable to the Crown		3,781	3,562	4,737
Retained earnings		403	779	431
Revaluation reserve		26,157	31,741	29,825
Hedging reserve	17	5	(4)	(5)
Total equity		**30,346**	**36,078**	**34,988**

For and on behalf of the Board, who authorised the issue of the financial statements on 26 September 2023.

Vui Mark Gosche
Chair

26 September 2023

John Duncan
Deputy Chair

26 September 2023

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Cash Flow Statement

For the year ended 30 June 2023

	Notes	Group Actual 2023 $M	Group Actual 2022 $M	Budget Unaudited 2023 $M
Cash flows from/(used in) operating activities				
Rent receipts – Crown income-related rent subsidy		1,151	1,128	1,219
Rent receipts – tenants		526	483	515
Crown appropriation revenue		142	107	174
Interest revenue		42	21	58
Mortgage Insurance Scheme revenue		7	11	9
Other receipts		63	51	31
Payments to suppliers and employees		(1,633)	(1,273)	(1,543)
Interest paid		(231)	(199)	(369)
Income tax paid		(24)	(88)	11
Net cash flows from/(used in) core operating activities		**43**	**241**	**105**
Sales of developments		142	63	171
Land development activities		(21)	(184)	(981)
Net cash flows from/(used in) operating activities	19	**164**	**120**	**(705)**
Cash flows from/(used in) investing activities				
Sale of rental properties and other property, plant and equipment		16	24	51
Mortgage and other lending repayments/(advances)		27	(2)	–
Net short-term investments (made)/realised		507	(111)	270
Purchase of rental property assets		(3,502)	(2,216)	(4,151)
Purchase of other property, plant and equipment		(63)	(33)	(21)
Purchase of intangible assets		(12)	(6)	(28)
Net cash flows from/(used in) investing activities		**(3,027)**	**(2,344)**	**(3,879)**
Cash flows from/(used in) financing activities				
Net capital contributions (to)/from the Crown		219	(2)	909
Crown debt drawn down		2,645	2,168	1
Market notes issued/(repaid)		(136)	(1)	3,674
Net cash flows from/(used in) financing activities		**2,728**	**2,165**	**4,584**
Net cash flows		(135)	(59)	–
Opening cash and cash equivalents		174	233	100
Closing cash and cash equivalents	8	**39**	**174**	**100**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2023

1. Reporting entity

Kāinga Ora – Homes and Communities is domiciled and operates in New Zealand. The relevant legislation governing the operations of Kāinga Ora and its subsidiaries (Housing New Zealand Limited and Housing New Zealand Build Limited) [the Kāinga Ora Group] is the Crown Entities Act 2004 and the Kāinga Ora–Homes and Communities Act 2019. The ultimate parent of Kāinga Ora is the Sovereign in right of New Zealand.

The core business of the Kāinga Ora Group is to enhance New Zealanders' wellbeing for current and future generations. This guides our strategy, decision-making and services in the interim as we continue to develop our roles, while being open to feedback and further development. We have two key roles:

- being a world-class public housing landlord
- partnering with the development community, Māori, local and central government, and others on urban development projects of all sizes.

We manage public housing and are responsible for housing tenancies. As the Government's lead developer in urban development, we are responsible for planning, coordinating and undertaking large and small housing developments, to create a diverse mix of public, affordable and market housing.

The Urban Development Act 2020 provides us with ways of planning and funding complex or challenging urban development through the Specified Development Project (SDP) process, along with powers of land acquisition for the purposes of urban development.

With these legislative tools, we aim to contribute to sustainable, inclusive and thriving communities that provide people with good-quality, affordable housing choices that meet diverse needs; support access to jobs, amenities and services; and otherwise sustain or enhance the overall community and wellbeing of current and future generations.

Our establishment legislation and the Government's Letter of Expectation have outlined seven key outcomes we are expected to achieve:

- **Housing Access** – Good-quality, affordable housing choices meet diverse needs.
- **Urban Development** – Through partnership and enabling others, we increase the supply of houses and build sustainable communities.
- **Māori Interests** – Partnering with Māori ensures Māori interests are protected and their needs and aspirations are met, and allows Kāinga Ora to uphold Te Tiriti o Waitangi (the Treaty of Waitangi) and its principles.
- **Communities** – Sustainable, inclusive and thriving communities support good access to jobs, amenities and services.
- **Public Housing Customers** – Our public housing customers live well in their homes with dignity, stability and the greatest degree of independence possible.
- **Environment** – Environmental wellbeing is enhanced and preserved for future generations.
- **System Transformation** – System transformation is catalysed and delivered.

The registered office of Kāinga Ora – Homes and Communities is Level 5, 7 Waterloo Quay, Wellington.

Kāinga Ora and its subsidiaries are designated public benefit entities (PBEs), defined as "reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders".

The financial statements for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 26 September 2023.

2. Summary of significant accounting policies

(a) Basis of preparation

The unaudited budget numbers for the financial year 2022/23 are taken from the Statement of Performance Expectations 2022/23 signed by the Chairman of the Board 28 June 2022.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except where stated otherwise.

The financial statements have been prepared on a historical cost basis except where otherwise stated and are presented in New Zealand dollars, which is the functional currency of the Kāinga Ora Group, and all values are rounded to the nearest million dollars ($M) unless stated otherwise.

In addition, the going concern basis of preparation has been adopted.

The Statement of Financial Position is presented on a liquidity basis. The significantly increased level of activity that Kāinga Ora is doing in its development business is largely financed by market bond issues. Presenting on a liquidity basis provides the users of our financial statements with a faithful representation and more relevant information on the financial statements.

Comparatives

When presentation or classification of items in the financial statements are amended or accounting policies are changed voluntarily, comparative figures have been restated to ensure consistency with the current period unless it is impracticable to do so.

(b) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Public Benefit Entity Standards (PBE Standards).

(c) New accounting standards and interpretations

(i) Accounting standards and interpretations effective and adopted in the current year

All mandatory standards, amendments and interpretations have been adopted in the current year. None had a material impact on these financial statements.

- PBE IPSAS 41 *Financial Instruments* has become effective for year-ends beginning on or after 1 January 2022 and replaces both PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* and PBE IFRS 9 *Financial Instruments*.
- PBE FRS 48 *Service Performance Reporting*. In recognition of the impact of COVID-19 on PBEs, on 13 August 2020 the New Zealand Accounting Standards Board (NZASB) issued 2020 Amendments to PBE FRS 48 for periods beginning on or after 1 January 2022:

  This new standard introduces high-level requirements for Tier 1 and Tier 2 PBEs relating to service performance information. All PBEs which are legally required to provide service performance information must provide the following details:

  – the reason for the entity's existence, what the entity aims to achieve over the medium to long term (in broad terms), and how it will go about achieving this

  – what the entity has done to achieve its broader aims and objectives, as stated above.

(ii) Accounting standards and interpretations issued but not effective and not early adopted

- Amendments to PBE IFRS 17 – *Insurance in the Public Sector*. These amendments are mandatorily effective for periods beginning on or after 1 January 2026. Kāinga Ora has yet to assess the effects of this amendment on its financial statements.
- Amendments to PBE IPSAS 1 – *Disclosure of Fees for Audit Firms' Services*. The amendments are required for periods on or after 1 January 2024. This amendment will require Kāinga Ora to separate out audit fees of financial statements from other audit fees, other assurance services, taxation services and other services.

(d) Basis of consolidation of the Kāinga Ora – Homes and Communities Group

The Kāinga Ora Group consists of Kāinga Ora – Homes and Communities (Parent), and its 100% subsidiaries Housing New Zealand Limited (HNZL) and Housing New Zealand Build Limited (HNZB).

All inter-entity balances and transactions have been eliminated in full.

(e) Rental property land and buildings

Housing for community groups held by Kāinga Ora, and state-owned housing held by Housing New Zealand Limited (HNZL), is recognised at cost upon purchase or completion of construction. Such costs include the cost of repairs and renewals that are eligible for capitalisation according to the recognition principles in PBE IPSAS 17 *Property, Plant and Equipment*. All other repairs and maintenance costs are recognised in the Statement of Comprehensive Revenue and Expense.

Subsequent to initial recognition, land and buildings are revalued to fair value at the end of each year and recognised at their revalued amounts. Buildings are depreciated during the year through to the next revaluation.

Fair value is determined by reference to market-based evidence and is the amount for which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's-length transaction as at the valuation date.

Any revaluation surplus is recognised in the asset revaluation reserve in other comprehensive revenue and expense, except to the extent that it offsets a previous revaluation deficit for the same asset class that was recognised in the net comprehensive revenue and expense for the year. In such circumstances, the surplus is recognised in the Statement of Comprehensive Revenue and Expense for the year.

Any revaluation deficit is recognised in the Statement of Comprehensive Revenue and Expense for the year, except to the extent that it offsets a previous revaluation surplus for the same asset class that was recognised in the asset revaluation reserve in other comprehensive revenue and expense. In such circumstances, the deficit is offset to the extent of the credit balance existing in the revaluation reserve for that asset class.

An item of property is derecognised upon disposal or when no future economic benefit, or service potential, is expected to arise from the continued use of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Any gain or loss arising on derecognition of an asset is included in the Statement of Comprehensive Revenue and Expense for the year, in the period the item is derecognised. Gain or loss on derecognition is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Depreciation is calculated on a straight-line basis over the estimated useful life of buildings and their components, including chattels, as follows:

Rental properties	10–60 years

The Kāinga Ora Group applies the following estimates of economic lives to the components of its rental properties:

Buildings	40–60 years
Improvements	25 years
Chattels	10 years

(f) Work in progress

Construction work in progress is recognised at cost less impairment losses (if any). On completion, it will be accounted for as rental property or properties held for sale.

(g) Provision for future development costs

Management makes significant judgements when estimating the amount of the provision for future development costs. As a prerequisite for establishing a provision in relation to each development, management needs to determine whether that development site has been sold. All relevant factors are assessed in ascertaining whether or not the significant risks and rewards of ownership have transferred to the purchaser, when determining whether a sale has occurred.

Management estimates future development costs using a model that includes both development-specific costs and a share of site-wide costs. Those costs specific to a particular development are those that provide a direct benefit to that development and typically include construction, landscape design and engineering costs. Site-wide costs are those that are incurred on a total site-wide basis that benefit all developments in the site area, and typically include site-wide amenity assets, site-wide remediation. An apportionment of site-wide costs is allocated to each individual development based on the proportion of that development's area to the total site area.

At each balance date, the estimate of future development costs is revised by updating the underlying assumptions and taking account of the latest available information in the future development cost model. This includes consideration of development costs incurred to date, internal business planning strategies, and external experts' assessments as to the likely cost of work required to complete both the particular development and the entire site development.

(h) Properties held for sale

Properties identified as meeting the criteria for recognition as held for sale as defined in PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are reclassified as properties held for sale. This classification is used where the carrying amount of the property will be recovered through sale or transfer, the property is available for immediate sale in its present condition and a sale or transfer is highly probable.

Property held for sale is recorded at the lower of the carrying amount and fair value less costs to sell. From the time a property is classified as held for sale, depreciation is no longer charged on the properties.

(i) Properties under development

The Kāinga Ora Group subdivides large pieces of land where it does not intend to retain the resulting titles. These properties will not be retained for the long term. As these properties are held to develop for sale in the ordinary course of business, they are classified as inventory.

An asset is considered as property under development when it is considered as being available for sale. An asset is considered available for sale when one of the counterparties agrees to the terms of sale proposed by the other counterparty.

Properties under development are recorded at the lower of cost and net realisable value (selling price less costs to complete and sale costs). Any write-downs to net realisable value are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

(j) Other property, plant and equipment

Motor vehicles, office equipment, furniture and fittings, computer hardware and leasehold improvements are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the equipment as follows:

Motor vehicles	5 years
Office equipment	5 years
Furniture and fittings	10 years
Computer hardware	4 years
Leasehold improvements	the shorter of the period of lease or estimated useful life

An item of property, plant or equipment is derecognised upon disposal or when future economic benefits are no longer expected to arise from its use. Any gain or loss is included in the Statement of Comprehensive Revenue and Expense for the year in which the item is derecognised. Gain or loss on sale is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

(k) Intangible assets

Intangible assets include software that has been externally purchased as well as software that has been internally developed. Software is developed to meet Board-approved changes and improvements to the Kāinga Ora Group's way of working, structures, processes, products and systems.

Eligible computer software is capitalised at cost and amortised over a four- to seven-year period on a straight-line basis. Following initial recognition, it is carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation is recognised as an expense in the Statement of Comprehensive Revenue and Expense.

Software is tested for impairment where an indicator of impairment exists. Useful lives are also examined on an annual basis, and adjustments, where applicable, are made on a prospective basis.

Fees associated with the access to the software of Software as a Service (SaaS) arrangements and the configuration and customisation costs of the software in the SaaS arrangements are recognised as expenses in the Statement of Comprehensive Revenue and Expense.

Gains or losses arising from derecognition of computer software are recognised in the Statement of Comprehensive Revenue and Expense when the asset is derecognised. They are measured as the difference between the net disposal proceeds and the carrying amount of the asset.

(l) Impairment of plant, equipment and intangible assets

The Kāinga Ora Group's primary objective from its non-financial assets (excluding any property, plant and equipment) is to provide social housing rather than to generate a commercial return, and consequently it does not hold any material cash-generating property, plant and equipment or intangible assets.

Non-cash-generating plant and equipment and intangible assets

Plant and equipment and intangible assets held at cost have a finite useful life and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

If an item of plant and equipment or intangible asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount. The total impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

The reversal of an impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

(m) Financial assets

Financial assets in the scope of PBE IPSAS 41 are classified as either subsequently measured at amortised cost, fair value through other comprehensive revenue and expense (FVOCRE) or fair value through surplus or deficit (FVSD). The classification depends on the business model for managing the financial assets and its contractual cash flow characteristics.

Financial assets are reclassified if the business model for managing those financial assets has changed.

(i) Initial recognition and derecognition

At initial recognition, financial assets or financial liabilities are measured at their fair value or, in the case of a financial asset or financial liability not at FVSD, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The fair value of a financial instrument at initial recognition is normally the transaction price (that is, the fair value of the consideration given or received). When the transaction is a non-exchange transaction, the fair value is determined, and any gain or loss is recognised as a non-exchange transaction depending on the conditions attached to the transaction.

Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace. All regular way purchases and sales of financial assets are recognised on the trade date (that is, the date that the Kāinga Ora Group commits to purchase the asset). Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

(ii) Financial assets at fair value through net surplus/(deficit)

Derivatives – not in hedge relationships

Derivatives are recognised at fair value on initial recognition and subsequently with changes in fair value recognised in surplus or deficit when they are not in a hedging relationship.

New Zealand Government Bonds

New Zealand Government Bonds are fixed-term debt securities issued by the New Zealand Government. These investments are classified as fair value through the surplus and deficit as the purpose is to hold them for trading and selling or repurchasing in the near term. No expected credit losses are recognised for New Zealand Government Bonds as they are secured by the New Zealand Government.

(iii) Financial assets at amortised cost

Financial assets subsequently measured at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI) on the principal balance.

Financial assets at amortised cost are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Specific financial assets at amortised cost include the following:

Cash and cash equivalents

Cash and cash equivalents are cash on hand and short-term liquid investments, with original maturities of up to 90 days, held specifically for working capital purposes.

Mortgages and housing-related lending

Mortgage advances are measured at amortised cost and are stated net of expected credit losses using the general approach. See the accounting policy 'impairments' for more detail.

Receivables (exchange and contractual non-exchange transactions)

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for expected credit losses using the simplified approach. See the accounting policy 'impairments' for more detail. Bad debts are written off when identified.

Long-term receivables (exchange and contractual non-exchange transactions)

Long-term receivables represent the present value of debts that are expected to be settled beyond the next 12 months and are measured at amortised cost using the effective interest rate method. Expected credit losses using the general approach are recognised in accordance with the accounting policy for impairment. See the accounting policy 'impairments' for more detail.

Investments

Investments consist of money market deposits, enhanced registered certificates of deposit, registered certificates of deposit and Treasury bills. These investments meet the Solely Payments of Principal and Interest (SPPI) test and are managed on a hold-to-collect business model. These debt investments are carried at amortised cost using the effective interest method or fair value through comprehensive deficit (FVCD) depending on the type of investment. Expected credit losses, using the general approach, are recognised in accordance with the accounting policy for impairment of financial assets. See the accounting policy 'impairments' for more detail. Categories of investments are disclosed further in Note 16.

Impairment

The impairment requirements of PBE IPSAS 41 apply to Kāinga Ora financial assets that are carried at amortised cost and are based on a forward-looking expected credit loss model. The Kāinga Ora Group recognises the expected credit loss (ECL) arising from the possible defaults based on the possibility of default either over the lifetime of the asset or over the next 12 months, depending on whether the 'general approach' or the 'simplified approach' to impairment is used.

Under the general approach, expected credit losses are recognised in three stages:

Stage 1 – If credit risk has not deteriorated significantly since the asset was initially recognised, impairment losses are recognised initially based on the ECL that results from default events that are possible within the next 12 months (12 months ECL).

Stage 2 – If the credit risk associated with the asset deteriorates significantly, impairment losses are recognised based on the 'lifetime' ECL (that is, future defaults expected to occur over the lifetime of the asset).

Stage 3 – If the financial asset then becomes credit impaired (that is, a loss has been incurred) the lifetime ECL is recognised as in Stage 2; however, interest revenue is calculated by applying the effective interest rate to the net amount (gross carrying amount less impairment) rather than the gross amount.

Under the simplified approach impairment losses are recognised based on the 'lifetime' ECL (that is, future defaults expected to occur over the lifetime of the asset). Kāinga Ora Group uses a provision matrix to calculate expected credit losses. Historical credit loss experience is adjusted for forward-looking information, to estimate the lifetime expected credit losses on the financial assets.

(n) Accounts payable and other liabilities

Due to their short-term nature, accounts payable and other liabilities are not discounted. The amounts are unsecured and are usually paid within five days of recognition.

Interest-bearing borrowings

All borrowings are initially recognised at the fair value of the consideration received minus transaction costs associated with the borrowing.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

(o) Financial guarantees

Provision is made for amounts that may be payable under the Mortgage Insurance Scheme (MIS). The carrying value of these guarantees approximates the fair value of the likely amount of payments under the MIS, which is subjected to an actuarial reassessment each year.

(p) Mortgage insurance liabilities

Insurance contract liabilities are recognised when entered into and a premium is charged.

Mortgage Insurance Scheme liabilities include the outstanding claims liability and the unearned premium reserve. The outstanding claims liability is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, irrespective of whether a claim has been reported or not, including related claims handling costs. It can take a significant period of time before the ultimate claims cost can be established with certainty. The liability is determined at reporting date using a range of actuarial valuation techniques. Any liability is derecognised when the contract expires, is discharged or is cancelled. The unearned premium reserve represents that portion of premiums received or receivable that relate to risks that have not yet expired at the reporting date. A reserve includes amounts recognised when contracts are entered into and premiums charged, and reduces as premium income recognised over the term of the contract in accordance with the pattern of insurance service provided under the contract. This liability is discounted to recognise the time value of money. Also, a risk margin percentage is factored in using the 75% probability of sufficiency level.

At each reporting date, the Kāinga Ora Group reviews its unexpired risk, and a liability adequacy test is performed as laid out under PBE IFRS 4 *Insurance Contracts* (Appendix D), to determine whether there is any overall excess of expected claims over the unearned premium liabilities. This calculation uses a stochastic frequency/severity model. The ultimate outcome for each loan is randomly simulated. The distribution of results is analysed, and the average and various percentiles are calculated. If these estimates show that the carrying amount of the unearned premium reserve is inadequate, the deficiency is recognised in the Statement of Comprehensive Revenue and Expense for the year by establishing a provision for liability adequacy.

The Kāinga Ora Group holds, at all times, investments, equivalent to at least the total value of the MIS liabilities, to meet any claims under the scheme.

(q) Derivative financial instruments

The Kāinga Ora Group uses derivative financial instruments such as interest rate swap contracts to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are stated at fair value. Changes in fair value are charged to the net surplus/(deficit), unless they are in a hedge relationship.

(i) Fair value

The fair value of derivative financial instruments is determined by referencing to current rates for similar instruments with similar maturity profiles and is calculated as the net discounted estimated cash flows of the instrument and based on the NZ Dollar swap borrowing curve, as reported by Bloomberg, which is an active market interest rate benchmark.

(ii) Hedge accounting

The Kāinga Ora Group designates certain derivatives as hedging instruments in respect of interest rate risk in fair value hedges and cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group assesses whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets the hedge effectiveness requirements.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in the surplus/(deficit).

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in surplus/(deficit). For debt instruments measured at fair value through the surplus/(deficit) (FVSD), the carrying amount is adjusted and the hedging gain or loss is recognised in the net surplus/(deficit).

Where hedging gains or losses are recognised in the surplus/(deficit), they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the surplus/(deficit) from that date.

Cash flow hedges

For interest rate swaps that meet the conditions for hedge accounting as cash flow hedges, any effective portion of the gain or loss on a hedging instrument is recognised in other comprehensive revenue and expense while any ineffective portion is recognised in the net surplus/(deficit).

The effective portion of changes in the fair value of interest rate swaps and that are designated and qualify as cash flow hedges is recognised in other comprehensive revenue and expense accumulated under the heading of 'Hedging reserve gains', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the surplus/(deficit) and is included in the 'Hedging reserve gains and losses' line item.

Amounts previously recognised in other comprehensive revenue and accumulated in equity are reclassified to the surplus/(deficit) in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive revenue and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive revenue.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive revenue and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to the surplus/(deficit) when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to the surplus/(deficit).

(r) Employee benefits

Employee benefits include wages and salaries (including non-monetary benefits such as medical, trauma, life and income continuance insurance), annual leave and long-service leave. They are measured as the amounts expected to be paid when the liabilities are settled. A present value model is used for calculating long-service leave in accordance with instructions from the New Zealand Treasury. Employee benefits expected to be settled within 12 months of the balance date are recognised as current liabilities at 30 June 2023. Long-service leave, where entitlements are not vested at balance date, is treated as a non-current liability.

(s) Leases

The determination of whether an arrangement is, or contains, a lease includes the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the extent to which the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

(i) Kāinga Ora as a lessee

Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of liability.

(ii) Kāinga Ora as a lessor

Leases in which the Kāinga Ora Group retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(t) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Kāinga Ora Group and the revenue can be reliably measured.

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions is where the Kāinga Ora Group receives value from another party for which it provides either no, or below-market, consideration. Revenue from non-exchange transactions is recognised when initial control over the resources is gained as a result of a past event, receipt of future economic benefits or service potential from those resources is expected, and the fair value of the assets can be measured reliably.

Revenue generated from non-exchange transactions is represented below:

Tenant income-related rent and Crown income-related rent subsidies

Income-related rental revenue received from tenants and income-related rent subsidies received from the Crown are recognised on a straight-line basis over the term of the lease.

Crown operating appropriations

The Kāinga Ora Group receives some of its revenue from the Crown as operating appropriations. Crown appropriation revenue is received to subsidise third-party revenue to equate market value (for example, mortgage insurance premiums and interest subsidies), to pay for services provided to the Crown (for example, government relations, research and evaluation), or to reimburse the Group for expenses incurred by operating various programmes (for example, Welcome Home loans). All Crown appropriation revenue is recognised when the right to receive the asset has been established, whether in advance of, or subsequent to, provision of the services relating to the appropriation.

(ii) Revenue from exchange transactions

Revenue from exchange transactions is generated when an exchange of transactions of approximately equal value has occurred between the Kāinga Ora Group and a third party. Revenue from the sale of developments is recognised when all of the risks and rewards of ownership passes to the third party.

The following represent the revenue of the Group from exchange transactions:

Rental revenue from tenants at market rent

Rental revenue received from those tenants who pay market rent is recognised on a straight-line basis over the term of the lease.

Mortgage Insurance Scheme revenue

Revenue from premiums and the movement in outstanding claims liability during the year is recognised in the Statement of Comprehensive Revenue and Expense. Premium revenue, including premium subsidies from the Crown, is recognised over the estimated term of the contract according to actuarial assessment of the risk exposure under the contract.

Interest revenue

Interest revenue on mortgages and short term investments is recognised as the interest accrues (using the effective interest rate method), to the net carrying amount of the financial asset.

Management fees

The Kāinga Ora Group receives a management fee from the Housing Agency Account for acting as Crown Agent to the Account.

(u) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(v) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authority, based on the current period's taxable income. Deferred income tax is measured on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, unless the initial recognition exemption (IRE) applies.

Deferred income tax liabilities are amounts of income taxes payable in future periods in respect of taxable temporary differences, when the carrying amount for financial reporting purposes exceeds its tax base.

Under PBE IAS 12 *Income Taxes*, the IRE applies, and deferred tax is not required to be recognised, if, on acquisition of an asset, the accounting and tax bases differ (provided it is not part of a business combination). As the tax depreciation rate for the residential buildings is 0%, the tax base of the Kāinga Ora Group's buildings is nil; therefore, the tax and accounting bases differ for buildings and the IRE applies on initial recognition. The IRE only applies to the acquisition of buildings and to some additions on all buildings post 1 July 2010.

Deferred income tax assets are amounts of income taxes recoverable in future periods in respect of all deductible temporary differences, carry-forward of unused tax losses, or tax credits. The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled.

Interest deductibility on borrowings to purchase residential rental properties

On 30 March 2022, the Taxation (Annual Rates for 2021–22, GST, and Remedial Matters) Act 2022 received royal assent. The act limits deductibility of interest paid on borrowings to purchase residential rental property.

An exemption from the interest deductibility limitation rules for Kāinga Ora – Homes and Communities and its subsidiaries is embodied in the legislation. Therefore, these rules do not apply to the Kāinga Ora group of entities and the entities can continue to claim a full deduction for any interest paid on borrowings.

(w) Other taxes

The Kāinga Ora Group is mainly an exempt supplier in relation to Goods and Services Tax (GST). GST on the majority of inputs cannot be reclaimed; therefore, it is included in expenditure. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

Commitments and contingencies are disclosed gross of the amount of GST recoverable from, or payable to, the taxation authority.

(x) Service concession arrangements – Grantor

Service concession arrangements are recognised as assets within property, plant and equipment until the in-service date, at which time they are recognised as a separate asset class. As such, service concession arrangements are accounted for in accordance with the policies, which comply with *Property, Plant and Equipment*.

(y) Contingent assets

The Kāinga Ora Group has made grants and suspensory loans to third parties, with conditions attached for an agreed period. If the conditions are breached, the grant or suspensory loans will be repayable. Where conditions have been breached, or are likely to be breached, a contingent asset relating to the possibility of a future inflow of resources will be disclosed, but not recognised.

3. Critical judgements, assumptions and estimates in applying accounting policies

(a) Judgements

In the process of applying accounting policies to the preparation of its financial statements, management has identified the following judgements it has had to make, as having the most significant effect on amounts recognised in the financial statements:

(i) Classification of rental properties as property, plant and equipment

The Kāinga Ora Group manages 72,035 residential properties (2022: 69,509), from each of which it receives revenue based on a level of rent equivalent to that which the property could be expected to generate in the open rental market. In most circumstances a portfolio of rental properties would be classified as investment properties. The Crown, however, subsidises the balance between the level of market rent and that deemed affordable from the tenant based on the tenant's level of income. Management therefore considers the prime strategic purpose for holding rental properties is for social housing, and as such, according to PBE IPSAS 16 *Investment Property*, they are to be accounted for under PBE IPSAS 17 *Property, Plant and Equipment*.

(ii) Classification of non-financial assets as non-cash-generating assets

For the purposes of assessing impairment indicators and impairment testing, the Kāinga Ora Group classifies its non-financial assets as non-cash-generating assets, including its portfolio of rental properties. Although cash revenue, equivalent to a market rent, is generated from rental properties, the revenue comprises income-related rent received from tenants and subsidies received from the Crown, as the primary objective of providing these assets is social housing, rather than to generate a commercial return.

(iii) Classification of assets as held for sale

Management reclassifies assets, or any group of assets, as held for sale upon determining that it has become highly probable that the carrying amount of those assets, or group of assets, will, in their present condition, be recovered through a respective sale transaction within the next 12 months. For a sale or distribution transaction to be highly probable, the assets, or group of assets, must be available for immediate sale and the Kāinga Ora Group committed to the impending sale or distribution transaction.

(iv) Classification of revenue as being from exchange or non-exchange transactions

The Kāinga Ora Group receives revenue primarily from rent received from its tenants, Crown operating appropriations, and interest received from mortgage advances and investments. In determining whether its various revenues are from exchange transactions or non-exchange transactions, management exercises judgement as to whether the Kāinga Ora Group gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) in exchange for the revenue it receives.

As there are no assets or services of approximately equal value provided back to the Crown in exchange for the funding it receives from the Crown, management has determined that revenue from income-related rent subsidies and other Crown appropriations is to be classified as being from non-exchange transactions.

(v) Classification of leases as operating or finance leases – Kāinga Ora Group as lessee

The Kāinga Ora Group enters lease arrangements with respect to rental properties leased from third parties, properties it occupies, motor vehicles, and office equipment.

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Kāinga Ora Group. Judgement on various aspects is required including, but not limited to, fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset will be recognised in the Statement of Financial Position as property, plant and equipment, whereas no such asset is recognised for an operating lease.

The Kāinga Ora Group as lessee has exercised its judgement on the appropriate classification of all its leases and determined that they are all operating leases.

(vi) Classification of assets as property under development

Management reclassifies assets from PPE to properties under development (PUD) when there is a change in use evidenced by the commencement of development with a view to sell. Assets are transferred to PUD when the purpose for which the property is held changes, which in this case is to sell at market or affordable pricing. This transfer occurs at the time a term sheet is completed with a developer evidencing the intention to sell the assets.

(b) Key assumptions applied and other sources of estimation uncertainty

(i) Fair value of rental properties

The Kāinga Ora Group revalues rental properties annually. Fair value is determined by reference to market-based evidence from independent valuers Quotable Value New Zealand. Market-based evidence provides an indication of value by comparing the asset with identical or comparable traits for which price information is available. Market evidence is compared either on a direct comparison or on the summation approach after adjustments for material differences such as size, location, quality and condition.

The Kāinga Ora Group manages 72,035 properties around New Zealand (2022: 69,509). In performing the valuation, the entire portfolio has not been individually inspected due to its size. A market indexation approach has been adopted for the remaining uninspected properties within the portfolio due to the homogeneous nature of the portfolio. Properties are valued based inherently on their 'highest and best use' (refer to Note 13).

(ii) Fair value of derivative financial instruments and investments

The value of the Kāinga Ora Group's interest rate derivatives is adjusted to their fair values on a daily basis using current market interest rates (bank bill mid-rate, swap pricing curve).

(iii) Mortgage guarantee provision

The mortgage guarantee provision is an actuarially assessed amount, likely to be payable under that guarantee. The value of the provision depends on various factors, some of which are the value of the loans expected to default, the number of active mortgages, and the average loan balance (refer to Note 15).

(iv) Impairment of properties under development

All inventory items are valued at lower of cost or net realisable value, determined principally by the expected sale price less the carrying amount and the expected cost to put the property into a state that is ready for sale. The expected cost to put the property into a state that is ready for sale is calculated based on costs to completion including headworks, selling costs, demolition costs and future development costs among others.

(v) Impairment of non-financial assets

As at each balance date, all assets are assessed for impairment by evaluating conditions specific to the Kāinga Ora Group and to the particular asset that may lead to impairment. These include technological, economic and political factors and future expectations, as the primary objective is to provide services for community or social benefit rather than financial return. If an impairment trigger exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

(vi) Taxation

Application of the Kāinga Ora Group's accounting policy for income tax requires management's judgement. Judgement is also required in assessing whether deferred tax assets and liabilities are to be recognised in some cases. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only when they may be recovered, dependent upon the generation of sufficient future taxable profits.

The judgements and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some, or all, of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Comprehensive Revenue and Expense for the year.

(vii) Estimation of useful lives of assets

The Kāinga Ora Group reviews the useful lives and residual values of its property, plant and equipment annually. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Kāinga Ora Group to consider a number of factors such as the physical condition of the asset, expected period of use and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value would impact on the depreciation expense recognised in the Statement of Comprehensive Revenue and Expense for the year and the carrying amount of the asset in the Statement of Financial Position.

The Kāinga Ora Group applies the following estimates of economic lives to the components of its rental properties:

Buildings	40–60 years
Improvements	25 years
Chattels	10 years

Depreciation rates are set out in Notes 2(e) and 2(j) and amortisation rates are set out in Note 2(k) above.

Any estimates of future monetary amounts are in nominal dollars and no inflationary increases have been built in.

(viii) Estimation of expected credit losses (ECLs)

The measurement of ECLs requires judgement; in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- the internal credit grading model that is applied to similar assets based on historical information, which assigns probabilities of default to groups of assets.
- the criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment.

It is the Kāinga Ora Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Kāinga Ora has considered the effect of COVID-19 on its ECLs. Given the conservative approach that the Kāinga Ora Group takes towards ECLs, it is not anticipated these will be more than normally expected.

4. Financial risk management objectives and policies

The Kāinga Ora Group's principal financial instruments, other than derivatives, comprise Crown loans, market bonds, cash and short-term deposits. These financial instruments are used to finance the Kāinga Ora Group's operations.

The Kāinga Ora Group's mortgage portfolio is managed in-house by Kāinga Ora and the processes of mitigating losses to the portfolio are monitored via monthly reports.

Derivative instruments include NZ Dollar interest rate swaps, which are used to manage interest rate risk arising from Crown floating rate borrowings.

The Kāinga Ora Group's other financial instruments are trade debtors and trade creditors arising directly from its operations.

The main risks arising from the Kāinga Ora Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks. They are summarised below.

(a) Interest rate risk

The Kāinga Ora Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. Management of interest rate risk will comply with a modified duration range of between 4 and 6 years.

Management monitors interest rate levels on an ongoing basis and, when appropriate, will lock in fixed rates within Board-approved interest rate risk policy parameters. Fixed-rate loans, forward rate agreements, interest rate swaps and interest rate options are instruments available for use.

(b) Interest rate sensitivity

The following sensitivity analysis is based on the interest rate risk exposures in existence at 30 June 2023.

If interest rates had been 1% higher or lower than the year-end market rate, the following table sets out movements in Statement of Comprehensive Revenue and Expense after tax for the year, and the equity balance (after tax adjustments) at 30 June.

	2023 ($M)	2022 ($M)
Net surplus higher/(lower)		
Interest rates +1%	(10)	(9)
Interest rates -1%	10	9
Equity higher/(lower)		
Interest rates +1%	3	6
Interest rates -1%	(4)	(6)

The difference in Statement of Comprehensive Revenue and Expense would arise as a consequence of changes in interest costs from variable rate debt from variable interest rates being 1% higher or lower (based on reference to the forward interest rate yield curve as at year end). The difference in equity would arise from the effect that a 1% higher or lower interest rate yield curve at year end would have on the fair value of derivative instruments designated as cash flow hedges.

(c) Foreign currency risk

The Kāinga Ora Group had no foreign currency borrowings during the year.

It is the Kāinga Ora Group policy to mitigate foreign currency risks on all foreign exposures over $250,000 by hedging the volatility of foreign currency through forward foreign exchange contracts and/or spot foreign exchange contracts, along with maintaining accessible foreign currency reserves.

(d) Credit risk

Credit risk is the risk that a third party will default on its obligations to the Kāinga Ora Group, resulting in a loss being incurred. Due to the timing of its cash inflows and outflows, surplus cash is invested only with Board-approved counterparties with a specified Standard & Poor's credit rating of A- or better. Treasury Policy limits the amount of credit exposure to any one institution. Maximum credit exposure for the classes of financial instrument is primarily represented by the carrying amount of cash, investments, derivative financial assets, receivables and mortgage advances. There is no collateral held as security against these financial instruments.

Further, the Kāinga Ora Group has nil commitments to advance Housing Innovation Fund (HIF) loans (that are yet to be disbursed) to third parties (2022: nil). This commitment extends the potential maximum credit exposure. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 16.

Concentration of credit risk exists in relation to investments, but this risk is mitigated by the fact that the counterparties are Board-approved and have a high credit rating (refer to Note 4(f)). Other than this, no exposure to any material concentration of credit risk exists as the Kāinga Ora Group has only a small number of credit customers and has Treasury exposure only with the Crown and Board-approved counterparties with specified Standard & Poor's credit ratings.

All individuals/organisations are assessed for credit-worthiness and affordability before a mortgage is approved. In addition, receivable balances are monitored on an ongoing basis.

An impairment analysis is performed at each reporting date to measure expected credit losses. The impairment analysis is based on days past due for groupings of various customer segments with similar loss patterns. Where necessary, the calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 16.

Credit quality of financial assets not impaired or not yet due

The Kāinga Ora Group does not rate its individual debtors as it has a large number of customers with minimal debtor balance. The incidence of default on financial assets not impaired or not yet due is minimal. The Kāinga Ora Group has no other significant exposure to credit risk from financial assets not impaired or not yet due, nor has there been any renegotiation of terms on any of these assets.

(e) Liquidity risk

Liquidity risk is the risk that Kāinga Ora may encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due.

Kāinga Ora has an unsecured bank overdraft facility of $10 million (2022: $10 million) with an interest rate of 8.89% (2022: 5.98%).

The Kāinga Ora Group has a $500 million working capital facility with the Crown, serving as back-up financing.

The Group has a $12.7 billion Crown Lending Facility, which provides the financing for the Government's housing initiatives. The Group was appropriated $2.75 billion for the financial year 2022/23, with the Group utilising $2.15 billion (2022: nil). The Group retains an untapped facility drawdown of $10.55 billion.

The Kāinga Ora Group's policy is that not more than 25% of borrowings should mature in any 12-month period. As at 30 June 2023, 3.47% of the Kāinga Ora Group's debt will mature in less than one year (2022: 7.11%).

Discounted cash flows include principal and interest only. Undiscounted cash flows include principal amounts only.

Discounted cash flow

As at 30 June 2023 the contractual maturity (discounted cash flow) of the Kāinga Ora Group's financial liabilities was as follows:

	0–1 year ($M)	1–2 years ($M)	2–3 years ($M)	3–5 years ($M)	5+ years ($M)	Total ($M)
At 30 June 2023						
Crown loans floating interest rate	423	199	285	696	326	1,929
Crown loans fixed interest rate	–	–	–	–	2,701	2,701
Market bonds	–	1,925	–	2,140	3,609	7,674
Interest rate derivatives – net settled	5	2	2	4	1	14
Total	**428**	**2,126**	**287**	**2,840**	**6,637**	**12,318**

	0–1 year ($M)	1–2 years ($M)	2–3 years ($M)	3–5 years ($M)	5+ years ($M)	Total ($M)
At 30 June 2022						
Crown loans floating interest rate	216	423	169	521	424	1,753
Crown loans fixed interest rate	–	–	–	95	136	231
Market bonds	300	–	1,725	1,240	4,260	7,525
Commercial paper	170	–	–	–	–	170
Interest rate derivatives – net settled	3	4	3	3	4	17
Total	**689**	**427**	**1,897**	**1,859**	**4,824**	**9,696**

Undiscounted cash flow

As at 30 June 2023 the contractual maturity (undiscounted cash flow) of the Kāinga Ora Group's financial liabilities is as follows:

	0–1 year ($M)	1–2 years ($M)	2–3 years ($M)	3–5 years ($M)	5+ Years ($M)	Total ($M)
At 30 June 2023						
Crown loans floating interest rate	517	232	256	602	329	1,936
Crown loans fixed interest rate	106	115	115	191	2,843	3,370
Market bonds	223	2,083	160	2,009	3,833	8,308
Accounts payable and other liabilities	495	–	–	–	–	495
Interest rate derivatives – net settled	6	6	4	5	–	21
Total	**1,347**	**2,436**	**535**	**2,807**	**7,005**	**14,130**

	0–1 year ($M)	1–2 years ($M)	2–3 years ($M)	3–5 years ($M)	5+ years ($M)	Total ($M)
At 30 June 2022						
Crown loans floating interest rate	287	485	215	583	473	2,043
Crown loans fixed interest rate	8	8	8	110	157	291
Market bonds	479	171	1,895	1,500	4,513	8,558
Commercial paper	170	–	–	–	–	170
Accounts payable and other liabilities	301	–	–	–	–	301
Interest rate derivatives – net settled	6	5	3	4	4	22
Total	**1,251**	**669**	**2,121**	**2,197**	**5,147**	**11,385**

The Kāinga Ora Group does not consider the discounted cash flow in relation to short-term liabilities to be material for disclosure purposes.

(f) Concentration of risk

The Kāinga Ora Group has substantial deposits with six different banks that in total are $691 million (2022: $1,126 million with seven different banks).

		2023		2022	
		0–1 year ($M)	Credit rating S&P	0–1 year ($M)	Credit rating S&P
ANZNB	ANZ National Bank Limited	125	AA-	230	AA
ASB	ASB Bank	150	AA-	230	AA
BNZW	Bank of New Zealand Ltd	107	AA-	285	AA
KIWIBANK	Kiwibank Limited	89	A	56	A
MUFG	MUFG Bank Ltd	90	A	55	A
WBCW	Westpac Banking Corporation	130	AA-	270	AA
		691		**1,126**	

(g) Ageing of receivables and loans

(i) Ageing analysis of receivables

	Neither past due or impaired ($M)	Past due but not impaired 0–30 days ($M)	Past due vacated impaired 0–30 days ($M)	Impaired 30 days plus ($M)	Total ($M)
At 30 June 2023					
Rent	25	7	–	17	49
Damages	–	–	–	4	4
Other receivables	321	–	–	1	322
Expected credit loss rate	0%	0%	100%	100%	–
Expected credit loss	–	–	–	(22)	(22)
Total	**346**	**7**	**–**	**–**	**353**
At 30 June 2022					
Rent	15	6	–	13	34
Damages	–	–	–	2	2
Other receivables	290	–	–	–	290
Expected credit loss rate	0%	0%	100%	100%	–
Expected credit loss	–	–	–	(15)	(15)
Total	**305**	**6**	**–**	**–**	**311**

(ii) Ageing analysis of mortgage advances

	Neither past due or impaired ($M)	Past due but not impaired 0–60 days ($M)	Past due vacated impaired 60–90 days ($M)	Impaired 90 days plus* ($M)	Total ($M)
At 30 June 2023					
Other mortgage advances	10	1	–	3	14
Expected credit loss	–	–	–	(1)	(1)
Total	**10**	**1**	**–**	**2**	**13**
At 30 June 2022					
Other mortgage advances	12	1	–	4	17
Expected credit loss	–	–	–	(2)	(2)
Total	**12**	**1**	**0**	**2**	**15**

* Loan arrears that are over 90 days are reviewed for impairment but are not automatically treated as impaired or provided for.

(h) Fair value hierarchy

The Kāinga Ora Group uses various methods in estimating the fair value of its financial instruments.

Depending on the inputs used in these methods, a financial instrument measured at fair value is categorised as one of the following levels:

Level 1 the fair value is calculated using quoted prices in active markets

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments, as well as the methods used to estimate the fair value, is summarised in the table below. No Level 1 or 3 financial instruments are held at 30 June 2023 (2022: nil).

	30 June 2023 Valuation technique – market-observable inputs (level 2) ($M)	30 June 2022 Valuation technique – market-observable inputs (level 2) ($M)
Financial assets		
Registered Certificate of Deposit	616	364
Enhanced Rate Certificate of Deposit	250	210
New Zealand Government Bond	1,417	198
Interest rate swaps – in hedge relationships	(8)	5
Corporate Bond	511	34
Total financial assets	**2,786**	**811**
Financial liabilities		
Interest rate derivatives	23	22
Total financial liabilities	**23**	**22**

Quoted market price represents the fair value determined based on prices quoted on active markets as at the reporting date without any deduction for transaction costs.

For financial instruments not quoted in active markets, the Kāinga Ora Group uses valuation techniques such as present value techniques, comparison with similar market observable prices that exist, and other relevant models used by market participants. These include observable market inputs.

Kāinga Ora Group financial instruments revalued to fair value have been deemed to be Level 2.

For all other financial assets and liabilities, except for mortgages and investments, the fair value equates to carrying value.

(i) Capital management

The Kāinga Ora Group's capital is in equity, which comprises accumulated funds contributed by the Crown, retained earnings, revaluation reserves and hedging reserves. Equity is represented by net assets.

The Kāinga Ora Group is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing of guarantees and indemnities, and the use of derivatives.

The Kāinga Ora Group has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

The Kāinga Ora Group manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure it effectively achieves its objectives and purpose while remaining a going concern.

There has been no change in the Kāinga Ora Group's capital management during the year.

5. Revenue

(a) Interest revenue and expense

	2023 ($M)	2022 ($M)
Interest revenue		
Interest on temporary investments and bank accounts	41	20
Interest on mortgage advances	1	1
Total interest revenue	**42**	**21**
Interest expense		
Interest on long-term borrowing	203	137
Interest on short-term borrowing	113	22
Interest on derivatives	28	44
Total interest expense	**344**	**203**

(b) Crown appropriation revenue

	2023 ($M)	2022 ($M)
Other housing-related appropriations	75	62
KiwiSaver deposit subsidy/HomeStart	62	39
KiwiBuild appropriations	5	6
Total Crown appropriation revenue	**142**	**107**

Total Crown appropriations were $135 million (2022: $115 million); however, $7 million (2022: $8 million) has been classified as 'Crown appropriation premium receipts' in Note 5(c) below.

(c) Mortgage Insurance Scheme (MIS) revenue

	2023 ($M)	2022 ($M)
Third-party premium receipts	14	3
Crown appropriation premium receipts	(7)	8
Premium revenue deferred and actuarial (increase)/decrease in premium reserve	–	–
Recognised insurance premium revenue	**7**	**11**
Claims expense	–	–
Net surplus/(deficit) for MIS	**7**	**11**

(d) Other revenue

	2023 ($M)	2022 ($M)
Management fees from related parties	2	2
Release of Housing Innovation Fund (HIF) impairment	–	1
Other revenue	–	2
Total other revenue	**2**	**5**

6. Expenses

(a) Depreciation and amortisation

	2023 ($M)	2022 ($M)
Depreciation – rental properties	404	389
Depreciation – other property, plant and equipment	23	15
Amortisation of intangible assets	6	3
Total depreciation and amortisation	**433**	**407**

(b) People costs

	2023 ($M)	2022 ($M)
Wages and salaries	308	271
Employee benefits	31	23
Other personnel costs	1	2
Total people costs	**340**	**296**

(c) Other expenses

	2023 ($M)	2022 ($M)
Professional services*	77	73
Computer costs and software maintenance fees	43	32
Insurance	28	23
Other property-related costs	18	14
Property acquisition and development costs	17	12
Travel costs	10	4
Other	91	70
Total other expenses	**284**	**228**

* Professional services expenditure is a combination of outsourced business activities (including costs associated with the delivery of new properties), and business improvement activities.

(d) Included in other expenses are the following fees paid to external auditors

	2023 ($M)	2022 ($M)
(i) Amount paid or payable to Ernst & Young (acting on behalf of the Auditor-General) for:		
– Auditing the financial report of the entity and any other entity in the Kāinga Ora Group	0.86	0.81
(ii) Other assurance services		
– Limited Assurance over scope 1, 2 and 3 emissions	–*	–
Total amounts paid or payable to the auditors	**0.86**	**0.81**

* Actual cost was $54,000

(e) Grants

	2023 ($M)	2022 ($M)
KiwiSaver deposit/First Home Grants	63	38
Total grant expenses	**63**	**38**

7. Income tax

The major components of income tax expense for the year were:

(a) Income tax expense/(benefit)

	2023 ($M)	2022 ($M)
Net surplus/(deficit)		
Current income tax	(43)	75
Prior period adjustments	11	(10)
Deferred income tax relating to temporary differences	(44)	4
Income tax expense/(benefit) reported in net surplus/(deficit)	**(76)**	**69**
Statement of changes in equity		
Deferred income tax		
Net change in deferred tax due to revaluation of buildings	(635)	(86)
Net change in deferred tax due to hedged financial derivatives from The Treasury – Capital Markets	2	16
Income tax expense/(benefit) reported in other comprehensive revenue and expense	**(633)**	**(70)**

The reconciliation between the tax expense recognised in the Statement of Comprehensive Revenue and Expense for the year and tax expense calculated on pre-tax accounting profit at the statutory rate is:

	2023 ($M)	2022 ($M)
Accounting surplus/(deficit) before tax from continuing operations	**(596)**	**(274)**
Taxation at the statutory income tax rate of 28%	(166)	(77)
Plus tax effect of:		
Permanent/temporary differences		
Non-deductible expenses	46	39
Deferred tax adjustments in relation to disposal of rental properties	21	17
Other	8	99
Non-deductible losses on disposal of rental properties	4	2
Prior period adjustments	11	(10)
Income tax expense/(benefit) reported in net surplus/(deficit)	**(76)**	**70**

Income tax expense/(benefit) reported in the Statement of Comprehensive Revenue and Expense is at an effective rate of 11% (2022: 26%).

(b) Current income tax liability

	2023 ($M)	2022 ($M)
Net current tax liability/(asset) at 1 July	(6)	22
Current year tax charge to net surplus/(deficit)	(43)	76
Transfer to defered tax asset	43	–
Prior period adjustment	(18)	(16)
Income tax paid	(54)	(109)
Income tax credits sold through pooling account	30	21
Net current tax liability/(asset) at 30 June	**(48)**	**(6)**

(c) The net deferred tax liability relates to the following:

	2023 ($M)	2022 ($M)
Deferred tax liabilities		
Rental property building revaluations	1,785	2,442
Other property, plant and equipment	13	20
Other differences relating to other property improvements	97	89
Gross deferred tax liabilities	**1,895**	**2,551**
Deferred tax assets		
Tax losses	(43)	–
Provisions – employee entitlements	(11)	(10)
Provisions – other	(24)	(31)
Financial derivatives	2	–
Gross deferred tax assets	**(76)**	**(41)**
Net deferred tax liability	**1,819**	**2,510**

The net deferred tax liability movements were:

	2023 ($M)	2022 ($M)
Net deferred tax liability/(asset) at 1 July	2,510	2,570
Recognised through other comprehensive revenue and expense:		
Rental property building revaluations	(635)	(86)
Financial derivatives	2	16
Recognised through net surplus/(deficit):		
Disposal of other properties BAU – reversal of deferred tax on cost	–	(2)
Deferred tax on temporary differences	(44)	7
Prior period adjustment	28	5
Tax losses	(43)	–
Other	1	–
Net deferred tax liability/(asset) at 30 June	**1,819**	**2,510**

(d) Imputation credits

	2023 ($M)	2022 ($M)
Imputation credits available for use in subsequent reporting periods	**1,339**	**1,328**

8. Cash and cash equivalents

	2023 ($M)	2022 ($M)
Cash at bank	39	114
Term deposits	–	60
Total cash and cash equivalents	**39**	**174**

Cash and cash equivalents, other than term deposits, represent cash available for working capital purposes. Term deposits are deposits with original maturities of three months or less and include funds restricted for payments of Mortgage Insurance Scheme claims of $51 million (2022: $26 million).

Cash at bank earns interest at a floating rate of 5.55% (2022: 2.05%) on the deposits.

The weighted average effective interest rate for term deposits and securities at 30 June 2023 was 0.0% (2022: 0.63%) with a term of up to three months.

During the 2022/23 year, the Kāinga Ora Group opened foreign currency bank accounts for both the Euro and US Dollars. These bank accounts are converted to NZ Dollars at the end of the reporting period using the spot rate at 30 June 2023.

9. Investments

	2023 ($M)	2022 ($M)
Short-term investment on money market	692	1,175
Long-term investment on money market	49	24
Total investments on money market	**741**	**1,199**

Bank-registered certificates of deposit, and short- and long-term investments are funds which have been set aside to support the provisions relating to the Housing Innovation Fund and the Mortgage Insurance Scheme and funds not required for meeting obligations over the next three months.

10. Receivables and prepayments

(a) Receivables from non-exchange transactions

	2023 ($M)	2022 ($M)
Rental debtors	53	36
Expected credit losses	(21)	(15)
Sub-total	**32**	**21**
Other receivables	7	7
Total receivables from non-exchange transactions	**39**	**28**

A loss of $21 million (2022: $15 million) relating to the credit risk associated with rental debtors and the recovery of the cost of damages has been recognised at year end. This equates to 1.4% of the $1.6 billion rental revenue for the year.

Non-exchange other receivables relate to funds owing from the Ministry of Social Development and the Ministry of Housing and Urban Development. These debtors are all current.

(b) Receivables from exchange transactions

	2023 ($M)	2022 ($M)
Current receivables from exchange transactions		
Land development activity debtors	128	128
Interest receivable	122	39
Other receivables	59	101
Receivable from related parties	5	15
Expected credit losses	(1)	–
Total receivables from exchange transactions	**313**	**283**

All interest receivables (The Treasury – Capital Markets) relate to interest rate swaps. These receivables are all current and it has been assessed that no material impairment of these debtors is required.

Other receivables relate mostly to land transactions. These have been assessed and any impairment for expected credit losses has been applied to the balance.

(c) Expected credit losses – from non-exchange transactions

	Neither past due nor impaired ($M)	Past due but not impaired 0–30 days ($M)	Past due vacated impaired 0–30 days ($M)	Impaired 30 days plus ($M)	Total ($M)
At 30 June 2023					
Rent	25	7	–	17	49
Damages	–	–	–	4	4
Estimated total gross carrying amount at default	**25**	**7**	**–**	**21**	**53**
Expected credit loss rate	0%	0%	100%	100%	–
Expected credit loss	–	–	–	(21)	(21)
Total	**25**	**7**	**–**	**–**	**32**

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11. Properties under development

	2023 ($M)	2022 ($M)
Current		
Properties under development	131	141
Non-current		
Properties under development	394	363
Total properties under development	**525**	**504**

Properties under development held by the Kāinga Ora Group are recognised as non-current assets unless they are likely to be sold within one year. In the current year, properties under development have been written down by $15 million (2022: $91 million), to reflect the fact that they are valued at net realisable value.

12. Other assets

(a) Mortgage advances

	2023 ($M)	2022 ($M)
Non-current mortgage advances	14	17
Expected credit losses	(1)	(2)
Net non-current mortgage advances	**13**	**15**
Current mortgage advances	–	–
Total net mortgage advances	**13**	**15**

These loans consist of HIF loans of $7 million (2022: $8 million) and historical loan products such as general and residual lending of $6 million (2022: $7 million). Maturity periods of the mortgages range from 1 to 25 years.

Borrowers may settle loans at any time; however, expected cash flows, based on contractual maturity dates, are as follows:

	Weighted average interest rate (all loans) 2023 (%)	Weighted average interest rate (excl 0% loans) 2023 (%)	2023 ($M)	Weighted average interest rate (all loans) 2022 (%)	Weighted average interest rate (excl 0% loans) 2022 (%)	2022 ($M)
Up to 1 year	–	–	–	–	–	–
1 to 5 years	4.48	4.53	2	4.41	4.49	2
Over 5 years	3.72	4.26	12	3.67	4.29	15
Total weighted average	**3.98**	**4.36**	**14**	**3.81**	**4.33**	**17**

Interest rates on mortgages range from 0.00% to 7.25% (2022: 0.00% to 7.45%). The mortgages on land and improvement assets and deeds are held as security against these loans. For the purposes of allocating the net mortgage balance between current and non-current, all of the allowance for expected credit losses is assumed to relate to the non-current mortgages.

Housing Innovation Fund mortgage advances

At 30 June 2023 the HIF mortgage advances are recognised at fair value upon inception. The fair value is calculated as the present value of the estimated future cash flows discounted at the effective interest rate. In subsequent years the discount unwind for each loan is recognised in the Statement of Comprehensive Revenue and Expense.

At the end of the financial year, the total fair value of HIF mortgage advances was $7 million (2022: $8 million).

(b) Expected credit losses (general approach)

	Neither past due or impaired ($M)	Past due but not impaired 0–60 days ($M)	Past due but not impaired 60–90 days ($M)	Impaired 90 days plus ($M)	Total ($M)
As at 30 June 2023					
Mortgage advances					
Expected credit loss rate	0%	0%	0%	33%	–
Estimated total gross carrying amount at default	10	1	–	3	14
Expected credit loss	–	–	–	(1)	(1)
Total mortgage advances impaired as at 30 June 2023	**10**	**1**	**–**	**2**	**13**
As at 30 June 2022					
Expected credit loss rate	0%	0%	0%	100%	–
Estimated total gross carrying amount at default	12	1	–	4	17
Expected credit loss	–	–	–	(2)	(2)
Total mortgage advances impaired as at 30 June 2022	**12**	**1**	**–**	**2**	**15**

Kāinga Ora monitors the credit risk of the counterparties to determine if the credit risk has changed since initial adoption. Indicators of a significant change in credit risk include actual or expected changes in:

- performance and behaviour of the borrower (for example, an increase in the number or extent of delayed contractual payments)
- business, financial or economic conditions that could change the borrower's ability to meet its debt obligations (for example increases in interest rates or changes in unemployment rates)
- loan documentation including breaches of contract that may lead to covenant waivers or interest payment holidays, interest step-ups or additional collateral required
- past due information of debtors.

The presumption that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due has been rebutted, and therefore the 12-month ECL model has been applied. Loan arrears that are over 90 days are reviewed for impairment but are not automatically treated as impaired or provided for.

Movements in provision for expected credit losses of mortgage advances:

	2023 ($M)	2022 ($M)
At 1 July	(8)	(6)
Provision for expected credit losses	(1)	(2)
Write-off	–	–
Balance at 30 June	**(9)**	**(8)**

(c) Intangible assets

	Software external ($M)	Software internal ($M)	Work in progress ($M)	Total ($M)
Year ended 30 June 2023				
At 1 July 2022, net of accumulated amortisation	**8**	**14**	**–**	**22**
Additions	4	2	6	12
Capitalised	–	–	(6)	(6)
Amortisation	(2)	(3)	–	(5)
Impairment	–	–	–	–
Other mvmt	–	–	–	–
At 30 June 2023, net of accumulated amortisation	**10**	**13**	**–**	**23**
Year ended 30 June 2022				
At 1 July 2021, net of accumulated amortisation	**8**	**5**	**14**	**27**
Additions	–	–	6	6
Capitalised from work in progress	–	20	(20)	–
Impairment	–	(8)	–	(8)
Amortisation for the year	–	(3)	–	(3)
At 30 June 2022, net of accumulated amortisation	**8**	**14**	**–**	**22**

Intangible assets are tested for impairment where an indicator of impairment arises. There was $0 million impairment write-down charged to the Statement of Comprehensive Revenue and Expense for the year (2022: $8 million).

External software is purchased from a third party and is usually implemented as an 'off the shelf' product. Internally generated software is developed for specific applications.

Work in progress additions includes other intangibles as well as software.

13. Property, plant and equipment

Revaluation cost

	Rental properties operating assets				Other property, plant and equipment					Total
	Freehold land ($M)	Rental properties ($M)	Capital work in progress* ($M)	Service concession properties ($M)	Progressive Home Ownership properties ($M)	Leasehold improve-ments ($M)	Furniture and fittings ($M)	Computer equipment ($M)	Vehicles ($M)	Property, plant and equipment ($M)
Year ended 30 June 2023										
At 1 July 2022, Revaluation cost	**29,908**	**14,052**	**2,046**	**557**	**6**	**58**	**27**	**76**	**27**	**46,757**
Additions/Adjustment	–	65	3,429	–	46	4	3	5	5	3,557
Transfer to Service Concession	–	(2)	–	2		–	–	–	–	–
Capitalisation to PPE	379	1,152	(1,470)	5		–	–	–	–	66
Disposals	(25)	(104)	–	–		–	–	–	–	(129)
Revaluations	(3,740)	(2,345)	(288)	(132)	(4)	–	–	–	–	(6,509)
Transfer from PPE to properties under development	(46)	–	(19)	–		–	–	–	–	(65)
Transfer from PPE to properties held for sale	(3)	–	–	–		–	–	–	–	(3)
At 30 June 2023, Revaluation cost	**26,473**	**12,818**	**3,698**	**432**	**48**	**62**	**30**	**81**	**32**	**43,674**
Year ended 30 June 2022										
At 1 July 2021, Revaluation cost	**23,537**	**13,424**	**1,508**	**496**	**–**	**58**	**25**	**67**	**11**	**39,126**
Additions	1	34	2,203	–	6	–	2	9	16	2,271
Transfer to Service Concession	(2)	(1)	–	3	–	–	–	–	–	–
Capitalisation to PPE	368	1,102	(1,471)	8	–	–	–	–	–	7
Disposals	(25)	(66)	–	–	–	–	–	–	–	(91)
Revaluations	6,124	(445)	(110)	51	–	–	–	–	–	5,620
Transfer from PPE to properties under development	(87)	–	(84)	–	–	–	–	–	–	(171)
Transfer from PPE to properties held for sale	(8)	4	–	–	–	–	–	–	–	(4)
At 30 June 2022, Revaluation cost	**29,908**	**14,052**	**2,046**	**558**	**6**	**58**	**27**	**76**	**27**	**46,758**

Accumulated depreciation and impairment

	Rental properties operating assets				Other property, plant and equipment					Total
	Freehold land ($M)	Rental properties ($M)	Capital work in progress* ($M)	Service concession properties ($M)	Progressive Home Ownership properties ($M)	Leasehold improvements ($M)	Furniture and fittings ($M)	Computer equipment ($M)	Vehicles ($M)	Property, plant and equipment ($M)
Year ended 30 June 2023										
At 1 July 2022, Accumulated depreciation	**–**	**218**	**–**	**3**	**–**	**35**	**16**	**48**	**5**	**325**
Transfer to Service Concession	–	0	–	0	–	–	–	–	–	–
Disposals	–	(3)	–	–	–	–	–	–	–	(3)
Depreciation charge for the year	–	404	–	7	–	3	2	11	4	431
Revaluation write-back	–	(337)	–	(6)	–	–	–	–	–	(343)
At 30 June 2023, Accumulated depreciation	**–**	**282**	**–**	**4**	**–**	**38**	**18**	**59**	**9**	**410**
Year ended 30 June 2022										
At 1 July 2021, Accumulated depreciation	**–**	**167**	**–**	**2**	**–**	**32**	**15**	**41**	**2**	**259**
Transfer to Service Concession	–	0	–	0	–	–	–	–	–	–
Disposals	–	(3)	–	–	–	–	–	–	–	(3)
Depreciation charge for the year	–	382	–	6	–	3	1	7	3	402
Revaluation write-back	–	(328)	–	(5)	–	–	–	–	–	(333)
At 30 June 2022, Accumulated depreciation	**–**	**218**	**–**	**3**	**–**	**35**	**16**	**48**	**5**	**325**
Net book value 2023	**26,473**	**12,536**	**3,698**	**428**	**48**	**24**	**12**	**22**	**23**	**43,264**
Net book value 2022	**29,908**	**13,834**	**2,046**	**555**	**6**	**23**	**11**	**28**	**22**	**46,433**

* Capital work in progress additions/(disposals) are shown net of costs capitalised to freehold land and rental properties during the year.

Service concession properties

Kāinga Ora entered into a service concession arrangement with Te Āhuru Mōwai (TAM) to carry out tenancy management and maintenance of 923 (2022: 921) Kāinga Ora properties in Western Porirua from 3 October 2020 for a period of 25 years.

TAM will earn revenue from the rental collected for these properties and upon expiry of the agreement TAM will have the option to purchase these properties. If the option to purchase is not exercised by TAM, Kāinga Ora will retain the properties.

First Home Partner properties

On the 5th of October 2021, the First Home Partner product was formally released to the public. This product offers households a means of attaining home ownership through a shared ownership model with Kāinga Ora. Kāinga Ora provides an equity stake in these properties with the maximum contribution being the lesser of 25% of the purchase price or $200,000. The fair values of these properties are revised quarterly using data provided by Valocity, with the most recent valuation date of 31 May 2023.

These properties are treated as property, plant and equipment per PBE IPSAS 17 – *Property, Plant and Equipment*. The net book value of these properties was $48 million at 30 June 2023 (2022: $6 million).

Disposals represent the purchase of equity shares by First Home Partner participants. First Home Partner participants purchased $0.002 million of equity from Kāinga Ora in 2023 (2022: $0.01 million).

As Kāinga Ora is not responsible for the day-to-day maintenance or upkeep of these properties, no depreciation is charged.

Details regarding the rights and obligations of the scheme can be found at: https://kaingaora.govt.nz/home-ownership/first-home-partner/

Valuation

Freehold land and rental properties in the portfolio were revalued as at 30 June 2023 at fair value in accordance with PBE IPSAS 17 *Property, Plant and Equipment*. The valuation was performed by Quotable Value New Zealand, a company employing registered and qualified valuers, with the principal registered valuer for the valuation being Andrew F Parkyn (B Com (VPM), PG Dip Com, SPINZ, ANZIV).

The total gross amount of the valuation, excluding properties held for sale, and excluding selling and other costs, was $39,190 million (2022: $43,742 million).

Right of First Refusal for sale of surplus Kāinga Ora land

Treaty settlement legislation has granted rights of first refusal (RFR) over some of the Kāinga Ora Group's properties. RFR prohibits the disposal of RFR land without first giving the relevant iwi/hapū (RFR holder) the right to purchase the RFR land, before the land can be disposed of to anyone else. Previously, the Board (or in some cases, the Minister) could override the RFR if the disposal was to achieve any of the Crown's social objectives in relation to housing (commonly known as social housing exemption).

The Kāinga Ora-Homes and Communities Act 2019 (2019 Act) created the Kāinga Ora Group. The RFR obligations owed by Housing New Zealand passed to Kāinga Ora. The 2019 Act also created new Māori interest obligations owed to Māori, including engaging with Maori, upholding Te Tiriti o Waitangi (the Treaty of Waitangi) and its principles, understanding Maori perspectives and recognising and providing for the relationship of Māori with their lands and other taonga. As a result, Section 20 of the 2019 Act was introduced and prohibits Kāinga Ora from exercising any of the powers conferred on Housing New Zealand Corporation or its subsidiaries, exercising the social housing exemption.

Furthermore, with the passing of the Urban Development Act 2020, the RFR obligation has been expanded, limiting Kāinga Ora from initiating, facilitating or undertaking an urban development project on RFR land, without first offering the RFR holder the opportunity to undertake the development on specified terms and obtaining the agreement of the RFR holder to the development being undertaken by Kāinga Ora or anyone else. The RFR obligation does not apply to maintaining or upgrading public housing, or a project that is only to develop or redevelop public housing on land owned by Kāinga Ora.

The broader RFR obligation targets commercial (market) and/or affordable housing being developed on RFR land.

If the RFR land is also former Māori land a new urban development obligation owed to Māori arises. In much the same way as the development of RFR land by Kāinga Ora requires the RFR holder participation and agreement, similarly, former Māori land owners or the hapū associated with the land must be engaged with so that the land is offered for sale back to them or their aspirations incorporated into the development.

The following Acts grant RFR over various Kāinga Ora Group properties:

- Waikato Raupatu Claims Settlement Act 1995
- Port Nicholson Block (Taranaki Whānui ki Te Upoko o Te Ika) Claims Settlement Act 2009
- Ngāti Porou Claims Settlement Act 2012
- Ngāti Toa Rangatira Claims Settlement Act 2014
- Raukawa Claims Settlement Act 2014
- Ngāti Kōata, Ngāti Rārua, Ngāti Tama ki Te Tau Ihu, and Te Ātiawa o Te Waka-a-Māui Claims Settlement Act 2014
- Ngāti Apa ki te Rā Tō, Ngāti Kuia, and Rangitāne o Wairau Claims Settlement Act 2014
- Ngāti Kuri Claims Settlement Act 2015
- NgāiTakoto Claims Settlement Act 2015
- Te Rarawa Claims Settlement Act 2015
- Te Aupouri Claims Settlement Act 2015
- Iwi and Hapū of Te Rohe o Te Wairoa Claims Settlement Act 2018
- Ngāti Rangi Claims Settlement Act 2019
- Ngāti Hinerangi Claims Settlement Act 2021
- Ngāti Maru Claims Settlement Act 2022 (Taranaki)
- Maniapoto Claims Settlement Act 2022.

Provided the Treaty settlement negotiations with the Crown include RFR legislation acceptable to the Kāinga Ora Group Board, RFR over Kāinga Ora Group properties will be granted to the following iwi:

- Ngāti Ranginui (Tauranga)
- Hauraki Collective (Thames, Coromandel)
- Te Korowai O Wainuiārua (Central Whanganui)
- Whanganui Lands (Lower Whanganui)
- Ngāti Hauā (Upper Whanganui)
- Ngāti Ruapani (Waikaremoana)
- Waikato–Tainui Remaining Claims (Waikato, Auckland Region)
- Ngāti Maru (Hauraki)
- Te Whānau a Apanui (Ōpōtiki).

The Crown signed a Deed of Settlement with Ngāti Tūrangitukua in 1998 and agreed that a Deed be signed with the Kāinga Ora Group defining the terms and conditions of an RFR over Kāinga Ora Group properties in Tūrangi. The form of the Deed has yet to be agreed. Properties subject to the RFR are being offered for sale.

Treaty negotiation discussions with other iwi/hapū interested in securing a similar RFR will (with the relevant Board approval) proceed along similar lines.

14. Accounts payable and other liabilities

	2023 ($M)	2022 ($M)
Interest payable	192	80
Other payables and accruals	98	35
Project and maintenance accruals	87	85
Accounts payable	72	62
Provision for future development costs	45	82
Employee provisions	42	38
Rent received in advance	30	30
Rates accrual	16	9
Total accounts payable and other liabilities	**582**	**421**

(a) Provision for future development costs

The additional provisions recognised are those costs estimated as required to complete the development process associated with those properties that have been sold to 30 June 2023. The increase in estimates relates to the effect of applying revised estimates to those amounts previously provided for in prior years that still remain at the latest balance date and those additional amounts relating to current year sales.

In the year to 30 June 2023 a reduction to the provision of $37 million was made based on estimates provided by Kāinga Ora management (2022: $41 million).

(b) Employee leave provision

Employee leave provision is made up of outstanding employee benefits including wages and salaries, annual leave, and long-service leave. They are measured as the amounts expected to be paid when the liabilities are settled. A provision for outstanding employee benefits expected to be settled within 12 months of the balance date is recognised as a current liability at 30 June 2023. Long-service leave, where entitlements are not vested at balance date, is treated as a non-current liability.

15. Mortgage Insurance Scheme (MIS)

The Kāinga Ora Group provides mortgage insurance to 7 (2022: 13) commercial lenders for loans issued under the First Home Loans scheme. The insurance premium is 1.2% of the loan value, of which 0.5% is paid by the borrower and 0.7% by the Government. The total value of amounts originally lent, and which remained insured under the scheme at 30 June 2023, was $2,798 million (2022: $1,529 million).

The MIS was assessed at 30 June 2023 by an independent actuary to ensure that the mortgage insurance liability is sufficient to cover any future claims. The outstanding claims liability is determined at that point and is factored into determining the total insurance liability.

The actuarial assessment of the MIS insurance liability was made as at 30 June 2023 using data provided as at 31 May 2023 by Jeremy Holmes of Melville Jessup Weaver, Fellow of the New Zealand Society of Actuaries.

The assessment reports comply with professional standards applicable to actuarial reports on technical liabilities for general insurance operation and requirements of PBE IFRS 4 *Insurance Contracts*. The actuaries have expressed their satisfaction as to the nature, sufficiency and accuracy of the data used to perform the actuarial valuation of the scheme.

The insured underlying loans have a maturity period of between 9 and 30 years. The cash flows relating to the claims are expected to fall mainly in the first 7 years of the insured loans; however, there is a degree of uncertainty as to the exact timing (see Note 15(b) for estimated timing of future cash outflows).

(a) Reconciliation of MIS unearned premium reserve

	2023 ($M)	2022 ($M)
MIS unearned premium reserve at 1 July	25	30
Premiums written (to reserve)	32	7
Premiums released (to profit)	(7)	(13)
Actuarially assessed increase/(decrease) in premium reserve	1	1
MIS unearned premium reserve at 30 June	**51**	**25**

(b) Estimated timing of net cash outflows

The following shows the estimate of timing of net cash outflows arising from claims:

	2023 ($M)	2022 ($M)
0–1 year	–*	–*
1–2 years	–*	–*
2–3 years	–*	–*
3–4 years	–*	–*
4–6 years	–*	–*
6+ years	–*	–*
Total estimated liability	**–***	**–***

* Below $500k

(c) Mortgage insurance risk

The principal risk under insurance contracts is that the actual timing of claims and claims payment differs from expectations. This is influenced by the frequency of claims, severity of claims, actual claims paid and subsequent development of long-term claims. Claims frequencies and sizes could be significantly impacted by any of the following:

- a downturn in the New Zealand housing market
- a change in interest rates
- an increase in unemployment.

The objective of the Kāinga Ora Group is to ensure that sufficient reserves are available to cover these liabilities and it has set aside funds specifically to support its insurance liability obligations (refer to Note 16). The present value of the estimated future claims is invested in short-term bank securities in accordance with Board-approved Kāinga Ora Treasury Policies.

The Kāinga Ora Group does not reinsure its risk through third parties. The risk exposure is mitigated by the insured lending agencies establishing and actively maintaining prudent lending standards through their credit policies and procedures established for the product. Claims analysis allows periodic adjustments to the credit policy to lower the risk. The Kāinga Ora Group is working closely with the lending organisations to proactively manage mortgage holders, with the intention to minimise mortgage failure and subsequent insurance claims from the lending institutions. Cases that are under management are reviewed closely and regularly by both the lender and the Kāinga Ora – Homes and Communities Financial Products Unit team.

Although approximately 51% of the original value of settled loans as at 30 June 2023 (2022: 66%) is with two banks, Kiwibank and the Southland Building Society, there is no material concentration of risk at individual mortgage holder level.

(d) Sensitivity analysis

The actuarial assessment of the MIS includes an assessment of the sensitivity of the valuation to changes in the valuation assumptions.

This is completed separately for the assessment of unearned premiums, and the assessment of claims risk, which collectively make up the unearned premium/claims reserve balance, summarised in the tables below.

Sensitivity analysis – Premium liabilities as at 30 June 2023

	Risk margin ($000)	Premium liabilities ($000)	Difference from baseline ($000)
Baseline	227	692	
Unemployment rate projections			
+1 percentage point	213	662	-30
-1 percentage point	221	663	-29
Housing inflation			
+10 percentage point shock	230	691	-14
-10 percentage point shock	221	678	-1
Interest discount rates			
+1 percentage point	221	673	-19
-1 percentage point	218	700	+8

Sensitivity analysis – Outstanding claims liabilities as at 30 June 2023

	Risk margin ($000)	Outstanding claims liabilities ($000)	Difference from baseline ($000)
Baseline	65	178	
Unemployment rate projections			
+1 percentage point	62	167	-11
-1 percentage point	63	170	-8
Housing inflation			
+10 percentage point shock	58	163	-14
-10 percentage point shock	70	177	-1
Interest discount rates			
+1 percentage point	65	177	-1
-1 percentage point	65	176	-2

(e) Liability adequacy test

At each reporting date, an assessment is made of whether the recognised insurance liabilities are adequate by using an existing liability adequacy test (LAT) as laid out under PBE IFRS 4 *Insurance Contracts*. The liability value is adjusted to the extent that it is insufficient to meet future claims and expenses. In performing the adequacy test, current best estimates of expected future contractual cash flows, relating to future claims arising from the rights and obligations under the MIS contract, are assessed.

The discount rates used were risk-free rates determined based on spot rates provided by the New Zealand Treasury with an average of 5.34% (2022: 3.99%).

The probability of sufficiency associated with the risk margin used is 75%. Under Reserve Bank insurance regulations, provisions are required to be at a 75% probability adequacy level. The Kāinga Ora Group has deemed that MIS has a similar risk profile and that this adequacy level is appropriate.

The actuarial assessment of the LAT for MIS as at 30 June 2023 was $0.69 million (2022: $0.50 million). This is the present value of the amount that will be sufficient for future claims arising from the rights and obligations under the MIS contracts plus an additional risk margin.

The risk margin used in calculating the present value of the expected future payments for claims incurred as at 30 June 2023 was 48.9% (2022: 48.8%) to allow for the inherent uncertainty in the central estimate. The risk margin determination included uncertainty or risks which are a combination of the random or process risk and the systemic risk.

The process risk is estimated by using stochastic models to estimate future claims costs involving a number of simulations for each of the outstanding claims and premium liabilities. Estimating systemic risk is a subjective process. The estimate for systemic risk has been expressed as an additional coefficient of variation (CoV), which is the ratio of standard deviation of a distribution to the average of the distribution.

The table below shows the details of the LAT performed:

	2023 ($M)	2022 ($M)
Central estimate claims (undiscounted)	1	–*
Discounting	–*	–*
Central estimate claims (discounted)	–*	–*
Risk margin at 75% probability of sufficiency	–*	–*
Premium liabilities based on LAT	**1**	**–***

* Below $500,000.

(f) Outstanding claims liability

The outstanding claims liability (OCL) relates to the future cost of claims already incurred. From the simulation described above, any loan estimated to have defaulted in the period prior to the valuation date is included as part of the OCL. The OCL has decreased since the previous valuation. This is mostly due to updated claim frequency assumptions given the very low number of claims over the last few years.

The table below sets out the components of the OCLs as at 30 June:

	2023 ($M)	2022 ($M)
Approved claims incurred	–*	–*
Central estimate incurred but not reported (IBNR) claims (undiscounted)	–*	–*
Discounting	–*	–*
Central estimate claims (discounted)	–*	–*
Risk margin at 75% probability of sufficiency	–*	–*
Claims handling expenses	–*	–*
OCL at 75% probability of adequacy	–*	–*

* Below $500,000

When determining the risk margin, the risk components included in the assumption were the random or process risk and the systemic risk. In determining the random or process and the systemic risks, the same methodology was adopted as when the LAT was performed. The only difference was that the additional CoV used for systemic risk in calculating the OCL was lower than that used for the LAT. This is due to the fact that the OCL represents a much shorter-term obligation than the premium liabilities in the LAT.

The discount rate used was a series of interest rates dependent upon term to payment. The rates used were risk-free rates determined based on spot rates provided by the New Zealand Treasury. The weighted average rate used in determining the OCL at 30 June 2023 was 4.51% (2022: 2.63%).

(g) Claims history

Actual claims under the Mortgage Insurance Scheme (MIS) are lower than those projected by the actuarial assessment at the 75% level (2022: lower than those projected by the actuarial assessment at the 75% level).

Projected claim liabilities 2023 ($M)	Projected claim liabilities 2022 ($M)	Actual claims 2022 ($M)
0.18	0.12	0.00

The date on which a bank first advises that a loan is in arrears is treated as the date for determining when a claim has been incurred.

The total of claims paid out under the MIS from the start of the scheme to 30 June 2023 was $13.1 million (to 30 June 2022: $13.1 million).

(h) Credit rating

Both the Kāinga Ora Group (which manages the MIS) and HNZL have a long-term credit rating of AAA from credit rating agency S&P Global.

16. Categories and fair value of financial assets and liabilities

At 30 June the carrying amounts of financial assets and liabilities in each of the categories of financial instruments were as follows:

	2023 ($M)	2022 ($M)
Financial assets at amortised cost		
Cash and cash equivalents	39	174
Receivables (exchange and non-exchange)	395	311
Mortgage advances	13	15
Investments	741	491
Total financial assets at amortised cost	**1,188**	**991**
Financial assets at fair value through other comprehensive revenue and expense		
Interest rate swaps – in hedge relationships	(8)	5
Registered Certificate of Deposit	616	364
Enhanced Rate Certificate of Deposit	250	210
New Zealand Government Bond	1,417	198
Interest rate swaps – in hedge relationships	–	–
Corporate Bond	511	34
Total financial assets at fair value through other comprehensive revenue and expense	**2,786**	**811**
Financial liabilities		
Financial liabilities at fair value through other comprehensive revenue and expense		
Interest rate swaps – in hedge relationships	8	5
Total financial liabilities at fair value through other comprehensive revenue and expense	**8**	**5**
Financial liabilities at fair value through net surplus/(deficit)		
Interest rate swaps – in hedge relationships	14	17
Total financial liabilities at fair value through net surplus/(deficit)	**14**	**17**
Financial liabilities measured at amortised cost		
Crown loans – floating interest rate	1,929	1,753
Crown loans – fixed interest rate	2,701	231
Market bonds	7,673	7,525
Commercial paper	–	170
Accounts payable and other liabilities	495	290
Total financial liabilities measured at amortised cost	**12,798**	**9,969**

For all categories of financial assets and liabilities, the carrying value approximates fair value, except for the following:

	Carrying amount 2023 ($M)	2022 ($M)	Fair value 2023 ($M)	2022 ($M)
Financial assets				
Mortgage advances	14	15	15	15
Total	**14**	**15**	**15**	**15**

17. Interest rate derivatives

The Kāinga Ora Group has interest-bearing borrowings that incur a floating rate of interest and uses interest rate swaps to hedge its exposure to changes in the floating interest rate applying to its Crown borrowings. All derivatives are entered into with the Crown and have been designated as hedging instruments.

At 30 June 2023 there were 55 interest rate swap agreements in effect (2022: 55), with a notional amount of $679 million (2022: $940 million), paying a weighted average fixed rate of interest of 4.95% (2022: 3.61%) and receiving a variable rate equal to the 90-day bank bill rate.

Set out below are the fair values of interest rate derivatives at 30 June:

	2023 ($M)	2022 ($M)
Interest rate derivatives – assets		
Interest rate derivatives – current assets	5	2
Interest rate derivatives – non-current assets	3	3
Interest rate derivatives – total assets	**8**	**5**
Interest rate derivatives – liabilities		
Interest rate derivatives – current liabilities	6	5
Interest rate derivatives – non-current liabilities	17	17
Interest rate derivatives – total liabilities	**23**	**22**

The table below shows the maturity analysis of interest rate derivative assets and liabilities at 30 June:

	0–1 year ($M)	1–2 years ($M)	2–3 years ($M)	3–5 years ($M)	5+ years ($M)	Total ($M)
Kāinga Ora – Year ended 30 June 2023						
Interest rate derivatives – net settled						
Assets	5	1	1	1		8
Liabilities	(6)	(6)	(4)	(5)	(2)	(23)
Net assets/(liabilities)	**(1)**	**(5)**	**(3)**	**(4)**	**(2)**	**(15)**
Kāinga Ora – Year ended 30 June 2022						
Interest rate derivatives – net settled						
Assets	2	2	–	1	–	5
Liabilities	(5)	(6)	(3)	(4)	(4)	(22)
Net assets/(liabilities)	**(3)**	**(4)**	**(3)**	**(3)**	**(4)**	**(17)**

Notional principal amounts and period of expiry of interest rate swap contracts in effect at 30 June were:

	2023 ($M)	2022 ($M)
0–1 year	263	261
1–2 years	44	263
2–3 years	36	44
3–5 years	36	72
5+ years	300	300
Total notional principal	**679**	**940**

The interest rate swaps require settlement of net interest receivable or payable every 90 days. The settlement date coincides with the dates on which interest is payable on the underlying debt. All swaps are matched directly against the appropriate loans and interest expense and measured for effectiveness. They are settled on a net basis. The swaps are measured at fair value and all gains and losses attributable to the hedged risk (other than any ineffective portion) are recognised in other comprehensive revenue and expense.

Movement in interest rate swaps contract cash flow hedge reserve

	2023 ($M)	2022 ($M)
Balance at 1 July	**(4)**	**(42)**
Fair value movement of interest rate swaps	6	32
Interest expense charged to net surplus/(deficit)	5	22
Amount included in other comprehensive revenue and expense	**11**	**54**
Hedging reserve deferred tax	(2)	(16)
Balance at 30 June	**5**	**(4)**

18. Borrowings

Interest-bearing borrowings

	Carrying amount 2023 ($M)	2022 ($M)
Loans – current		
Commercial paper	–	170
Market bonds	–	300
Crown loans floating interest rate	423	216
Total loans – current	**423**	**686**
Loans – non-current		
Market bonds	7,595	7,225
Discount premium bonds	78	115
Crown loans – floating interest rate	1,506	1,537
Crown loans – fixed interest rate	2,701	231
Total loans – non-current	**11,880**	**9,108**
Total loans	**12,303**	**9,794**

Commercial paper

The amount of commercial paper on issue at 30 June 2023 was $0 million, a decrease of $170 million from the prior year (2022: $170 million), paying a weighted average interest rate of 0.0% (2022: 2.15%).

The Kāinga Ora Group has given a negative pledge that it will not, subject to certain exceptions, create or permit any charge or lien over any of its assets.

Medium-term notes

The Kāinga Ora Group has a Medium-Term Note Facility, with an Information Memorandum dated 30 September 2021, for the issue of unsubordinated, unsecured medium-term notes to wholesale investors.

At 30 June 2023 HNZL had on issue $6.8 billion of medium-term notes (2022: $7.5 billion) in six tranches paying a weighted average fixed rate of interest of 2.46% (2022: 2.44%), with the following maturity dates:

- $1,675 million – 12 June 2025
- $1,240 million – 5 October 2026
- $900 million – 15 October 2027
- $1,175 million – 18 October 2028
- $1,150 million – 24 April 2030
- $650 million – 10 September 2035

Crown funding

As at 30 June 2023 the Kāinga Ora Group had borrowed $5,481 million from the Crown, with maturity dates ranging from 2023 to 2038 (2022: $1,985 million maturing from 2022 to 2037), paying a weighted average fixed rate of interest of 4.47% (2022: 2.57%).

The Kāinga Ora Group has given a negative pledge that, while any Crown borrowing remains outstanding, it will not, subject to certain exceptions, create or permit any charge or lien over any of its assets.

The current portion of loans represents those maturing within the next 12 months.

Bank overdraft facility

As at 30 June 2023 the Kāinga Ora Group had an unsecured bank overdraft facility of $10 million (2022: $10 million) at an interest rate of 8.89% (2022: 5.98%).

19. Reconciliation of Statement of Comprehensive Revenue and Expense after tax with cash flows from operating activities

	2023 ($M)	2022 ($M)
Net surplus/(deficit) after tax	**(520)**	**(344)**
Adjustments for non-cash items:		
Depreciation and amortisation	433	407
Asset impairments and write-offs	115	193
(Gains)/losses on asset disposals	9	5
Accrued revenue	1	(103)
Taxation	(76)	70
Other non-cash items and non-operating items	156	(13)
Total non-cash and non-operating items	**638**	**559**
(Increase)/decrease in receivables	43	(42)
Increase/(decrease) in accounts payable and other liabilities	–	43
Increase/(decrease) in tax liabilities	24	88
(Increase)/decrease in Inventory	(21)	(184)
Total working capital movements	**46**	**(95)**
Net cash from operating activities	**164**	**120**

20. Changes in liabilities arising from financing activities

	Cash flows		Non-cash	
2022/23	**30/06/22 $M**	**Cash inflows/ (outflows) $M**	**Fair value changes $M**	**30/06/23 $M**
Short-term borrowings	686	(263)	–	423
Long-term borrowings	9,108	2,773	–	11,881
Assets held to hedge long-term borrowings	(5)	(1)	–	(6)
Liabilities held to hedge long-term borrowings	22	1	–	23
Total liabilities from financing activities	**9,811**	**2,510**	**–**	**12,321**

	Cash flows		Non-cash	
2021/22	**30/06/21 $M**	**Cash inflows/ (outflows) $M**	**Fair value changes $M**	**30/06/22 $M**
Short-term borrowings	463	223	–	686
Long-term borrowings	7,164	1,944	–	9,108
Assets held to hedge long-term borrowings	(29)	–	24	(5)
Liabilities held to hedge long-term borrowings	58	–	(36)	22
Total liabilities from financing activities	**7,656**	**2,167**	**(12)**	**9,811**

21. Commitments and contingencies

The Government's Infrastructure Acceleration Fund (IAF) was launched in June 2021. It is a fund of approximately $1 billion to support new or upgraded bulk infrastructure - such as roading, three waters and flood management – to enable new homes to be built in areas of high housing need. To date, $926.7 million in IAF funding has been allocated to critical infrastructure projects in 28 New Zealand cities and towns. Combined, these IAF-funded projects are expected to enable around 30,000 to 35,000 new homes for New Zealanders over the next 10 to 15 years.

The timeline for the allocated funding is as follows:

<1yr $m	1-2yr $m	2-5yr $m	5-10yr $m	Total $m
5.2	150.6	417.8	353.2	926.8

Kāinga Ora has entered into a back-to-back agreement with the Ministry of Housing and Urban Development to prefund these IAF commitments.

Operating lease commitments – Kāinga Ora Group as lessee

The Kāinga Ora Group enters into various operating leases for premises it occupies, and for its motor vehicles and office equipment.

These leases have an average term of between three and six years with renewal options included in the contracts. Renewals are at the option of the specific entity that holds the lease.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June were as follows:

	2023 ($M)	2022 ($M)
Within 1 year	71	53
After 1 year but not more than 5 years	175	91
More than 5 years	122	92
Total	**368**	**236**

(a) Operating lease commitments – Kāinga Ora Group as lessor

The Kāinga Ora Group has entered into property leases for its property portfolio. These properties held under operating leases are measured under the fair value model, in accordance with PBE IPSAS 17 *Property, Plant and Equipment*, as their primary purpose is to provide a social benefit rather than being held solely to provide rental income.

There are no non-cancellable leases executed by the Kāinga Ora Group (2022: nil).

(b) Capital commitments

At 30 June 2023 capital commitments amounted to $4,041 million (2022: $2,297 million) for property projects.

(c) Lending commitments

At 30 June 2023 the Kāinga Ora Group had no lending commitments approved but not yet paid (2022: nil).

(d) Contingencies

Housing New Zealand Limited

The Crown has provided a warranty in respect of title to the assets transferred to HNZL. HNZL was incorporated into the Kāinga Ora Group as a subsidiary in 2001 as part of the legislated consolidation of government housing functions.

The Crown has indemnified HNZL against any breach of this warranty. In addition, the Crown has indemnified HNZL against third-party claims that are a result of acts or omissions prior to 1 November 1992. It has also indemnified the directors and officers of HNZL against any liability arising from the assets not complying with statutory requirements, provided it is taking steps to rectify any non-compliance.

Unquantifiable Contingent Asset – Auckland Floods

On 27 January 2023 the Auckland region experienced significant flooding with West Auckland and the North Shore being the areas most affected. More than 600 Kāinga Ora homes were damaged in some respect. While the actual costs cannot be quantified at this stage, Kāinga Ora has signalled its intent to lodge an insurance claim with its insurer.

Unquantifiable Contingent Liability – Commerce Act Litigation

Winton Land Ltd and its subsidiary Sunfield Developments Ltd (Winton) have filed a claim in the High Court alleging that Kāinga Ora has breached section 36 of the Commerce Act 1986 in relation to its urban development functions, causing loss and damage to Winton. Winton seeks damages, including at least $138 million in relation to its proposed Sunfield development and further unquantified damages in relation to Ferncliffe Farm and other activity. Kāinga Ora denies the claim and is defending the claim. The parties are still undertaking discovery and no date has been set for a hearing.

22. Related party disclosure

The Kāinga Ora Group's financial statements include the financial statements of Kāinga Ora – Homes and Communities and the Crown entity subsidiaries listed in the following table:

(a) Crown entity subsidiaries

Name	Country of Incorporation	2023	2022	Investment 2023 ($M)	Investment 2022 ($M)
Housing New Zealand Limited	New Zealand	100%	100%	3,415	3,415
Housing New Zealand Build Limited	New Zealand	100%	100%	211	–
				3,626	**3,415**

(b) Other related parties

Kāinga Ora administers the Housing Agency Account (HAA) as an agent of the Crown under the Housing Act 1955. As at 30 June 2023 the balance of the total amount owed to Kāinga Ora and its subsidiaries by the HAA was $4.4 million (2022: $2.1 million).

In its capacity as agent for HAA, Kāinga Ora manages the rental income and expenses of HAA's rental properties. No fee is charged for this service.

In the year to 30 June 2023 the Kāinga Ora provided management services to HAA. A management fee of $2 million (2022: $2 million) was charged by Kāinga Ora – Homes and Communities for these services. No management fee has been charged for other services provided to HAA as this requires ministerial approval under the Housing Agency Accountability Agreement.

(c) Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's-length transactions at normal market prices and at normal commercial terms.

Outstanding balances as at both 30 June 2023 and 30 June 2022 were unsecured, with settlement being in cash.

There have been no guarantees provided or received for any related party receivables.

Based on their excellent payment history, no expected credit losses relating to amounts owed by related parties have been necessary at 30 June 2023. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

(d) Key management personnel

Key management personnel are defined as senior management of the Kāinga Ora Group and all directors. During the year ended 30 June 2023, a total of 26 employees were key management personnel (2022: 22 employees).

Key management personnel compensation

	2023 FTEs	2022 FTEs	2023 ($000)	2022 ($000)
Board members				
Remuneration			536	497
Full-time equivalent (FTE) members	12.0	10.0		
Leadership team				
Remuneration			5,800	5,000
Full-time equivalent members	14.0	12.0		
Total key management personnel remuneration			**6,336**	**5,497**
Total full-time equivalent personnel	**26.0**	**22.0**		

The table below includes all remuneration paid or payable to each director during the year.

	2023 $	2022 $
Kāinga Ora, HNZL and HNZB Directors		
Vui Mark Gosche	98,000	98,000
John Duncan	61,250	61,250
Philippa Howden-Chapman	49,000	49,000
Penelope Hulse*	28,175	49,000
Ngarimu Blair	49,000	49,000
Robin Hapi	49,000	49,000
Victoria Kingi	12,815	49,000
Campbell Roberts	49,000	49,000
John Bridgman	49,000	23,935
John Hansen	42,781	–
Fiona Mules	23,935	–
Nicole Anderson	23,935	–
Helen O'Sullivan	–	19,600
	535,891	**496,785**

* Remuneration for Penelope Hulse includes amounts for being a Board Director and as a specialist member of the Urban Development and Planning Commitee

Incoming new appointments to the Kāinga Ora Board of Directors during the year were:

Sir John Hansen	15 August 2022
Fiona Mules	1 January 2023
Nicole Anderson	1 January 2023

Outgoing members of the Kāinga Ora Board of Directors during the year were:

Victoria Kingi	30 September 2022
Penelope Hulse	31 August 2022

Independent committee members

Graeme Mitchell, who is not on the Board of Directors, has been paid $12,499 (2022: $31,100) as a specialist to the Kāinga Ora Finance, Risk and Assurance Committee. Mr Mitchell's term ended on 10 February 2023.

Bruce Baillie, who is not on the Board of Directors, has been paid $24,308 (2022: $35,635) as a specialist to the Finance Risk and Assurance Committee and Investment and Delivery Committee. Mr Baillie resigned on 8 February 2023.

Jacqueline (Jackie) Paul, who is not on the Board of Directors, has been paid $24,500 (2022: $24,500) as a specialist to the Urban Development and Planning Committee. Ms Paul's term ended on 30 June 2023..

Lale Leremia, who is not on the Board of Directors, has been paid $24,500 (2022: $24,500) as a specialist to the Kāinga Ora Investment and Delivery Committee.

Penelope Hulse, who was on the Board of Directors until 31 August 2022, is also a specialist on the Urban Development and Planning Committee.

Directors' insurance

Kāinga Ora acquired directors' and officers' liability and professional indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees.

The total annual premium for the directors' and officers' liability insurance was $269,050 (2022: $215,844).

23. Remuneration of employees – $100,000 and over

	2023	2022
$100,000 – $110,000	327	226
$110,001 – $120,000	139	111
$120,001 – $130,000	355	258
$130,001 – $140,000	105	150
$140,001 – $150,000	242	101
$150,001 – $160,000	52	68
$160,001 – $170,000	121	102
$170,001 – $180,000	113	68
$180,001 – $190,000	74	31
$190,001 – $200,000	29	41
$200,001 – $210,000	54	19
$210,001 – $220,000	14	19
$220,001 – $230,000	37	10
$230,001 – $240,000	23	22
$240,001 – $250,000	10	3
$250,001 – $260,000	5	4
$260,001 – $270,000	30	25
$270,001 – $280,000	5	7
$280,001 – $290,000	4	3
$290,001 – $300,000	1	3
$300,001 – $310,000	2	1
$310,001 – $320,000	3	4
$320,001 – $330,000	1	–
$330,001 – $340,000	3	1
$340,001 – $350,000	1	–
$350,001 – $360,000	–	1
$360,001 – $370,000	3	2
$370,001 – $380,000	–	1
$380,001 – $390,000	–	2
$390,000 – $400,000	2	2
$400,001 – $410,000	1	1
$410,001 – $420,000	2	4
$430,001 – $440,000	1	1
$440,001 – $450,000	2	–
$450,001 – $460,000	–	1
$460,001 – $470,000	1	–
$690,001 – $700,000	1	1
Total employees with remuneration of $100,000 and over	**1,763**	**1,293**

Where remuneration bands are not shown in the table above, this represents that no employees were paid within those bands during the current or previous financial year.

During the year ended 30 June 2023, 4 employees (2022: 5) received benefits in relation to cessation, totalling $330,617 (2022: $161,581).

24. North Island weather events

On 27 January 2023 the Auckland region experienced significant flooding with West Auckland and the North Shore being the areas most affected. More than 600 Kāinga Ora homes were damaged in some respect. While the actual costs cannot be quantified at this stage, Kāinga Ora has signalled its intent to lodge an insurance claim with its insurer.

Cyclone Gabrielle caused widespread and catastrophic damage also, two weeks later in the Hawke's Bay area. Fortunately, there was not a significant amount of damage to Kāinga Ora Group properties.

25. Events subsequent to balance date

After 30 June 2023 there have been no events requiring disclosure subsequent to balance date.

26. Budgeted comparison analysis

(a) 2023 significant variations from budget

The unaudited budget figures reported in these financial statements are the financial performance targets that were included in the Kāinga Ora Group's 2022/23 Statement of Performance Expectations (SPE).

In 2022/23 there was the continuation of existing events such as the ongoing effects of COVID-19 and the Russian invasion of Ukraine contributing to shortages of materials and cost inflation. We also experienced additional challenges with two severe North Island weather events delaying our build programmes.

(b) Statement of Comprehensive Revenue and Expense

Operating revenue ($244 million lower than budget)

Sales of developments were $166 million lower than budget. This was due to difficult market conditions with low signing of term sheets for sales of land to third-party developers.

Overall rental revenues were $25 million lower, primarily due to lower rent inflation than anticipated and lower occupancy rates.

Appropriation revenue was $30 million lower due to lower take-up of First Home Grants and delays in Urban Planning and Design projects.

Operating expenses ($167 million lower than budget)

Cost of land sold was $161 million lower than budget, due to lower affordable and market sales.

Depreciation and amortisation were $56 million lower due to the lower year end property revaluation in 2021/22.

Interest expense was $25 million lower due to lower borrowings from the delays to the build programme, largely as a result of the severe North Island weather events.

Grants expense was $18 million lower due to the drop in the take up of First Home Grants.

Other expenses were $16 million higher, primarily due to higher-than-budgeted write-off of non-current assets.

Repairs and maintenance were $43 million higher, largely due to a catch-up in responsive repair activity post COVID-19 lockdowns, increased renewal programme activity and the two extreme weather events.

Rates were $17 million higher due to higher inflation than expected.

Third-party rental leases $9 million higher due to acquiring more public housing leases.

Impairment of property under development was $40 million lower due to difficult market conditions with low signing of term sheets for sales of land to third party developers which is the trigger for impairment recognition.

(c) Statement of Financial Position

Overall total assets of $45,076 million were $6,592 million below the budget level, primarily due to year-end revaluations on rental properties being a reduction of $6,075 million.

Overall total liabilities of $14,730 million were $1,950 million below the budget level, primarily due to lower debt levels than expected.

(d) Statement of Changes in Equity

The total equity on 30 June 2023 was $30,346 million, which is $4,642 million lower than budget. This variance is largely due to the asset revaluations on land and buildings combined with the deferred tax benefit being a net reduction of $5,404 million more than anticipated. Equity attributable to the Crown was $955 million lower as a result of a lower opening balance than expected and delays with net capital injections from the Crown.

(e) Cash Flow Statement

Net cash flows from operating activities were $869 million higher, primarily due to a $960 million lower overall land development activities. The land development activity was impacted by programme delays.

Net cash flows used in investing activities was $852 million lower, largely due to $665 million less spent on purchase of rental property assets. As noted above, this was primarily a result of delays caused by the North Island weather events.

Net cash flow received from financing activities was $1,856 million below budget with a net $1,166 million lower debt issued and $690 million lower net capital contributions from the Crown.

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF KĀINGA ORA – HOMES AND COMMUNITIES' GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Kāinga Ora – Homes and Communities Group (the "Group" or "Kāinga Ora"). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out the audit of the consolidated financial statements and the performance information of the Group on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 173 to 224, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity and cash flow statement for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information which reports against the Group's statement of performance expectations for the year ended 30 June 2023 on pages 142 to 156.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards; and
- the Group's performance information for the year ended 30 June 2023:
  - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2023, including:
  - for each class of reportable outputs:
    - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
    - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 26 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board Members and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and performance information of the current year. These matters were addressed in the context of our audit of the consolidated financial statements and performance information as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements and performance information section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements and performance information. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements and performance information.

Valuation of Rental Property Operating Assets

Why significant

Kāinga Ora's rental property operating assets have a fair value of $42.9 billion and make up 96% of total assets. Kāinga Ora engages an external registered valuer to determine the fair value of these assets at each balance date in accordance with PBE IPSAS 17 *Property, Plant and Equipment*. Properties are valued based on their 'highest and best use'.

The external valuer used market-based evidence to provide a value for a sample of properties which they physically inspected. The valuer then used the results of these valuations to assess market value changes by geographic area and, due to the similar nature of assets in the portfolio, applied an indexation approach to estimate the market value of the uninspected properties within the portfolio.

As a result of recent weather events in the North Island an impact assessment on Kāinga Ora's properties and their valuation was completed by Kāinga Ora and QV. The results of this have been reflected in the 30 June 2023 asset valuation.

The highly judgemental and subjective nature of the valuation coupled with its significance to the financial statements results in this being an area of significant audit focus.

Disclosures in relation to rental property operating assets are included in Note 13 Property, Plant and Equipment.

How our audit addressed the key audit matter

- In obtaining sufficient appropriate audit evidence, we:
- Tested the information provided to the external valuer for consistency with the information held in Kāinga Ora's fixed asset register for a sample of assets.
- Assessed the competence, capability and objectivity of the external valuer.
- Reviewed and challenged the highest and best use assumption applied for the assets, in particular in relation to areas where Kāinga Ora has demolished rental housing stock and has a plan to redevelop land to accommodate higher density housing units.
- Obtained the impact assessment of the recent weather events and assessed whether the relevant property values were appropriately reduced to reflect the expected cost of restoration for damage.
- Engaged our internal real estate valuation specialists to:
  - assess the results of a sample of valuations of inspected properties, including the methodology and assumptions used;
  - compare a sample of individual property values to online estimates of market value; and
  - consider whether the indexation applied to the remaining property portfolio was an appropriate valuation methodology and had been correctly applied to a sample of properties.
- Tested a sample of costs capitalised during the year against the criteria in PBE IPSAS 17 *Property, Plant and Equipment* to assess whether they were capital in nature.

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Why significant	How our audit addressed the key audit matter
	• Performed a recalculation of the movement recorded in the revaluation reserve. • Assessed the adequacy of the disclosures relating to property plant and equipment in accordance with PBE IPSAS 17 Property, Plant and Equipment. • As a result of the above procedures, we considered the valuation techniques and key assumptions reasonable in forming our opinion on the financial statements as a whole.

Properties under development

Why significant

Kāinga Ora is undertaking a number of large-scale housing developments. Land being developed is intended to be either utilised by Kāinga Ora or sold to private sector property developers for the development of houses. Properties held for future development are disclosed as properties under development in accordance with PBE IPSAS 12 *Inventories*. Total properties under development as at 30 June 2023 are $525m.

Inventory is required to be recorded at the lower of cost or net realisable value. For properties under development, net realisable value is the estimated selling price less the sum of estimated future costs to bring the land into a saleable condition and the costs of sale. Given the uncertainty in estimating both the eventual selling price of the properties and the future costs to be incurred prior to sale, there is significant judgment involved in the assessment of the net realisable value of these properties

Disclosures in relation to Properties under development are included in note 11 Properties under Development

How our audit addressed the key audit matter

In obtaining sufficient appropriate audit evidence, we:

- Assessed whether, for a sample of land parcels, the criteria for recognition as inventory had been met.
- Considered the carrying value of a sample of properties under development to consider whether they were held at the lower of cost and their assessed net realisable value.
- Understood the process of estimating future costs to complete the development prior to sale and agreed a sample of future costs to Board approved business cases.
- Assessed the nature of a sample of project costs against the requirements of IPSAS 12 *Inventories* to determine if the costs met the criteria to be recorded as inventory costs.
- Assessed whether, for a sample of land parcels, the total estimated costs had been apportioned to specific properties on an appropriate basis.
- Assessed the appropriateness of the disclosures relating to properties under development in accordance with PBE IPSAS 12 *Inventories.*

As a result of the above procedures, we considered the results satisfactory in forming our opinion on the financial statements as a whole.

Performance Reporting against Statement of Performance Expectations

Why significant	How our audit addressed the key audit matter
Kāinga Ora is required under the Crown Entities Act 2004 to report performance achievements against the measures and targets included in its statement of performance expectation. Kāinga Ora provides tenancy services focusing on prioritising tenants' wellbeing and providing tenants with good quality, warm, dry and healthy homes. Reporting its achievements against performance expectations established through negotiation between the Kāinga Ora Board and the responsible Ministers is a key aspect of Kāinga Ora's accountability framework. Given the significance of the non-financial performance reporting against expectations contained in the Statement of Performance Expectations, which explains Kāinga Ora's progress towards its accountabilities, this is a key focus of our audit.	In obtaining sufficient appropriate audit evidence, we: • Identified performance measures that in our view are significant to ensuring the performance reporting provides a sufficiently complete and balanced view of Kāinga Ora's performance against expectations contained in the Statement of Performance Expectations. • Understood the processes Kāinga Ora has in place to seek to capture service performance information in relation to significant performance measures in a consistent and accurate manner. • For performance measures that we considered to be significant, tested supporting evidence on a sample basis. This included inspection of supporting documentation, re-performance of calculations and testing the integrity of underlying data. • Assessed the presentation of all performance measures for appropriateness and completeness against our knowledge of Kāinga Ora's financial performance, operations and performance framework. • Tested the integrity of the Output Activity costings attributed to each output. • Assessed the performance disclosures in the annual report against the requirements of the Crown Entities Act 2004 and PBE FRS 48 *Service Performance Reporting*. As a result of the above procedures, we considered the results satisfactory in forming our opinion on the performance information as a whole.

Responsibilities of the Board Members for the consolidated financial statements and the performance information

The Board Members are responsible on behalf of the Group for preparing consolidated financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board Members are responsible for such internal control as they determine necessary to enable them to prepare consolidated financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the performance information, the Board Members are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board Members are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

The Board Member's responsibilities arise from the Crown Entities Act 2004 and the Kāinga Ora–Homes and Communities Act 2019.

Responsibilities of the auditor for the audit of the consolidated financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these consolidated financial statements and the performance information.

For the budget information reported in the consolidated financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the consolidated financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

We identify and assess the risks of material misstatement of the consolidated financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.

We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

We evaluate whether the service performance criteria are suitable so as to result in service performance information that is in accordance with the applicable financial reporting framework.

We conclude on the appropriateness of the use of the going concern basis of accounting by the Board Members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the consolidated financial statements and the performance information, including the disclosures, and whether the consolidated financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the consolidated financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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We communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Board Members, we determine those matters that were of most significance in the audit of the consolidated financial statements and performance information of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board Members are responsible for the other information. The other information comprises the information included on pages 1 to 141, 157 to 172 and 231 to 263 does not include the consolidated financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon other than in relation to the limited assurance conclusion on pages 264 and 265.

In connection with our audit of the consolidated financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements and the performance information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out a limited assurance engagement over the Greenhouse Gas Emissions inventory, which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with, or interests, in the Group.

Stuart Mutch
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

Grahams Road, Burnside, Christchurch

DELIVERING TO OUR CUSTOMERS
ACHIEVING OUR OUTCOMES
OUR PERFORMANCE
FINANCIAL STATEMENTS

Ngā Whakapuaki e Pā ana ki te Āhuarangi / Climate-related Disclosures

This is our third Climate-related Disclosure (CRD). It is based on the New Zealand Climate Standards (NZCS) set out by the External Reporting Board (XRB).

Kāinga Ora has continued to develop its climate risk maturity since the last Disclosure in 2021/22. Over the last 12 months, the organisation has:

- improved methods of risk and opportunity identification, assessment and prioritisation
- contributed to sector-specific scenario development and based on those scenarios undertaken our own analysis
- developed an emissions reduction plan with associated metrics and targets.

The 2022/23 Disclosure was supported by PwC, who facilitated risk assessment, prioritisation, and scenario analysis processes. They also undertook a CRD readiness assessment and provided recommendations that will inform how we continue to build our climate risk and resilience capability over the next few years. Recommendations included, building on our governance processes for climate risks and opportunities, Board upskilling, formalising roles and responsibilities, and developing quantitative methodology for climate risk and opportunity assessment. Kāinga Ora intends to comply with NZCS 1, 2 and 3 by our first mandatory disclosure year 2023/24, making use of the adoption provisions for requirements where we are still building capability.

Governance

This section outlines Kāinga Ora Board and Management oversight of climate-related risks and opportunities.

Board oversight of climate-related risks and opportunities

Under the Kāinga Ora–Homes and Communities Act 2019 the Kāinga Ora Board must ensure that Kāinga Ora operates in a manner that recognises the need to mitigate and adapt to the effects of climate change.

The Kāinga Ora Sustainability Directorate provides expertise and thought leadership to ensure the Board has appropriate oversight on climate-related issues.

The Kāinga Ora Sustainability and Climate Strategy team has engaged Kāinga Ora governance bodies in climate risk and opportunity workshops, including the Kāinga Ora Board. The risk assessment and scenario analysis work undertaken in 2022/23 feeds directly into the Kāinga Ora Top Risk Report which is presented to, and reviewed by, the Finance, Risk and Assurance Board Sub-Committee (FRAC) on a six-monthly basis.

In 2022/23 an assessment of the climate change implications and risks was added into the documentation provided for all Board decisions. We are looking at what further improvements can be made to improve our accountability for climate-related responsibilities.

Management's role in assessing and managing climate-related risks and opportunities

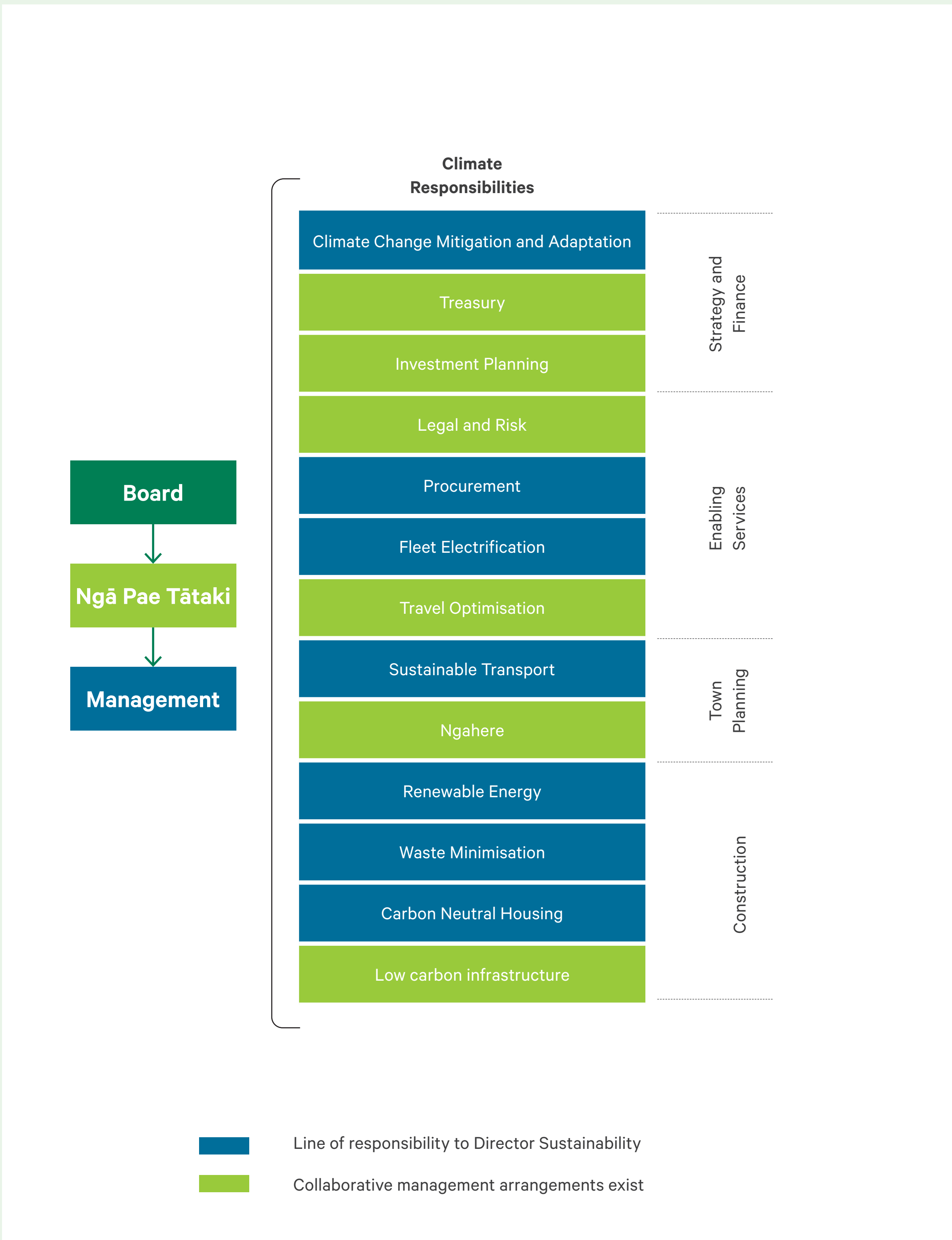
Kāinga Ora Board has assigned climate-related responsibilities to our Ngā Pae Tātaki and business groups.

Ngā Pae Tātaki

Ngā Pae Tātaki are the collaborative leadership committees of Kāinga Ora. They meet on a fortnightly or monthly basis. Several of our Pae Tātaki have sustainability and climate-related risk considerations included in their terms of reference:

- Strategy, Risk and Performance Pae Tātaki:
  - setting sustainability outcomes and measures
  - enterprise risk management framework
- Urban Development, Land and Housing Supply Pae Tātaki:
  - setting and monitoring sustainability standards in urban development
  - identification of emerging risks and opportunities
- Customers and Communities Pae Tātaki:
  - monitoring of risks, opportunities and gaps related to the delivery of customer-related matters and opportunities.
- Public and Supported Housing Pae Tātaki:
  - setting and monitoring sustainability standards in construction of public and supported housing
  - identification of emerging risks and opportunities.

Business groups regularly take papers to our Ngā Pae Tātaki informing them and/or requesting endorsement of decisions on climate-related issues. Significant decisions are also raised with the Board.



Management

Our management structure comprises various place- and specialty-based business groups. At Kāinga Ora, we have a combination of dedicated and non-dedicated sustainability resources in position across our organisation.

- Our Sustainability and Climate Strategy team is responsible for our strategies in relation to climate change mitigation and adaptation, and supporting the implementation of those strategies.
- We use a matrix management structure to ensure activities across the group of dedicated sustainability resources are coordinated and conducted in a centrally prioritised way.
- We have collaborative management arrangements in place to ensure all other relevant parts of the organisation have oversight and ownership of the climate-related issues that are most material to them.

Risk management

The Risk Management section sets out the tools and processes used by Kāinga Ora to assess and prioritise climate-related risks and opportunities. Information on scenario development and key assumptions are also provided below.

Identifying and assessing climate-related risks and opportunities

Kāinga Ora has introduced processes to identify and prioritise organisational climate change risks:

- climate risk and opportunity identification
- climate risk assessment and prioritisation
- scenario analysis and impact pathway development.

Risks are assessed using exposure and vulnerability criteria on a risk matrix with a four-point scale (Low, Moderate, High, Extreme). Adaptive capacity is factored into the assessment of risk also using the same four-point scale but in inverse order where a low ability to adapt presents a high level of risk. This methodology aligns with that used in the National Climate Change Risk Assessment produced by the Ministry for the Environment.

Kāinga Ora identified and assessed climate risks and prioritised the following for scenario analysis and impact pathway development (Page 236).

Physical and transitional climate risks

Risk	Type	Risk description
Significant damage and/or loss to Kāinga Ora assets significantly impacting customer wellbeing	Physical	An increased frequency and severity of weather events may lead to significant damage to Kāinga Ora assets, resulting in potential harm to customers, impacted customer wellbeing, displaced whānau and communities, increased inequities for Māori, increased costs (remediation), and inability to meet housing demands (due to early asset retirement, redirection of funds).
Significant disruption in the supply chain for current and future pipeline developments	Physical	An increased frequency and severity of weather events may lead to construction supply-chain disruption and shortages, resulting in increased costs and uncertainty/delays in the Kāinga Ora development pipeline, which could in turn result in an inability to meet contractual agreements and SPE targets.
Disruption or damage to critical/supporting infrastructure and amenities that impacts Kāinga Ora and its customers	Physical	An increased frequency and severity of weather events and/or ongoing changes to the climate or natural environment may lead to disruption or damage to critical/supporting infrastructure and amenities (for example, water shortage, limits to electricity supply), resulting in decreased customer wellbeing and hauora, or potential loss of life, inability of Kāinga Ora to provide services to customers or continue developments, displaced whānau and community disconnection.
Kāinga Ora homes and features do not provide an adequate level of protection from heat stress	Physical	As a result of chronic warming of the climate and an increase in heatwaves, Kāinga Ora homes may no longer provide an adequate level of heat protection, leading to decreased customer wellbeing and hauora, an increased cost of retrofitting existing homes to prevent these issues and increased energy costs to the customer.

Risk	Type	Risk description
Kāinga Ora customers are unable to participate in the transition towards a low-carbon economy	Transitional	As regulatory and consumer expectations around sustainability change, Kāinga Ora customers may be unable to participate in aspects of the transition towards a low-carbon economy due to socio-economic and cultural factors, leading to existing inequalities being exacerbated, reputational damage, and potential implications against Te Tiriti o Waitangi obligations.
Kāinga Ora is unable to secure sufficient funding for proactive and longer-term mitigation activities and solutions	Transitional	Increased government focus on adaptation to acute events and inability to adequately influence budget, may lead to Kāinga Ora being unable to secure sufficient funding for longer-term mitigation, resulting in increased cost pressures (due to the combined increasing adaptation and mitigation costs), and Kāinga Ora being unable to deliver on contractual obligations and/or deliver on its strategic outcomes of healthy homes.

Opportunities

Opportunity	Impact
Leveraging our urban renewal programme to accelerate land-use and transport integration to reduce transport emissions in Aotearoa New Zealand	• Redeveloping urban environments to ensure communities and supporting infrastructure are resilient to the transitional impacts of climate change • Increased customer wellbeing and hauora due to the increased access to public transport and amenities
Using our residential build and renewal programmes to increase the efficiency of our housing stock	• Improved energy and resource efficiency of our new and renewed dwellings to reduce their life-cycle carbon impact • Increased customer wellbeing and hauora due to decreased energy and water costs, improved indoor environments, and increased access to utilities
Enhancing our homes to achieve better outcomes for Māori	• Enhanced wellbeing and hauora of customers (especially Māori) through enhanced building performance, ventilation and energy solutions providing mechanisms to transition to low carbon alternatives and minimising the cost impacts to customers and whānau • Restoring Mātauranga Māori and Māori kāinga traditions (for example, community hubs/housing and intergenerational living) • Increase confidence and trust in Kāinga Ora and social services for delivering on Māori outcomes and upholding Te Tiriti o Waitangi obligations

Controls for key climate-related risks

Controls have been identified and are discussed at a Board level on a six-monthly basis in 2022/23. As at the end of FY23, responsibility for these controls has been assigned to relevant management, but responsibilities have not been formally agreed.

The top controls are:

- understanding natural hazard and climate change risk to assets and customers through exposure and vulnerability assessment
- integration of climate risk into key strategies, plans, and planning and investment management processes
- investment in infrastructure resilience and community development to reduce risk and improve response, including collaboration with councils to build back better after extreme weather events
- frequent engagement with central government on key funding and policy requirements to support adaptation needs for our assets and just transition support for our customers.

Applying management of climate risks to project-level decision-making

Kāinga Ora project teams undertake natural hazard and climate risk assessments as part of due diligence and early planning through the Kāinga Ora Investment Management Framework. Project teams draw on internal and external expertise and available hazard information (including modelling) to support local assessment of risk. Risk mitigation and adaptation actions are identified and included within business cases.

Strategy

This section outlines current strategy, priorities and performance expectations of Kāinga Ora and how these may be impacted by climate change through the identification of risks and opportunities and scenario analysis.

Kāinga Ora Strategy

This section outlines current strategy, priorities and performance expectations of Kāinga Ora and how these may be impacted by climate change through the identification of risks and opportunities and scenario analysis.

At Kāinga Ora – Homes and Communities we have two core roles:

- being a world-class public housing landlord
- initiating, facilitating and undertaking urban development, which includes partnering with the development community, Māori, local and central government and others on urban development projects of all sizes.

Climate change is already having, and will continue to have, a significant impact on our ability to deliver on our core functions, organisational outcomes (page 140) and performance expectations (page 157-158). We considered these outcomes, strategies and performance objectives when undertaking our risk and opportunity analysis. This will form the basis for future work on what changes are required in organisational strategy to ensure Kāinga Ora can adapt to climate change and transition effectively.

- Kāinga Ora Strategy 2030 and Te Rautaki Māori o Kāinga Ora are our two primary organisational strategies. These sit in parallel, like the waka hourua – a double-hull canoe.
- Supporting our two organisational strategies is a set of functional strategies that provide a clear decision-making framework to guide us in making evidence-based choices.

Climate change is a fundamental challenge that sits across all elements of the organisation and is reflected in our functional strategies. It will affect our customers, our assets and our communities. We must also plan for climate change in our urban development practices. Climate change features most prominently in our Environment Strategy which sets out climate change risk and resilience and emissions reduction work as key moves.

Vision and Values

Building better, brighter homes, communities and lives He oranga kāianga, he oranga hapori, he oranga tangata	Manaakitanga Mahi Tahi Whanake

Outcomes

Housing access; Māori aspirations; Customer wellbeing; Thriving communities; Environmental wellbeing; System transformation

Strategy

Kāinga Ora Strategy 2030 and Te Rautaki Māori o Kāinga Ora				Statement of Intent and Characteristics
Customer	Community	Asset Management	Urban Development	
Environment				

Planning

Partnership Framework	Affordable housing	Supported housing		Budgets
Statement of Performance Expectations	Asset Management Plan	Regional Plans	Group Business Plans	Long-term Investment Plan

Climate risk in Kāinga Ora investment decision-making

Climate-related risks and opportunities are factored into investment decision-making prior to project establishment through our Regional Planning and Area Development Strategy processes, and in more detail once projects are established in the early stages of the Kāinga Ora Investment Management Framework.

The impacts of climate change on organisational strategy and outcomes can and should inform the way in which projects consider climate change in investment decision-making. Development projects working through the Kāinga Ora investment management pathway are required to identify and assess the exposure and vulnerability of housing, customers and community to climate hazards. We are working to enable this project-level information to feed into organisational understanding of climate risk, and vice versa.

Future climate scenarios

Kāinga Ora undertook a scenario analysis based on the following timeframes and scenarios. This enables us to assess the future impacts of climate change on organisational strategy and performance.

	Orderly Limit temperature rise to 1.5°C (with overshoot)	**Disorderly** Limit temperature rise to 2°C	**Hot house** Temperature rise >3°C
Time horizons	'Short-term' refers to the 1 to 3-year period (2025), to align with the central government electoral cycle in Aotearoa New Zealand.		
	'Medium-term' refers to the 4 to 30-year period (2053), to align with Kāinga Ora Area Development Strategies.		
	'Long-term' refers to the 31 to 50-year period (2073), to align with the expected useful life of dwellings before significant renewal activities are required.		
Reference scenarios	NZGBC Orderly | RCP 2.6 | SSP1 | CCC Tailwinds | IEA Net Zero	NZGBC Disorderly | RCP 4.5 | SSP2 | CCC Headwinds | IEA Sustainable Development	NZGBC Hot house | RCP 8.5 | SSP3 | CCC Current Policy Reference | IEA Stated Policy
Key assumptions	An 'Orderly' 1.5°C scenario where decarbonisation policies are enacted immediately and smoothly (globally, in Aotearoa New Zealand, and within the sector). Rapid but coordinated transition. Whole-of-life carbon emissions reduction requirements for buildings is at 90% by 2050. The construction sector grows significantly as carbon-supporting infrastructure is replaced with greener, low-carbon infrastructure.	A 'Disorderly' scenario where significant decarbonisation is delayed until 2030 (globally, within Aotearoa New Zealand, and within the sector). This leads to global warming being limited to <2°C by 2100. The sector faces high transition risk after 2030 as entities rush to decarbonise. Initially the construction and property sector is slow to decarbonise, but 'fast movers' get the opportunity to utilise materials, capital and knowledge.	A 'Hot House World' scenario where global warming reaches >3°C above pre-industrial levels by 2100 (globally, within Aotearoa New Zealand, and within the sector). No further decarbonisation policies transition risks but extreme physical climate risks, particularly towards the end of the century.
Impact on Kāinga Ora	Kāinga Ora is put under pressure as struggling communities face further challenges associated with the cost of transition and there is an increased need for public housing. Funding is available to account for the costs of upgrading homes to be climate resilient; and delivering new builds with lower emissions.	Kāinga Ora is faced with needing to deliver more housing, repair damages from more frequent and intense weather events, and compete with other developers to access resources, all with no additional funding. From the 2030s onwards, directives for improving the climate performance of new and existing builds are given without adequate financial support.	Food insecurity, cost rises, unemployment and immigration have all created huge and growing demand for social housing. Without additional funding, Kāinga Ora is unable to provide enough housing to meet demand. Where government funding is available, it is directed towards the comfort and safety of Kāinga Ora customers in a changing climate, instead of reducing the emissions caused by new and existing builds.

Scenario analysis is currently a stand-alone process that is not integrated into Kāinga Ora strategy development or business planning. The narratives developed were used to understand the impacts of prioritised physical and transition risks on operations, strategy, and financial planning. Impact pathways were used to identify areas of the organisation that are likely to be impacted by climate risks. Each pathway represents a potential route through which the risk can manifest. These impact pathways can then be used for risk management and business planning.

Metrics and Targets

This section outlines the metrics used by Kāinga Ora to measure our exposure to climate-related risks and opportunities, and targets set against these metrics. This year we have focused on developing a comprehensive emissions inventory and setting reduction targets in line with the Carbon Neutral Government Programme (CNGP). Our full ISO 14064-1:2018 and GHG Protocol Corporate Standard-aligned emissions inventory is included on pages 243 to 263.

We are investigating additional non-emissions-related metrics and targets, which will be included in future disclosures.

Kāinga Ora Greenhouse Gas (GHG) Emissions Inventory

Emissions summary

	tCO_2e 2023	tCO_2e 2022	tCO_2e intensity 2023	tCO_2e intensity 2022	Intensity metric
Corporate					
Scope 1 (Category 1)					
Direct fuel use	**961**	667	**0.30**	0.24	per FTE
Scope 2 (Category 2)					
Purchased electricity for corporate activities	**203**	292	**0.06**	0.10	per FTE
Scope 3 (Category 3)					
Business travel	**2,110**	1,428	**0.66**	0.52	per FTE
Freight	**1**	0.4	**0.00**	0.00	per FTE
Staff working from home	**113**	226	**0.04**	0.08	per FTE
Employee commuting	**2,372**	N/M*	**0.74**	N/M	per FTE
Direct fuel use well-to-tank	**227**	N/M	**0.07**	N/M	per FTE
Category 4					
Embodied emissions in purchased fleet vehicles	**2,226**	N/M	**0.69**	N/M	per FTE
Waste to landfill	**52**	80	**0.02**	0.02	per FTE
Electricity transmission and distribution losses	**41**	63	**0.01**	0.02	per FTE
Wastewater treatment	**179**	132	**0.06**	0.04	per FTE
Water supply	**16**	10	**0.005**	0.003	per FTE
Total corporate emissions	**8,500**		**2.65**		**per FTE**

* N/M = not measured in the historical base year.

	tCO_2e 2023	tCO_2e 2022	tCO_2e intensity 2023	tCO_2e intensity 2022	Intensity metric
Buildings					
Scope 2 (Category 2)					
Purchased electricity for public and supported housing communal areas	**147**	N/M	**0.001**	N/M	per occupant
Scope 3					
Category 4					
Embodied emissions from:					
- Existing portfolio	**10,682**	N/M	**0.05**	N/M	per occupant
- New builds	**89,337**	N/M	**26.68**	N/M	per new occupant
- Retrofits	**2,722**	N/M	**0.6**	N/M	per retrofit occupant
Category 5					
Operational emissions from:					
- Existing portfolio	**195,117**	N/M	**1.05**	N/M	per occupant
Total buildings emissions	**298,006**		**1.61**		per occupant
Infrastructure					
Category 4					
Embodied emissions from infrastructure development	**18,089**	N/M	**0.0001**	N/M	per $ spent
Transport					
Enabled emissions from customer transport	**263,394**	N/M	**1.42**	N/M	per occupant
Total emissions 2022/23	**587,992**				

* N/M = not measured in the historical base year.

Direct emissions separated by GHG group

	CO_2 (tCO_2e)	CH_4 (tCO_2e)	N_2O (tCO_2e)
Scope 1 (Category 1)			
Direct fuel use	922	12	28
Scope 2 (Category 2)			
Purchased electricity for corporate activities	197	5	0
Purchased electricity for public and supported housing communal areas	143	4	0

Greenhouse gas quantities have been converted to tCO_2e using the global warming potential from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report. The time horizon is 100 years.

Introduction

This is our first year presenting a full GHG Emissions Inventory in line with the requirements of ISO 14064-1:2018 and the GHG Protocol Corporate Standard. It includes emissions from our corporate activities, which we have reported on in previous years, as well as emissions from sources related to buildings, infrastructure development and customer transport:

Kāinga Ora emissions group	Description	CNGP requirements
Corporate emissions	Emissions from our corporate and employee-related activities	• Measure emissions • Set a target • Report emissions • Offset (from 2025) all emissions sources in the corporate emissions group
Buildings emissions	Emissions from energy and water consumption in Kāinga Ora homes (operational emissions), as well as materials used in their construction and maintenance (embodied emissions)	• Measure emissions • Set a target • Report emissions

Kāinga Ora emissions group	Description	CNGP requirements
Transport emissions	Emissions from the day-to-day travel of people living on land developed by Kāinga Ora from their home to the places they visit to live their lives	Kāinga Ora is not required to set a target, report or offset emissions in this group. However, transport emissions associated with the movement of people living in our homes makes up 48% of all emissions Kāinga Ora has some control or influence over, so we have opted to report and set a target for the transport emissions group.
Infrastructure emissions	Emissions from the energy and materials used to construct infrastructure we develop (embodied emissions)	• Measure emissions • Set a target • Report emissions

Summary of targets

GHG emissions reduction targets have been included in this disclosure to meet the Ministry for the Environment's CNGP requirements.

	Corporate	Buildings	Transport	Infrastructure
Within our current funding and operational settings, we expect to...	Reduce emissions by 29% by 2025 and 42% by 2030 compared to 2022/23	Reduce emissions by 10% by 2035 compared to 2019	Reduce emissions by 21% by 2035 compared to 2019	Reduce emissions by 0% by 2030 compared to 2022/23
To align with a 1.5°C world, we would need to...		Reduce emissions by 41% by 2035 compared to 2019	Reduce emissions by 41% by 2035 compared to 2019	Reduce emissions by 42% by 2030 compared to 2022/23

We need to set emissions reduction targets that align with a 1.5-degree world. For buildings and transport this requires us to reduce emissions by 41 per cent by 2035 compared to emissions under 2019 industry settings[7]. This has been informed by the Aotearoa Emissions Reduction Plan. The Aotearoa Emissions Reduction Plan does not set an emissions budget for infrastructure, so we have elected to follow the approach of infrastructure asset owners[8].

7. 2019 emissions information has not been audited by Ernst & Young (EY).
8. This target has been set using the Science Based Target Initiative (SBTI) assessment methodology, which follows the same approach as Auckland Transport. More details on the methodology can be found here: https://sciencebasedtargets.org/step-by-step-process#develop-a-target

The CNGP requires us to report on our gross emissions reduction that can be achieved based on our reduction potential for 2024/25 and 2029/30, against our 2022/23 baseline. We have interpreted this to be what we expect is achievable within our current funding and operational settings. We have calculated this to be:

- Buildings – Existing public and supported housing: absolute reduction of 2 per cent by 2024/25 and 26 per cent by 2029/30, compared to our 2022/23 baseline
- Buildings – New construction: emissions intensity (per occupant) reduction of 1 per cent by 2024/25 and 2 per cent by 2029/30, compared to our 2022/23 baseline
- Transport: Emissions intensity (per household) reduction of 0.44 per cent by 2024/25, and 2.82 per cent by 2029/30, compared to our 2022/23 baseline
- Infrastructure: Reduction of 0 per cent by 2024/25, and 0 per cent by 2029/30, compared to our 2022/23 baseline.

These figures will be used for reporting under CNGP requirements.

Reduction strategies are currently under development and will be included in the Kāinga Ora Emissions Reduction Plan, to be published by 1 December 2023. Progress against targets will be reported in future periods.

Persons responsible for the inventory

Ultimate responsibility for this inventory sits with the Kāinga Ora Board. The Board have delegated responsibility for this inventory to Director Sustainability.

Reporting period covered

This inventory covers the financial year 1 July 2022 to 30 June 2023.

Organisational boundaries

This inventory covers the Kāinga Ora Group, which consists of Kāinga Ora – Homes and Communities (Parent), and its 100 per cent subsidiaries Housing New Zealand Limited (HNZL) and Housing New Zealand Build Limited (HNZB). The Kāinga Ora – Homes and Communities parent is responsible for all corporate emissions. HNZL is responsible for emissions from buildings. HNZB is responsible for emissions from infrastructure and transport.

We have used the operational control approach to account for our emissions.

Biogenic removals

Biogenic removals are excluded from the inventory.

Historical base year

The historical base year used is the financial year from 1 July 2021 to 30 June 2022. In the historical base year, we measured all our category 1 and 2 GHG emissions, as well as category 3 and 4 emissions relating to our corporate activities only. Therefore, comparatives are not available for all emissions categories.

Verification

The inventory presented has been independently verified by Ernst & Young Limited (EY) to a limited level of assurance. EY is also the appointed audit service provider of Kāinga Ora on behalf of the Office of the Auditor General.

Information on emissions sources included

Kāinga Ora Group	ISO category	Emissions source	Data source	Method	Emissions factors used	Uncertainty
Corporate	Category 1	Direct fuel use	Summary of fuel card purchases from our fuel provider	Calculated total litres of fuel purchased from supplier	MfE emissions factors (2023): Transport fuel	It is assumed that staff have used their fuel card to make fuel purchases, and that the listing supplied by the provider is complete.
	Category 2	Purchased electricity for corporate activities	Summary of billed kWh volumes from our energy provider	Calculated total kWh used	MfE emissions factors (2023): Purchased grid-average electricity – annual average	It is assumed that the provider has supplied data for all ICPs.
		On-road EV charging	Summary of billed kWh volumes from our on-road charging provider	Calculated total Wh used converted in kWh		It is assumed that the provider has supplied data for all chargers.
		Staff EV home charging claims	Report of staff claims for EV home charging	$ amount claimed for home charging converted into kWh using MBIE Energy Prices (2021) – used Real annual average fuel prices – 2022 prices (average 2022/23)		It is assumed that staff have made claims for all home charging and that staff energy prices align with MBIE annual average prices.
	Category 3	Business travel – flights	Travel bookings report from supplier	Outputs for flights are calculated using the distance travelled by plane type and split by domestic, international short-haul, international long-haul and class type	MfE emissions factors (2023): Air travel	It is assumed data source represents a complete and accurate account of all travel activity. The organisation has a rule that all staff must book via the company travel provider.
		Business travel – hotels	Travel bookings report from supplier	Hotel nights provided by travel provider, split by country	MfE emissions factors (2023): Hotel stay (individual countries)	
		Business travel – car hire	Travel bookings report from supplier	Record of hire cars booked through travel provider and km distance travelled. Where a distance was not recorded with hire company, travel provider used an average of 150km	MfE emissions factors (2023): Default rental car emissions factors per km travelled	
		Staff claims for purchased fuel and mileage	Internal expense management system	$ spend claimed converted to litres of petrol using MBIE Energy Prices (2021)	MfE emissions factors (2023): Transport fuel – regular petrol	It is assumed that staff-owned vehicles use regular petrol and that prices paid for petrol are consistent with then national average.

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Kāinga Ora Group	ISO category	Emissions source	Data source	Method	Emissions factors used	Uncertainty
Corporate	Category 3	Car travel by taxi and rideshare	Internal expense management system	$ spend converted to km travelled using MfE emissions factors (2023): Taxi travel – regular – dollars spent	MfE emissions factors (2023): Taxi travel – regular	It is assumed that taxis use regular petrol.
		Freight	Internal records	$ spend by procurement category	Auckland Council Consumption Emissions Modelling (2023): Road transport freight services	It is assumed that all freight activity has been coded to the correct internal procurement category.
		Staff working from home	Employee commuter survey by Abley – CarbonWise tool	An organisation-wide survey that captured typical weekly patterns of working from home and commuting journeys by vehicle type. A third party calculated the annual emissions.	MfE emissions factors (2023): Working from home	Only one survey was undertaken in autumn 2023 and extrapolated to represent the entire year. It does not capture the potential variation in staff travel/working from home habits between seasons. The response rate for the survey was 31%. This sample has been extrapolated across all staff.
		Employee commuting	Employee commuter survey by Abley – CarbonWise tool		Abley CarbonWise tool	
		Direct fuel use well-to-tank	Purchased fuel report	Accurate records of litres of fuel purchased from supplier	UK emissions factors (2023): WTT	It is assumed that staff have used their fuel card to make fuel purchases, and that the listing supplied by the provider is complete.
	Category 4	Embodied emissions in purchased fleet vehicles	Internal records of vehicles purchased in 2022/23	Calculated on the $ amount spent on purchasing fleet vehicles within the period and applied the Auckland Council consumption emissions factor for motor vehicles	Auckland Council Consumption Emissions Modelling (2023): Motor vehicles, trailers and semi-trailers; bodies	It is assumed that all vehicle purchases and pricing have been correctly castured bysour fleet team.

Kāinga Ora Group	ISO category	Emissions source	Data source	Method	Emissions factors used	Uncertainty
Corporate	Category 4	Waste to landfill	Waste report from EnviroWaste for our Wellington office	Accurate data for tonnes of waste collected for the whole Waterloo Quay building and calculated the percentage of office space Kāinga Ora has. Calculated the tonnes of waste produced per person at this office. Calculated the average employee office access nationwide multiplied by average tonnes of waste per person	MfE emissions factors (2023): Waste disposal to municipal (class 1) landfills with gas recovery – office waste	It is assumed that the amount of waste captured at our Waterloo Quay office is consistent with what is collected throughout our offices nationwide. It is also assumed that Kāinga Ora Waterloo Quay waste can be reflected as a percentage of floor area of the entire building that Kāinga Ora occupies. It is also assumed that provider reporting is complete and accurate.
		Electricity transmission and distribution losses	Summary of billed kWh volumes from our energy provider	Total kWh used	MfE emissions factors (2023): Transmission and distribution losses for electricity consumption	It is assumed that the provider has supplied data for all ICPs.
		Wastewater treatment	Average employees in the period	Calculated using the average number of employees in the period and applied the per-capita emissions factor	MfE emissions factors (2023): Domestic wastewater treatment – average for wastewater	It is assumed that usage by employees is consistent with the average applied by MfE in determining the factor.
		Water supply	Average employees in the period	Calculated using the average number of employees in the period and applied the per-capita emissions factor	MfE emissions factors (2023): Water supply	

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Kāinga Ora Group	ISO category	Emissions source	Data source	Method	Emissions factors used	Uncertainty
Buildings	Category 2	Purchased electricity for public and supported housing communal areas	Summary of billed kWh volumes from our energy provider	Accurate records of kWh used	MfE emissions factors (2023): Purchased grid-average electricity – annual average	It is assumed that the provider has supplied data for all ICPs.
	Category 4	Embodied emissions from existing portfolio	BRANZ LCAQuick 3.4.4	Emissions from reference buildings are applied to the quantity of existing buildings and new buildings completed during the year based on their attributes. Attributes considered include: • building typology for new construction (e.g. stand-alone house, duplex, walk-up, apartment) • building standard (e.g. 6-Homestar v4.1, Kāinga Ora 5-Homestar v5 Transition Standard) • climate zone (zones 1 to 6 as specified in the New Zealand Building Code H1) • building footprint (gross floor area) • number of units within building • number of bedrooms within units • average number of building occupants based on actual Kāinga Ora customer population	BRANZ emissions factors have been used for energy, water and construction materials.	It is assumed that the emissions profile of all Kāinga Ora buildings can be represented by a selection of reference buildings. It is assumed that gross floor area is consistent across each building typology and that the size of bedrooms is consistent. It is assumed that the quantities of materials used in each reference building are consistent based on building typology and number of bedrooms. It is assumed that the average actual self-reported number of tenants in Kāinga Ora homes can be used as a proxy for future occupancy. As recommended by MBIE's Building for Climate Change Programme, our modelling uses the 24/7 occupancy pattern specified in ISO 21903. We acknowledge that actual heating patterns are likely to be shorter. The ISO 21903 method enables the calculation of operational emissions without the variation associated with occupant behaviour.
		Embodied emissions from new builds				
		Embodied emissions from retrofits				
	Category 5	Operational emissions from existing portfolio	Combination of ECCHO (for testing designs against the New Zealand Green Building Council's 6- and 7-Homestar v5 Standard), DesignBuilder software (for testing overheating risk), and ultimately the Passive Houce Plannings Packages (PHPP) to determine energy use			

Kāinga Ora Group	ISO category	Emissions source	Data source	Method	Emissions factors used	Uncertainty
Infrastructure	Category 4	Embodied emissions from infrastructure development	Schedule of quantities where available Where not available, $kgCO_2e/\$$ used	Calculated using activity data within the schedule of quantities and applying appropriate emissions factor. This was undertaken in the Moata Carbon Portal, a proprietary modelling software. Where no information was available, carbon cost factors were derived based on what had been modelled and applied to the expenditure that was unmodelled.	Energy – MfE Vertical infrastructure – BRANZ Horizontal infrastructure – IS v2.04 Civil works – CESMM4	It is assumed that the activity data within the schedule of quantities used was accurate. It is also assumed that the carbon:cost factors used represent the actual emissions from our unmodelled infrastructure projects.
Transport	Category 6	Enabled emissions from customer transport	Household Annual Vehicle Kilometres Travelled (VKT) data from the Ministry of Transport (MoT) (RD016) Household Travel Survey (MOT HTS 2015-21 Regions – travel by resident 2015 onwards) Otago University Study: Socio-economic inequalities in greenhouse gas emissions from household travel in Aotearoa New Zealand)	This model calculates an average VKT for each existing Kāinga Ora household and the market and public housing which is in our pipeline. It adjusts the VKT by the regions the houses are in based on the household travel survey. It also adjusts for differing travel behaviour between public and market housing residents.	Light vehicle fleet emissions intensity 2023-2050: MOT VEPM 6.3.	It is assumed that actual Kāinga Ora customer travel behaviour is represented by national VKT data with the relevant adjustments applied.

Exclusions

The table below sets out emissions sources that have been excluded from our GHG inventory and the reason for exclusion.

In particular, readers should note that emissions from Purchased Goods and Services that do not relate to construction of buildings or infrastructure have been assessed as material but have not been included within our inventory. In addition, embodied emissions from civil infrastructure within our superlots (such as carparks, gardens, foundations and pathways) are excluded, as well as infrastructure emissions from the Kāinga Ora Land Programme.

These are excluded due to the lack of detailed information available to capture and measure these items reliably. We recognise that if these emissions are found to be significant, we will need to report them in future periods to meet the requirements of New Zealand Climate Standards 1 and 3.

Category	ISO 14064-1:2018 Subcategory	GHG Protocol Subcategory	Included	Reason for exclusion
Category 1: Direct emissions and removals	Stationary combustion	Scope 1	No	Office generators: Two of our offices have generators that run for a very limited time per year. Emissions are estimated to be de minimis.
	Mobile combustion (incl. company-owned or leased vehicles)		Yes	
	Emissions – Industrial processes		No	Kāinga Ora has no direct emissions from industrial processes.
	Removals – Industrial processes		No	
	Leakage of refrigerants		No	Building owners do not explicitly on-charge costs for refrigerants used in chillers/air conditioning units.
	Treatment of waste		No	Kāinga Ora does not directly treat waste or wastewate
	Treatment of wastewater		No	

Category	ISO 14064-1:2018 Subcategory	GHG Protocol Subcategory	Included	Reason for exclusion
Category 1: Direct emissions and removals	Emissions – Land use, land-use change and forestry	Scope 1	No	Kāinga Ora does not undertake any of these activities.
	Removals – Land use, land-use change and forestry		No	
	Fertiliser use		No	
	Addition of livestock waste to soils		No	
	Addition of crop residue to soils		No	
	Enteric fermentation		No	
	Addition of lime to soils		No	
	Open burning of organic matter		No	
Category 2: Indirect GHG emissions from imported energy	Imported electricity	Scope 2	Yes	
	Imported energy			Electricity is the sole source of energy used in Kāinga Ora offices.
	Imported electricity for EVs		Yes	
Category 3: Indirect GHG emissions from transportation	Upstream freight – Paid by the organisation	Upstream transportation and distribution	Yes	
	Upstream freight – Paid by suppliers/others		Yes	
	Downstream freight – Paid by the organisation	Downstream transportation and distribution	Yes	
	Downstream freight – Paid by the customer/ others		No	Emissions from this activity are estimated to be de minimis.

Category	ISO 14064-1:2018 Subcategory	GHG Protocol Subcategory	Included	Reason for exclusion
Category 3: Indirect GHG emissions from transportation	Employee commuting	Employee commuting	Yes	
	Business travel – Transport (non-company-owned vehicles)	Business travel	Yes	
	Business travel – Accommodation		Yes	
	Client and visitor transport	Downstream transportation and distribution	Yes	
	Working from home	Employee commuting	Yes	

Category	ISO 14064-1:2018 Subcategory	GHG Protocol Subcategory	Included	Reason for exclusion
Category 4: Indirect GHG emissions from products used by organisation	Purchased goods and services	Purchased goods and services	Partially	Refer to note on page 258 around exclusion of emissions from goods and services not relating to buildings or infrastructure. Emissions from market housing delivered by third parties on Kāinga Ora land is not included because these emissions are attributable to the third-party developers. Embodied emissions from market housing purchased by Kāinga Ora but constructed before 1 January 2022 have not been included. It is assumed that market homes delivered after this date and purchased by Kāinga Ora have had no prior use. Therefore, the embodied emissions are attributable to us. Emissions from the disposal of buildings are not included because they are estimated to be de minimis.
	Capital goods	Capital goods	Partially	Refer above

Category	ISO 14064-1:2018 Subcategory	GHG Protocol Subcategory	Included	Reason for exclusion
	Purchased fuel and energy-related activities	Fuel and energy-related activities	Yes	
Category 4: Indirect GHG emissions from products used by organisation	Disposal of solid waste – Landfilled	Waste generated in operations	Yes	
	Disposal of solid waste – Not landfilled		No	Emissions from this activity are estimated to be de minimis.
	Disposal of liquid waste – Not wastewater		No	Emissions from this activity are estimated to be de minimis.
	Disposal of liquid waste – Wastewater		Yes	
	Disposal of liquid waste – Trade waste		Yes	
	Use of assets	Upstream leased assets	No	All non-electricity emissions from use of upstream leased assets are estimated to be de minimis.
	Transmission of energy (T&D losses)	Fuel and energy-related activities	Yes	
	Client-supplied electricity		No	Kāinga Ora does not use client-supplied electricity.

Category	ISO 14064-1:2018 Subcategory	GHG Protocol Subcategory	Included	Reason for exclusion
Category 5: Indirect emissions associated with the use of products from the organisation	Use stage of sold products	Use of sold products	No	Kāinga Ora is not in the business of selling tangible products.
	Downstream leased assets	Downstream leased assets	Yes	
	End of life stage of sold products	End-of-life treatment of sold products	No	Kāinga Ora is not in the business of selling tangible products.
	Investments	Investments	No	Kāinga Ora is a provider of financing and grants; however, the emissions impact of these is estimated to be de minimis.
	Franchises	Franchises	No	Kāinga Ora has no franchises.
	Processing of sold goods	Processing of sold products	No	Kāinga Ora is not in the business of selling tangible products.

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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE DIRECTORS AND MANAGEMENT OF KĀINGA ORA – HOMES AND COMMUNITIES.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the greenhouse gas emissions inventory, including scope 1, scope 2 and scope 3 greenhouse gas emissions for the year ended 30 June 2023, disclosed on pages 243 to 263 has not been prepared, in all material respects, in accordance with the Criteria defined below.

Emphasis of matter

Kāinga Ora – Homes and Communities ("Kāinga Ora") has chosen to include a measure of its greenhouse gas ("GHG") emissions on pages 243 to 263. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to the GHG Inventory within the Climate Related Disclosure in the Kāinga Ora Annual Report 2022/23, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

We also draw attention to the uncertainty in the calculation approaches and assumptions outlined on pages 248 to 257 used to estimate the embodied emission in Kāinga Ora new, existing, and retrofit properties, customer transport, and infrastructure to 30 June 2023.

Scope

We have been engaged by Kāinga to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the GHG emissions inventory, including Scope 1, Scope 2, and Scope 3 GHG emissions for the year ended 30 June 2023 (the "Subject Matter"), disclosed in Kāinga Ora Annual Report 2022/23 ("the Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Kāinga Ora

In preparing the Subject Matter, Kāinga Ora applied the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, ISO14064-1: Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, and the Carbon Neutral Government Programme: A guide to measuring and reporting greenhouse gas emissions (Criteria).

The Criteria can be accessed on the Greenhouse Gas Protocol, the International Standards Organization, and the Ministry for the Environment's respective websites.

The Carbon Neutral Government Programme criteria was specifically designed for the required Government organisations; as a result, the subject matter information may not be suitable for another purpose.

Kāinga Ora responsibilities

Kāinga Ora management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our engagement was conducted in accordance with the International Standard on Assurance Engagements ISAE (NZ) 3000: Assurance Engagements Other than Audits, ISAE (NZ) 3410: Assurance Engagements on Greenhouse Gas Statements, and the terms of reference for this engagement as agreed with Kāinga Ora on 12 May 2023. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our ethical responsibilities in accordance with these requirements. We confirm we have the required competencies and experience to conduct this assurance engagement.

Ernst & Young applies Professional and Ethical Standard 3 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other relevant procedures.

Our procedures included:

- Conducting interviews with personnel to understand the business and reporting process.
- Checking the inputs, assumptions, and calculations within the building, infrastructure, and transport emission models.
- Confirming sources of GHG emissions and the
- measurement methodology.
- Confirming the sources of data used in calculating the GHG emissions.
- Identifying and testing assumptions supporting the calculations.
- Tests of calculation and aggregation.
- Comparing year on year activity-based greenhouse gas data.
- Checking organisational and operational boundaries to test completeness of greenhouse gas emissions sources.
- Checking that emissions factors and methodologies have been correctly applied as per the criteria.
- Reviewing the appropriateness of the presentation of disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

Restricted use

This report is intended solely for the information and use of Kāinga Ora and is not intended to be and should not be used by anyone other than those specified parties.

Ernst + Young

Ernst & Young Limited
26 September 2023

HOUSING AGENCY ACCOUNT
TE PŪRONGO Ā-TAU ANNUAL REPORT 2022/23

Ngā tauākī whakahaere pūtea Financial statements

HOUSING AGENCY ACCOUNT

Statement of responsibility

The Housing Agency Account is administered by Kāinga Ora – Homes and Communities (Kāinga Ora) on behalf of the Crown. It does not form part of the Kāinga Ora Group.

The Board of Kāinga Ora is pleased to present the financial statements of the Housing Agency Account for the year ended 30 June 2023.

(a) The Board is responsible for the preparation of the financial statements and the judgements used.

(b) The Board is responsible for establishing and maintaining a system of internal control to provide reasonable assurance as to the integrity and reliability of financial reporting.

(c) In the opinion of the Board, the financial statements for the year ended 30 June 2023 fairly reflect the financial position, financial performance and service potential of the Housing Agency Account at that date.

For and on behalf of the Board of Kāinga Ora – Homes and Communities:

Vui Mark Gosche
Chair
Kāinga Ora – Homes and Communities

26 September 2023

John Duncan
Deputy Chair
Kāinga Ora – Homes and Communities

26 September 2023

HOUSING AGENCY ACCOUNT

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2023

	Notes	2023 $000	2022 $000
Revenue			
Revenue from non-exchange transactions			
Rental revenue – Crown income-related rent subsidy		586	565
Rental revenue – Tenants income-related rent		318	259
Crown appropriation income	2	16	–
Total revenue from non-exchange transactions		**920**	**824**
Revenue from exchange transactions			
Interest income		5,595	1,225
Other income		100	254
Sale of Inventory		–	2,235
Total revenue from exchange transactions		**5,695**	**3,714**
Total revenue		**6,615**	**4,538**
Expenses			
Provision for underwrite of KiwiBuild properties		6,495	661
Management fee		2,000	2,002
Write down of inventory		1,247	248
Operating expenses	3	653	881
Property maintenance		602	492
Depreciation		344	299
Cost of inventory		–	2,215
Total expenses		**11,341**	**6,798**
Net operating surplus/(deficit)		**(4,726)**	**(2,260)**
Other comprehensive revenue and expense			
Gain/(loss) on land and property revaluation	7	(960)	2,822
Total comprehensive revenue and expense		**(5,686)**	**562**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

HOUSING AGENCY ACCOUNT

Statement of Changes in Equity

For the year ended 30 June 2023

	Notes	2023 $000	2022 $000
Total equity at 1 July		**153,941**	**155,828**
Net surplus/(deficit) for the year		(4,726)	(2,260)
Asset revaluation gain/(loss)	7	(960)	2,822
Total comprehensive income for the period		**(5,686)**	**562**
Contributions from and distributions to the Crown			
Return of capital to the Crown		–	(2,449)
Total contributions from and distributions to the Crown		**–**	**(2,449)**
Total changes in equity		**(5,686)**	**(1,887)**
Total equity at 30 June		**148,255**	**153,941**
Equity attributable to the Crown			
Opening balance		180,057	182,506
Return of capital to the Crown		–	(2,449)
Closing equity attributable to the Crown		**180,057**	**180,057**
Retained earnings			
Opening retained earnings		(40,456)	(38,196)
Net surplus/(deficit) for the year		(4,726)	(2,260)
Net transfers from asset revaluation reserve on disposal		**(45,182)**	**(40,456)**
Revaluation reserve			
Opening revaluation reserve		14,340	11,518
Asset revaluation gains/(loss)	7	(960)	2,822
Closing revaluation reserve		**13,380**	**14,340**
Total equity at 30 June		**148,255**	**153,941**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

HOUSING AGENCY ACCOUNT

Statement of Financial Position

As at 30 June 2023

	Notes	2023 $000	2022 $000
ASSETS			
Current assets			
Cash at bank		138,317	131,814
Inventory	4	14,509	14,473
Receivables	5	676	2,832
GST receivable		216	116
Total current assets		**153,718**	**149,235**
Non-current assets			
Land under development	6	8,063	7,988
Work in progress		1,783	1,783
Property, plant and equipment	7,8	22,330	23,358
Properties held for sale	9	4,900	4,384
Total non-current assets		**37,076**	**37,513**
Total assets		**190,794**	**186,748**
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	10,11	8,976	3,359
Provisions	12	33,563	29,448
Total current liabilities		**42,539**	**32,807**
Total liabilities		**42,539**	**32,807**
Net assets		**148,255**	**153,941**
EQUITY			
Crown funds		180,057	180,057
Retained earnings		(45,182)	(40,456)
Revaluation reserve		13,380	14,340
Total equity		**148,255**	**153,941**

For and on behalf of the Board:

Vui Mark Gosche
Chair
Kāinga Ora – Homes and Communities
26 September 2023

John Duncan
Deputy Chair
Kāinga Ora – Homes and Communities
26 September 2023

The above statement should be read in conjunction with the accompanying notes to the financial statements.

HOUSING AGENCY ACCOUNT

Statement of Cash Flows

For the year ended 30 June 2023

	2023 $000	2022 $000
Cash flows from operating activities		
Interest received	5,595	1,225
Receipts from sale of developed assets	5,185	11,990
Payments from managing entities	2,507	175
Rent receipt	905	748
Other income	96	–
Crown operating appropriation receipts	16	–
Receipt from sales properties in inventory	–	3,526
Development costs paid	(4,254)	(8,046)
Management fee paid to related party	(2,000)	(2,002)
Other payments to suppliers	(1,110)	(1,102)
Interest paid and bank charges	(161)	–
Net cash flows from operating activities	**6,779**	**6,514**
Cash flows from Investing activities		
Purchases of property, plant and equipment	(276)	(97)
Mortgage advances (issued)/repayment	–	490
Net flows from investing activities	**(276)**	**393**
Cash flows from financing activities		
Capital withdrawal to the Crown	–	(95,981)
Capital contributions from the Crown	–	20,316
Net cash flows from financing activities	**–**	**(75,665)**
Net cash flows	6,503	(68,758)
Opening cash and cash equivalents	131,814	200,572
Closing cash and cash equivalent	**138,317**	**131,814**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

HOUSING AGENCY ACCOUNT

Notes to the Financial Statements

For the year ended 30 June 2023

1. Statement of accounting policies

Reporting entity

The Housing Agency Account (HAA) is administered by Kāinga Ora – Homes and Communities (Kāinga Ora) acting as an agent of the Crown under the Housing Act 1955 (Housing Act). This Act empowers Kāinga Ora to carry out the Crown's decisions in relation to the acquisition, setting apart and development of land, and the acquisition of assets for state housing purposes. HAA does not form part of the Kāinga Ora Group.

HAA has designated itself as a public benefit entity (PBE) for financial reporting purposes. PBEs are defined as "reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view of supporting that primary objective rather than for a financial return to equity holders".

The financial statements for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 26 September 2023.

Accounting standards and interpretations

(i) **Accounting standards and interpretations effective and adopted in the current year**

PBE FRS 48 *Service Performance Reporting.*

In recognition of the impact of COVID-19 on PBEs, on 13 August 2020 the NZASB issued 2020 Amendments to PBE FRS 48 for periods beginning on or after 1 January 2022.

This new standard introduces high-level requirements for Tier 1 and Tier 2 PBEs relating to service performance information. All PBEs which are legally required to provide service performance information must provide the following information:

- the reason for the entity's existence, what the entity aims to achieve over the medium to long term (in broad terms), and how it will go about achieving this
- what the entity has done in order to achieve its broader aims and objectives, as stated above.

All mandatory standards, amendments and interpretations have been adopted in the current year. None had a material impact on these financial statements.

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with Tier 2 PBE Standards Reduced Disclosure Regime (RDR). HAA is eligible and has elected to apply the PBE Standards RDR because its expenses are less than $30 million and it does not have public accountability as defined by XRB A1 *Application of the Accounting Standards Framework*.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

The financial statements comprise the Statement of Financial Position, Statement of Comprehensive Revenue and Expense, Statement of Changes in Equity, Statement of Cash Flows, accounting policies and explanatory notes. They have been prepared on a historical cost basis, except where otherwise stated in the relevant accounting policy, and are presented in New Zealand dollars with all values rounded to the nearest thousand dollars ($000) unless otherwise stated.

Comparatives

When the presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures have been restated to ensure consistency with the current period unless it is impracticable to do so.

Significant judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and reasonable current assumptions, the results of which form the basis of the carrying values for assets and liabilities that are not readily apparent from other sources.

Rental properties

HAA revalues rental properties on an annual basis. Fair value is determined by reference to market-based evidence from independent valuers Quotable Value New Zealand.

In performing the valuation, the entire portfolio has not been individually inspected. A market indexation approach has been adopted for the remaining uninspected portfolio due to the homogeneous nature of the portfolio. 'Highest and Best Use' scenario was used in the property valuation.

Impairment of plant and equipment, work in progress and land under development

HAA's primary objective from its non-financial assets is to develop land for housing rather than to generate a commercial return.

Plant and equipment, work in progress and land under development are held at the lower of cost or net realisable value and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be fully recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Provision for future development costs

Management makes significant judgements when estimating the amount of the provision for future development costs. As a prerequisite for establishing a provision in relation to each development, management needs to determine whether that development site has been sold. All relevant factors are assessed in ascertaining whether or not the significant risks and rewards of ownership have transferred to the purchaser, when determining whether a sale has occurred.

Management estimates future development costs using a model that includes both development-specific costs and a share of site-wide costs. Those costs specific to a particular development are those that provide a direct benefit to that development and typically include construction, landscape design and engineering costs. Site-wide costs are those that are incurred on a total site-wide basis that benefit all developments in the site area, and typically include site-wide amenity assets, site-wide remediation, and coastal walkway costs.

An apportionment of site-wide costs is allocated to each individual development based on the proportion of that development's area to the total site area.

At each balance date, the estimate of future development costs is revised by updating the underlying assumptions and taking account of the latest available information in the future development cost model. This includes consideration of development costs incurred to date, internal business planning strategies, and external experts' assessments as to the likely cost of work required to complete both the particular development and the entire site development.

Estimation of useful lives of assets

HAA reviews the useful lives and residual values of its property, plant and equipment annually.

Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires HAA to consider a number of factors such as the physical condition of the asset, expected period of use and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the net surplus/(deficit) for the year and the carrying amount of the asset in the Statement of Financial Position.

Any estimates of future monetary amounts are in nominal dollars and no inflationary increases have been built in.

Buying off the Plans initiative

On 1 October 2019 Kāinga Ora was appointed as agent of the Crown by Ministerial approval to take over administration of the KiwiBuild Buying off the Plans (BOTP) initiative from the Ministry of Housing and Urban Development (MHUD). Any property inventory acquired under BOTP and held by the Crown on that date was transferred to HAA. All subsequent purchases/sales of property and the holding/on-selling costs associated with BOTP from that date are now recognised within HAA.

Provision for underwrite of KiwiBuild properties

The KiwiBuild 'Buying off the Plans' (BOTP) initiative involves the Crown underwriting homes in new residential developments led by the construction sector on privately owned or HAA land.

The KiwiBuild BOTP initiative supports developers to increase the supply of quality affordable houses by underwriting part or all of a development. This enables affordable homes to be built that would otherwise not

be built, or accelerates the construction of affordable homes. KiwiBuild homes must be priced at or below specified price caps and must be offered, in the first instance, to eligible KiwiBuild buyers. To the extent that developers exercise these options and depending on the value of the properties relative to the agreed underwrite price, HAA is exposed to potential losses.

The value of the provision for which HAA has exposure to KiwiBuild underwrite-related losses largely depends on property values and includes an estimation of the valuation of the property at the time of sale.

The relativity of a BOTP property's market value to the agreed price that the developer can sell it to HAA at affects:

- the likelihood that a developer will exercise the option to sell the property to HAA
- the potential loss (if any) to HAA if the developer does exercise the option.

At each reporting date, an assessment is made of whether the recognised insurance liabilities are adequate by using a liability adequacy test (LAT). The insurance liability value is adjusted to the extent that the unearned premiums are insufficient to meet future claims and expenses.

The key component is the central estimate of potential losses as part of the LAT which is a significant estimate.

The KiwiBuild underwrite provision has been independently valued by Dan Stoner of Taylor Fry, a member of the New Zealand Society of Actuaries and the Institute and Faculty of Actuaries (UK).

Impairment

The impairment requirements of PBE IPSAS 41 apply to the HAA financial assets that are carried at amortised cost and are based on a forward-looking expected credit loss model.

When applying the PBE IPSAS 41 impairment model to its asset, HAA has identified possible future defaults by the counterparty to make a payment in full and/or on time. Impairment is recognised based on possible defaults expected. The expected credit loss (ECL) arising from the possible defaults is recognised based on the possibility of default over the next 12 months, based on the 'general approach' or the 'simplified approach' to impairment being applied. Exchange receivables and contractual non-exchange receivables apply the simplified approach. Mortgage advances and short-term investments apply the general approach.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to HAA and the revenue can be reliably measured.

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions is where HAA receives value from another party for which it provides either no, or below market, consideration. Revenue from non-exchange transactions is recognised when initial control over the resources is gained as a result of a past event, receipt of future economic benefits or service potential from those resources is expected, there are no conditions attached to the resources gained, and the fair value of the assets can be measured reliably.

Revenue generated from non-exchange transactions is represented below:

Crown income-related rent subsidy and Tenants income-related rent

Income-related rent subsidies received from the Crown, and income-related rental revenue received from tenants, is recognised on a straight-line basis over the term of the lease.

Crown operating appropriations

HAA receives revenue from the Crown as operating appropriations. Crown appropriation revenue is received to reimburse the Group for expenses incurred by operating programmes associated with Crown land.

All Crown appropriation revenue is recognised when the right to receive the asset has been established.

(ii) Revenue from exchange transactions

Revenue from exchange transactions is generated when an exchange of transactions of approximately equal value has occurred between HAA and a third party.

The following represents the revenue of the Group from exchange transactions:

Rental revenue from tenants at market rent

Rental revenue received from those tenants who pay market rent is recognised on a straight-line basis over the term of the lease.

Interest income

Interest revenue on mortgages, including interest subsidies from the Crown, and short-term investments is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Sale of inventory and gain on sale of properties

Revenue earned from sale of properties under the BOTP government initiative is recognised when risks and rewards passes to a third party.

Accounts receivable

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any expected credit losses (ECLs).

HAA applies a simplified approach in calculating ECLs. Therefore, HAA does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date, using a provision matrix. This is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Bad debts are written off when identified. Financial difficulties of the debtor and/or default payments are considered objective evidence of the receivable being credit impaired.

Receivables are recorded as current, except for those expected to be received beyond the next 12 months, which have been recorded as non-current.

Accounts payable and other liabilities

Accounts payable and other liabilities are carried at amortised cost. Due to their short-term nature they are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. They represent liabilities for goods and services provided to HAA prior to the end of the financial year that are unpaid and arise when HAA becomes obliged to make future payments in respect of the purchase of these goods and services.

Accounts payable and other liabilities are recorded as current, except for those expected to be settled beyond the next 12 months, which have been recorded as non-current.

Provision for future development costs

HAA estimates future development costs expected to be incurred by each precinct. A provision for future development costs is recognised in the Statement of Financial Position for those costs estimated as required to complete the development process associated with properties sold at the time a sale is recognised.

The net movement in the provision for the year is recognised as net gains or losses on the sale of properties in the Statement of Revenue and Expense.

Those costs within the provision expected to be incurred within 12 months after the balance date are classified as current liabilities, with the remaining balance of the provision classified as non-current liabilities.

Inventories

Inventories comprise properties acquired under the KiwiBuild BOTP initiative and held by HAA for subsequent sale, and superlots from the Hobsonville development.

All inventory items are valued at lower of cost or net realisable value, determined principally by the expected sale price less the cost of the property acquired from the developer and selling costs.

PBE IPSAS 12 *Inventories* requires the estimates to take into consideration the purpose for which the property is held, which in this case is to sell at market or affordable pricing.

Land under development

Land and related developments that are held for further development and sale in the ordinary course of business are classified as inventory.

Land under development is recorded at the lower of cost or net realisable value (selling price less cost to complete and sales cost). Any write-downs to net realisable value are charged to net surplus/(deficit) for the year.

Work in progress

Land and related developments for eventual sale to market are classified as work in progress. Work in progress is held at cost, which is defined as all costs incurred that are directly related to the development of these assets and are annually reviewed for any impairment.

Rental property

Rental properties are initially recorded at cost and subsequently measured to fair value on an annual basis. Where an asset is acquired for nominal or zero

consideration, the asset is recognised at fair value as at the date of acquisition, with a corresponding recognition of revenue in net surplus/(deficit).

Fair value is determined by reference to market-based evidence and is the amount for which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's-length transaction as at the valuation date. Independent valuations are performed annually to ensure that the carrying amount does not materially differ from the asset's fair value at the balance date.

Unrealised gains and losses arising from changes in the fair value of rental property are recognised at balance date. Where a gain reverses a loss previously charged to net surplus/(deficit) for the same asset class, the gain is credited to net surplus/(deficit). Otherwise gains are credited to an asset revaluation reserve in other comprehensive income for that asset class.

An item of property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of this asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Any gain or loss arising on derecognition of an asset is included in net surplus/(deficit) in the year the item is derecognised. Gain or loss on derecognition is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Depreciation is calculated on a straight-line basis over the estimated useful life of rental properties as follows:

• Buildings	60 years
• Improvements	25 years
• Chattels	10 years

Property, plant and equipment

Office equipment and furniture and fittings are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

• Office equipment	5 years
• Furniture and fittings	10 years
• Leasehold improvements	the shorter of the period of lease or estimated useful life

An item of property, plant or equipment is derecognised upon disposal or when future economic benefits are not expected to arise from its use. Any gain or loss is included in net surplus/(deficit) for the year in which the item is derecognised. Gain or loss on sale is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Properties held for sale

Properties held for sale comprise:

- superlots from the Hobsonville development
- land that is regarded as surplus to the Crown and is no longer required.

A property is classified as held for sale when its carrying amount will be recovered principally through sale, it is available for immediate sale in its present condition and the sale is highly probable.

Properties held for sale are recorded at the lower of the carrying amount and fair value less costs to sell. Any write-downs to fair value are charged to net surplus/(deficit) for the year.

Taxation

HAA is not liable for income tax by virtue of section CW 38(2) of the Income Tax Act 2007. However, HAA is subject to Goods and Services Tax (GST).

All amounts in the financial statements are stated exclusive of GST, except for accounts receivable and accounts payable, which are GST inclusive.

Capital management

HAA's capital is in equity, which comprises accumulated funds generated from its operating and investment activities, Crown appropriation and other reserves. These funds will be held by HAA in order to meet its state housing objectives, and will only be held for the purposes for which they were originally appropriated. Any residual accumulated funds that are not utilised by HAA will be returned to the Crown.

Equity is represented by net assets. HAA manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings, to ensure it effectively achieves its objectives and purpose, while remaining a going concern.

Kāinga Ora operates several bank accounts as an agent of the Crown. While funds in these bank accounts may be invested, any of the principal and proceeds of the investment must be credited to the bank account the funds were sourced from originally.

2. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to HAA and the revenue can be reliably measured.

Crown appropriation revenue

HAA is an agent of the Crown. It undertakes some transactions with statutory corporations, state-owned enterprises and government departments on an arm's-length basis.

In the current financial year, HAA received nil capital appropriations (2022: nil) and $16,000 in operating appropriations (2022: nil) from the Crown.

3. Operating expenses

	2023 ($000)	2022 ($000)
Interest expense	161	–
Land and water rates	153	77
Other expenses	101	75
Rental expense	86	64
Audit fee for audit of financial statements	71	68
Agent's commission	36	108
Consultants	34	–
Selling and facility expenses	9	13
Community development costs	2	–
Legal fees	–	133
Expected credit losses	–	207
Asset write-offs	–	136
Operating expenses	**653**	**881**

4. Inventories

	2023 ($000)	2022 ($000)
Properties held at 1 July	14,473	16,625
Purchases during the year	36	63
Properties disposed during the year	–	(2,215)
	14,509	**14,473**

HOUSING AGENCY ACCOUNT

5. Receivables

	2023 ($000)	2022 ($000)
Current receivables		
Account receivables	1,171	3,327
Allowance for expected credit losses	(495)	(495)
Net realisable value of current accounts receivable	**676**	**2,832**

6. Land under development

	2023 ($000)	2022 ($000)
Land under development for resale	8,063	7,988

Land under development is measured at the lower of cost or net realisable value. This relates to purchases of land at the former Hobsonville Airbase from the New Zealand Defence Force, Ministry of Education and Auckland Council, and those costs associated with the development of the Hobsonville site.

For the purposes of assessing the net realisable value of this property, land under development for resale has been valued as at 30 June 2023 as part of the overall Hobsonville site valuation.

The valuation was carried out by Quotable Value New Zealand, a company employing registered and qualified valuers.

Movements in land under development

	2023 ($000)	2022 ($000)
Land under development for resale at 1 July	7,988	7,962
Development costs incurred during the year	75	26
Land under development for resale at 30 June	**8,063**	**7,988**

7. Rental properties

	2023			2022		
	Land ($000)	Buildings ($000)	Total ($000)	Land ($000)	Buildings ($000)	Total ($000)
Rental properties at 1 July	12,388	10,768	23,156	11,086	9,271	20,357
Additions during the year	–	248	248	–	207	207
Revaluation	(369)	(591)	(960)	1,302	1,520	2,822
Depreciation for the year	–	(275)	(275)	–	(230)	(230)
Transfers from/(to) work in progress	–	28	28	–	–	–
Other movement	–	–	–	–	–	–
Rental properties at 30 June	**12,019**	**10,178**	**22,197**	**12,388**	**10,768**	**23,156**

Rental properties comprising land and buildings were revalued to fair value as at 30 June 2023.

The valuation was carried out by an independent valuer, Quotable Value New Zealand, a company employing registered and qualified valuers.

8. Plant and equipment

	Equipment ($000)	Furniture ($000)	Leasehold improvements ($000)	Total ($000)
2023				
COST				
Balance at 1 July	76	178	458	712
Balance at 30 June	**76**	**178**	**458**	**712**
LESS:				
ACCUMULATED DEPRECIATION				
Balance at 1 July	(75)	(122)	(313)	(510)
Depreciation charges for the year	–	(18)	(51)	(69)
Balance at 30 June	**(75)**	**(140)**	**(364)**	**(579)**
2023 net carrying amount	**1**	**38**	**94**	**133**

	Equipment ($000)	Furniture ($000)	Leasehold improvements ($000)	Total ($000)
2022				
COST				
Balance at 1 July	76	178	458	712
Balance at 30 June	76	178	458	712
LESS:				
ACCUMULATED DEPRECIATION				
Balance at 1 July	(75)	(104)	(262)	(441)
Depreciation charges for the year	–	(18)	(51)	(69)
Balance at 30 June	**(75)**	**(122)**	**(313)**	**(510)**
2022 net carrying amount	**1**	**56**	**145**	**202**

9. Properties held for sale

	2023 ($000)	2022 ($000)
Properties held for sale at 1 July	4,384	3,183
Transferred development costs	516	1,201
	4,900	**4,384**

For the purposes of testing whether an impairment has occurred to the properties held for sale as at 30 June 2023, a valuation was carried out by Quotable Value New Zealand, a company employing registered and qualified valuers.

HOUSING AGENCY ACCOUNT

10. Accounts payable and other liabilities

	2023 ($000)	2022 ($000)
Current accounts payable and other liabilities		
Trade creditors	4,274	144
Accrued expenses and other liabilities	118	13
Total current accounts payable and other liabilities	**4,392**	**157**

11. Related parties

	2023 ($000)	2022 ($000)
Total owed to related parties by HAA	**4,584**	**3,202**

HAA is an agent of the Crown. It undertakes some transactions with state-owned enterprises and government departments on an arm's-length basis.

In the year to 30 June 2023 Kāinga Ora provided management services to HAA. A management fee of $2 million (2022: $2 million) was charged by Kāinga Ora – Homes and Communities for services relating to the Hobsonville development. No management fee has been charged for other services provided to HAA since this requires Ministerial approval under the Housing Agency Accountability Agreement.

Kāinga Ora administers HAA as an agent of the Crown under the Housing Act 1955. As at 30 June 2023 the balance of the total amount owed by HAA to Kāinga Ora and its subsidiaries was $4.6 million (2022: $2.1 million).

In its capacity as agent for HAA, Kāinga Ora manages the rental income and expenses of HAA's rental properties. No fee is charged for this service.

In the year to 30 June 2023 HAA has recognised nil (2022: $1.1 million) of net repayment to the Ministry of Housing and Urban Development for the KiwiBuild BOTP government initiative.

Amounts owed to related parties at year end is $8.8 million (2022: $3.2 million).

HOUSING AGENCY ACCOUNT

12. Provisions

	2023 ($000)	2022 ($000)
Current provisions		
Provision for development costs	26,281	28,661
Provision for underwrite of KiwiBuild properties	7,282	787
Total current provisions	**33,563**	**29,448**
Total provisions for development costs	**33,563**	**29,448**

	MOVEMENTS			
	2023		2022	
	Future development cost ($000)	Underwrite of KiwiBuild properties ($000)	Future development cost ($000)	Underwrite of KiwiBuild properties ($000)
Movement in carrying amounts				
Carrying amounts at 1 July	28,661	787	35,169	126
Additional provisions recognised	1,247	6,495	248	661
Development expenditure incurred	(3,627)	-	(6,756)	-
Total carrying amount at 30 June	**26,281**	**7,282**	**28,661**	**787**

Provision for future development costs

The additional provisions recognised are those costs estimated as required to complete the development process associated with those properties that have been sold to 30 June 2023.

Total land area for which future costs have been included in the provision remained as 780,735 square metres as at 30 June 2023.

The increase in estimates relates to the effect of applying revised estimates to those amounts previously provided for in prior years that still remain at the latest balance date and those additional amounts relating to current year sales.

In the year to 30 June 2023 site remediation costs of nil are included in the future development costs provision based on estimates provided by Kāinga Ora management (2022: $3,000).

Provision for underwrite of KiwiBuild properties

The provision represents the expected cost of purchasing properties from developers who have exercised their right (under the KiwiBuild BOTP initiative) for the Crown to purchase these properties.

Liquidity adequacy test (LAT)	($000)
Central estimate	4,987
Discounting	(224)
Central estimate claims (discounted)	4,763
Administration expenses (discounted)	128
Risk margin at 75% probability of sufficiency %	48.9%
Risk margin at 75% probability of sufficiency $	2,392
Premium liability based on the LAT	**7,282**

HOUSING AGENCY ACCOUNT

Sensitivity analysis	Liability based on the LAT ($000)	Change in liability ($000)
Base result	7,282	
House price standard deviation +1%	8,157	874
House price standard deviation -1%	6,475	(808)
House price mean increase +1%	6,433	(849)
House price mean increase -1 %	8,247	965
Discount rates +0.5 %	7,227	(55)
Discount rates -0.5 %	7,342	60

13. Right of First Refusal for sale of land

Te Tiriti o Waitangi (the Treaty of Waitangi) settlement legislation granted Right of Refusal (RFR) over most Crown-owned land. RFR prohibits the disposal of RFR land without first giving Iwi/hapū (the RFR holder) the right to purchase the RFR land, before the land can be disposed of to anyone else.

Under the Urban Development Act 2020, the RFR obligation applies to Kāinga Ora lead urban development projects granting the RFR holder the right to be offered an opportunity to be the developer of Crown-owned RFR land.

The following are examples of legislation that grant RFR over Crown-owned land set aside for a state housing purpose and administered by Kāinga Ora – Homes and Communities under the Housing Act:

- Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014. A Minister of Housing exemption is available for the sale of Crown land for housing. If housing is to be built on the land by a third party (and no exemptions apply), the Limited Partnership (RFR holder) is to be offered an opportunity to submit a proposal to be the developer. The Ministry of Housing and Urban Development (MHUD) administers the RFR development opportunity in accordance with the Redevelopment Protocol.
- Waikato Raupatu Claims Settlement Act 1995. Exemptions available.
- Port Nicholson Block (Taranaki Whānui ki Te Upoko o Te Ika) Claims Settlement Act 2009. Exemptions available.
- Ngāi Tahu Claims Settlement Act 1998. Exemptions available.

14. Commitments

Capital commitments

As at 30 June 2023 there was a commitment to pay $11.96 million in relation to the completion of the Hobsonville development site (2022: $2.1 million).

15. Contingencies

As at 30 June 2023 HAA had no contingent assets or liabilities (2022: nil).

16. Events subsequent to balance date

There were no events subsequent to balance date (2022: nil).

17. Service Performance Reporting – Hobsonville Point

In 2005 Housing New Zealand Corporation established a wholly-owned subsidiary, Hobsonville Land Company, to masterplan and deliver a housing development on the site of former New Zealand Defence Force land. Funding for Hobsonville Point's development activity is drawn from the HAA where sales proceeds and distributions to the Crown occur.

Activities undertaken on behalf of the Crown using this account must demonstrate financial benefits and ensure future costs do not put undue risk onto the Crown.

Hobsonville Point is a 167-hectare neighbourhood situated on former New Zealand Defence Force land, a 20-minute drive northwest of Auckland's CBD.

In addition to increasing housing supply, the development's purpose was to shift the market through innovation and partnering. It has enabled developers to test the market on new housing typology, affordability and tenure models, and partnerships with iwi.

The improved delivery of key infrastructure and amenity, placemaking, and sustainability measures has guided our approach to large-scale development and remains an exemplar of high-quality urban development in New Zealand.

Hobsonville Land Company was formed to deliver the following six outcomes:

- sustainable housing development
- returns to the Crown
- mitigation of the pressure points facing Auckland
- opportunities for a broad range of people and businesses
- delivery of a range of policy objectives
- Development of a new business model that can be applied to other Large-Scale Projects.

In the 2023 financial year, 146 homes were completed in the Hobsonville Point development area of which 40 were affordable homes.

Work has continued on the Catalina Bay pedestrian-friendly shared space, which is expected to be completed in 2023.

The contract for a new building platform, jetty and water access for Hobsonville Point was awarded.

Negotiations with local iwi and a development partner for the Harrier Point Development are expected to be concluded in 2023 with construction to commence in 2024.

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF HOUSING AGENCY ACCOUNT'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Housing Agency Account (the Account). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Account on his behalf.

Opinion

We have audited:

- the financial statements of the Account on pages 269 to 283, that comprise of the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information which reports against the Account's service performance criteria on pages 284.

In our opinion:

- the financial statements of the Account:
  - present fairly, in all material respects:
    - » its financial position as at 30 June 2023; and
    - » its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards with disclosure concessions; and
- the Account's performance information for the year ended 30 June 2023:
  - presents fairly, in all material respects, its standards of delivery performance achieved as compared with the service performance criteria for the financial year
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 26 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board Members of Kāinga Ora – Homes and Communities and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board Members for the financial statements and the performance information

The Board Members are responsible on behalf of the Account for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand.

The Board Members are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board Members are responsible on behalf of the Account for assessing the Accounts ability to continue as a going concern. The Board Members are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Account, or there is no realistic alternative but to do so.

The Board Member's responsibilities arise from the Housing Act 1955.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Accounts' internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- We evaluate the appropriateness of the performance information which reports against the Account's service performance criteria.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board Members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Accounts' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Account to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board Members are responsible for the other information. The other information comprises the information included on page 268 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Account in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Account.

Stuart Mutch
Ernst & Young
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand

www.kaingaora.govt.nz

Kāinga Ora
Homes and Communities

Te Kāwanatanga o Aotearoa
New Zealand Government