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TAUĀKĪ WHĀINGA MAHI

STATEMENT OF PERFORMANCE EXPECTATIONS

2024/25

Kāinga Ora
Homes and Communities

N25 Northcote, Fraser Avenue, Auckland

Contents

Chair and Chief Executive foreword

As the Chair and Chief Executive of Kāinga Ora – Homes and Communities, we are pleased to present the Statement of Performance Expectations for the upcoming year, 2024/25. This document outlines what we will be aiming to deliver in 2024/25, including our priorities as we continue to work towards our vision of providing housing that allows for better, brighter futures, communities, and lives for all New Zealanders. That said, we would note that the requirement to develop a new plan for financial sustainability in accordance with recommendation six of the Independent Review Report (March 2024) will likely lead to significant changes and reset many of the priorities and performance indicators set out in this document.

The dynamic legislative environment, Government expectations, and market conditions continue to shape our operating context. We have had to quickly adapt to new Government priorities and implement new ways of working to better serve our customers and continuously improve the efficiency of our builds to deliver value for the New Zealand taxpayer.

Our commitment to delivering sustainable, safe, social housing remains unwavering. In the year ahead, we are focused on enhancing our service delivery, improving housing outcomes, and fostering inclusive communities. Work is underway to ensure our organisational resilience and enable us to become more efficient and effective as we deliver homes and services.

The work that we will initially prioritise in 2024/25 focuses on meeting the needs of our customers and delivering on recently confirmed Government direction and priorities. As signalled in the Ministers' Letter of Expectations, we will continue working with tenants to effectively manage rental arrears, including providing a timeline for the expected reduction of outstanding rental arrears and strengthening our approach to tenancy terminations. We will focus on supporting customers to get on top of their financial circumstances, while continuing their tenancies wherever possible.

Ensuring appropriate consequences for our customers who engage in repeated anti-social behaviour will be a focus for 2024/25. We will respond quickly and effectively when issues occur, using the tools available to us under the Residential Tenancies Act to help prompt behaviour change. Neighbours should not be expected to put up with intolerable situations and Kāinga Ora is committed to progressing towards termination when required for severe and persistent cases.

We will continue to improve our processes regarding our occupancy and vacancy rates to ensure our homes are available as soon as practicable for placement of new customers.

In urban development, we will continue to strengthen our already strong community engagement. This is crucial to shaping the future of our communities, and we are committed to fostering a culture of open conversation that will build and maintain trust with the communities we work with.

In December 2023, the Government commissioned an independent review of Kāinga Ora to investigate our financial situation, procurement and asset management. The year ahead will be focused on giving effect to the outcomes of the review which will include developing a credible and detailed plan by November 2024 to improve financial performance. This will include investment scenarios, approach to Treasury and liquidity management practices and detailed implementation plans.

Together with our partners, we continue to increase the delivery of social, affordable and market housing via our existing Large-Scale-Projects portfolio. We are currently delivering the largest urban regeneration in New Zealand's history via six Large-Scale Projects - Northcote, Roskill, Mangere, Oranga, Tāmaki and Te Rā Nui developments. The first funded phase of this work is projected to enable approximately 14,000 homes over the initial 10-year period, with more than 5,000 having already been delivered. In total, these Large-Scale Projects are projected to produce up to 40,000 homes in a 15-20 year period, subject to continued funding.

The establishment of a Specified Development Project (SDP) enables Kāinga Ora to work with councils, iwi and private developers to remove barriers that have often prevented projects from commencing and paves the way for a cohesive and clear development plan. Should joint Ministers decide to advance either or both of the Porirua Northern Growth Area and the Tauranga Western Corridor beyond the assessment phase completed in 2023/24, the next steps will be setting up Project Governance Bodies and preparing Development Plans for each SDP.

Our build programme continues to deliver much-needed homes more efficiently across all parts of New Zealand, for the benefit of communities today and well into the future. In doing so, the Board will be working hard to manage cost pressures, achieve savings, and consider options to enhance long-term financial sustainability.

Noho ora mai

Simon Moutter
Chair

Andrew McKenzie
Chief Executive

Purpose of this document

This Statement of Performance Expectations (SPE) outlines what we will deliver in 2024/25 and how we will measure our progress. It enables our responsible Ministers to participate in setting the 2024/25 performance expectations for Kāinga Ora, informs Parliament of those expectations and provides a base against which our actual performance can be assessed at year end.

The SPE is a partner document to our Statement of Intent 2022–2026 (SOI). The SOI outlines what we will achieve through to 2026, including our ambitions and strategic intentions for building homes and managing tenancies for those in need.

The SOI is available at Kainga-Ora-2022-2026-SOI.pdf (kaingaora.govt.nz)

The SPE 2024/25 has been informed by:

- our strategic approach which includes Kāinga Ora Strategy 2030 and our internal functional strategies which include the Urban Development Strategy, Customer Strategy, Asset Management Strategy, Community Strategy and Environment Strategy
- our Ministers' priorities and expectations outlined in the 2024/25 interim Letter of Expectations: Kāinga Ora instructed to end Sustaining Tenancies (Beehive.govt.nz).

It also considers:

- the Government Policy Statement on Housing and Urban Development 2021
- MAIHI Ka Ora – the National Māori Housing Strategy.

Response to Kāinga Ora review and future directions

In response to the Kāinga Ora review, led by Sir Bill English, we will develop a credible and detailed plan to improve Kāinga Ora financial performance with the goal of eliminating losses.

The external review included several recommendations for Cabinet decision. Four of these recommendations were accepted by Cabinet in May 2024. However, a number of the review recommendations involve system changes that are still under consideration by the Government and will feature in future Statement of Intents and SPEs as required.

Statement of responsibility

The Crown Entities Act 2004 requires Kāinga Ora – Homes and Communities to prepare a Statement of Performance Expectations, including prospective financial and non-financial information before the start of each year, to promote our accountability to the public.

Kāinga Ora – Homes and Communities is a Crown agency operating in accordance with the Kāinga Ora–Homes and Communities Act 2019 (the Kāinga Ora Act), the Crown Entities Act 2004 and the Financial Markets Conduct Act 2013. It has two subsidiaries, Housing New Zealand Limited and Housing New Zealand Build Limited, which are limited liability companies required to comply with the Companies Act 1993.

The information contained in the 2024/25 Statement of Performance Expectations for Kāinga Ora – Homes and Communities has been prepared in accordance with the Crown Entities Act 2004.

In signing this statement, we acknowledge our responsibility for the information contained in it and confirm the appropriateness of the assumptions underlying the prospective operations and financial statements of Kāinga Ora – Homes and Communities.

Simon Moutter
Chair on behalf of the Board
27 June 2024

John Duncan
Deputy Chair
27 June 2024

Our role

Kāinga Ora – Homes and Communities was established as a Crown entity on 1 October 2019. The creation of Kāinga Ora brings a more cohesive, joined-up approach to supporting the Government's priorities for housing and urban development.

We have two core roles:

- Being a responsible landlord.
- Partnering to lead and facilitate urban development projects of all sizes.

We are the largest tenancy services provider in New Zealand. We currently provide housing for approximately 188,000 customers and their whānau in more than 73,000 homes across the country.

Transforming the housing and urban development landscape is a joint effort that can only be achieved through partnership. As the Government's lead developer in urban development, we are responsible for planning, coordinating, and undertaking large and small housing development projects, to create a diverse mix of social, affordable and market housing.

We partner with others, including councils, government agencies, local government, Māori, iwi, and hapū, infrastructure providers, private developers, and community housing providers, to deliver the Government's housing priorities. Our success as an organisation is not just measured in bricks and mortar but also in the choices, mana, stability and aspirations achieved within the communities we serve.

We are committed to fostering mutual respect, understanding, and partnership with Māori and iwi, and honouring the government's obligations under te Tiriti o Waitangi (the Treaty of Waitangi) by protecting and enabling their rights, interests and aspirations.

We are proud to help New Zealanders find a place they call home and to be part of building a better and brighter future for New Zealand.

The housing continuum

Our Vision

Building better, brighter homes communities and lives.

Our outcomes

System Transformation
Land-use, infrastructure and housing supply is integrated, efficient, effective and responsive to demand.

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

Environmental Wellbeing
Sustainable and resilient operations, assets and communities.

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

Thriving Communities
Inclusive and sustainable with access to employment, education, social and cultural opportunities.

Māori Aspirations
Enabling Māori aspirations means investment in housing solutions that build capability and support whānau wellbeing.

Our output classes

Output class 1	Output class 2	Output class 3	Output class 4
Supporting our customers to live well with dignity, stability and connectedness.	Growing, renewing and maintaining our homes.	Delivering and facilitation urban planning and development.	Supporting Crown housing infrastructure and home-ownership initiatives.

Our strategic themes

Customer Strategy	Community Strategy	Asset Management Strategy	Urban Development Strategy	Environment Strategy

Government Policy Statement on Housing and Urban Development

Partnering for Māori housing and urban solutions.	Wellbeing through housing.	Thriving and resilient communities.	An adaptive and responsive system.

Our vision has been developed with input from our people, our customers and our partners. Our vision helps us look beyond what we do and focus on why we are here.

Connecting our strategies, vision, outcomes and outputs

Our outcomes collectively describe the contribution we make to the wellbeing of current and future people of New Zealand and reflect our governing legislation and guide our strategy, decision making and the services we deliver.

Our four output classes represent the activities we undertake for our customers, their whānau and their communities.

Our measures, outlined in this report, represent the activities we will monitor to ensure we stay on track to deliver our vision. We report performance quarterly against the measures in our SPE, Estimates of Appropriations and Statement of Intent (where possible) to the Minister of Housing, Associate Minister of Housing, and Minister of Finance, and yearly in our Annual Report.

The year ahead

Our operating environment continues to evolve, bringing new challenges and opportunities to improve the quality of our existing portfolio and increase housing supply across New Zealand.

Focused on expenditure control without slowing progress

In the coming year, Kāinga Ora, like other state sector organisations, will focus on financial sustainability and delivering value for money. As stewards of public assets, we are committed to ensuring that we use taxpayer funds efficiently and effectively to deliver positive outcomes for New Zealanders.

Through our Financial Sustainability Programme and cost-efficiency initiatives, we are focused on financial sustainability and expenditure control without slowing progress. We will continue to implement savings, as signalled through our recent budget updates, in terms of asset management and maintenance, consultants and contractors, and construction costs.

Through prudent financial management, fully participating in the Ministry of Housing and Urban Development's savings programmes, and performance monitoring, we will continue to identify and implement initiatives to drive cost reductions.

Vicki Street, Sockburn, Christchurch

Replacing the Sustaining Tenancies Framework, including strengthening the management of disruptive tenants

We want our homes and communities to be pleasant, safe and enjoyable places to live – and most of them are. However, when disruptive behaviour occurs, we aim to respond quickly and effectively using tools under the Residential Tenancies Act 1986 (RTA).

It is important to note that the approach and tools used will vary in each situation depending on the specific circumstances. In all situations, the appropriate process must be followed, as required under the RTA and factoring in the Kāinga Ora Act. In challenging situations, other agencies such as Police or Health often play a critical role alongside our response as a landlord – for example, where there is immediate danger, potential illegal activity or an urgent or unmet need for mental health services.

We have also introduced two new performance measures for 2024/25 to help us track and report our performance in responding to reported incidents and the quality of our decision making concerning disruptive behaviour. Please refer to Output class 1 performance measures for more information.

We will continue to work to understand the needs of customers and refer to support agencies (such as Health and the Ministry of Social Development), where needed and available, to address underlying causes of disruptive behaviour. Seeing a demonstrated improvement in behaviour is the best outcome for our customers and their communities, which is why we actively work with our customers to understand those causes and to support change.

We will provide regular reporting to the Minister of Housing and Associate Minister of Housing to demonstrate the progress we are making in this area.

Actively reducing rental arrears

While most Kāinga Ora customers (around 85 percent) pay their rent on time and are up to date with their rent payments, our current level of rent debt has increased significantly over the years. To respond to this, we have increased our focus on the management of rent debt, and this has included recommencing terminations of tenancies in extreme cases.

The majority of Kāinga Ora customers receive benefits from the Ministry of Social Development (MSD). These customers will normally have their rent deducted directly from their benefits through a process known as a 'redirection of benefit', although they may choose to pay through other methods. If a customer receiving benefits falls behind on their rent and their rent payments are not being directly deducted from their benefits, Kāinga Ora works with MSD to set up a redirection from their benefit payments to cover both current rent and rental arrears. However, rental arrears can be incurred by a customer if their benefit ceases or is suspended. For those not receiving benefits, we strongly encourage and support tenants to set up automatic payments or arrange for their rent to be deducted and paid by their employer.

For all new customers, we take an active approach to informing and educating customers on their obligations. This includes requiring them to pay rent on time.

We support customers to manage and resolve rental arrears if it does occur. This includes:

- Working closely with customers as soon as they fall behind in rent to establish a payment arrangement that is both manageable and sustainable for the household. We find that most customers actively engage with us to resolve the situation and work hard to make additional payments to reduce their arrears.
- Encouraging them to engage with MSD to ensure their circumstances are up-to-date and their income-related rent is calculated correctly.
- Referring customers to other support agencies where required to address underlying causes of financial hardship.

In the small number of situations where customers consistently choose not to pay their rent or refuse to cooperate with us, we will work to actively reduce the amount of rent arrears using the tools available to us as a landlord. This includes ending tenancies where necessary.

To provide visibility of our ongoing commitment to this area, we have implemented two new performance measures in 2024/25, which will be included in our Annual and Quarterly Reports. These measures focus on taking timely action on new debtors and reducing customer arrears balances. Please refer to Output class 1 performance measures for more information.

In addition to the current actions we take to collect overdue rental arrears, Kāinga Ora is currently reviewing its Rent Debt Policy to align with the Government's expectation on rental arrears outlined in the interim Letter of Expectations. This work is well advanced, and the new policy should be confirmed by the Kāinga Ora Board in the first quarter of 2024/25, with implementation thereafter.

Strengthening our community engagement regarding development activities

We have a mandate to deliver more homes to meet urgent need in our communities. Our engagement efforts aim to keep communities informed about our developments in their area. Primarily, this involves updating communities about public housing projects, but it also includes our broader urban development initiatives.

In 2024/25, we will continue to implement our policy on community engagement on Kāinga Ora development, introduced in October 2023, which supports a shift to more strategic engagement at a portfolio (or community-wide) level. This approach ensures that communities are provided an opportunity to understand our wider development work programme for their community, rather than a focus on individual redevelopment sites, and provide some context behind our decision making.

We will use a number of mechanisms to ensure communities have multiple opportunities to engage with us, including:

- Attending existing community events.
- Online engagement tools and newsletters.
- Open home events.
- Community partnerships.
- Strong relationships with local elected representatives.

We will plan our community engagement annually using portfolio engagement plans. This approach enables our teams to manage engagement strategically, shifting the focus from individual sites to methods where our efforts will be most effective.

While the implementation plan is progressing well, there are variations across regions, with some positioned to follow policy guidance fully, some partially and some still in the early stages of transition. Those still transitioning are experiencing genuine barriers that are inhibiting opportunities to work differently. These barriers are being addressed as a priority. We will be providing monthly reporting on key engagement activities to keep the Ministers updated.

Tenanting vacant properties as quickly as possible

Tenanting vacant properties as quickly as possible will continue to be a priority for us in 2024/25. We are transforming our asset management and maintenance delivery processes to drive improved delivery times, reliability of service and cost efficiencies. This will result in reducing the time a home is vacant between tenancies. We are introducing daily planning, changes to customer contact processes, work batching and contractual arrangements to drive those changes.

A number of operational initiatives are being used in high-vacancy regions to reduce vacancies and the time homes are unavailable. These include designating more repair jobs as occupied repairs whereby the repair work can be done safely after a home has been occupied or before the previous tenant moves out.

There are times when we must take extra care about the speed at which we tenant some of our new large multi-storey developments in our metro centres. We stage the tenanting of these homes to manage logistical challenges associated with lots of people moving in at once, but also because our experience and established international best practice is that fewer behavioural issues occur where smaller numbers of people are moving in at any one time. We will do our best to ensure this is done in a well-planned and efficient manner to minimise the time that these homes remain vacant.

We will provide regular reporting to Ministers to demonstrate the progress we are making in reducing overall vacant home numbers and the time that it takes to turn these homes around.

Continuing to increase the supply of social housing

At Kāinga Ora, we are dedicated to constructing high-quality homes tailored to meet the diverse needs of New Zealand's communities.

Meeting social housing delivery targets outlined in the Updated Public Housing Plan is an ongoing key priority for us. In 2024/25, we will keep leveraging efficiencies from our new Housing and Delivery System (HDS). Our HDS is an innovative approach to planning and building houses, a system we developed in close collaboration with our residential construction sector partners. HDS prioritises speed, consistency, and productivity to create a reliable pipeline of work for the construction industry.

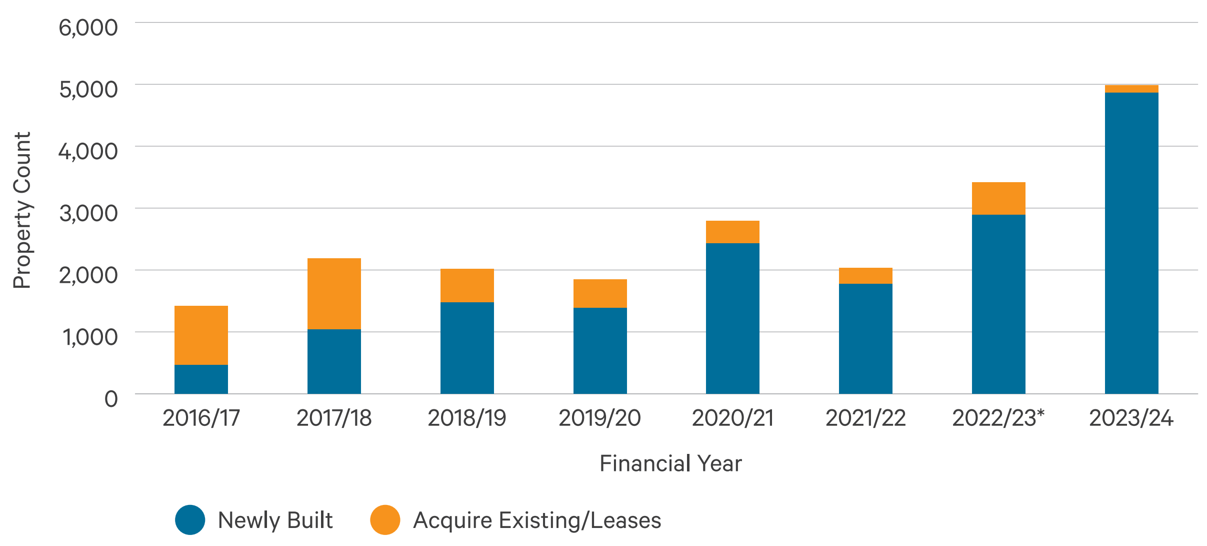
Through HDS, we have achieved a 94% reduction in the planning and design component of the time to build new homes, from an average of 17 months to just six weeks. This significant time reduction makes it faster to start the construction, leading to more homes for New Zealanders in a shorter time. In 2024/25, we will continue to use and evolve HDS as we test the system for regional differences, housing typologies, and scale.

The graph below illustrates our Gross Public and Supported Housing Delivery over the past eight years, displaying our ongoing efforts to expand housing accessibility. To date, we have delivered over 18,000 homes.

By maintaining a steady and consistent cadence in our approach to growth, we effectively mitigate the costs and interruptions associated with stop-and-start methodologies. When build projects encounter disruptions, such as pauses or delays, it not only inflates costs due to fluctuating material prices but also leads to inefficiencies in labour utilisation.

As part of our commitment to transparency and accountability, we will provide regular reporting to the Ministers on our regional delivery breakdown. This enhanced reporting will show our focus on meeting our housing delivery targets and the progress we are making.

Figure 1 – Gross social and supported housing delivery 2016/17 to 2023/24



Newly Built includes Acquire New, Redevelopment and Lease New Build

* 2022/23 includes 76 Non-Public Homes as per the Greys Ave Complex delivered in June 2023

ICPT and Land acquisitions have been excluded.

2023/24 is subject to audit.

Measuring our performance

This section presents our output classes, how we will measure performance and a breakdown of our expected revenue and proposed expenditure for each output class in 2024/25.

Our selected external performance measures for the SPE 2024/25 have been developed in accordance with the Public Benefit Entity Financial Reporting Standard 48 *Service Performance Reporting* (PBE FRS 48).

In addition to the measures outlined in this SPE, we further reinforce our commitment to delivery and performance by aligning the measures with our internal performance metrics. When viewed collectively, these measures highlight our comprehensive strategy for driving performance excellence at Kāinga Ora.

Statement of non-financial performance expectations

Assumptions applied in the selection of performance measures

In planning our business activity, establishing budgets and setting performance targets, there are a number of important judgements we need to make about our operating environment. Our measures represent the activities we will monitor to ensure we stay on track to deliver our goals in the short to medium term. In selecting the performance measures for the upcoming year, we have carefully considered which measures will be the most meaningful to the public and reflect our core business activities.

Please refer to Appendix 3, which outlines the changes made to our performance measures for 2024/25 and the reasons for these changes.

Criteria for reporting our performance measures

We will use the following criteria to rate and report on our performance measures in our Annual Report at the end of the financial year.

Performance assessment criteria

Met	Where the performance result for the year is either equal to or above the target set.
Almost met	Where the performance result for the year is below the target but has not been achieved by a slim margin (2 percent).
Not met	Where the performance result for the year is below the target by a margin of more than 2 percent.
Not applicable	

OUTPUT CLASS 1

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

What we do	Link to outcomes
We aim to provide quality social and supported housing through good asset stewardship, ensuring our homes are safe, warm, dry and healthy and designed to support a diverse range of needs and choices.	– Customer wellbeing – Thriving communities – Māori aspirations – Housing access

Our role under this output class

Under this output class, Kāinga Ora establishes and manages social housing tenancies of individuals and households while supporting customers to be well connected to their communities. Our core role is to ensure that our homes meet customer needs and that our customers feel well supported to manage their tenancy and live well in their home.

How we will assess our performance in 2024/25

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2023/24
1.1	86%	Percentage of new customers to receive Support to Settle In within the first 12 weeks of commencing their tenancy	Direct	≥85%	95%	≥85%
Why this matters: Engaging with our customers in the first 3 months of their tenancy has a lasting impact on how they settle into their new home and community. This measure tells us that we are supporting our new customers to settle into their tenancy.						
1.2	New measure	Tenant satisfaction with tenancy and Customer Support Centre interactions[1]	Strong influence	≥78%	78%	≥78%
Why this matters: Positive interactions and efficient resolution of issues contribute to a better overall housing experience for tenants. This measure is important to understand the success of our tenancy services.						
1.3	New measure	Percentage of new debtors with a repayment arrangement in place within 21 days of rent overdue	Direct	New measure	New measure	≥75%
Why this matters: This measure indicates that we are proactively engaging with customers as soon as they fall behind in rent to establish a payment arrangement that is both manageable and sustainable to the household.						
1.4	New measure	Percentage of customers who have decreased their rent arrears compared to the previous month	Direct	New measure	New measure	≥70%
Why this matters: Receiving rent is essential to fund our ongoing operations. This measure indicates the effectiveness of our collection efforts from customers who have fallen behind in their rental payments.						

1. This measure is based on three components: satisfaction with the Customer Support Centre, overall satisfaction with their housing support manager and that their individual circumstances are being taken into account.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2023/24
1.5		Percentage of tenants who are satisfied that their interactions with Kāinga Ora are culturally appropriate:	Strong influence			
	79%	– All tenants		≥75%	75%	≥75%
	78%	– Māori tenants		≥75%	76%	≥75%
	74%	– Pacific peoples tenants		≥75%	73%	≥75%
Why this matters: We strive to ensure that all our tenants feel valued and understood as this increases the likelihood of their active participation in their communities. We prioritise respecting the rights and dignity of all our tenants.						
1.6	3 minutes 43 seconds	Customer Support Centre average speed to answer telephone calls	Direct	≤3 minutes	1 minute 4 seconds	≤3 minutes
Why this matters: This measure indicates our accessibility and responsiveness to tenants' questions, concerns or urgent housing-related enquiries.						
1.7	New measure	Percentage of reported incidents of disruptive behaviour where a decision on appropriate action occurs within 15 working days	Direct	New measure	New measure	≥90%
Why this matters: As a landlord, we actively address disruptive behaviour promptly and consistently under the Residential Tenancies Act. This measure indicates our timeliness of response to reported incidents of disruptive behaviour.						
1.8	New measure	Percentage of successful applications to the Tenancy Tribunal for tenancy termination due to disruptive behaviour	Strong influence	New measure	New measure	≥85%
Why this matters: This measure indicates the quality of our evidence gathering and advocacy when taking cases to the Tenancy Tribunal for tenancy terminations due to disruptive behaviour.						

Key to measure type

- Direct Kāinga Ora performance output measure.
- Performance indicator that Kāinga Ora has strong influence over.
- Outcome performance indicator that other agencies control and Kāinga Ora only has an indirect influence.

Revenue and output expenses

Description	Actual 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m	Comment
Revenue Crown	115	127	145	The revenue and expenses of this output class are in relation to management of the social housing portfolio. It includes a proportion of rent revenue and administration and tenant servicing expenses for social housing.
Revenue Other	53	81	72	
Expenses	201	221	211	
Net surplus/(deficit)	**(32)**	**(13)**	**7**	
Capital investment*	4	6	9	

Output class revenue and expense tables may have rounding differences.

* Includes a share of corporate infrastructure capital spend.

Note: Interest costs are spread across all our output classes in the same way corporate overhead costs are allocated.

Revenue in this output class increases more than expenses in 2024/25 as rental income continues to increase with the significant number of homes delivered alongside rental price inflation, while expenditure remains steady.

In 2024/25 Kāinga Ora will be revising its Sustaining Tenancies Framework and make the necessary changes to address disruptive behaviour and rent arrears.

OUTPUT CLASS 2

Growing, renewing and maintaining our homes

What we do	Link to outcomes
Ensure that social and supported housing customers have access to warm, dry and safe homes. This includes renewing and growing our existing portfolio of homes, delivering growth in the right volume, quality and place matched to the needs of our customers and their whānau.	– Customer wellbeing – Thriving communities – Māori aspirations – Housing access

Our role under this output class

As part of the social housing portfolio, Kāinga Ora provides social housing that is supported by the Income-Related Rent Subsidy (IRRS). Note that some areas are not supported by the IRRS, which includes Community Group Housing and supported housing for other government agencies such as the Department of Corrections.

Rolleston and Hargreaves Street, Mount Cook, Wellington

Summary of Kāinga Ora housing portfolio growth activity

Kāinga Ora housing growth activity	Reference
BUILDING ACTIVITY	
New homes built by Kāinga Ora (redevelopment)	
+ New social and supported homes built for and purchased by Kāinga Ora (acquire new)	
+ New social and supported homes built and leased new to Kāinga Ora (leased new)	
+ New non-social homes built for and purchased by Kāinga Ora (acquire new)	
= Gross Kāinga Ora newly built homes (SPE 2.1 below)	**A = SPE 2.1**
– Social, supported and non-social homes demolished	
= Total net Kāinga Ora newly built social and supported homes	**B**
TRANSACTIONAL ACTIVITY	
Existing homes purchased from the private market for social, supported and non-social housing use	
– (Kāinga Ora social, supported and non-social homes sold to the private housing market + intra-company transfers for other social uses)	
= Net acquisitions	**C**
EXISTING LEASING ACTIVITY	
New and renewed leases of homes for social, supported and non-social housing use	
– Expired social, supported and non-social home leases	
= Net leased social, supported and non-social homes	**D**
Total net growth in Kāinga Ora homes (SPE 2.2)	**B + C +D = SPE 2.2**

Kāinga Ora will provide regular updates to the Ministers and Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development on delivery of these homes.

How we will assess our performance in 2024/25

Renewing and growing our housing portfolio

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
2.1	2,893	Number of newly constructed Kāinga Ora homes:[2]		4,500–5,300	≥4,500	≥3,700
	2,722	– Social homes		4,385–5,185	≥4,309	≥3,700
	171	– Supported homes		≥115	≥115	0
		– Non-social homes[3]		76	76	0

Why this matters: Newly constructed homes provide safe, warm, dry, healthy, and affordable homes for those New Zealanders most in need. By constructing new homes, we are both increasing housing supply and helping to improve the overall quality and longevity of our housing portfolio.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
2.2	2,526	Increase in the overall number of Kāinga Ora homes (net increase):		3,500–4,300	≥3,500	≥2,800[4]
	2,307	– Social homes		3,370–4,170	≥3,370	≥2,800
	219	– Supported homes		≥130	≥130	0
		– Non-social homes		76	0	0

Why this matters: This measure demonstrates our progress in delivering the (net) number of additional new homes outlined in the Public Housing Plan. We aim to grow our portfolio in line with the Public Housing Plans and meet the needs of current and future customers. The addition of incremental homes to our portfolio aids in reducing wait times for housing applicants.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
2.3	100%	Percentage of new social and supported homes built to the 6 Homestar standard or higher[5]		≥90%	95%	≥90%

Why this matters: We aim to provide warm, dry, and healthy homes for our customers. This measure indicates that the social homes being built meet high standards for warmth, dryness and overall healthiness.

2. A newly constructed home is defined as a home that is newly built and has not previously been occupied.
3. Includes 76 homes rented to non-social housing tenants as a one-off pilot to deliver better outcomes for our tenants and the broader community. The decision was approved by Cabinet on 13 March 2023.
4. The 2024/25 target includes 2,400 homes that Kāinga Ora has committed to delivering for Public Housing Plan 2025 and a 400 shortfall in homes from Public Housing Plan 2019–2024 that are not forecast to be delivered by 30 June 2024.
5. Homestar is a comprehensive independent national rating tool run by the not-for-profit New Zealand 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.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
2.4	19%	Percentage of eligible[6] newly constructed Kāinga Ora social homes meeting Full Universal Design standards[7]		≥15%	15%	≥15%

Why this matters: We aim to provide homes that meet the diverse needs of our customers. For some individuals, we must provide homes that accommodate disabilities or specialised needs. This measure reflects our commitment to delivering at least 15 percent of our new builds to full universal design standards. The universal design approach recognises human diversity and designs for life scenarios, such as pregnancy, childhood, injury, disability, and old age.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
2.5	New measure	Time taken to design, consent and build a new Kāinga Ora social or supported home[8]				
		– Houses		≤32 months	28 months	≤24 months
		– Apartments		≤46 months	53 months	≤49 months

Why this matters: For us to deliver on our housing supply commitments, it is vital that we are building homes at pace, at scale and as efficiently as possible. This measure indicates how successful we are at achieving time savings across our construction programme. Achieving time savings allows us to respond more quickly to social housing demand. As this is a new performance measure, we are building a baseline in order to measure our improvement in this area.

Key to measure type

Direct Kāinga Ora performance output measure.

Performance indicator that Kāinga Ora has strong influence over.

Outcome performance indicator that other agencies control and Kāinga Ora only has an indirect influence.

6. 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.
7. Universal design means a property is built according to Kāinga Ora universal design standards so that 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.
8. Average duration in months from when a project brief or work order is accepted to when construction activities have been completed to deliver a home in the Kāinga Ora redevelopment programme. Period includes site works, scoping, design, consenting, procurement, and physical construction. Homes have been categorised as houses (house, terrace, duplex) or apartments (walk-up or apartment).

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
2.6		Number of new trainees engaged in our Kāinga Ora construction apprenticeship/ cadetship programme:				
	123	– Total		≥125	125	≥125
	50%	– Māori		≥25%	25%	≥25%
		– Pacific peoples		≥25%	25%	≥25%

Why this matters: Encouraging new trainees helps to address construction shortages. Additionally, fostering diversity within construction not only promotes inclusivity but also works towards addressing longstanding disparities in employment opportunities.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
2.7	17%	Percentage of social homes in areas identified for future redevelopment that are saved from demolition and relocated to non- Kāinga Ora land for home ownership and training apprenticeship pathways. Targeted groups may include:		≥10%	10%	≥10%
		– Māori rōpū or individuals, iwi or Māori community housing providers (CHPs)[9]				
		– Other CHPs, non-governmental organisations or training providers				

Why this matters: We have committed to ensuring our urban development and construction activities support emissions reductions and climate resilience. This measure helps us build a more sustainable future by prioritising relocation and deconstruction over demolition practices.

9. Māori iwi and CHPs will be given the first priority over these homes. However, where they are unable to take up this offer, other CHPs, non-governmental organisations or the private sector will be offered these homes.

Delivering efficient and effective asset management

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
2.8	98.2%	Percentage of social homes in service that are let (daily utilisation)[10]		New measure	97.8%	≥98.0%

Why this matters: This measure assesses how well we utilise our available homes across our housing portfolio. A higher utilisation rate means we can house more people in housing need.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
2.9	24 days	Average number of days from a social home becoming vacant to being ready to let		≤23 days[11]	22–23 days	≤23 days

Why this matters: This measure tells us about our efficiency in turning around our homes between tenancies, including conducting minor repairs to ensure we can house customers as quickly as possible.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
2.10	73%	Percentage of social housing customers satisfied with repairs and maintenance		≥75%	75%	≥75%

Why this matters: This measure is important to understanding the success and quality of our maintenance services.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
2.11	90%	Timeliness of maintenance response expressed as a percentage[12]		≥90%	91%	≥90%

Why this matters: We monitor the timeliness of maintenance response to ensure that urgent issues are addressed promptly, safeguarding the wellbeing of tenants. Our service level targets include *responding* to urgent health and safety maintenance queries within 4 hours. We aim to *complete* urgent health and safety work within 12 hours, urgent responsive work within 48 hours and general repairs within 10 working days.

Key to measure type

Direct Kāinga Ora performance output measure.

Performance indicator that Kāinga Ora has strong influence over.

Outcome performance indicator that other agencies control and Kāinga Ora only has an indirect influence.

10. We have updated our SPE 2024/25 performance measure on vacant properties to better reflect the status of our unoccupied homes. Please refer to Appendix 3 for more information.
11. This refers to calendar days.
12. This measure is based on two components: urgent health and safety response time and maintenance requests completed on time.

Breakdown of (net) social homes delivered by region (SPE 2.2)

The below table outlines Kāinga Ora planning and investment intentions by region for the upcoming year. We will provide the Ministers with regular reporting on our progress against these regional investment intentions during the financial year and include a summary of our progress in our 2024/25 Annual Report.

Region	2024/25
Auckland	1,151
Northland	184
Bay of Plenty	87
Central	211
East Coast	368
Taranaki	131
Waikato	457
Wellington	170
Canterbury	(83)
Southern	48
West Coast Tasman	76
Total	**2,800**

Vinegar Hill Road, Whangārei

Revenue and output expenses

Description	Actual 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m	Comment
Revenue Crown	1,039	1,134	1,289	Revenue includes a large portion of rent revenue for social housing. The expenses are in relation to maintenance and renewal of the social housing and supported housing portfolios. It includes all administration and maintenance expenses for social housing, and both revenue and expenses for supported housing.
Revenue Other	555	644	734	
Expenses	2,073	2,431	2,524	
Net surplus/(deficit)	**(480)**	**(653)**	**(501)**	
Capital investment*	3,260	4,359	2,719	

Output class revenue and expense tables may have rounding differences.
* Includes a share of corporate infrastructure capital spend.

Note: Interest costs are spread across all our output classes in the same way corporate overhead costs are allocated.

Maintenance costs have been a key driver of expenses in recent years due to high construction cost inflation, our growing portfolio and the ramp-up of the Healthy Homes Programme required for Kāinga Ora to be 100 percent compliant with the government's healthy homes standards by 1 July 2024.

Rising expenses in 2024/25 reflect the ongoing renewal of the housing portfolio, with some offset from savings in the Asset Management and Maintenance Transformation Programme. Overall, the net deficit in this output class accounts for the majority of the total Kāinga Ora deficit in each year, with interest expense being a key driver.

OUTPUT CLASS 3

Delivering and facilitating urban planning and development

What we do	Link to outcomes
We contribute to sustainable, inclusive and thriving communities by providing quality urban development and regeneration through leadership, innovation and collaboration. We enable affordability and accessibility of housing, leveraging our land and scale.	– Customer wellbeing – Thriving communities – Māori aspirations – Housing access

Our role under this output class

Our core role is to facilitate and deliver urban development projects, including reshaping social housing neighbourhoods and enabling land for affordable and market housing. This includes delivering homes where they are needed and where they are not being provided by the private market to ensure an appropriate mix of social, affordable and market housing.

We will build partnerships and collaborate to deliver on housing and urban development opportunities, develop and renew urban environments and develop related amenities and infrastructure, facilities, services and works, including working with Māori, iwi, hapū, private developers and local councils.

N9 and N10 Potter Ave, Northcote, Auckland

How we will assess our performance in 2024/25

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
3.1	New measure	Hectares of land developed by Kāinga Ora[13]	●	≥14.6 hectares	25.0 hectares	≥13.4[14] hectares
Why this matters: We aim to increase land for housing supply through our urban development activities. This measure shows the increase in build-ready land by land area, including land for community infrastructure and social amenity.						
3.2	New measure	Number of new homes that can be enabled[15] on land developed by Kāinga Ora	●	≥1,400	1,400	≥965[14]
Why this matters: This measure reflects the amount of homes that can be built (or enabled) on the land developed but not necessarily sold by our urban development activities over the course of the year but not necessarily sold. This is an alternative way of showing hectares of land developed (SPE 3.1) in a way that demonstrates for the public how many more additional homes it will eventually enable.						
3.3	591	Number of new homes enabled on land developed and delivered[16] by Kāinga Ora	●	≥750[17]	735	≥1,435
Why this matters: This reflects the number of homes that can be built based on either land sold to the market or ready for construction of social homes. Unlike SPE 3.2, it specifically tracks homes on land sold by Kāinga Ora to the market or transferred for social housing construction, not just land made build ready. Performance can be significantly influenced by the state of the housing market.						

Key to measure type

- ● Direct Kāinga Ora performance output measure.
- ●● Performance indicator that Kāinga Ora has strong influence over.
- ●●● Outcome performance indicator that other agencies control and Kāinga Ora only has an indirect influence.

13. Performance is assessed per annum
14. For 2024/25, developments will be considered complete at full documentation handover. In prior years, developments were considered complete when an Interim Completion Certificate was issued. In practice, this means that developments will take between 2 to 3 months longer to be considered complete in 2024/25.
15. Enabled homes refers to the number of homes that will be built on ready-to-build land as either social housing or as agreed under a signed unconditional contract or license to occupy.
16. Land delivered refers to ready-to-build land either sold to the market (under a signed unconditional contract or license to occupy) or ready for social housing construction.
17. Please refer to the 'Breakdown of large-scale urban development programmes (SPE 3.3)' table below for a breakdown of this target.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
3.4	66%	Affordable[18] homes enabled as a percentage of total market and affordable homes enabled		≥40%	40%	≥40%

Why this matters: This measure relates to the proportion of affordable homes built on land that we have developed and sold to developers. This tells us whether our development agreements are being effective at influencing the number of affordable homes built and subsequently sold by developers.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
3.5	New measure	Percentage of project milestones met as per Large-Scale Project plans		≥80%	75%	≥75%

Why this matters: This measure indicates that we are progressing at pace and on schedule for our Large-Scale Projects. We monitor whether these milestones are achieved against the project plan for each neighbourhood.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
3.6	New measure	Percentage of Kāinga Ora housing developments that meet expectations, as defined in the Kāinga Ora Urban and Landscape Design Quality Outcomes Matrix, based on a representative sample of building activity		≥80%	80%	≥80%

Why this matters: We want to create places people want to live in. This measure provides insight into design quality trends, exemplar projects and any key issues across our programmes.

18. For the purpose of this measure, affordable means market and rental homes for lower to median income households to buy and rent.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
3.7		Number of potential or established Specified Development Projects (SDPs) that have been facilitated by Kāinga Ora under the Urban Development Act 2020, which may include completing projects in any of the following project stages during the fiscal year:				
	2	– Selection				Demand driven
		– Assessment		2	2	Demand driven
		– Draft development plan				
		– Independent hearing panel				

Why this matters: The SDP process enables collaboration among key urban development partners, including the private sector, iwi and local and central government, to create tailored land-use planning and infrastructure funding solutions that are specific to locations. The SDP process is intended to facilitate the delivery of complex urban development projects and supports more efficient project completion and greater supply of housing.

Both the Porirua Northern Growth Area and Tauranga Western Corridor are in the assessment phase of the SDP process in 2023/24. If joint Ministers decide to establish them as SDPs, our work for 2024/25 will be to set up the Project Governance Bodies and start preparing the Development Plan for each SDP. The Development Plans will take 2 years to complete, meaning neither will be completed in 2024/25.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
3.8	164	Number of newly constructed homes with delivery managed by Kāinga Ora on behalf of Tāmaki Redevelopment Company (TRC)[19]		>180	220	≥28

Why this matters: This measure signifies our commitment to effectively manage the delivery of newly constructed social and affordable homes in collaboration with TRC. Significant land development, design and consenting work is under way in the 2024/25 year, which will deliver a larger number of newly constructed homes in the 2025/26 year.

Key to measure type

Direct Kāinga Ora performance output measure.

Performance indicator that Kāinga Ora has strong influence over.

Outcome performance indicator that other agencies control and Kāinga Ora only has an indirect influence.

19. Kāinga Ora is responsible for neighbourhood planning, infrastructure delivery, superlot creation, contracting of builders/developers to build TRC's social and shared equity homes on its land and management of the construction of these home to completion. These homes are defined as completed once practical completion has been achieved.

Breakdown of large-scale urban development programmes (SPE 3.3)

Precinct		Forecast 2023/24	Budget 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Total
Greenfields and complex projects	Market	131	97	34	241	172	675
	Affordable	129	29	21	61	46	286
	Social	0	0	26	0	81	107
Greenfields and complex projects total		**260**	**126**	**81**	**302**	**299**	**1,068**
Mangere	Market	0	43	88	0	220	351
	Affordable	0	85	79	0	163	327
	Social	21	61	52	170	270	574
Mangere precinct total		**21**	**189**	**219**	**170**	**653**	**1,252**
Northcote	Market	0	104	258	27	0	389
	Affordable	0	32	164	27	0	223
	Social	0	0	0	0	0	0
Northcote precinct total		**0**	**136**	**422**	**54**	**0**	**612**
Oranga	Market	0	63	473	0	0	536
	Affordable	0	48	194	0	0	242
	Social	0	0	103	0	0	103
Oranga precinct total		**0**	**111**	**770**	**0**	**0**	**881**
Porirua	Market	84	26	70	186	144	510
	Affordable	0	0	0	0	0	0
	Social	112	35	106	18	55	326
Porirua precinct total		**196**	**61**	**176**	**204**	**199**	**836**
Roskill	Market	85	279	10	220	25	619
	Affordable	56	129	9	176	13	383
	Social	0	8	164	286	251	709
Roskill precinct total		**141**	**416**	**183**	**682**	**289**	**1,711**
Tāmaki	Market	0	0	0	0	52	52
	Affordable	41	143	0	155	165	504
	Social	76	253	0	116	271	716
Tāmaki precinct total		**117**	**396**	**0**	**271**	**488**	**1,272**
Total		**735**	**1,435**	**1,851**	**1,683**	**1,928**	**7,632**

Note: These figures are based on the latest forecasts, which may change over time. The delivery units in the above table are indicative only and are subject to ministerial and/or Cabinet approval.

Revenue and output expenses

Description	Actual 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m	Comment
Revenue Crown	32	43	102	The revenue and expenses of this output class relate to activities associated with urban development activities and increasing general and affordable housing supply.
Revenue Other	143	85	244	
Expenses	261	203	459	
Net surplus/(deficit)	**(86)**	**(75)**	**(112)**	
Capital investment*	303	303	325	

Output class revenue and expense tables may have rounding differences.
* Includes a share of corporate infrastructure capital spend.

Note: Interest costs are spread across all our output classes in the same way corporate overhead costs are allocated.

As a National Urban Development Authority, under the Kāinga Ora Act and Urban Development Act, our Large-Scale Projects (LSPs) support the delivery of social, affordable and market homes. LSPs account for the majority of the Kāinga Ora share of the Housing Acceleration Fund, which is intended to increase the pace, scale, diversity and affordability of new housing supply for buyers and renters.

OUTPUT CLASS 4

Supporting Crown housing infrastructure and home-ownership initiatives for New Zealanders

What we do	Link to outcomes
We contribute to supporting first-home ownership through the delivery of affordable home-ownership products and provide good-quality affordable housing choices that meet diverse needs to provide homes and more liveable communities for all New Zealanders.	– Customer wellbeing – Thriving communities – Māori aspirations – Housing access

Our role under this output class

Our role through this output class is to administer and monitor the Infrastructure Acceleration Fund (IAF) as agent for the Crown and to administer a suite of financial products and initiatives to support first-home owners.

Killarney Rd, Hamilton, Built by Māori Build Partner Waikato Trades Collective (Tainui)

How we will assess our performance in 2024/25

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
4.1	864	Number of new Buying off the Plans[20] applications assessed for eligibility[21]	Outcome performance indicator	Demand driven	730	Demand driven up to a maximum of 730[22]
Why this matters: This measure offers insight into the demand for Buying off the Plans. These insights are valuable for shaping affordable housing policy responses.						
4.2	2 days	Average number of days taken to assess a completed Buying off the Plans application	Direct output measure	≤5 working days	2.5 days	≤5 working days
Why this matters: This measure is important to understanding the timeliness of our response in assessing applications to support home-ownership initiatives.						
4.3	2,773	Number of First Home Loan mortgages underwritten	Outcome performance indicator	Demand driven up to a maximum of 3,600[23]	2,900	Demand driven up to a maximum of 3,600
		– Māori			400	
		– Pacific peoples			120	
Why this matters: This measure gauges the effectiveness of our efforts in facilitating home ownership for first-time buyers who can afford to make regular repayments for a home loan but are having trouble saving for a deposit. These insights are valuable for shaping affordable housing policy responses.						

Key to measure type

- Direct Kāinga Ora performance output measure.
- Performance indicator that Kāinga Ora has strong influence over.
- Outcome performance indicator that other agencies control and Kāinga Ora only has an indirect influence.

20. Buying off the Plans was formerly known as Kiwibuild.
21. In prior years, this measure included two other first home ownership programmes: First Home Partner and First Home Grant. First Home Partner stopped accepting new applications in September 2023, having reached full subscription. For the First Home Grant scheme, a Cabinet decision to stop accepting new applications was announced by the Minister on 22 May 2024.
22. Kāinga Ora is staffed to handle up to 730 applications annually.
23. 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.

Ref:	Actual 2022/23	Measure	Measure type	Standard 2023/24	Forecast 2023/24	Standard 2024/25
4.4	15%	The percentage of completed underwritten homes acquired by the Crown as part of the Buying off the Plans programme since its inception		≤25%	14%	≤25%
Why this matters: This programme underwrites the sale of completed homes, effectively guaranteeing pre-sales for developers to increase their financial certainty and transferring this risk to the Crown. This measure helps to assess the programme is prudently managing risk within the target range agreed with the Crown.						
4.5	New measure	Percentage of infrastructure milestones completed within the year[24]		≥80%	80%	≥80%
Why this matters: The IAF is a $1 billion fund administered by Kāinga Ora on behalf of the Crown for new or upgraded infrastructure to enable housing developments in areas of need throughout the country. To help facilitate additional housing supply, this measure reflects our focus on monitoring progress, processing payments and actively supporting councils as issues or delays occur. It is important to note that Kāinga Ora administers the IAF funding and tracks and advises on progress but it is not accountable for the delivery of the infrastructure projects by local authorities.						

Key to measure type

- Direct Kāinga Ora performance output measure.
- Performance indicator that Kāinga Ora has strong influence over.
- Outcome performance indicator that other agencies control and Kāinga Ora only has an indirect influence.

24. Kāinga Ora is reliant on third parties to manage and complete the infrastructure projects and does not have direct control of how and when they are delivered.

Revenue and output expenses

Description	Actual 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m	Comment
Revenue Crown	85	86	43	The revenue and expenses of this output class are in relation to Crown infrastructure and home-ownership products that are managed on the Crown's behalf.
Revenue Other	7	6	8	
Expenses	90	87	55	
Net surplus/(deficit)	**2**	**6**	**(4)**	
Capital investment*	0	1	1	

Output class revenue and expense tables may have rounding differences.
* Includes a share of corporate infrastructure capital spend.

Note: Interest costs are spread across all our output classes in the same way corporate overhead costs are allocated.

Revenue and expenditure in this output class are demand driven to support first-home buyers.

Our internal delivery measures

Our organisation and our people enable us to build better, brighter homes, communities and lives – he oranga kāinga, he oranga hapori, he oranga tāngata.

Our internal measures set out what we are doing to ensure we have the capability and capacity to deliver on our outcomes.

Organisational health, safety and capability

Best-practice health and safety are a cornerstone of our operations. We have a culture where our people prioritise health and safety and everyone is enabled to take ownership of health and safety risk management. We have a strong commitment to health and safety leadership.

In 2024/25, we will continue to focus on keeping everyone involved in our mahi safe and well – from our people to our partners and our communities. Last year, our health and safety performance was measured against a three-level maturity scale of developing, performing and leading, with Kāinga Ora achieving the level of 'performing'.[25] Our focus for 2024/25 is on maintaining a 'performing' status centred around existing operational improvements already in plan.

Protective Security Requirements (PSR)

In April 2024, we submitted an annual Protective Security Requirements (PSR) Self-Assessment Report to the New Zealand Security Intelligence Service. The report captures information on our organisation's protective security standing against the PSR's mandatory requirements. Over the past 12 months, we have primarily focused on uplifting our protective security capability in the Governance domain, establishing roles and systems to capture and escalate protective security risks to decision makers.

Over the next financial year, we will continue to improve our PSR capability maturity levels in line with the PSR's mandatory requirements, for the purpose of ensuring the continued protection of our people, places and assets.

[25]The three-level health and safety maturity scale:

Developing: The business knows it needs to improve but has not identified what to improve or how. Likely to rely on personal protective equipment, administrative controls and informal processes and may respond reactively to address issues.

Performing: Health and safety performance is reviewed and monitored to support continued improvement. Workers are engaged and empowered. Risks are identified and actions are taken to address root causes.

Leading: Health and safety is integrated to core business activities. There is a sense of ownership from workers at all levels and workers are supported to lead initiatives. The business takes a leadership role in industry to help lift performance.

How we will assess our performance in 2024/25

Ref:	Actual 2022/23	Measure	Standard 2023/24	Forecast 2023/24	Standard 2024/25
Org_1.1	New measure	Maintain existing health and safety 'performing' maturity level	New measure	New measure	Maintain 'performing' level
Why this matters: Best-practice health and safety is a cornerstone of Kāinga Ora and our operations. We are committed to our people prioritising health and safety risk management. A 'performing' business is consistently meeting attributes that ensure an organisation is supporting good health and safety outcomes.					
Org_1.2	99.5%	Ministerial correspondence, parliamentary questions and Official Information Act requests delivered to meet the agreed deadline*	≥95%	≥95%	≥95%
Why this matters: This indicates that we are providing timely responses to enquiries and requests from stakeholders and the public, reflecting our commitment to transparency and accountability.					
Org_1.3	99.5%	Ministerial services delivered meet the quality criteria**	≥95%	≥95%	≥95%
Why this matters: This measure evaluates the quality of our interactions with Ministers and helps maintain the credibility and professionalism of our dealings with government officials and other stakeholders.					

* Agreed deadlines refer to deadlines set out in relevant legislation and/or agreed with by the Minister's office.

** Quality criteria is in relation to grammar, style and accuracy, which covers errors in layout or content.

Strengthening partnerships with Māori

Kāinga Ora recognises and supports Māori aspirations through early and meaningful engagement, utilising opportunities to partner and creating opportunities for Māori to participate in urban development.

How we will assess our performance in 2024/25

Ref:	Actual 2022/23	Measure	Standard 2023/24	Forecast 2023/24	Standard 2024/25
Org_1.4	N/A	Percentage of spend with Māori businesses	≥8%	6.1%	≥8%
Why this matters: This measure reflects our commitment to fostering economic opportunities, promoting diversity and strengthening partnerships with Māori enterprises to support their growth and contribution to the economy in line with Government procurement policy direction.					
Org_1.5	100%	Percentage of Māori businesses*** and suppliers who are satisfied or very satisfied with their ongoing commercial relationship with Kāinga Ora	≥75%	75%	≥75%
Why this matters: This measure reflects our commitment to fostering positive and mutually beneficial partnerships within our procurement processes.					

*** The definition of a Māori business is a Māori authority (as classified by the Inland Revenue Department) or a minimum 50 percent Māori ownership. This is consistent with the definition adopted by Te Puni Kōkiri and the Ministry of Business, Innovation and Employment.

Environmental sustainability

Kāinga Ora is committed to taking action to reduce our emissions. As we increase the number of social and supported homes in our portfolio and expand our urban development activities, we have a critical opportunity to improve and protect our natural environment. Kāinga Ora will engage in system transformation and minimising the environmental impact of the homes that we build through employing sustainable, low-waste construction and urban development solutions.

How we will assess our performance in 2024/25

Ref:	Actual 2022/23	Measure	Standard 2023/24	Forecast 2023/24	Standard 2024/25
Org_1.6	8,500 tCO_2e	Tonnes of carbon dioxide equivalent emissions (tCO_2e) resulting from corporate activities – gross	≤8,500 tCO_2e	8,500 tCO_2e	≤6,205 tCO_2e
Why this matters: This is critical to understanding our internal efforts to reduce carbon emissions.					
Org_1.7	2.65 tCO_2e per FTE	Tonnes of carbon dioxide equivalent emissions (tCO_2e) resulting from corporate activities – per FTE	≤2.65 tCO_2e per FTE	2.47 tCO_2e per FTE	≤1.80 tCO_2e per FTE
Why this matters: This provides valuable insight into the environmental impact of our operations, allowing us to identify areas for improvement.					

Financial sustainability and stewardship

Financial sustainability and stewardship remain a key focus for Kāinga Ora. This document provides a short-run snapshot of our financial performance, informed by our longer-term modelling, internal discussions and decision making. The financial statements and metrics presented here serve as markers on our longer-term journey. We use metrics consistent with those an external analyst would consider appropriate for assessing financial sustainability, such as those used by credit ratings agencies.

Our financial sustainability and stewardship measures have been negatively impacted in recent years by the cyclical nature of our housing portfolio renewal and asset growth activity. We are currently undertaking one of the largest housing renewal and growth investment programmes in more than 40 years. Given the capital intensiveness of this programme, it does come with financial challenges, especially given the recent period of significant inflationary cost pressure.

In addition, the Government expects us to focus on being significantly more cost efficient in the delivery of our work and demonstrate value for money in all our activities. In response, we established an internal Financial Sustainability Programme in April 2022 to control cost growth without slowing progress. This programme has created momentum for a broad range of ongoing initiatives. These initiatives include our Housing Delivery System, Asset Management and Maintenance Transformation Programme and workforce management strategies, which are all now starting to deliver significant savings. In addition, we have established some longer-term cost savings and value for money objectives that have been incorporated into our longer-term financial forecasts, aligned with the Government Budget 2024 announcement.[26]

We are also reviewing our Investment Management Framework to ensure it remains fit for purpose for our current mandate. The financial assessment within that framework comprehensively evaluates investment from a value for money perspective, considering the whole of life costs and broader value aspects to support good decision making.

26. Budget 2024 - Summary of Initiatives - 30 May 2024

The following table reflects the key financial metrics assessing our financial sustainability position.

How we will assess our performance in 2024/25

Ref:	Actual 2022/23	Measure	Standard 2023/24	Forecast 2023/24	Standard 2024/25
Fin_1.1	$15,885	Net operating costs of managing our housing portfolio per housing unit (excludes depreciation)	$18,895	$22,178	$20,283
Why this matters: This assesses our cost per unit of social housing and measures efficiency in managing our property portfolio over time.					
Fin_1.2	27%	Adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) as a percentage of total income[27]	14%	20%	28%
Why this matters: This assesses our surpluses from operations.					
Fin_1.3	19.0	Total debt to non-sales adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) ratio[27]	41.7	39.4	26.2
Why this matters: This assesses the sustainability of debt relative to earnings.					
Fin_1.4	0.8	Non-sales adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) to interest costs[27]	0.8	0.8	1.0
Why this matters: This assesses the ability to service interest costs on our borrowings					
Fin_1.5	0.20	Debt to assets ratio	0.27	0.33	0.35
Why this matters: This assesses the scale of debt in relation to assets.					

27. 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).

The net operating cost of managing our housing portfolio per housing unit (Fin_1.1) has increased in recent years as we worked to meet healthy homes standards, caught up on repairs and maintenance post COVID-19 and increased retrofit activity. We expect this measure result to fall in 2024/25, reflecting realisation of cost-efficiency initiatives and completion of the Healthy Homes Programme.

The remaining four measures outlined in the table (Fin_1.2 to Fin_1.5) are commonly used by other organisations and credit rating agencies to assess financial sustainability. Earnings before interest, taxes, depreciation and amortisation (EBITDA) is an indicator of operational performance and is common to three of these measures, (Fin_1.2 to Fin_1.4).

EBITDA has been impacted negatively in recent years owing to increased activity and significantly higher inflation on key expenses (relative to revenue). We have not been immune from the significant build cost inflation seen in the broader construction sector as well as outsized inflation in other housing-related costs such as local authority rates.

The deterioration in EBITDA has flowed through to these key financial metrics, which have also been impacted by higher debt (and associated interest expense) resulting from undertaking the largest build programme in a generation. We expect a turnaround in 2024/25 as cost efficiencies take hold while inflationary pressures ease.

The debt to assets ratio (Fin_1.5) has increased over the past few years, as new debt required for our build programme is added to a relatively low starting point (compared to assets). Current and forecast levels remain in line with comparable infrastructure entities.

Financial performance

Revenue comes from	Actual 2021/22 $m	Actual 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m
Rental income from tenants	467	526	574	643
Rental income from income-related rent subsidies	1,128	1,151	1,275	1,497
Crown appropriation income	107	142	166	177
Sale of developments	166	141	83	242
Interest, realised gains and other income	83	112	166	117
Total Revenue	**1,951**	**2,072**	**2,263**	**2,677**

Note: Rental income from income-related rent subsidies includes operating supplement and the IRRS.

Where revenue goes to	Actuals 2021/22 $m	Actuals 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m
Repairs and maintenance	460	630	628	585
Depreciation	407	433	433	480
Personnel	296	340	367	346
Interest expense	203	344	532	697
Rates	199	231	254	287
Cost of land sold	161	146	76	242
Third-party rental leases	68	73	57	57
Grants	38	63	68	35
Other expenses	195	284	321	358
Total expenses	**2,027**	**2,544**	**2,736**	**3,088**
Impairment, write-offs and loss on sales	198	124	263	199
Surplus/(loss) before tax	**(274)**	**(596)**	**(736)**	**(610)**

Since Kāinga Ora was established in October 2019, our mandate has expanded beyond that of a social and supported housing landlord and urban developer to deliver better outcomes for our customers and communities.

Revenue and expenses have increased since 2021/22, with expenses growing at a faster pace than revenue primarily due to inflation and investment in our people. The investment has been aimed at improving the wellbeing of customers, growing and renewing our housing portfolio, delivering on our urban planning and development, sustainability and partnering with Māori on commitments.

Rental income is the key driver of revenue growth. Recent budgets have provided borrowing permissions and funding via IRRS rental income and lease income to deliver an additional ~14,000 social and transitional houses since 2018. The significant number of homes delivered, alongside rental price inflation, drove a 16 percent increase in rental income between 2021/22 and 2023/24, and is expected to continue to grow strongly in 2024/25.

One of the greatest drivers of rising costs is interest expense. Kāinga Ora benefited from historically low interest rates when financing the build programme through to 2020/2021. Rising rates coupled with an elevated level of build activity have seen interest expense lift in the past couple of years. Interest expense is expected to increase in 2024/25 as both build activity and interest rates remain higher than historical levels.

Our significant programme of build activity and urban development requires additional people to support it, which has contributed to increasing people costs. Also contributing to the growth in people costs during the 2022/23 to 2024/25 period has been the introduction of our new Customer Programme. The programme supports and enables us to work more closely with communities as well as assist customers with high and complex needs to access the support they need. This has resulted in increased frontline support for our customers, expanding our internal capability and capacity and drawing on the broader services of government, where available, to address the specific needs of each customer.

Capital Investment

Capital additions	Actuals 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m
Acquire existing	253	159	114
Redevelopment and acquire new builds	2,466	3,816	2,187
Upgrades and improvements	783	518	411
Infrastructure	75	75	41
Land Development additions			
Land development activities*	21	276	320
Total	**3,598**	**4,845**	**3,074**
Funded by			
Sale of rental properties and other property, plant and equipment	16	65	21
Net borrowing	2,509	4,634	2,125
Cash and short-term investments on hand	669	63	15
Cash from operations	43	(4)	52
Net capital contributions (to)/from the Crown – Other	9	5	-
Land development funding			
Sale of developed land	142	57	149
Net capital contributions (to)/from the Crown – land development	210	26	712
Total funding	**3,598**	**4,845**	**3,074**

* This represents our Large-Scale Projects land development activity that will result in future land sales.

Forecast financial statements

Forecast financial highlights for 2024/25

Kāinga Ora manages a portfolio of more than 73,000[28] homes. The value of the owned portion of this portfolio was $43.3 billion at 30 June 2023 and is forecast to grow to $52.9 billion by the end of the 2024/25 financial year. We are expecting to take on more debt to finance this growth in our portfolio, and our forecast net asset position looks to remain strong at $33.2 billion. The 2024/25 forecast operating deficit after tax is $534 million.

In 2024/25, we expect to receive $2,677 million in income, comprising:

- $1,497 million in the IRRS
- $643 million in rental income
- $242 million in sales of developments
- $177 million in other operational funding for Crown programmes
- $117 million in interest and other income.

In 2024/25, we expect to incur $2,608 million in operating expenses comprising:

- $585 million in repairs and maintenance
- $697 million in interest costs
- $346 million in personnel costs
- $242 million in cost of selling redeveloped land for market and affordable housing enablement
- $287 million in rates
- $57 million in third-party leases
- $35 million in grant payments, primarily to the KiwiSaver First Home Grant scheme
- $358 million in other expenses, which includes development and acquisition-related costs of $121 million.

We also expect to incur $679 million in non-cash operating expenses comprising:

- $480 million in depreciation and amortisation
- $199 million of write-offs and impairments of assets driven by redevelopment activity.

In 2024/25, our net cash flows from core operating activities are expected to be $52 million. Kāinga Ora also expects to spend $2,713 million on rental housing asset purchases and improvements and expects to receive $21 million from the sale of social housing assets and $2,838 million from financing activities.

28. As at 31 March 2024, including public and supported homes (transitional and Community Group Housing) owned, leased and leased to other providers.

Forecast statement of comprehensive revenue and expense

	Actuals 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Rental income from IRRS	1,151	1,275	1,497
Rental income from tenants receiving IRRS	469	509	571
Crown appropriation revenue	142	166	177
REVENUE FROM EXCHANGE TRANSACTIONS			
Sale of developments	141	83	242
Rental income from tenants at market rent	57	64	72
Interest revenue	42	57	39
Mortgage Insurance Scheme	7	5	7
Other revenue	63	104	71
Total revenue	**2,072**	**2,263**	**2,677**
EXPENSES			
Repairs and maintenance	630	628	585
Depreciation and amortisation	433	433	480
People costs	340	367	346
Interest expense	344	532	697
Rates	231	254	287
Cost of land sold	146	76	242
Third-party rental leases	73	57	57
Grants	63	68	35
Other expenses	284	321	358
Total expenses	**2,544**	**2,736**	**3,088**

Forecast statement of comprehensive revenue and expense continued

	Actuals 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m
OTHER GAINS/(LOSSES)			
Loss on asset write-offs	(100)	(263)	(199)
Impairment of property under development	(15)	(0)	–
Gain/(loss) on disposal of assets	(9)	(0)	–
Total other gains/(losses)	**(124)**	**(263)**	**(199)**
Surplus/(deficit) before tax	**(596)**	**(736)**	**(610)**
Current tax (expense)/benefit	32	10	–
Deferred tax (expense)/benefit	44	86	76
Income tax (expense)/benefit	**76**	**96**	**76**
Net surplus/(deficit) after tax	**(520)**	**(640)**	**(534)**
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Items that could be reclassified to surplus/(deficit)			
Hedging reserve gains/(losses)	11	(2)	–
Income tax on items of other comprehensive revenue and expense	–	–	–
Items that will not be reclassified to surplus/(deficit)			
Revaluation reserve gains/(losses)	(6,075)	(96)	1,925
Income tax on items of other comprehensive revenue and expense	633	1,510	(94)
Other comprehensive revenue and expense net of tax	**(5,431)**	**1,412**	**1,831**
Total comprehensive revenue and expense net of tax	**(5,951)**	**772**	**1,297**

The above statement may have rounding differences and should be read in conjunction with the accompanying notes to the financial statements.

Forecast statement of financial position

	Actuals 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m
ASSETS			
Cash and cash equivalents	39	100	100
Short-term investments	740	666	651
New Zealand Government Bonds	50	–	–
Interest rate derivatives	8	5	5
Receivables and prepayments	395	347	508
Properties held for sale	19	19	19
Property under development	525	525	555
Other assets	36	21	21
Property, plant and equipment	43,264	48,835	52,861
Total assets	**45,076**	**50,517**	**54,720**
LIABILITIES			
Accounts payable and other liabilities	582	554	554
Income tax payable	(48)	(44)	2
Mortgage Insurance Scheme	51	63	84
Interest rate derivatives	23	24	24
Borrowings	12,303	16,909	19,017
Deferred tax liability	1,819	1,864	1,881
Total liabilities	**14,730**	**19,369**	**21,562**
Net assets	**30,346**	**31,148**	**33,157**
EQUITY			
Equity attributable to the Crown	3,781	3,811	4,524
Retained earnings	403	54	(360)
Revaluation reserve	26,157	27,279	28,990
Hedging reserve	5	4	4
Total equity	**30,346**	**31,148**	**33,157**

The above statement may have rounding differences and should be read in conjunction with the accompanying notes to the financial statements.

Forecast statement of changes in equity

	Actuals 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m
Total equity at 1 July	**36,078**	**30,346**	**31,148**
Net surplus/(deficit) for the year after tax	(520)	(640)	(534)
Revaluation of property, plant and equipment			
Revaluation reserve gains/(losses)	(6,075)	(96)	1,925
Deferred tax on property, plant and equipment revaluations	635	1,509	(94)
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSES			
Hedging reserve gains/(losses)	11	(2)	–
Deferred tax on hedging reserve gains/(losses)	(2)	1	–
Total comprehensive revenue and expense for the period	**(5,951)**	**772**	**1,297**
CONTRIBUTIONS FROM AND DISTRIBUTIONS TO THE CROWN			
Net capital contributions (to)/from the Crown	219	30	712
Total changes in equity	**(5,732)**	**804**	**2,009**
Total equity at 30 June	**30,346**	**31,148**	**33,157**
EQUITY ATTRIBUTABLE TO THE CROWN			
Opening balance	3,562	3,781	3,811
Net capital contributions (to)/from the Crown	219	30	712
Closing equity attributable to the Crown	**3,781**	**3,811**	**4,524**
RETAINED EARNINGS			
Opening retained earnings	779	403	54
Net surplus/(deficit) for the year after tax	(520)	(640)	(534)
Net transfers from asset revaluation reserve on disposal of properties	144	292	119
Closing retained earnings	**403**	**54**	**(360)**
REVALUATION RESERVE			
Opening revaluation reserve	31,741	26,157	27,279
Asset revaluations on property, plant and equipment	(6,075)	(96)	1,925
Deferred tax on property, plant and equipment	635	1,509	(94)
Net transfers from asset revaluation reserve on disposal of properties	(144)	(292)	(119)
Closing revaluation reserve	**26,157**	**27,279**	**28,990**
HEDGING RESERVE			
Opening hedging reserve	(4)	5	4
Fair value gains/(losses)	11	(2)	–
Deferred tax on derivative fair value movement	(2)	1	–
Closing hedging reserve	**5**	**4**	**4**
Total equity at 30 June	**30,346**	**31,148**	**33,157**

The above statement may have rounding differences and should be read in conjunction with the accompanying notes to the financial statements.

Forecast cash flow statement

	Actuals 2022/23 $m	Forecast 2023/24 $m	Budget 2024/25 $m
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Rent receipts – IRRS	1,151	1,289	1,469
Rent receipts – tenants	526	532	638
Crown appropriation revenue	135	176	131
Interest revenue	42	57	39
Mortgage Insurance Scheme income	7	5	7
Other receipts	70	192	99
Payments to suppliers and employees	(1,633)	(1,781)	(1,664)
Interest paid	(231)	(489)	(714)
Income tax paid/(received)	(24)	14	46
Net cash flows from/(used in) core operating activities	**43**	**(4)**	**52**
Sales of developments	142	57	149
Land development activities	(21)	(276)	(320)
Subtotal – land development operating cash flows	**121**	**(219)**	**(171)**
Net cash flows from/(used in) operating activities	**164**	**(223)**	**(119)**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Sale of rental properties and management assets	16	65	21
Mortgage and other lending repayments	27	–	–
Purchase of rental property assets	(3,502)	(4,486)	(2,713)
Purchase of other property, plant and equipment	–	–	–
Purchase of intangible assets	(75)	(84)	(41)
Net short-term investments (made)/realised	507	124	15
Net cash flows from/(used in) investing activities	**(3,027)**	**(4,381)**	**(2,719)**
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Net capital contributions (to)/from the Crown	219	30	712
Crown debt drawdowns	2,645	4,620	4,050
Market bonds issued/(repaid)	(136)	14	(1,925)
Net cash flows from/(used in) financing activities	**2,728**	**4,664**	**2,838**
Net cash flows	(135)	61	–
Opening cash and cash equivalents	174	39	100
Closing cash and cash equivalents	**39**	**100**	**100**

The above statement may have rounding differences and should be read in conjunction with the accompanying notes to the financial statements.

Statements of underlying assumptions

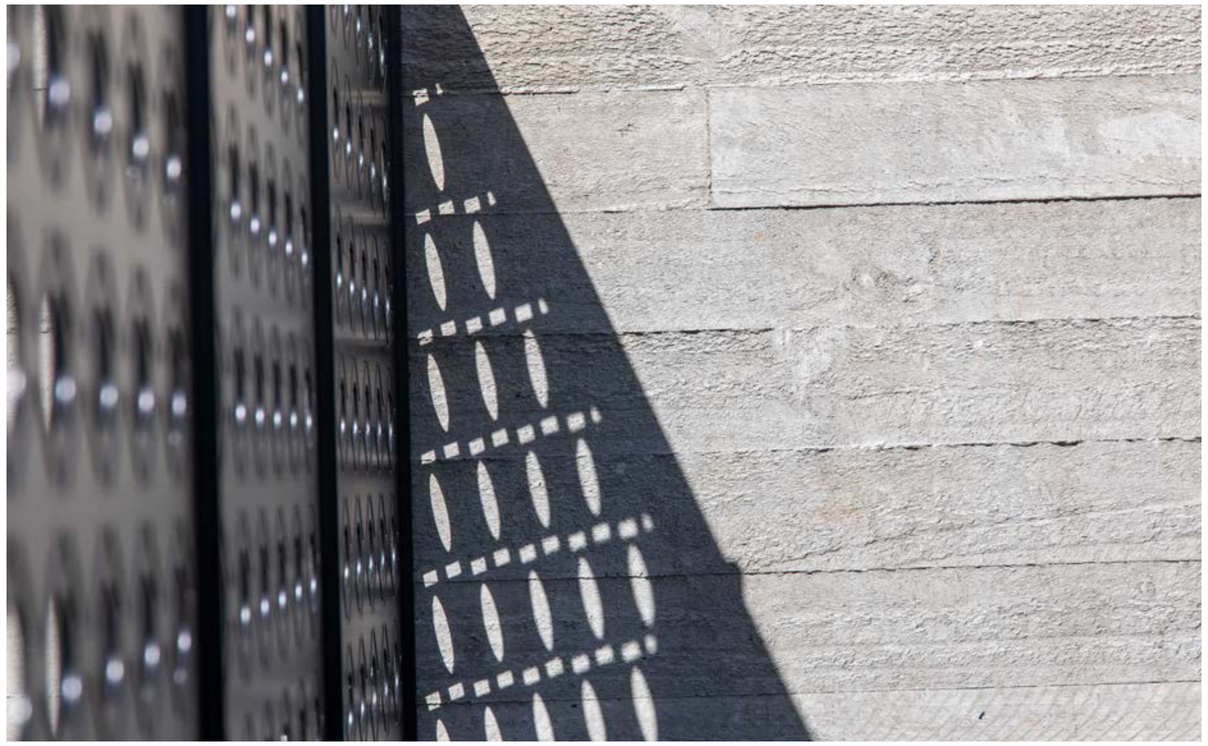
These statements have been compiled on the basis of current Government policy. They comply with Public Benefit Entity Financial Reporting Standard (PBE FRS 42 Prospective Financial Statements). They are presented to fulfil the statutory obligations of Kāinga under the Crown Entities Act 2004.

In this section, Kāinga Ora refers to the Kāinga Ora Group – Kāinga Ora – Homes and Communities and its subsidiaries. The principal subsidiaries of Kāinga Ora are Housing New Zealand Limited, which owns and manages social housing, and Housing New Zealand Build Limited, which builds market and affordable housing.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts.

Opening balances of the statement of financial position are derived from the best assumptions for the closing balances at 30 June 2024.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Judgements and estimates are derived from historical experience and reasonable current assumptions. Actual results may differ from these estimates under different assumptions and conditions, which may materially affect the financial results or the financial positions reported in future periods.



The significant forecasting assumptions used in developing the financial forecasts in the Statement of Performance Expectations are detailed in the table below:

Forecasting assumption	Risk	Financial effect/action taken	Net level of uncertainty
Expected interest rates on investments Interest rates on investments are consistent with the 3-month term deposit rate.	Actual interest rates may differ significantly from those estimated.	Kāinga Ora manages any significant change in interest rates through the term of investment and/or the type of investment.	Low
Expected interest rates on borrowings Interest rates on Crown debt are based on projected borrowing rates from the Crown, depending on the expected maturity of the debt, and taking into account the existing fixed rates locked in on the debt.	Actual interest rates may differ significantly from those estimated.	Kāinga Ora has an interest rate policy that minimises any significant change to interest rates on projected borrowings.	Low
Credit risk – Welcome Home Loans (Mortgage Insurance Scheme) The Mortgage Insurance Scheme insures low-equity mortgage lending with terms averaging 28 years. Premiums for this product are received upfront but the risks of default are greatest over the first 15 years of the loan. Part of the premium received is moved to reserves to be recognised in future years in proportion to the risk of default.	The cash reserve is insufficient to meet subsequent defaults.	External actuaries assess the adequacy of held reserves every 6 months.	Low
Revenue from rents A rent growth rate is applied in line with current market expectation.	Market rent is outside the control of Kāinga Ora.	Variance to forecast rent has the largest potential impact the forecast comprehensive revenue and expense.	Medium
Maintenance expense Maintenance spend is based on expected volumes and run rates for maintenance expenses.	Actual maintenance work completed may be different from that forecast.	Kāinga Ora has significant influence over maintenance programmes and expenditure.	Medium
Personnel expenditure Personnel expenditure includes annual remuneration increases in line with current Budget assumptions.	Actual wage growth may differ from that projected.	Kāinga Ora has some influence over personnel expenditure.	Medium

Forecasting assumption	Risk	Financial effect/action taken	Net level of uncertainty
Price adjustors (cost indices) Larger expense items such as rates and insurance have been inflated for externally driven cost movement expectations.	Actual inflation may differ from that projected.	Kāinga Ora will regularly monitor future financial information and assess its impact on the forecast financial position.	High
The cost of raw materials used in building properties	Actual cost may differ from that projected.	The impact of volatility on Kāinga Ora's forecast comprehensive revenue and expense and forecast financial position from the cost of raw materials could be significant.	High
Asset revaluations Property values change in line with current market expectation.	Property values can be volatile. Revaluation movements may be significantly different from forecast.	The impact of volatility on Kāinga Ora's forecast comprehensive revenue and expense and forecast financial position could be significant.	Medium
Public Housing Plan 2021-2025 impact on property valuations The Public Housing Plan requires Kāinga Ora to build houses that may not achieve optimal market prices.	The value of our property portfolio and inventory is overstated.	The value of our property portfolio and inventory will impact our forecast comprehensive revenue and expense and forecast financial position.	Medium
Crown funding for Large Scale Projects We have included Crown funding for Large-Scale Projects as contributed capital in the forecast financial position but it is uncertain whether the full amount of the funding will be received.	Crown funding for Large-Scale Projects is uncertain.	If the full amount of the funding is not received Kāinga Ora will need to borrow additional funds. The impact on Kāinga Ora's forecast comprehensive revenue and expense and forecast financial position could be significant.	High

Assumptions

	2023/24 %	2024/25 %
FINANCING INDICES		
Consumers price index (CPI)	3.2	2.4
PRICE ADJUSTORS		
Rent growth	5.1	4.4
Rates	7.9	10.3
Personnel	3.6	3.2
Construction and maintenance	4.5	3.8
TAXATION ADJUSTORS		
Goods and services tax (GST)	15	15
Income tax	28	28
Deductibility of depreciation on housing assets	100	100
PORTFOLIO VALUATION		
Land	2.8	5.2
Building and improvement	2.9	2.1

Cost allocation policy

All costs are classified into responsibility cost centres. Most costs are able to be charged directly to output classes on either cost code alone or cost code in combination with cost centre. Remaining costs are charged to output classes by way of an allocation process based on cost drivers and related activity use.

Managing the Crown's investment

Kāinga Ora is forecast to have total assets of $54,720 million at 30 June 2025, funded by liabilities of $21,562 million and equity of $33,157 million.

Value of the Crown's investment

The equity (assets less liabilities) is the value of the Crown's investment in Kāinga Ora. The equity figure in the table below is based on estimates of property revaluation.

Equity as at 30 June 2024 $m	Equity as at 30 June 2025 $m
31,148	33,157

Aside from capital appropriations, the Kāinga Ora capital expenditure programme is funded by cash flows generated from operations and borrowings.

Business diversification

Kāinga Ora would obtain the agreement of responsible Ministers before making any material changes to its business.

Agreements that result in compensation from the Crown

Kāinga Ora may enter into contractual arrangements with the Crown as required from time to time. Such arrangements would include compensation for the difference between market rent and income-related rent. All contractual arrangements will be identified in the Annual Report.

Kāinga Ora and the Crown have agreed that Kāinga Ora will be compensated for any difference between market rents and income-related rents. This is because Kāinga Ora is required to charge qualifying tenants an income-related rent rather than a market rent.

Statement of accounting policies

Corporate information

Kāinga Ora – Homes and Communities (Kāinga Ora) is a statutory agency (Crown agency as defined by the Crown Entities Act 2004) and is domiciled and operates in New Zealand. The relevant legislation governing the operations of Kāinga Ora and its subsidiaries (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.

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 registered office of Kāinga Ora – Homes and Communities is Levels 3–5, 7 Waterloo Quay, Wellington.

Summary of significant accounting policies

a. Basis of preparation

The prospective financial information is prepared based on PBE FRS 42 Prospective Financial Statements as appropriate for PBEs reporting under Tier 1 of the PBE standards. The financial statements constitute a projection for the year ending 30 June 2024. As a projection, the financial information is prepared on the basis of one or more hypothetical but realistic assumptions, which reflect possible courses of action for the prospective financial information period as at the date this information has been prepared. The prospective financial information may vary from actual results. The financial information is forward looking and should be read in conjunction with the assumptions set out on pages 54 to 58. Because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied in forward-looking financial statements.

The financial statements have been prepared on a historical cost basis, except for rental properties, freehold land, derivative financial instruments, actuarially assessed provisions, available-for-sale financial assets and financial assets measured at fair value through other comprehensive revenue.

The financial statements are presented in New Zealand dollars, which is the functional currency of Kāinga Ora, and all values are rounded to the nearest million dollars ($m) unless stated otherwise.

The statement of financial position is presented on a liquidity basis. The 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 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.

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.

c. Basis of the Kāinga Ora Group

The Kāinga Ora financial statements comprise the financial statements of Kāinga Ora – Homes and Communities (the Parent) and its subsidiaries, being Housing New Zealand Limited and Housing New Zealand Build Limited as at 30 June each year.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent using consistent accounting policies. All inter-entity balances and transactions have been eliminated in full.

d. Rental property land and buildings

Housing for community groups held by Kāinga Ora, and state-owned housing held by Housing New Zealand Limited 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

e. 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.

f. 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.

g. 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.

h. 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.

i. 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.

j. Intangible assets

The Kāinga Ora Group has intangible assets that include other intangibles as well as software that has been externally purchased and 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 period of 4–7 years 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.

Computer 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.

k. Impairment of plant, equipment and intangible assets

The primary objective of the Kāinga Ora Group 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.

l. Financial assets

Initial recognition

At initial recognition, financial assets within the scope of PBE IFRS 9 *Financial Instruments* are measured at their fair value or, in the case of a financial asset not measured at fair value through surplus or deficit, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

The fair value of a financial instrument at initial recognition is normally the transaction price (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 market place. All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Kāinga Ora Group commits to purchase the asset.

Subsequent recognition

Financial assets are classified as either subsequently measured at amortised cost, fair value through other comprehensive revenue and expense or fair value through surplus or deficit. 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) Financial assets at fair value through surplus or deficit (FVSD)

Financial assets are subsequently measured at FVSD if they are held for trading or if the contractual cash flows are not solely payments of principal and interest. Specific financial assets held at FVSD include the following:

- **Derivatives – not in hedge relationships:** Derivatives are recognised at fair value on initial recognition and subsequent changes in fair value are recognised in surplus or deficit when they are not in an effective hedge relationship.

(ii) 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.

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 held at amortised cost include the following:

- **Cash and cash equivalents**
- **Mortgages and housing-related lending:** Includes Housing Innovation Fund mortgage advances and other loan products.
- **Receivables:** Exchange and contractual non-exchange transactions)
- **Long-term receivables:** Exchange and contractual non-exchange transactions)
- **Investments:** Investments consist of money market deposits, commercial paper, enhanced registered certificates of deposit, registered certificates of deposit and treasury bills. These debt investments are carried at amortised cost using the effective interest rate method or fair value through comprehensive deficit depending on the type of investment.

(iii) Financial assets at fair value through other comprehensive revenue (FVOCRE)

Subsequent measurement at FVOCRE is for financial assets that are held for the purpose of both collecting contractual cash flows and selling assets, and those cash flows are solely related to payments of principal and interest.

Specific financial assets at FVOCRE include the following:

- **Derivatives** – in effective hedge relationships: Includes interest rate swaps in hedge relationships.
- **Investments:** Investments consist of money market deposits, commercial paper, enhanced registered certificates of deposit, registered certificates of deposit and treasury bills. These debt investments are carried at amortised cost using the effective interest rate method or fair value through comprehensive deficit depending on the type of investment.
- **New Zealand Government Bonds:** New Zealand Government Bonds are fixed term debt securities issued by the New Zealand Government. These investments are classified as FVOCRE 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.

Derecognition

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.

Impairment

A forward-looking expected credit loss model is used to recognise and calculate impairment losses for financial assets subsequently measured at amortised cost. 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 expected credit loss 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 expected credit loss (future defaults are expected to occur over the lifetime of the asset).
- Stage 3: If the financial asset then becomes credit impaired (a loss has been incurred), the lifetime expected credit loss 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 (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.

m. 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 5 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, unless it is part of a hedging relationship (see note p (ii) *Hedge accounting*). Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

n. Financial guarantees

Provision is made for amounts that may be payable under the Mortgage Insurance Scheme. The carrying value of these guarantees approximates fair value as the likely amount of payments under the Mortgage Insurance Scheme are subjected to an actuarial reassessment each year.

o. 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. A risk margin percentage is also factored in using the 75 percent 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 Mortgage Insurance Scheme liabilities to meet any claims under the scheme.

p. 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 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 New Zealand 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 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 surplus/(deficit), the carrying amount is adjusted and the hedging gain or loss is recognised in surplus/(deficit).

Where hedging gains or losses are recognised in 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 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 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 is accumulated under hedging reserve gains/(losses), 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 surplus/(deficit) and is included in hedging reserve gains/(losses).

Amounts previously recognised in other comprehensive revenue and accumulated in equity are reclassified to 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 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).

q. Employee benefits

Employee benefits include wages and salaries (including non-monetary benefits such as medical, trauma, life and income continuance insurance), annual leave, long-service leave and sick 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 and accumulated sick 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. Long-service leave, where entitlements are not vested at balance date, is treated as a non-current liability.

r. 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.

s. 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, 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:

Income-related rental from tenants and crown

Income-related rental revenue received from tenants and the IRRS 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 revenue from the Crown as operating appropriations. Crown appropriation revenue is received to subsidise third-party revenue to equate to 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 pass 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, including interest subsidies from the Crown, and 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 management fees from the Housing Agency Account.

t. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

u. 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 residential buildings is 0 percent, 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. The IRE applies to the acquisition of buildings and to some additions to 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.

v. 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, 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 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 PBE IPSAS 17 Property, Plant and Equipment.

y. Contingent assets and contingent liabilities

Suspensory loans and repayable grants

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.

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 Limited and its subsidiary Sunfield Developments Limited (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.

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 housing portfolio contains approximately 73,000 homes, from each of which it receives revenue based on a level of rent equivalent to that which the properties could be expected to generate in the open rental market. In most circumstances, a portfolio of rental properties would be classified as investment properties. However, in the case of social homes, the Crown 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 and supported 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 or held for distribution to the owner 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 or distribution 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 or distribution and the Kāinga Ora Group must be 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 short-term 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 the IRRS 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 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 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 property, plant and equipment to properties under development when there is a change in use evidenced by the commencement of development with a view to sell. Assets are transferred to properties under development 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 more than 73,000 properties[29] around New Zealand (2023: 70,600). 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.

(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.

(iv) Impairment of properties under development

All inventory items are valued at the 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 amongst 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.

29. As at 31 March 2024, including public and supported homes (transitional and Community Group Housing) owned, leased and leased to other providers.

(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. Therefore, 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 net surplus/(deficit) 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 net surplus/(deficit) 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 accounting policy notes (d) and (i), and amortisation rates are set out in note (j) 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

The measurement of expected credit losses 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 expected credit loss 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 expected credit loss 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.

Appropriations – output tables

The following tables set out the appropriated funding Kāinga Ora expects to receive from the Crown in 2024/25. This funding is shown by appropriation and programme and is aligned with Kāinga Ora output classes.

Output table: Crown appropriations by Kāinga Ora output class

		Kāinga Ora output classes			
		Output class 1	**Output class 2**	**Output class 3**	**Output class 4**
Appropriation and programme	**$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 for New Zealanders**
KĀINGA ORA HOME OWNERSHIP AND ADMINISTRATION					
Mortgage Insurance Scheme (First Home Loan)	18.473				18.473
Community Owned Rural Rental Housing Loans (CORRL)	0.060				0.060
Legacy Loan portfolios	0.100				0.100
Total Kāinga Ora home ownership and administration	18.633	–	–	–	18.633
SINGLE SITE SUPPORTED HOUSING					
Hapori Kaitiaki function at Greys Avenue	2.530	2.403	0.126		
Function at Rolleston St	1.203	1.143	0.060		
Total single site supported housing	**3.733**	**3.546**	**0.187**	–	–

		Kāinga Ora output classes			
		Output class 1	**Output class 2**	**Output class 3**	**Output class 4**
Appropriation and programme	**$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 for New Zealanders**
KĀINGA ORA – HOMES AND COMMUNITIES					
Te Kurutao	2.019		0.303	1.413	0.303
Core Urban Development	22.850			22.850	
Sustainability Initiatives	7.082	1.480	4.552	0.890	0.159
Buying Off the Plans	3.509				3.509
First Home Partner	0.455				0.455
Infrastructure Acceleration Fund – Administration	2.000				2.000
Total Kāinga Ora – Homes and Communities	**37.914**	**1.480**	**4.855**	**25.153**	**6.426**
First Home Grants	35.000				35.000
Kāinga Ora Land Programme (MYA)	9.840			9.840	
Infrastructure Investment to Progress Urban Development (MYA)	33.900			33.900	
Buying off the Plans Programme (MYA)	28.430			28.430	
Operating the Buying off the Plans Programme (MYA)	1.422			1.422	
Grand total	**168.872**	**5.026**	**5.042**	**98.745**	**60.059**

Output table: Multi-category appropriations (MCA) 2024/25

		Kāinga Ora output classes			
		Output class 1	Output class 2	Output class 3	Output class 4
Appropriation and programme	**$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 for New Zealanders**
COMMUNITY GROUP HOUSING MCA					
Community Group Housing Market Rent Top-Up	21.591		21.591		
Community Housing Rent Relief	4.100		4.100		
Acquisition and Improvement of Community Group Housing Properties	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))	1,492.597	149.260	1,343.337		
This contains both Kāinga Ora IRRS and regional incentive appropriations.					
HOUSING ACCELERATION FUND MCA					
Investment in Crown-owned Entities to Advance Development-Ready Land	148.009				148.009
Investment in Infrastructure to Advance Development-Ready Land (Large Scale Project)	67.371				67.371
Investment in Infrastructure to Advance Development-Ready Land (IAF)	171.996			171.996	
Total multi-category appropriations	**1,911.464**	**149.260**	**1,374.828**	**387.376**	**0.000**

Output table: Capital appropriations 2024/25

		Kāinga Ora output classes			
		Output class 1	Output class 2	Output class 3	Output class 4
Appropriation and programme	**$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 for New Zealanders**
Refinancing of Crown loans to Kāinga Ora - Homes and Communities	199.447			199.447	
Kāinga Ora - Homes and Communities Private Debt Refinancing Facility (MYA)	1,925.000			1,925.000	
Kāinga Ora - Homes and Communities Crown Lending Facility (MYA)	2,350.000			2,350.000	
Progressive Home Ownership Fund (MYA)	16.712				16.712
Total Capital Appropriations	**4,491.159**	**0.000**	**4,474.447**	**0.000**	**16.712**

Appendix 1 – Kāinga Ora–Homes and Communities Act 2019 – operating principles

Social housing solutions that contribute positively to wellbeing	Providing good-quality, warm, dry and healthy rental housing.	Supporting tenants to be well connected to their communities and to lead lives with dignity and the greatest degree of independence possible and to sustain tenancies.	Working with community providers to support tenants and ensure those most in need are supported and housed.	Being a fair and reasonable landlord, treating tenants and their neighbours with respect, integrity and honesty.
Housing supply meets needs	Managing its housing stock prudently, including upgrading and managing its housing to ensure it remains fit for purpose.		Ensuring that the housing it develops is appropriately mixed (with social, affordable and market housing) and is of good quality.	
Well-functioning urban environments	Assisting communities where it has housing stock to develop and thrive as cohesive and safe places to live.		Ensuring its urban development contains quality infrastructure and amenities that support community needs.	
Stewardship and sustainability	Identifying and protecting Māori interests in land, and recognising and providing for the relationship of Māori and their culture and traditions with their ancestral lands, water, sites, wāhi tapu and other taonga.		Operating in a matter that recognises environmental, cultural and heritage values and the need to mitigate and adapt to the effects of climate change.	
Collaboration and effective partnerships	Partnering and having early and meaningful engagement with Māori and offering Māori opportunities to participate in urban development.	Maximising alignment and synergies through its multiple functions in order to support inclusive, integrated housing and urban development.	Partnering and engaging meaningfully with other persons and organisations, including having early and meaningful engagement with communities affected, or to be affected, by housing and urban development in order to help grow capability across the housing and urban development sector and in order to help people into home ownership.	

Appendix 2 – Information communication and technology asset performance

Our information communication and technology (ICT) asset portfolio

The following asset performance measures apply to both Kāinga Ora-owned and Kāinga Ora-leased information communication and technology assets.

Measure	Indicator	2020/21 Actual	2021/22 Actual	2022/23 Target	2023/24 Target	2024/25 Target
Core systems availability – Kotahi	Availability	99.98%	99.98%	≥99.90%	≥99.90%	≥99.90%
Core systems availability – Oracle EBS	Availability	99.97%	≥99.90%	99.90%	≥99.90%	≥99.90%
Core systems availability – websites	Availability	99.71%	99.93%	≥99.90%	≥99.90%	≥99.90%

* The higher the actual percentage, the more effective our utilisation.

Appendix 3 – Disclosure of judgement regarding changes to output class performance measures

Output class 1 - Supporting our customers to live well with dignity, stability and connectedness

Ref 2023/24	Ref 2024/25	Measure	Standard 2023/24	Standard 2024/25	Type of Change	Rationale for change
1.3	1.3	Percentage of customers in rent arrears with a successful working repayment arrangement in place	≥75%	N/A	Removed measure	This measure focuses on a single intervention. It has had unintended consequences, and the overall total rent arrears has continued to increase.
N/A	1.3	Percentage of new debtors with a repayment arrangement in place within 21 days of rent overdue	New measure	≥75%	New measure	This measure indicates that we are proactively engaging with new debtors in a timely manner to address rental arrears.
N/A	1.4	Percentage of customers who have decreased their rent arrears compared to the previous month.	New measure	≥70%	New measure	This measure reflects the effectiveness of our actions when we work with customers who have fallen behind in their rental payments.
N/A	1.7	Percentage of reported incidences of disruptive behaviour where a decision on appropriate action occurs within 15 working days	New measure	≥90%	New measure	This measure reflects our duties as a landlord to address disruptive behaviour in a timely and consistent manner under the Residential Tenancies Act.
N/A	1.8	Percentage of successful applications to the Tenancy Tribunal for tenancy termination due to disruptive behaviour	New measure	≥85%	New measure	This measure indicates the quality of our evidence gathering and advocacy when taking cases to the Tenancy Tribunal.

Output class 2 – growing, renewing and maintaining our homes

Ref 2023/24	Ref 2024/25	Measure	Standard 2023/24	Standard 2024/25	Type of Change	Rationale for change
2.3	2.3	Percentage of new public and supported homes built to the 6 Homestar v 4.1 standard and the Kāinga Ora 6 Homestar v5 Transition standard or higher	≥90%	≥90%	Rephrased measure	We have simplified the measure wording to exclude the technical standards. We feel this will improve the public's understanding of our goal of ensuring social homes being built meet high standards for warmth, dryness and overall healthiness.
2.5	N/A	Percentage of newly constructed Kāinga Ora led public and supported homes adopting offsite manufactured building solutions (OSM)	≥12%	N/A	Measure removed	We have removed this measure as OSM should be used as a tool to support cost savings rather than a target in itself.
2.6	2.5	Time taken to design and build a new Kāinga Ora public or supported home – Houses – Apartments	 ≤32 months ≤46 months	 ≤24 months ≤49 months	Rephrased measure	We have included 'consent' in the measure's wording to clarify that we don't directly control every aspect of the process. This addition helps the public understand that there are certain steps where our influence may be limited, enhancing transparency and comprehension.

Ref 2023/24	Ref 2024/25	Measure	Standard 2023/24	Standard 2024/25	Type of Change	Rationale for change
2.9	N/A	Percentage of public homes that are let (occupied days)	96%	N/A	Measure removed	We are improving the way we report our numbers of vacant public homes, making a clear distinction between those that are available for tenanting and those that are being retrofitted or will never return to service (redeveloped).
N/A	2.8	Percentage of social homes in service that are let (daily utilisation)	N/A	≥98.0%	New measure	This is a new measure to reflect an improved way of reporting the number of vacant social homes.
2.13	N/A	Percentage of our housing portfolio compliant with the healthy homes standards	≥100%	N/A	Measure removed	Measure completed.

Output class 3 – delivering and facilitating urban planning and development

Ref 2023/24	Ref 2024/25	Measure	Standard 2023/24	Standard 2024/25	Type of Change	Rationale for change
3.7	3.7	Number of projects that have been assessed as potential Specified Development Projects under the Urban Development Act 2020	2	N/A	Measure removed	This measure is specific to the assessment phase of the Specified Development Project process. We have replaced this measure with one that encompasses all four stages of an SDP project (see replacement below).
N/A	3.7	Number of potential or established Specified Development Projects that have been facilitated by Kāinga Ora under the Urban Development Act 2020, which may include completing projects in any of the following project stages during the fiscal year:			New measure	This measure captures the four stages of an SDP project for a more enduring measurement approach. Regardless of the project stage, the measure remains the same year after year, showing historical trends. In prior years, the measure was changed to reflect the project stage.
		– Selection		Demand driven		
		– Assessment	2	0		
		– Draft development plan				
		– Independent hearing panel				

Output class 4 – supporting crown infrastructure and home ownership initiatives for New Zealand

Ref 2023/24	Ref 2024/25	Measure	Standard 2023/24	Standard 2024/25	Type of Change	Rationale for change
4.3	N/A	Percentage of applicants gaining full pre-approval for First Home Partner who are part of the following targeted groups: – Māori – Pacific peoples – Families with children	Monitor and report progress	N/A	Measure removed	This measure has been removed as there is no funding remaining in the appropriation for 2024/25.
4.6	4.5	Percentage of infrastructure milestones completed on time	≥80%	N/A	Measure removed	The wording change reflects that infrastructure projects usually span multiple years and tend to have a large number of factors that make it hard to accurately predict timeframes. The updated measure (see below) reflects that meeting milestones within a financial year rather than on a specific date is acceptable within this context.
N/A	4.5	Percentage of infrastructure milestones completed within the year	≥80%	≥80%	New measure	See above.

Organisational performance measures

Ref 2023/24	Ref 2024/25	Measure	Standard 2023/24	Standard 2024/25	Type of Change	Rationale for change
Org_1.1	N/A	Health and safety maturity assessment (internal) score	Establish baseline	N/A	Measure removed	Measure completed.
N/A	Org_1.1	Maintain existing health and safety 'performing' maturity level	N/A	Maintain 'performing' measure	New measure	Having conducted a maturity assessment last year, this new measure indicates our commitment to sustaining our current level of performance.
Org_1.2	N/A	Overall percentage of people leaders who completed Waka Tangata leadership programme by June 2024	≥70%	N/A	Measure removed	The majority of our people leaders have now had the opportunity to attend this programme. We are now focussing on some more targeted people leader development to address various needs and have paused Waka Tangata delivery at this time.
Org_1.5	Org_1.4	Percentage of spend with Māori businesses	≥8%	≥8%	Definition change	We have rephrased this measure to reflect spend with Māori businesses. The previous measure reflected contracts with Māori business. Without material IT investment, we are unable to report on the number of main contracts and the suppliers they are with.

Ref 2023/24	Ref 2024/25	Measure	Standard 2023/24	Standard 2024/25	Type of Change	Rationale for change
Org_1.6	N/A	Number of Kāinga Ora staff who have participated in and completed Mātauranga Māori programmes	≥1,200	N/A	Measure removed	This activity was funded from the Kāinga Ora-Homes and Communities appropriation. The appropriation was significantly reduced in Budget 2024, requiring a re-prioritisation of this activity at a lower level, subject to resource availability. At the time of publishing this SPE, the exact impact could not be quantified.
Org_1.10	N/A	2025 and 2030 gross emissions reduction targets established in line with the Carbon Neutral Government Programme requirements	Pass	N/A	Measure removed	Measure completed.

Financial sustainability and stewardship

Ref 2023/24	Ref 2024/25	Measure	Standard 2023/24	Standard 2024/25	Type of Change	Rationale for change
New measure	Fin_1.5	Debt to assets ratio	0.33	0.35	New measure	This measure assesses the scale of debt in relation to assets.

Information communication and technology

Ref 2023/24	Ref 2024/25	Measure	Standard 2023/24	Standard 2024/25	Type of Change	Rationale for change
Appendix 3	N/A	Percentage of incidents resolved on first contact by ICT Service Desk	≥80.0%	N/A	Measure removed	This measure is no longer relevant to the organisation's objectives.
Appendix 3	N/A	Priority 1 incidents per 100 ICT users	≤7.0	N/A	Measure removed	This measure is no longer relevant to the organisation's objectives.
Appendix 3	N/A	Infrastructure as a service resource utilisation	≥90.0%	N/A	Measure removed	This measure is no longer relevant to the organisation's objectives.

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