

What were the key Ministerial changes following the June 2019 Cabinet reshuffle?

On 28 June 2019, the Prime Minister put in place a team of housing Ministers to oversee the Government's housing plan.

Megan Woods became the new Minister of Housing, leading the new group of Ministers. Her main role is focussed on delivering the Government's build programme.

Minister Woods was joined by Kris Faafoi who, as Associate Minister of Housing, is responsible for public housing, including state housing and tackling homelessness, and Phil Twyford who leads urban development.

Nanaia Mahuta continues to focus on Maori housing and Jenny Salesa remains Minister of Building and Construction.

Has there been a change in direction following these Ministerial changes?

On 4 September 2019, the Government announced a [reset of the Government Build Programme](#).

The announcements refocus the Government Build Programme on building homes across the spectrum of housing need: addressing homelessness, building new public homes, homes for renters and owner occupiers, tailored to the underlying demand and people's needs in an area.

In order to extend home ownership opportunities, it was announced that the Government Build Programme will be complemented by increased assistance for first home buyers and greater support for progressive homeownership schemes.

The previously-announced [establishment of Kāinga Ora – Homes and Communities](#) on 1 October 2019 (which brings together the people, capability and resources of HNZ, HLC and KiwiBuild) will be the Crown Agency responsible for coordinating integrated urban development that provides the appropriate mix of public, affordable and market housing.

Are these announcements expected to impact on HNZ's borrowing protocol limit?

The initiatives are focussed across the housing spectrum and are expected to be funded out of existing or new appropriations.

The announcements included no change to the previously-announced state house build programme.

No change to the Borrowing Protocol limit is proposed as a result of the 4 September 2019 announcements. Note, this does not preclude the possibility of the Borrowing Protocol limit changing at a future date.

Why has HNZ updated its Sustainability Financing Framework?

Supporting the wellbeing of New Zealanders is central to HNZ's purpose, as it undertakes projects and expenditures that contribute to greater wellbeing outcomes for the communities it serves, including sustaining and growing intergenerational wellbeing.

The planned transition to *Kāinga Ora – Homes and Communities*, on 1 October 2019, further embeds this commitment. In addition, the Government is focusing on wellbeing as a principal tenet of public policy, as highlighted in the May 2019 Wellbeing Budget.

HNZ considers it timely to update its Sustainability Financing Framework (Framework) to explicitly recognise the role HNZ plays in national wellbeing and enable it to link its financing requirements accordingly.

What changes have been made to the Framework?

Eligible project spend categories within the Framework have been updated to address alignment with relevant Domains and Capitals within [Treasury's Living Standards Framework](#) (LSF).

Domains are fundamental elements that dictate current quality of life, whereas Capitals are the resources that underpin the ability to have great living standards in the future.

The update is an extension of the alignment with ICMA Green Bond Principles, Social Bond Principles and the United Nations Sustainable Development Goals outlined in the original Framework.

To further highlight the focus on wellbeing, HNZ has added Wellbeing Bonds as a Sustainability Financing Transaction within the Framework. Wellbeing Bonds should be thought of as Sustainability Bonds¹ that are also aligned with the LSF, and reinforce HNZ's focus of supporting the wellbeing of New Zealanders.

Did you seek an independent review of the revised Framework?

HNZ retained the services of Sustainalytics to review and provide an opinion on the revised Framework, given they had provided the opinion on the original Framework. They have opined that:

"Housing New Zealand (HNZ) Sustainability Financing Framework is credible and impactful, and aligns with the Green Bond Principles 2018, Social Bond Principles 2018 and Sustainability Bond Guidelines 2018 as well as the Green Loan Principles 2018."

And that:

"In addition to being aligned with international market norms, Sustainalytics is of the opinion that HNZ's "Wellbeing Bonds" issued under the updated HNZ Sustainability Financing Framework will contribute to achieving improved wellbeing as defined by the New Zealand Treasury's Living Standard Framework (LSF)."

This opinion has been posted on [Investor Relations page](#) of the HNZ website, alongside the revised Framework.

¹ Sustainability Bonds align eligible proceeds with both green and social categories.

Why not just issue Sustainability Bonds, rather than create another label?

Wellbeing Bonds are in effect a type of Sustainability Bond as the broader market understands them. In other words, Wellbeing Bonds will be structured in accordance with ICMA's Sustainability Bond Guidelines as per the Framework. They will also be structured in the same way as the first Sustainability Bond issued earlier this year.

Importantly, however, allowing for the distinct Wellbeing Bonds label enables HNZ to highlight its primary purpose to support the wellbeing of New Zealanders, including cohesion with the Living Standards Framework, as previously described.

It is also important to HNZ that investors understand that wellbeing is a genuine focus of its business and that it is reinforcing this focus by linking it directly to the financing it seeks from the global debt capital markets.

What are the implications for HNZ notes currently on issue?

As of 10 September 2019, all existing HNZ notes will be aligned with the Framework, as illustrated below.

Maturity	Coupon	On issue	Designation under Framework	Use of Proceeds
12 June 2023	2.97%	\$300m	Wellbeing Bond	In accordance with the Framework
12 June 2025	3.36%	\$250m	Wellbeing Bond	
5 October 2026	2.247%	\$500m	Wellbeing Bond	
18 October 2028	3.42%	\$250m	Wellbeing Bond	

The decision to bring all existing notes into the Framework and convert them to Wellbeing Bonds was made given these notes were raised within, or around², the "lookback period" in the Framework, and the proceeds have been used in accordance with eligible categories in the Framework.

Will all future issuance be aligned with the Framework?

HNZ expects that all future issuance will be aligned to the Framework on the basis that substantially all future expenditure is expected to fall within the eligible categories within the Framework.

Should surplus funds arise, HNZ intends to manage them in accordance with the Framework, investing according to HNZ's Board-approved Treasury Policy.

Details of alignment with the Framework will be confirmed in the relevant documentation for each issuance.

² The 12 June 2023 and 12 June 2025 maturities were settled on 12 June 2018, 19 days prior to the start of the 1 July 2018 lookback period.