TAUĀKĪ WHĀINGA MAHI
STATEMENT OF PERFORMANCE EXPECTATIONS
2022/23

Kāinga Ora
Homes and Communities

Deliver

Contents

Statement of responsibility

Kāinga Ora – Homes and Communities is a Crown entity operating in accordance with the Kāinga Ora– Homes and Communities Act 2019, 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 2022/23 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.

Signed

Vui Mark Gosche

Chair on behalf of the Board
28 June 2022

Countersigned

John Duncan

Deputy Chair
28 June 2022

Introduction and who we are

Pallant Street, Wordsworth Road, Manurewa, Auckland

We are Kāinga Ora – Homes and Communities (Kāinga Ora). Our vision is:

He oranga kāinga, he oranga hapori, he oranga tāngata

Building better, brighter homes, communities and lives

Kāinga Ora has two core roles.

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

We are more than a public housing landlord or urban development agency, however. Our legislative framework has put in place operating principles to guide our impact on Aotearoa and the quality of our customers' lives.

The purpose of this document

This Statement of Performance Expectations (SPE) describes what we will deliver in 2022/23 and how we will measure our progress. It enables our responsible Ministers to participate in setting the 2022/23 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. We will also produce quarterly reports for our responsible Ministers, which will give an overview of our performance against SPE measures over the preceding 3 months.

The targets and deliverables in this document are informed by our governing legislation together with the ambitious priorities of the Government and our Ministers for us to play a pivotal role in tackling housing challenges and transforming housing and urban development in Aotearoa, as set out in our Letter of Expectations dated 11 March 2022.

Supporting the Government Policy Statement on Housing and Urban Development and MAIHI Ka Ora

The 2022/23 year will be our first full year of delivery in the context of the Government Policy Statement on Housing and Urban Development 2021 (GPS-HUD). The GPS-HUD sets out a long-term overarching strategy for the housing and urban development system. Its purpose is to:

- state the Government's overall direction and priorities for housing and urban development
- inform and guide the decisions and actions of agencies involved in and the activities necessary or desirable for housing and urban development.

The GPS-HUD's vision statement is that 'everyone in Aotearoa New Zealand lives in a home and within a community that meets their needs and aspirations'. MAIHI Ka Ora, the National Māori Housing Strategy, has also been developed to strengthen the systems response to Māori housing and is strongly connected to and referred to in the GPS-HUD. MAIHI Ka Ora has a shared vision that 'all whānau have safe, healthy, affordable homes with secure tenure, across the Māori housing continuum'.

There are specific expectations in the GPS-HUD that Kāinga Ora is to give effect to, including a focus on the areas in the implementation of MAIHI Ka Ora where Kāinga Ora is identified as the lead or contributor agency. This SPE shows how we are translating the expectations in the GPS-HUD into action for the year ahead. Our longer-term intentions and response to the GPS-HUD and MAIHI Ka Ora will be further detailed in our new 4-year Statement of Intent (SOI), which will be published later this year.

The following table shows how the GPS-HUD expectations for Kāinga Ora contribute to our outcomes.

Hobsonville Point, Auckland

Tauākī Whāinga Mahi 2022/23
Our Statement of Performance Expectations

KEY

✔ Primary alignment ✓ Secondary alignment

GPS-HUD OUTCOMES

GPS-HUD outcome		GPS-HUD EXPECTATIONS FOR KĀINGA ORA	KĀINGA ORA OUTCOMES: Māori aspirations	Thriving communities	Housing access	Environmental wellbeing	Customer wellbeing	System transformation
Thriving and resilient communities	1	Work with HUD, Waka Kotahi, Te Puni Kōkiri and other central and local government and Iwi agencies to ensure its urban development activities are focused on the places it can make the most meaningful difference to alleviating housing supply and affordability pressures.		✓	✔			✓
	2	Take a place-based approach to developing options and strategies that deliver the Government's housing and urban development priorities.	✓	✔	✓	✓	✓	✓
	3	Recognise intensification as a key consideration in delivery or enabling construction of housing and infrastructure and that intensive urban environments need to support customers and thriving communities.		✓	✔		✓	
	4	When undertaking urban renewal and development 'up' and 'out', consider how investments can support greater density, mixed land use, connectivity and access to key transport hubs, jobs and amenities, while recognising the importance of the environment and preserving quality greenspace.		✔	✓	✓		
	5	Consider climate change and natural hazard risks and how to adapt and respond when making investment decisions, including: a. Whether to avoid development in places that are currently exposed and/or increasingly exposed to natural hazards and carry an unmanageable climate risk; b. considering when to retreat from hazardous places, when to protect land or assets, and when to accommodate existing exposure to risk, and; c. the effects of climate change induced events on homes and customers.		✓		✔	✓	
	6	Investment decisions for housing and urban development seek to lower the whole-of-life emissions profile of the development through: a. planning and delivering low emissions infrastructure; b. recognising the connection between spatial planning and transit related emissions; c. enabling access and mobility through low emissions transport options; d. use of low emissions building designs, construction materials and construction practices.		✓		✔		
	7	Work closely with HUD and other key stakeholders to develop and implement better processes, systems and tools to assess the options against climate related impacts and emissions scenarios and respond to Government's direction on climate change, including through the National Adaptation Plan, Emissions Reduction Plan and Carbon Neutral Government Programme.		✓		✔		
Wellbeing through housing	8	Work with HUD to deliver and accelerate the Government's public and supported housing build plans, consistent with Budget funding decisions, ensuring a place-based approach to create local solutions and focusing on new builds to contribute to the housing supply.			✔		✓	
	9	Deliver transitional homes to support the Aotearoa New Zealand Homelessness Action Plan.			✔		✓	
	10	Support the Government's ambition to reduce child poverty by sustaining tenancies and preventing and reducing homelessness.		✓	✓		✔	
	11	Take a whole-of-life portfolio management approach by effectively managing the housing stock and ensuring robust strategies and approaches for managing asset performance, while enhancing liveability and the wellbeing of tenants and community.		✓	✓	✓	✔	
	12	Build a greater proportion of homes that incorporate Universal Design principles to meet the needs of different population groups. Ensure standards for accessible design features are available publicly.			✓		✔	
	13	Help achieve equitable outcomes by recognising and responding to the disproportionate housing stress and deprivation of Māori, Pasifika, and other population groups.	✔	✓	✓		✓	
	14	Contribute to home ownership by effectively and efficiently administering home ownership products, and supporting HUD proactively on improving product settings and uptake.			✔			✓

KEY

✔ Primary alignment ✓ Secondary alignment

GPS-HUD OUTCOMES		GPS-HUD EXPECTATIONS FOR KĀINGA ORA	KĀINGA ORA OUTCOMES: Māori aspirations	Thriving communities	Housing access	Environmental wellbeing	Customer wellbeing	System transformation
Māori housing though partnership	15	Align strategic priorities in relation to Māori to support the Government's actions in addressing gaps in the housing system.	✔		✓			
	16	Work with Iwi and Māori to build and support genuine, meaningful and enduring partnerships that enables opportunities for Māori to both lead, deliver and contribute to housing solutions, and urban development projects. For example, partnering with Māori to increase housing supply and developments where available on whenua Māori.	✔	✓	✓			
	17	In developing and updating the Kāinga Ora Māori strategy, ensure it is consistent with the direction in the Government's National Māori Housing Strategy-Maihi Ka Ora and MAIHI Framework for Action.	✔					
	18	Realise opportunities for Iwi and Māori housing projects by providing data, insights and knowledge to help build capabilities.	✔					✓
	19	In contributing to, and delivering on, Māori outcomes, develop tangible measures and indicators to track against those outcomes for future years.	✔					
An adaptive responsive system	20	Continue to contribute to the Government's initiatives, (and target priority urban growth areas), resource management reforms, climate change and other system changes. For example, under the Urban Growth Partnerships, contribute to: the review and development of spatial plans, spatial planning expertise and resources; data and insights; and support with community and stakeholder engagement and consultation.		✓	✓	✓		✔
	21	Contribute to transforming the building and construction sector by helping to raise productivity and performance and being an exemplar developer, in a way that supports capability-building across the construction sector, and in line with the Construction Sector Accord.			✓			✔
	22	Work collaboratively with others to better understand, promote and facilitate innovative building solutions that speed up and scale up construction and make housing more affordable, such as off-site manufacturing and adaptive re-use.			✓			✔
	23	Contribute to the Government's broader housing objective to improve housing supply and affordability through urban development that increases the supply of build ready land and the pace, scale, density and affordability of new housing supply.			✔			✓
	24	Make effective use of land resources to respond to current and future demand for housing, including through land acquisition and development, in line with joint spatial plans where they exist. In doing so, maximise value-for-money and managing risk to the Crown. Avoid holding land for solely speculative purposes.			✔			✓
	25	Enable and complement private sector and non-government partners. This includes leading in areas with significant development constraints, facilitating more efficient developments through its land acquisition and development powers, and helping build capability and capacity across the system.			✔			✓
	26	Maintain a pipeline of future urban development projects to provide greater certainty to the infrastructure, development and building and construction sectors			✓			✔
Ways of working	27	Make investment decisions that are consistent with the Government's strategic direction and priorities for housing and urban development by: a. Working collaboratively across government, and with external stakeholders and Iwi/Māori to inform, develop and support investment decisions, and consulting with Ministers, HUD and Treasury as appropriate; b. Optimise value-for-money from a whole-of-Government perspective, including effectively monitoring construction costs, and exploring a full suite of funding and financing options for efficiency and broader wellbeing benefits (for example, where marginal cost increase can achieve incremental wellbeing outcomes); c. Considering a range of options for investment having regard to relevant Cabinet guidance, and assess the wellbeing impacts of these options consistent with the Treasury's Living Standards Framework.	✓	✓	✓	✓	✓	✓
	28	Work with HUD and Treasury to assess Kāinga Ora long-term funding and financing requirements to ensure delivery of the Government's housing and urban priorities.	✓	✓	✓	✓	✓	✓
	29	Maintain future focused planning by considering new Government priorities and work with HUD, Treasury and relevant local authorities on relevant policy directions, for example, working with HUD on options to increase the supply of affordable homes, including those for low to moderate income households.	✓	✓	✓	✓	✓	✓
	30	Have planning frameworks, tools and approaches in place to give effect to the GPS, and through the entity's strategic documents, respond to the direction in the GPS, and report annually on progress against GPS expectations.	✓	✓	✓	✓	✓	✓

The impact of COVID-19

The COVID-19 pandemic has reshaped many of the services we provide and significantly increased our welfare role. Our priority, first and foremost, continues to be the health and wellbeing of our customers, with many facing increased financial hardship and mental health and isolation challenges due to the ongoing impact of COVID-19.

In addition, international supply chain disruptions, labour shortages and cost pressures as a result of the pandemic continue to impact New Zealand's construction sector. Kāinga Ora is not immune to these external challenges, and we are now prioritising actions that will support the organisation's multi-year housing supply commitments through to June 2024.

While we are operating in a period of significant uncertainty, it is important not to lose perspective. In December 2017, we had approximately 1,700 public and supported homes contracted or under construction. As at 31 May 2022, there were approximately 4,300. This effort is accentuated considering that, from March 2020 to late 2021, Auckland spent several months in an Alert Level 3 or 4 lockdown and over half of Kāinga Ora build sites are in Tāmaki Makaurau.

The impact of COVID-19 is not limited to the physical construction phase of our build programme – it affects all aspects of our business. An assessment of our targets, deliverables and financials has identified several uncertainties that apply to our ability to deliver on our performance expectations for 2022/23. These include our:

- ability to have contractors on site undertaking maintenance works
- customers being naturally apprehensive about face-to-face contact and reluctant to have contractors entering their homes
- staff not being able to physically inspect and progress work on sites
- build partners' ability to remain solvent in a challenging economic environment and their general ability/preparedness to commit to new work
- ability to access materials for our supply and maintenance programmes
- build partners' ability to mitigate skills and labour shortages across the industry, which is exacerbated by the increased volume of work across the sector and subsequent demand for construction skills.

In addition, our long-term financial projections are likely to be impacted, largely due to the implications of cost pressures and inflation on our funding settings, projected debt and associated financing strategy. We will continue to work closely with our partners and the Ministry of Housing and Urban Development to mitigate the impact of COVID-19 on our commitments in this SPE.

Despite these challenges in our operating environment, Kāinga Ora has a pivotal role to play in accelerating the country's economic rebuild and recovery plan to deal with the impacts of COVID-19. We will innovate and adapt. We have several significant initiatives already under way to improve our processes, increase delivery and drive sector change.

These include:

- delivering time and cost savings through multi-year contracts with build partners for the annual delivery of a set number of homes while also contributing to industry stability
- adopting innovative design tools and functions to enable faster and more cost-effective outcomes
- introducing different construction methods to improve efficiency.

We will continue to work closely with our partners to prioritise investment in the housing and urban development system that supports social and economic recovery. Increasing the supply of homes will reduce household expenditure on housing, provide economic stimulus and give certainty to the construction sector and other productive parts of the economy that create jobs and help grow incomes.

Who we are

We are Kāinga Ora – Homes and Communities. Our name has special significance because of the mahi we do, working in partnership with Māori. Kāinga Ora means:

Wellbeing through places and communities

Our portfolio contains approximately 68,888 homes,[1] which are provided to the people and whānau in our communities who need them most. We deliver public, transitional and affordable housing to help meet demand and lead and coordinate urban development projects.

At Kāinga Ora, we understand that a house means more than a roof over someone's head. We recognise that kāinga represents the hopes and dreams of whānau – an essential foundation for lives, families and thriving communities. That's why we see our success as an organisation reflected not merely in terms of bricks and mortar but also in the choices, mana, stability, aspirations and rangatiratanga realised within the communities to which we contribute.

We are a Crown agency established in October 2019, bringing together the people and capabilities from three legacy organisations – Housing New Zealand Limited, HLC and KiwiBuild. Each of our component organisations had its own mana and history, and we are now proudly united under one banner with a shared vision.

Our vision

Our vision is:

He oranga kāinga, he oranga hapori, he oranga tāngata

Building better, brighter homes, communities and lives

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: to enable the powerful outcomes that houses provide for the people of Aotearoa in the pursuit of living healthy, safe, productive and fulfilling lives.

[1] As at 31 May 2022, including public and supported homes (transitional and Community Group Housing) owned, leased and leased to other providers.

Our outcomes

Our outcomes collectively describe the contribution we make to the wellbeing of current and future people of Aotearoa. They reflect our governing legislation and guide our strategy, decision making and services we deliver. Our outcomes and their link with the GPS-HUD outcomes are shown below:

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

Our strategies Rautaki Māori o Kāinga Ora: Kāinga Ora Māori Strategy 2021–2026 and Kāinga Ora Strategy 2030

Te Rautaki Māori o Kāinga Ora: Kāinga Ora Māori Strategy lays a foundation for the expression and realisation of Māori aspirations for housing. Te Rautaki Māori o Kāinga Ora was designed alongside Iwi and rōpū Māori. The intention of co-design was for Kāinga Ora to demonstrate and prioritise co-partnership and base the strategy on the principle of partnership under te Tiriti o Waitangi. The goals of te Rautaki Māori o Kāinga Ora are:

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

The Kāinga Ora Strategy 2030 will outline how we plan to shape the housing and urban development system and deliver on our outcomes. It will sit alongside te Rautaki Māori o Kāinga Ora using the concept of he waka hourua, the double-hulled waka. One hull cannot move forward without the other. Both strategies are independent but sit alongside one another in equal partnership, which is mana ōrite. These documents will combine to help form our Statement of Intent 2023–2026.

Our strategies are underpinned by He Toa Takitini:

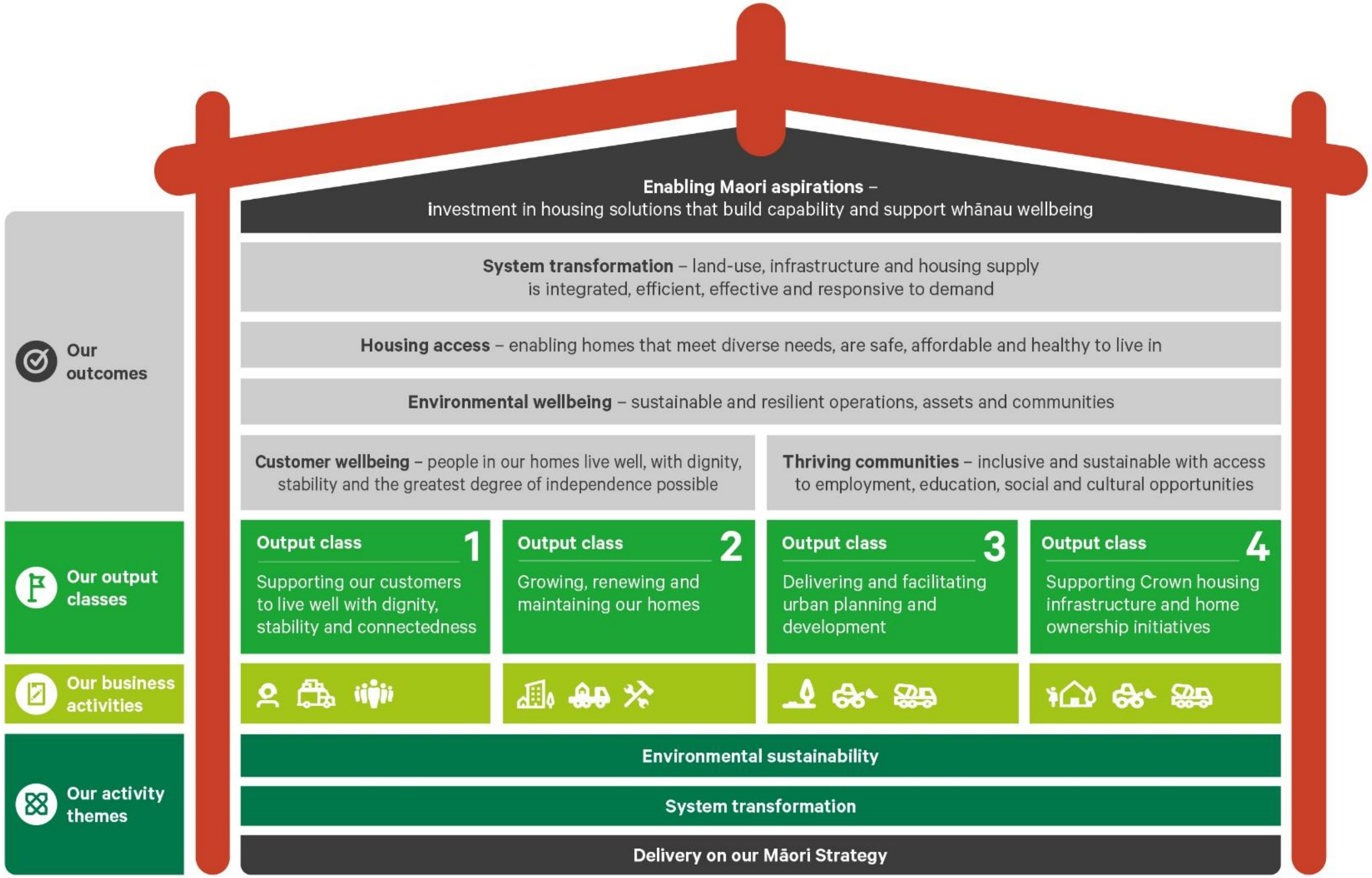
Ehara taku toa I te toa takitahi, engari ko taku toa he toa takitini

Our strength does not come from ourselves alone, our strength derives from the many

Our outputs

Our outputs represent the activities we undertake for our customers, their whānau and their communities. These activities support us to achieve our outcomes and are divided into four output classes.

How our outputs and activities contribute to our broader outcomes



- Our SPE output structure and associated business activities are centered around the four themes of: our **customers**, our **homes**, developing new communities and **supporting Crown home ownership initiatives and infrastructure**
- The delivery on our Māori and other organisational outcomes is at the top of the framework, underpinned by the foundation of the delivery of our Māori Strategy
- Environmental sustainability and system transformation are being embedded across everything we do

Our areas of focus

Our areas of focus

We will focus our efforts on what matters most and supporting Government and GPS-HUD priorities as we continue to build better, brighter homes, communities and lives. For the purposes of this section, our areas of focus are framed within our outcomes.

Māori aspirations

Investment in housing solutions that build capability and support whānau wellbeing

WHAT SUCCESS LOOKS LIKE[2]

- *Māori and the Crown are operating in a genuine te Tiriti o Waitangi partnership to successfully deliver better local housing solutions for whānau.*
- *Māori can easily access support to grow capacity and capability from across the system through a 'one door' approach.*
- *Intergenerational wellbeing outcomes and Māori home ownership rates are improved.*

AREAS OF FOCUS IN 2022/23

Understanding and supporting Māori aspirations

Kāinga Ora holds a unique responsibility to understand and support Māori housing and urban development aspirations. To achieve this, we think and operate in ways that reflect a Māori world view and build enduring and meaningful relationships and partnerships with Iwi and Māori. We place Māori interests and aspirations at the heart of what we do and work in alignment with MAIHI Ka Ora. Funding for much of the delivery that contributes towards Māori housing and urban development outcomes is not administered by Kāinga Ora. We look forward to continued collaboration with the Ministry of Housing and Urban Development and Te Puni Kōkiri to fund the enablement of Māori housing and urban development aspirations.

Implementing te Rautaki Māori o Kāinga Ora

In 2022/23, we will increase momentum implementing work within four focus areas of te Rautaki Māori o Kāinga Ora.

- Funding and investment – to refocus our efforts to support housing solutions that are innovative and are Māori-led. This can include tapping in to funding streams external to Kāinga Ora, investigating options for alternative lending, accessing suites of tools, resources and products to enable whānau to get into homes and supporting Māori financial models or loan schemes.

---

[2] The markers of success for our outcomes that are included in this document are being refined as we develop our longer-term strategies and our upcoming Statement of Intent.

- Building capability – to actively increase opportunities for Māori to gain skills and capability. This can include building opportunities, coordinating and organising a one-stop shop to simplify engagement, access to information and knowledge (training, resources, toolkits), tailored advice, advocacy to whānau, increasing Māori capability across Kāinga Ora for staff and supporting the development of whānau planning tools.
- Partnerships – to create partnerships with Iwi and rōpū Māori to deliver outcomes and provide tailored support solutions to people's needs. This includes in the space of regulatory compliance and regional investment planning as well as supporting place-based projects and kaupapa already in motion.
- Whānau wellbeing – to address the systemic issues for whānau Māori in housing is to define our success through a lens of wellbeing outcomes. This can include access to specialised expertise and personnel, improving access to quality support services, partnering with Māori social service providers and shifting from a transactional approach to housing to a transformational approach based on wellbeing indicators.

Examples of priority work for the year ahead include the following.

- Conducting a stocktake of Iwi/Māori land available for potential partnership with Kāinga Ora.
- Supporting the establishment of the Housing Relocation Programme.
- Establishing a Māori advisory group, which will provide external views to support the implementation and review of te Rautaki Māori o Kāinga Ora.
- Enabling and supporting a papakāinga development such as the Wainuiomata Marae Trust Eco-Papakāinga development, for which we will construct housing in partnership with the Wainuiomata Marae Trust and pilot the use of renewable energy to reduce fuel poverty. The housing and tenancies will be managed by Kāinga Ora as social housing for up to 30 years, after which they will be transferred to the Trust for ongoing operation as papakāinga community housing.

Building capability for partnering with Iwi and Māori

Partnering with Iwi and Māori is critical to the long-term success of the Kāinga Ora Māori Strategy. During 2022/23, we will continue developing our capability across the organisation as a key enabler for building our relationships with Māori at national, regional and local levels. Our Mātauranga Māori framework was initiated to ensure all Kāinga Ora people had the opportunity to build their knowledge, understanding and demonstrable confidence in te ao Māori. This framework is being delivered through both national and regional programmes. National programmes include a range of digital resources to support our people and education for all new Kāinga Ora staff as part of their induction. Regional programmes are customised to meet the individual learning needs of participants, involve local mana whenua and are kanohi ki te kanohi. A total of 471 participants are expected to complete the suite of Mātauranga Māori programmes over 2021/22, and we will continue building the scale and scope of the framework with a bold target of 800 staff to complete the suite of programmes for 2022/23.

Customer wellbeing

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

WHAT SUCCESS LOOKS LIKE

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

AREAS OF FOCUS IN 2022/23

Supporting our customers

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

Over the past few years, many of our customers have experienced health and financial strain due to the economic and social impacts of COVID-19, including loss of employment and being unable to work due to illness or isolation requirements for them and their whānau. At the same time, our traditional face-to-face operations and the work we do on occupied homes has been disrupted.

In 2022/23, we will maintain our focus on addressing the pandemic's impact on our customers and our core operations. At the same time, we will complete implementation of our Customer Programme, which includes new services and resources to improve the way we work with our customers and particularly those with high needs.

Supporting customers and their wellbeing

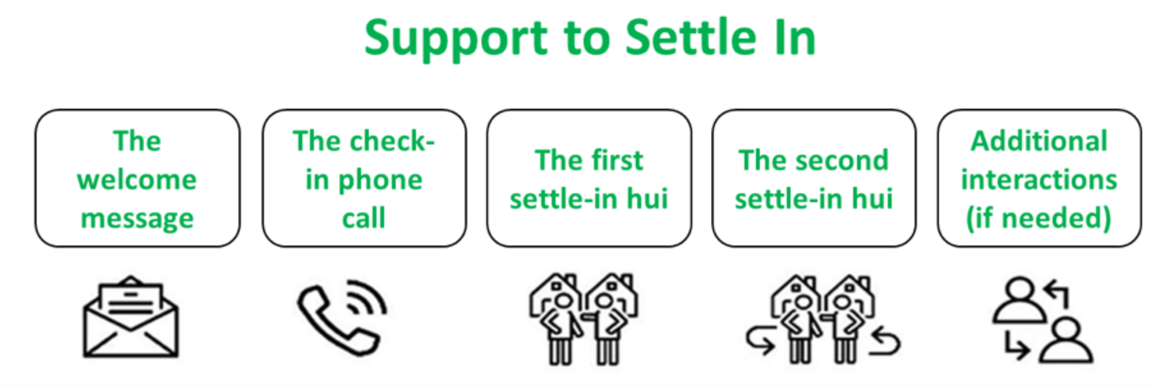
Every day, we work hard to contribute to the wellbeing of more than 186,000 people living in Kāinga Ora homes. A place to call home provides security, stability and community connections, which are fundamental to wellbeing.

Last year, we reshaped our customer-facing team to provide a more holistic service that addresses and responds to specific whānau housing and personal support needs. In 2022/23, we will be bringing on board new resources in this area, reducing the number of customers that each of our customer-facing employees works with and enabling them to build stronger relationships and implement new services.

Our range of services has been designed to provide our customers with:

- support to settle in to their new home and community
- support to manage their tenancy
- a fit-for-purpose home for as long as they need
- confidence about their transition to a new home when moving on from our services.

Informed by our customers and our people, the new service delivery model will ensure we have the right services to support customers when they need it for the duration required to meet whānau needs. An example of this is our new 'Support to Settle In' service, which has been designed to help new customers connect with the support services they need and be part of their community. It also lays the foundation for a strong relationship with our people. The initiative is tailored to the needs of individual customers and can include the following touchpoints to ensure they are supported through an important time of change.



Our overarching Sustaining Tenancies Framework guides us in looking after the wellbeing of our customers, some of whom have very complex social needs. In very few cases, there are situations where sustaining a tenancy is not in the best interests of either the customer or the community around them. It is then that we work with that customer to relocate them to a more suitable home and continue to support them to remain in or get back to a state of wellbeing. The Sustaining Tenancies Framework provides a range of tools and resources, including legal provisions, that our people can use to manage a variety of situations, helping to maintain safe and peaceful homes and communities.

Delivering customer support in response to COVID-19

Supporting our customers has never been so important, with health, financial and wellbeing pressures resulting from the ongoing impact of COVID-19. Many of our vulnerable customers suffered illness, loss of income and loneliness, and pandemic settings left them isolated from their usual support networks. The pandemic has also required us to navigate complex and unprecedented operational challenges. We recognise that returning to pre-pandemic activity will take time and continue to provide operational challenges. In response, we have developed innovative new systems and processes to ensure we can continue prioritising support for our customers and their whānau.

Innovation in our service delivery

- *Virtual property inspections*

Our teams in Counties Manukau are trialling the use of online video calls through digital platforms such as Zoom and Microsoft Teams. These virtual inspections, used in appropriate circumstances, provide another tool in our toolbox that potentially enables some customers to self-direct inspections of their homes and identify issues or repairs.

- *Onsite visits under the COVID-19 Protection Framework*

We have modified our approach when visiting customers' homes under the red traffic light setting to minimise the health risk for both staff and whānau. Conversations are held with the customer outside their home to identify any areas of concern, reducing the time we spend inside while ensuring all repairs are still identified and actioned.

- *COVID-19 vaccination clinics, partnering with health providers*

We are working in partnership with a range of community-based health providers, including Māori and Pacific peoples, to provide mobile COVID-19 vaccination clinics for Kāinga Ora customers and other residents to help protect our communities during the Omicron outbreak. The clinics focus on areas where Kāinga Ora has significant numbers of children in households and where vaccination rates continue to lag behind other suburbs, primarily across Counties Manukau. The approach supports vaccine uptake through the convenience of the mobile clinic and through the door-knocking efforts of the Māori Wardens, who aim to put people at ease and overcome hesitancy. The clinics also overcome mobility barriers.

In 2022/23, we will continue to adapt quickly and provide care and compassion for our customers, supporting them with what they need when they need it. This includes continually reviewing customer engagement and access management processes across the business and utilising technology to provide our services safely for our customers.

Building and maintaining meaningful relationships with our support partners

In order to ensure our customers receive the support they need to live safe and stable lives with dignity, we draw on the broader services of supporting agencies to address the specific needs of each customer. Our capacity and capability to develop relationships with our local support partners has been built in to our regional roles and structures – recognising that better wellbeing outcomes result from mahi tahi (working together). Our place-based structure allows our customer-facing teams to stay well connected with providers at a local level, identifying the support required to serve those customers with the greatest need. In 2022/23, we will continue to work closely with community and support service providers, non-government organisations and other government agencies. Maintaining our engagement with these services will ensure close collaboration and escalation when needed.

Improving the quality of our homes

Kāinga Ora is the largest landlord in Aotearoa, and we manage a range of housing options in our portfolio including:

- public housing – houses we own, lease and lease to other providers
- Community Group Housing – houses we own and lease or rent to community-based groups
- supported housing – including transitional housing and Community Group Housing, houses we own and lease to service providers contracted by the Ministry of Housing and Urban Development, the Department of Corrections or Oranga Tamariki.

We ensure these homes are warm, dry, safe and accessible for our customers – giving them a strong foundation for wellbeing. Maintenance focuses on maintaining the condition of housing at agreed service levels, while renewal focuses on improving the performance of housing from either a lifecycle or a customer outcomes perspective. Activities undertaken include routine and planned maintenance, responsive and vacancy repairs, upgrades, retrofit and complex remediation.

Our maintenance teams and our five regional maintenance partners, in conjunction with their trades, will work together to deliver a national maintenance service, 24 hours a day, 7 days a week, delivering in excess of 500,000 work orders. Our maintenance service delivers a range of responses from high-volume urgent works through to planned maintenance works. In 2022/23, we will deliver more planned maintenance than in any other year, such as exterior paints and reroofing, to approximately 10,000 properties nationwide. Key to achieving this ambitious programme is managing material and trade complexities.

Alongside, we will continue to deliver our Healthy Homes Programme to support compliance with the Residential Tenancies (Healthy Homes Standards) Regulations 2019. The Healthy Homes Programme continues to be the largest planned maintenance programme of its kind in Aotearoa, and delivering it in a COVID-19 environment has presented some unexpected challenges, including:

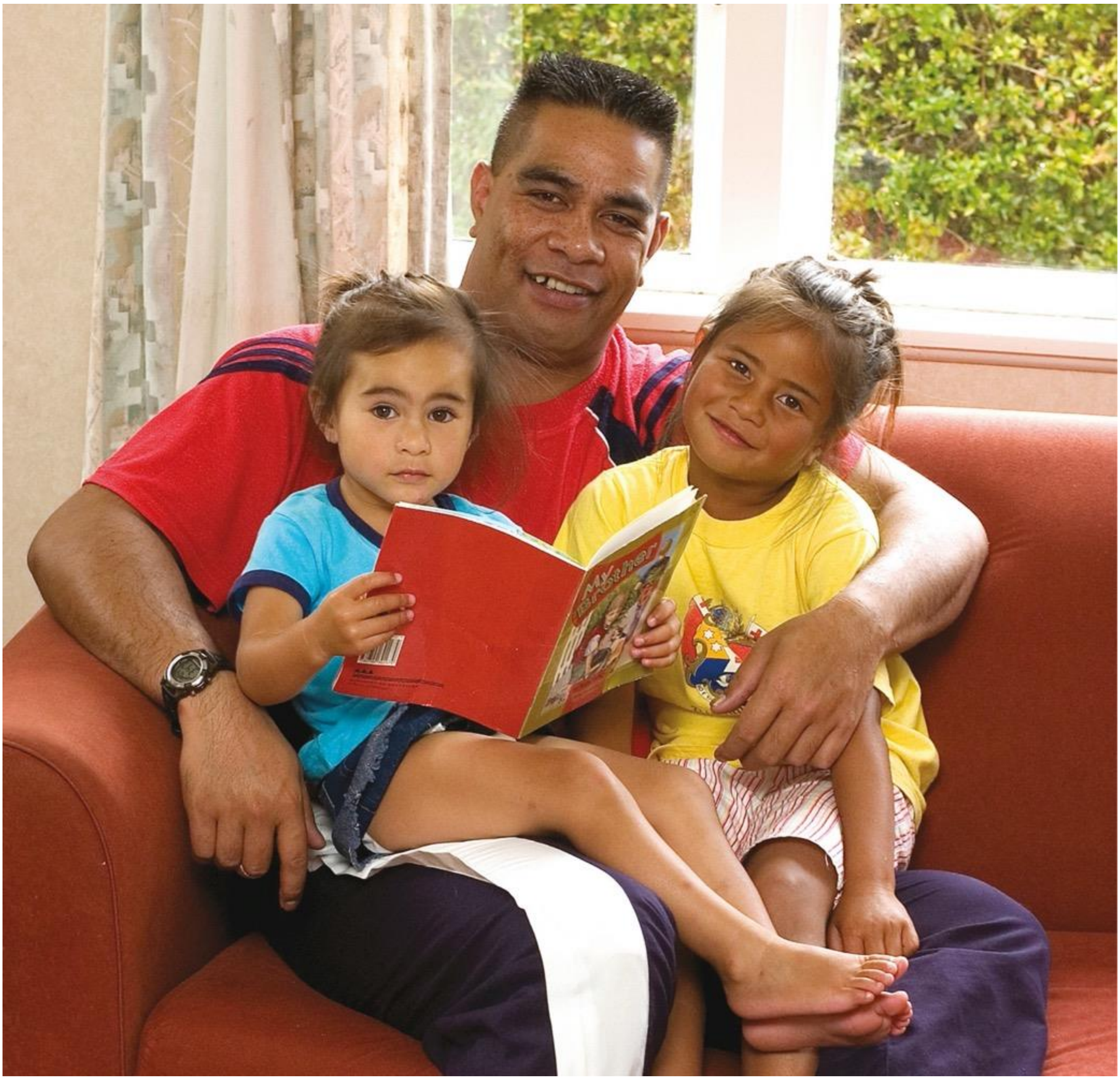
- heightened customer anxiety about having multiple trades in their homes
- increased construction activity across the public and private sectors impacting the availability of trade resources
- international and national supply chain challenges.

These pressures have culminated in the need to deliver a greater proportion of the programme in the final year before the compliance deadline of 1 July 2023.

In 2022/23, we will continue to deliver our retrofit programme. This renewal programme improves the wellbeing of our tenants by upgrading our older housing stock to make the homes warmer, drier and healthier. The improvements include full insulation, double glazing, improved airtightness and ventilation and new heating to ensure a healthy indoor living environment.

During the coming year, we will also review our Accessibility Policy. We recognise the importance of hearing the voice of customers with disability needs and their whānau as part of this process. This enables us to better understand the needs and experiences of the disability community.

In 2022/23, we will continue to enlarge our pipeline of newly built universally designed[3] homes that cater for customers with accessibility needs, and we will improve the modifications process that adapts existing public homes to meet the changing needs of these customers. We will continue to work with the Ministry of Health, ACC and the disability sector to improve accessibility and housing modification processes.



[3] Universal design means a property is built according to Kāinga Ora universal design standards so it is or can be fit for purpose for most customers, whether or not they have a disability. Universal design delivers homes that are more liveable for the entire population, including (but not limited to) young and growing families, people of all ages who experience temporary injury or illness, those with mobility, visual or cognitive impairments and the growing ageing population.

Housing access

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

WHAT SUCCESS LOOKS LIKE

- *Public housing is provided for those who need it.*
- *Increased housing supply in more places, at lower cost, offering a greater variety of housing typologies and tenures.*
- *Homes are built, repaired, renovated or replaced to be warm, dry and accessible and meet the needs of our changing population.*

AREAS OF FOCUS IN 2022/23

Kāinga Ora is delivering a range of programmes and products that deliver or facilitate good-quality, public and affordable housing choices to meet the diverse and changing needs of New Zealanders. We are addressing this challenge in a number of different ways. Through our build programme, we are increasing the supply of public, affordable and market homes to address the current housing shortage. Through our KiwiBuild programme, First Home Partner (a progressive home ownership scheme) and First Home Loans and Grants, we are helping people achieve the security of home ownership. These programmes are discussed in more detail below.

Increasing the supply of public housing

Today, inequality exists in the housing and urban development system and is felt disproportionately by Māori and Pacific populations and individuals and families with health (physical and mental) and accessibility needs. In response to this, Kāinga Ora is leading the biggest public housing build programme in decades and is the key delivery agency for the Government's public housing commitment as documented in the Public Housing Plan 2021–2024. The plan outlines where 8,000 additional public and transitional housing places – announced in Budget 2020 – will be located throughout Aotearoa. Kāinga Ora will play a pivotal role in delivering 70–80 percent of these.

In 2022/23, we will continue to increase delivery of public housing across Aotearoa, making sure that we build warm, dry, healthy homes that meet the needs of our customers in the right parts of Aotearoa. This includes additional public housing for the resettlement of refugees. We will continue working with key partners, including Iwi and councils, to respond to the Public Housing Plan's priority locations for investment by delivering more homes for people in need and contribute to the Government's vision that homelessness in Aotearoa is prevented.

The expectation for Kāinga Ora to deliver homes remains high. Our innovation, partnerships and engagement with others in the construction industry will enable our success in reaching our commitments. We will progress several significant initiatives in 2022/23 to improve our processes and to accelerate delivery, which will help to mitigate the impact of the delays to our supply programme.

These include:

- planning and scheduling hubs – leveraging the clarity provided by the Public Housing Plan and Asset Management Strategy to drive our construction programme
- Project Velocity – a continuous improvement initiative focusing on improving the efficiency and effectiveness of our end-to-end process for housing development
- Construction Sector Accord procurement alignment – speeding up our contract negotiation processes by aligning our contracts wherever possible with Construction Sector Accord standards
- construction partnering agreements – delivering time and cost savings through multi-year contracts with build partners for the annual delivery of a set number of homes
- offsite manufacturing – accelerating the delivery of homes by leveraging additional labour and material capacity to overcome existing construction sector constraints in Aotearoa and a faster production process
- Consentium, our building consent authority – providing faster and more cost-effective building consent services and to improve our building processes through greater consistency and transparency
- civil alliances – streamlining the delivery of build-ready residential land by encouraging organisations to work together to develop innovations, manage and mitigate risks and resolve issues fast when they arise
- leveraging the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 – Kāinga Ora and our partners delivering more on development sites and accelerating deliveries where possible
- expanding our locational settings under the Public Housing Plan – enabling us to access a broader number of opportunities to enable us to meet our commitments.

Increasing the supply of supported housing and contributing to supported housing outcomes

Our delivery of increased public housing supply also applies to increased supported housing delivery. Alongside the public housing we supply and manage, Kāinga Ora plays a pivotal role in the supported housing system in Aotearoa. We lease warm, dry and safe homes to supported housing providers so they can successfully deliver their services to some of the most vulnerable people in Aotearoa. Supported housing is the provision of publicly funded homes where the coordination of housing and other support services is essential to the wellbeing of the customer. Kāinga Ora provides supported housing properties through its transitional housing and Community Group Housing portfolios and through special programmes with the Department of Corrections and Oranga Tamariki. These homes support some of the most vulnerable people in Aotearoa to access the support they need in a safe and secure home.

In 2022/23, we will work to further increase the number of supported housing properties and work with our partners to enhance our relationships, including the Department of Corrections and Oranga Tamariki. We will do this through engaging with the funding agencies and the supported housing provider clients who run the properties. We will focus on delivering excellence and working closely with funding organisations to understand how we best prioritise our activity.

Providing more developed land for housing supply

The Government's housing package announcement in 2021 addresses some of the underlying barriers to housing supply and highlights the Government's ongoing confidence in our ability to increase the pace and scale of housing delivery for New Zealanders. Two key components of that housing package are the Kāinga Ora Land Programme and the Housing Acceleration Fund, which includes both direct funding for our large-scale projects and the Infrastructure Acceleration Fund (IAF). Together with our urban development and delivery activities through large-scale projects, the Kāinga Ora Land Programme and the IAF will see us play an increasingly important role in enabling more developed land for additional and affordable housing supply across Aotearoa.

Urban development and delivery through large-scale projects

Working alongside local communities, mana whenua partners, local government and private sector partners, in 2022/23, we will maintain momentum on our large-scale projects (LSPs) currently under way in Auckland (Mount Roskill, Tāmaki, Northcote, Oranga and Māngere) and in Eastern Porirua. In total, these are projected to produce around 36,000 homes over a 20-year period. Our LSPs are outcome focused and encompass more than the delivery of high-quality housing. They will fast-track the renewal of infrastructure, deliver new amenities and enable investment into local economic development, connectivity and active transport.

LSPs are complex projects with multiple operational and funding processes and considerations. These projects often require significant infrastructure upgrades at both the precinct (network) and neighbourhood level, which have multiple dependencies and take significant time to plan and deliver. A priority for 2022/23 is to secure approval for LSP funding through appropriate business cases. This will provide the certainty required for the sustainability of operations at scale and at pace and for potential investment and operational partners to enter into long-term agreements with us.

Kāinga Ora Land Programme

The Kāinga Ora Land Programme, established in 2021, allows us to borrow up to a debt ceiling of $2 billion[4] to acquire and develop land to build-ready status. Kāinga Ora will complement rather than compete with the private sector through the Land Programme. It will allow the delivery of additional outcomes through increased pace, scale, density and affordability as well as broader social and environmental outcomes. Ferncliffe Farm, a greenfield site in Tauriko West, Tauranga, is the first acquisition under the Land Programme. It is an example of our collaborative approach to strategically acquiring land that will see approximately 1,000 new homes delivered, bringing greater housing options in an increasingly in-demand regional area. In 2022/23, we will investigate further acquisition opportunities, implement an investment approach that will guide strategic site selection and development decisions for the life of the Land Programme and look to develop long-term strategic partnerships with significant landowners, development partners and other key agencies.

---

[4] On top of our existing debt protocol for public housing.

Infrastructure Acceleration Fund (IAF)

The IAF is a contestable process designed to allocate funding to infrastructure projects enabling meaningful contribution to housing outcomes in areas of need. The IAF will facilitate housing development through the allocation of funds to new and upgraded eligible enabling infrastructure such as transport, three waters and flood management, with most housing outcomes expected to be delivered in the medium term. Kāinga Ora is responsible for administering the IAF, which, in 2022/23, will focus on:

- negotiating IAF funding agreements and housing outcome agreements with parties selected through a robust evaluation process (and approved by Ministers) and entering into IAF agreements on behalf of the Crown
- supporting, monitoring and reporting on the IAF agreements as developments progress, including conditions and milestone satisfaction, managing funding requests and payment processing, actively supporting developments that encounter issues and delays and receiving, reviewing and providing ongoing reporting.

Robust processes and oversight systems will ensure the IAF's outcomes are achieved.

Contributing to affordable housing outcomes

Kāinga Ora contributes to affordable housing outcomes in Aotearoa by increasing the supply of and access to modest homes.[5] We also administer a suite of financial products and initiatives to support first-home owners, and we have a commitment to support Iwi and Māori to achieve their housing aspirations.

Our toolkit currently enables affordable housing outcomes through:

- good urban development to promote different typologies and enable more affordable homes by design
- increasing the supply of modest homes, for ownership or rental, through acquiring and developing land and/or via building off the plan
- supporting first-home owners through a series of financial products
- applying and sharing our expertise to contribute to affordable housing outcomes with partners.

In 2022/23, we will investigate alternative affordable housing options, such as build to rent, with our development partners to provide greater options for whānau. We are also exploring how we can enable more affordable housing solutions led by Iwi and Māori. Kāinga Ora will continue to work with the Ministry of Housing and Urban Development to review and refine policy settings to enable affordable housing outcomes for home ownership and rental.

[5] Modest homes are market homes set at lower new-build prices for the location and typology. They are more affordable through modest design and efficient land and infrastructure use.

Thriving communities

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

WHAT SUCCESS LOOKS LIKE

- *Safe and reliable access to places for families, young people, people over 65 and people living with a disability.*
- *Public transport and active transport networks are at the heart of community and urban development.*
- *Urban development protects places of significant cultural value and provides a sense of place, belonging and continuity.*

AREAS OF FOCUS IN 2022/23

Continuing to grow our urban development function

With the establishment of Kāinga Ora in 2019, our legislative mandate demanded a more considered approach to urban development activity. Kāinga Ora has since become a critical participant in joint government and council urban growth partnerships and the emerging place-based programme led out of the Ministry of Housing and Urban Development. The recently released GPS-HUD provides both a high-level policy framework and explicit expectations for Kāinga Ora.

In our urban development role, Kāinga Ora will continue to work in partnership to deliver high-quality urban development that protects places of significant cultural value and connects people with jobs, transport, open spaces and the facilities they need. This includes accelerating the availability of build-ready land and enabling a mix of housing, including public housing, affordable housing to rent and to own, homes for first-home buyers and market housing of different types, sizes and tenures. To support system transformation and system capability, we will complement the private market and development community, leverage the expertise of others and integrate with cross-agency work programmes to maximise outcomes.

How we think about, innovate in and deliver our urban development function is critical to our success and ability to address systemic issues. In 2022/23, we will continue to grow our urban development capabilities to ensure that our urban planning, urban design, urban delivery and construction are making significant contributions to how well our new communities will function. We will also work with the Ministry of Housing and Urban Development to review our current and long-term funding requirements to ensure we can deliver our new urban development function.

Strategic urban partnerships

Strategic urban partnerships provide a way for central government and local partners to decide how working together can address the housing and urban challenges in their community. The GPS-HUD defines 10 strategic urban partnerships. There are six urban growth partnerships (in Auckland, Hamilton-Waikato, Tauranga-Western Bay of Plenty, Greater Wellington, Greater Christchurch and

Queenstown-Lakes) and four housing-focused partnerships (Te Tai Tokerau, Rotorua, Napier-Hastings and Gisborne-Tairāwhiti). These partnerships provide forums for central government, local government and mana whenua to collaborate on land-use and infrastructure planning, unlock priority development areas and support communities with poorest housing outcomes. They form a collaborative approach that is set to become more commonplace under the proposed resource management reforms.

In 2022/23, Kāinga Ora will continue to participate as a member on the executive and senior official steering groups of each partnership as well as contribute to the programmes of the numerous respective working groups around data and shared evidence, spatial planning, housing, urban planning and policy, priority development areas, transport planning and infrastructure strategy.

Urban planning

Our urban planning role enables and promotes well-functioning built environments and efficient, integrated, mixed-use urban development. During 2022/23, our urban planning will continue to support both Kāinga Ora-led urban development and facilitate others, such as local authorities or Iwi developers, to achieve good urban development outcomes. We will assist system transformation through best-practice guidance and engagement on behalf of the housing sector, promote sustainable planning and identify practical opportunities for Māori to lead and contribute to housing solutions. We will work in cross-agency partnerships in locations where Kāinga Ora can add value and deliver coordinated urban development outcomes, such as those associated with large transport infrastructure investments.

We will take an active role in working with the Ministry for Environment, Ministry of Housing and Urban Development and territorial local authorities (TLAs) in the implementation of the National Policy Statement on Urban Development (NPS-UD). We will be an advocate for the implementation of NPS-UD and specifically the provisions that seek to achieve well-functioning urban environments while enabling residential intensification. This includes working at the early stages with TLAs on the content of their draft planning documents and supporting engagement processes. The outcome of these activities will help enable appropriate intensification, improve the quality and affordability of housing and urban environment and ultimately contribute to sustainable, inclusive and thriving communities.

Urban Development Strategy

Urban development activities are a key mechanism for achieving several of our strategic outcomes. Through engaging in these activities in the right places at the right time and scale in ways that respond to current and projected growth pressures and supply challenges, we help shape positive transformation of our housing and urban systems.

We are developing an Urban Development Strategy that will provide a hierarchy of vision, outcomes, objectives and priorities to guide us in making evidence-based choices about the nature and type of urban development interventions. This strategy will take a place-based approach so that solutions will respond to localised challenges. In 2022/23, we will finalise this strategy and begin executing an implementation plan that will be closely informed by four strategic urban development priorities, each of which is cross-referenced to a set of expectations in the GPS-HUD.

- Grow housing choices and supply by increasing the supply of build-ready land.
- Support Māori aspirations for urban development and build development capacity and capability.
- Provide certainty and stability of land and housing supply through market cycles.
- Use our statutory powers and our leverage to overcome barriers to high-quality development.

Continuing to build strong community relationships

Inclusive and sustainable communities with access to employment, education, social and cultural opportunities are not created by us alone – they are created in partnership with many others. Therefore, we will continue to be outstanding at building long-term relationships with customers, suppliers, councils, agencies and local stakeholders wherever we operate. Although we are a nationwide organisation, we are strongly community based. With the trust and genuine engagement of communities, we will continue to develop the right local solutions that support cultural values and a sense of place, belonging and continuity.

During 2022/23, we will continue to develop our partnering capability and implement He Toa Takitini – our Partnership and Engagement Framework. We will focus on building even more trusting relationships, particularly those that best support Iwi and Māori aspirations, enhance capability, bring complementary skills to the table or deliver shared outcomes. We will continue to ensure that we are engaging with our regional communities, supporting the development of regional plans that articulate our activity in and support for those communities. We will also continue to work with the Ministry of Housing and Urban Development to improve clarity around roles and responsibilities for joint regional and place-based priority initiatives.

Understanding and supporting aspirations of Pacific peoples

Aotearoa is home to our diverse and vibrant communities of Pacific peoples, with many transitioning from new migrants to third-generation people of Aotearoa. Significant housing inequities exist for Pacific peoples, encouraging us to be more proactive and with a much clearer focus on their aspirations. In the past, Pacific communities have been concentrated in Auckland and Wellington, and whilst significant numbers remain in those areas, we are seeing greater numbers of Pacific peoples in other parts of Aotearoa. This emphasises the need to take a nationwide approach to meeting the needs and aspirations of Pacific peoples. A significant proportion of our customer base are Pacific peoples, and we play a key role in understanding, supporting and enabling their aspirations in housing and urban development.

During 2022/23, we will continue building our capacity and capability across the organisation as a key enabler for building our relationships with Pacific peoples and communities and delivering approaches tailored to their values and aspirations. We work closely with other agencies to align our activity and contribute to whole-of-government initiatives, and a key focus for 2022/23 is to support home ownership opportunities and meet the aspirations of Pacific peoples to achieve this. An example of our continued work in this space is our partnership with the Ministry for Pacific Peoples (MPP) in the Pacific Financial Capability Development (PFCD) programme. MPP has contracted with 15 Pacific providers in the PFCD programme, and we will continue to work with these providers to enable Pacific peoples who are close to home ownership to access affordable housing opportunities such as the Māngere Development. We will also continue to work together to improve the uptake of progressive home ownership products by Pacific peoples and consider how financial capability improvements can be used to better support our public housing customers.

High and White Streets, Rangiora, Christchurch

Environmental wellbeing

Sustainable and resilient operations, assets and communities

WHAT SUCCESS LOOKS LIKE

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

AREAS OF FOCUS IN 2022/23

Contributing to and supporting environmental wellbeing

We are undertaking what is likely to be the largest programme of investment in housing and urban infrastructure Aotearoa has seen in generations. We have the opportunity to leverage our planned investment programme to accelerate the country's response to environmental issues and ensure we leave a sustainable legacy. We will lead by example in mitigating and adapting to the effects of climate change, preserving the mana and mauri of the land for current and future generations and leading the sector towards sustainable building and urban development solutions.

The Sustainability Programme is now well established within Kāinga Ora. Capability is significantly increased, enabling us to deliver on both early opportunities and investigations and to support the organisation to embed sustainability across its activities. In 2022/23, we will continue implementing various pilot projects to test solutions as well as initiating activities to embed sustainability into decision making.

An example of the exciting work we are progressing is Ngā Kāinga Anamata, meaning 'homes of the future'. Ngā Kāinga Anamata is a sustainability innovation pilot project seeking to resolve many underlying problems within the housing sector in Aotearoa, including construction sector productivity constraints, energy hardship, sick building syndrome and climate change mitigation. The project will deliver 30 new homes within five three-level apartment buildings in Auckland's Glendowie. Each near-identical building will use a different construction technology, enabling sustainability insights to be gathered on a range of building materials and systems. The project was selected as one of only 17 initiatives worldwide to feature on the world stage at the United Nations Climate Conference (COP26), as well as a case study in Te hau mārohi ki anamata: Aotearoa New Zealand's first emissions reduction plan.

Priority areas for the Sustainability Programme during 2022/23 include the following.

- Embedding climate change risk management and climate change mitigation into decision making – enabling consideration for both where and what we are building and the emissions impact of key decisions and supporting consistent and effective delivery of sustainability outcomes across the organisation, including the establishment of clear priorities and direction on responsibilities.

- Emissions inventories and reduction plans – developing whole-of-life emissions inventories and emissions reduction plans aligned with Government expectations for our corporate, housing and urban development activities and reporting these within the 2022/23 Annual Report.
- Carbon-neutral housing – advancing the carbon-neutral housing programme to meet emissions reduction targets and catalyse performance improvements in the sector more broadly.
- Low-carbon urban development and infrastructure – improving our understanding of key impacts and opportunities to reduce carbon pollution, increase climate resilience and regenerate natural systems.
- Ngahere (forests) – working towards re-establishment of ngahere in our urban environments through policy, partnering and pilot project implementation.
- Renewable energy – continuing rollout of our solar trials to realise the onsite renewable energy generation potential of our public housing assets, reducing both emissions and energy hardship for our customers.
- Construction and demolition waste minimisation – prioritising house relocations (where possible), deconstruction and construction waste minimisation to support cross-government efforts.

Render – Cranbrook Place and Crossfield Road, Glendowie, Auckland; as part of Ngā Kāinga Anamata: Homes of the Future, which was featured in the United Nations Climate Change Conference COP26 Virtual Pavilion for the Build Environment.

System transformation

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

WHAT SUCCESS LOOKS LIKE

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

AREAS OF FOCUS IN 2022/23

Innovation and construction productivity

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

Implementing our construction plan – Building Momentum

We are thinking differently about how we deliver quality public homes at a faster rate and with better outcomes for our customers, the environment, the communities in which we work and the wider construction and development industry. Our construction plan – Building Momentum – outlines this new way of working to improve how public housing is delivered throughout Aotearoa. Successful implementation of the plan is underpinned by effective innovation, partnering and engagement with others in the construction industry. In 2022/23, we will continue to focus on:

- leading by example through our carbon-neutral housing programme and actively aligning with national targets to contribute to the country's international commitments on reducing carbon in construction
- developing innovation capability, understanding and culture and transferring our knowledge from pilot projects
- evaluating the performance of a range of different construction and structural systems, including time, cost, quality, health and safety, and carbon to better understand the technical and commercial implications of designing, specifying and procuring high-performance yet lower-carbon buildings
- supporting our construction partners to effectively implement and sustain social outcomes in areas such as diversity, apprenticeships and mental health in construction
- working closely with the Sustainability Programme to deliver initiatives, including house relocation, deconstruction for reuse and construction waste reduction

- implementing lean construction principles, delivery assurance and cost and time analysis to improve operational efficiency and effectiveness of our construction projects
- supporting continual improvement in design quality and whole-of-life outcomes across our homes and neighbourhood developments for the wellbeing of our customers and the wider community
- creating long-term relationships and efficiencies through construction partnership agreements and extending a similar collaborative approach to consultants such as designers, engineers and architects
- delivering a construction intentions pipeline that displays our schedule and demand to our customers at local, regional and national levels – this will allow our construction partners and stakeholders to plan, resource and provide capacity for a more coordinated development process, building greater trust and genuine partnerships with key sector stakeholders.

Consentium

Consentium is the first accredited and registered non-territorial building consent authority in Aotearoa. Consentium operates nationally as a stand-alone division of Kāinga Ora and is independently accredited by IANZ and registered by the Ministry of Business, Innovation and Employment. It has been established to support Kāinga Ora to deliver quality public housing at pace and has a mandate to drive quality improvements in the end-to-end process.

In 2022/23, Consentium will continue to deliver a strong quality focus in conjunction with faster and more cost-effective building consent services to a wider set of our projects and ensure that it is set up to meet the future needs of Kāinga Ora. Consentium has commenced a graduate recruitment programme to invest in building the capability of the teams and developing career paths in the building control industry. Graduates from several universities, institutes of technology and polytechnics have been employed with a focus on providing quality training and career development in building control.

As the only national building consent authority, Consentium is uniquely placed to identify issues and opportunities in the wider consenting system. We are using this position to build relationships and drive positive change for the sector. Specific examples of our build partner engagement work in 2022/23 include:

- consenting pathways for onshore and offshore offsite manufacturing projects
- early engagement with architects and build partners and providing education on building control and compliance to improve the quality of consent applications
- next-day inspections in major cities and 2 days for all other areas
- providing in-person and, where required, remote inspections in response to the COVID-19 pandemic.

Offsite manufacturing

Offsite manufacturing (OSM) is the manufacture of buildings and components in a factory that are then transported to the sites where they are needed. This innovative construction method enables us to have completed homes on site faster than traditional builds. OSM has the ability to unlock a stepchange in housing supply and tackle some of the growing labour and supply chain pressures impacting the residential construction sector. To lead and support market transformation during 2022/23, we will continue to:

- increase momentum in the use of OSM so it becomes business as usual and the benefits are experienced more widely by customers and the supply chain
- work with OSM suppliers around Aotearoa to grow capacity and capability to supply at scale
- work with suppliers who have manufacturing capability offshore to help us quickly meet the demand for new homes
- facilitate government coordination and policy
- contribute to broader regional economic development, social, environmental and cultural outcomes through OSM.

Partnering and collaborating

Kāinga Ora supports system transformation by being outstanding at building long-term relationships wherever we operate – with customers, suppliers and stakeholders. Each part of Aotearoa is different, and this means that, although we might be a nationwide organisation, we are strongly community based. The capacity and capability to develop relationships is built into our regional roles and structures, so local communities trust us and engage genuinely with us and we apply local approaches to address local issues.

In 2022/23, we will design and embed organisation-wide partnering and relationship management frameworks supported by fit-for-purpose tools and resources. This will reinforce our collaborative approach across the organisation, supporting us to continue to work alongside communities and Māori in the different regions of Aotearoa to plan and deliver tailored regional activities.

Our organisational response

Thom Street, New Lynn

Our organisational response

Our organisation and our people are the true platform for us to build better, brighter homes, communities and lives – he oranga kāinga, he oranga hapori, he oranga tāngata. This section outlines our approach to positioning Kāinga Ora for continued success through how we go about our mahi, how we support our people and what internal organisational priorities we focus on.

Ō tātou uara – our values

Our values are what unite us as an organisation. They were developed by us and for us and reflect the mindsets and behaviours we continue to embody across Aotearoa. They help us achieve our vision and are vital in guiding how we work every day.

Manaakitanga is about hospitality, kindness, generosity and support as well as showing respect and care for others. For us, this means that the way we treat each other matters – through care and empathy, we enhance the mana of all people and whānau, helping everyone to feel they belong.

Mahi Tahi is about working together, collaboration, cooperation and teamwork. For us, this means building strong and trusting relationships. By working together and sharing our knowledge, ideas and passion for what we do, we are making a bigger difference for Aotearoa.

Whanake is about being bold to continue moving onwards and upwards. For us, this means exploring what's possible with curiosity, creativity and forward thinking so we can keep building a legacy for our communities to thrive.

Our characteristics

Complementing our values are our characteristics. Our characteristics are the foundations our work is built upon – they help us make the right decisions and anchor the ways we will work every day.

- Our organisation is **strategy driven**, and our decisions and direction are driven by deliberate and thoughtful long-term thinking.
- Our **people feel empowered**. They know that our organisation cares about them, and they take personal responsibility for our work being as good as it can possibly be.
- We're outstanding at building **long-term relationships** with customers, suppliers and stakeholders wherever we operate.

- We are **grounded in te ao Māori**, recognising our heritage and obligations in how we operate.
- **Operational excellence** is our objective in everything we do.
- We are **outstanding in how we work with our suppliers**, enabling them to succeed by delivering public value – and ensuring they want to continue working with us.
- **Communities trust us** and genuinely engage with us.
- We are **leaders in the sectors in which we operate** in terms of reducing our carbon footprint.

Our people

Our people are the heartbeat of Kāinga Ora. Having healthy and happy staff whose wellbeing is prioritised enables us be a high-performing organisation. Our recent focus on structural change, coupled with the impacts of COVID-19, required an agile and flexible people work programme that enabled us to adapt to new ways of working remotely, policy mandates, organisational strategy and government requirements. Our work programme puts our people at the heart of what we do, includes a range of learning and development options and resources for our people and has four key pillars based on culture, leadership, capability and making it easy. In 2022/23, this work will continue to bring our culture to life and support our purpose, vision, values and organisational design by focusing on:

- whakaurungia te whare kanorau – diversity and inclusion
- addressing bias and equal employment opportunities
- fair remuneration
- wellbeing support for our people
- flexible ways of working
- distributed leadership
- employee-led networks
- leadership practices.

Health and safety

Best-practice health and safety is a cornerstone of Kāinga Ora and 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 take our health and safety system leadership role seriously. We strive for everyone involved in the housing and urban development system – from our people to our partners and our communities – to be safe and well.

In 2022/23, we will continue to focus on preventing harm to our people and others we partner with through our mahi and develop a methodology to track our health and safety maturity. We will continue to be innovative and industry leading in our approach to health and safety with a focus on inclusion at every level. Looking externally, we will further enhance our strategic relationships with industry bodies, government departments and agencies and experts in the field to ensure continuous improvement in our programmes of work.

Internal organisational priorities

While our values and characteristics guide *how* we go about our mahi, our internal organisational priorities allow us to focus on *what* key organisational elements will best support our people and position us for future success. Our internal organisational priorities and key work for 2022/23 are described below.

Translating our vision and strategic direction for our people's mahi

Our people have a clear line of sight for how their work contributes to the outcomes we seek to achieve for New Zealanders – everyone in our organisation understands where we are heading and wants to be part of our journey.

Key work for 2022/23

- Communicate the Kāinga Ora Strategy and Māori Strategy, which set out for our people why we are here and what success looks like, and provide decision-making guidance.
- Continually check with our people on how we are progressing on delivering our functional strategies and incorporate their feedback into our plans.
- Continue to develop our Business Group planning capabilities to translate strategy into action.

Providing leadership tools and support for our people who are all leaders in their work

Our people have a great experience at work, and our leaders, more than anyone else at Kāinga Ora, shape that experience. Our leaders are equipped with the right tools to manage with authenticity and empower their people.

Key work for 2022/23

- Clarify leadership expectations and leadership learning and development through implementation of our leadership framework – Waka Tangata.
- Support our Ngā Pae Tātaki (leadership committees) to lead towards outcomes and empower our staff.
- Build capability within the organisation through the Mātauranga Māori framework to build rangatira relationships and partnerships.
- Support leaders through change.

Building and sustaining a safe, happy and healthy work community

Our people are the heartbeat of Kāinga Ora. We are committed to continue supporting our people to deliver our vision in an environment that promotes health, safety and wellbeing.

Key work for 2022/23

- Promote our people's wellbeing through internal programmes regarding health, diversity and inclusion.
- Implement the Government's Health and Safety at Work Strategy and effectively oversee activities to prevent work-related harm.
- Support our people with clear and compassionate COVID-19 policies and guidance.
- Encourage health and safety representation and have regional health and safety committees.

Improving our processes and systems to enable our people to do what they do best

Our people are supported with simple and effective processes and systems to help them do their important mahi.

Key work for 2022/23

- Implement a capability framework to support learning and development opportunities to maintain our skillsets.
- Continue to improve the operation of our new organisational structure by focusing on key enabling areas and support for place-based teams.
- Continually review our people delegations, policies, guidelines and organisational risks.
- Implement our technology strategy and roadmap.

Implementing an efficient and effective governance and monitoring system

As a large and complex organisation, we have governance and monitoring arrangements that are fit for purpose, provide appropriate levels of assurance and add value. Our governance is enabling rather than controlling, and our reporting provides important insights into organisational performance.

Key work for 2022/23

- Continue to work with the Ministry of Housing and Urban Development to refine the Crown entity monitoring and engagement framework.
- Implement Ngā Pae Tātaki (leadership committees) evaluation recommendations.
- Continue to implement our investment management framework.
- Investigate the development of new performance measures in our broadened mandate areas.

Accountability and transparency

Given our expanded roles and functions, underpinned by significant Crown investment and a high level of public interest in our delivery, it is more important now than ever before that we continue to have careful stewardship and effective oversight across our range of activities. Our annual, quarterly and monthly reporting will maintain focus on accountability and transparency of delivery outcomes. We will implement the recommendations from the evaluation of our Ngā Pae Tātaki (leadership committees). We will consult Ministers on significant investment decisions and provide visibility on the pipeline of decisions requiring ministerial consultation. The Kāinga Ora Board will regularly assess its ongoing capabilities and capacity to fulfil its role and advise on any capability gaps that may need to be filled through future appointments and will be responsible for embedding an enduring culture of political neutrality at all levels across our organisation.

Acknowledging our obligation to responsibly spend public money, we will continue to follow prudent financial stewardship to manage risk and balance sheet implications and ensure value for money from a whole-of-government perspective. We will identify and select a fit-for-purpose change management maturity methodology and complete an external assessment to track progress against the organisational change portfolio maturity assessment that will be included in our upcoming Statement of Intent. Our portfolios and their investment objectives will be clearly defined for all Kāinga Ora investment portfolios, and we will have a plan in place for asset management capability improvement. Where funding and financing mechanisms are unclear for mandated delivery areas, we will work with the Treasury and Ministry of Housing and Urban Development regarding policy solutions and appropriate assurance systems.

Continuously improving our performance measures

Measuring and reporting on our progress towards our outcomes is fundamental to our continued success. An open and transparent approach allows the Government and our stakeholders to see how we are creating value for the people of Aotearoa. A proliferation of new measures is not necessarily the right approach – we must investigate and identify which key measures will truly drive performance and improve accountability. Over 2022/23, we will apply a continuous improvement approach and work in partnership with the Ministry of Housing and Urban Development in the performance areas related to our broadened mandate, which are:

- the quality and effectiveness of partnerships and engagement
- innovation and productivity in construction
- urban development activities
- customer wellbeing
- environmental sustainability
- supporting Māori interests and aspirations.

Organisational performance measures

The following measures reflect our key organisational health and capability areas next year on people and governance, Māori interests and obligations, and the environment.

Ref:	Measure	Actual 2020/21	Standard 2021/22	Forecast 2021/22	Standard 2022/23
People and governance measures					
Org_1.1	Percentage of invited people leaders who completed Waka Tangata leadership programme by June 2023	New measure	New measure	New measure	70–90%
Org_1.2	Ministerial correspondence, parliamentary questions and Official Information Act requests delivered to meet the agreed deadline*	New measure	New measure	New measure	$\geq$95%
Org_1.3	Ministerial services delivered meet the quality criteria**	New measure	New measure	New measure	$\geq$95%
Māori interests and obligations measures					
Org_2.1	Percentage of supplier contracts and agreements with Māori businesses*** by volume	New measure	Establish baseline	4%	$\geq$5%
Org_2.2	Number of Kāinga Ora staff who have participated in and completed Mātauranga Māori pilot programmes	New measure	Establish baseline	471	$\geq$800
Org_2.3	Percentage of Māori businesses*** and suppliers who are satisfied or very satisfied with their ongoing commercial relationship with Kāinga Ora	New measure	Establish baseline	New measure	$\geq$65%
Environmental measures					
Org_3.1	Tonnes of carbon dioxide equivalent emissions (tCO_2e) resulting from corporate activities – gross	New measure	Establish baseline	3,209 tCO2e	Track progress towards targets for 2025 and 2030****
Org_3.2	Tonnes of carbon dioxide equivalent emissions (tCO_2e) resulting from corporate activities – per FTE	New measure	Establish baseline	1.21 tCO2e	Track progress towards targets 2025 and 2030****
Org_3.3	2025 and 2030 gross emissions reduction targets established in line with the Carbon Neutral Government Programme requirements	New measure	New measure	New measure	Reported as part of Kāinga Ora Annual Report 2022/23
Org_3.4	Emissions associated with Kāinga Ora activities reported in Kāinga Ora Annual Report 2022/23 in line with the Carbon Neutral Government Programme requirements	New measure	New measure	New measure	Reported as part of Kāinga Ora Annual Report 2022/23

* 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.
*** The definition of a Māori business is a Māori authority (as classified by the Inland Revenue Department) or a minimum 50% Māori ownership. This is consistent with the definition adopted by Te Puni Kōkiri and the Ministry of Business, Innovation and Employment.
**** Targets for the emissions resulting from corporate activities will be developed as part of the overall Kāinga Ora Emissions Reduction Plan and will be included in the Kāinga Ora Annual Report 2022/23.

Financial sustainability and stewardship

The scale of our activity and the value of our property portfolio mean we need to ensure we are financially sustainable and that we plan well for future needs. In 2022/23, we will continue to work with the government (the Ministry of Housing and Urban Development, Ministers' offices and the New Zealand Treasury) to ensure appropriate funding for the services required and effective management and sustainability of our investment programme over the long term. This needs to consider the cash sustainability, debt position and accounting perspective reflected in our forecast financial statements. This is increasing in importance due to the need to maintain the delivery of our activities in an environment of evolving uncertainty regarding longer-term projections of cost to deliver those activities. The outcomes of this work will be informed by and reflected in the Kāinga Ora Long Term Investment Plans.

Ref:	Measure	Actual 2020/21	Forecast 2021/22	Forecast 2022/23
Financial measures				
Fin_1.1	Net operating costs of managing our housing portfolio per housing unit (excludes depreciation)	$14,419	$15,913	$18,063[6]
Fin_1.2	Adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) as a percentage of total income*	30%	25%	18%
Fin_1.3	Total debt to non-sales adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) ratio*	15.0	20.5	33.3[7]
Fin_1.4	Non-sales adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) to interest costs*	3.1	2.4	1.1[8]

* For the purpose of this calculation, adjusted EBITDA excludes asset write-offs. Non-sales adjusted EBITDA excludes asset write-offs and affordable products contribution. These metrics have been updated to be aligned with S&P Global Ratings' guidance for stand-alone credit profile rating (treatment of asset impairments and asset renewal programmes updated). Actuals for year 2020/21 have been restated using this new method of calculation and therefore do not match those stated in Kāinga Ora Annual Reports for that year.

[6] The increase in net operating costs per housing unit between 2021/22 and 2022/23 is in the main related to increased maintenance expenditure to deliver our Healthy Homes Programme, increases in capitalised responsive repairs and roof replacements (capitalised maintenance costs are included in the calculation) and increased personnel costs associated with the implementation of our new customer operating model, aimed at supporting the wellbeing of our customers.
[7] The increase in the 2022/23 standard ratio is driven by Kāinga Ora housing portfolio growth. The increased upfront investment is required by Kāinga Ora to meet our Public Housing Plan commitments, generating associated earnings in later years.
[8] Financing costs from upfront investment in public housing and urban development continue to rise due to both increases in issued debt and the associated interest rates charged.

Capital investment

Capital additions	Actual 2020/21 $m	Forecast 2021/22 $m	Budget 2022/23 $m
Acquire existing	170	210	305
Redevelopment and acquire new builds	1,204	1,384	3,272
Upgrades and improvements	223	346	574
Infrastructure	47	36	49
Land Development additions			
Land development activities*	290	508	981
Total	**1,934**	**2,484**	**5,181**
Funded by			
Sale of rental properties and other PPE	35	25	51
Net borrowing	1,188	2,146	3,675
Cash and short-term investments on hand	414	-	270
Cash from operations	230	11	105
Capital appropriations - other	3	3	4
Land development funding			
Sale of developed land	64	39	171
Crown contributions – land development	-	260	905
Total funding	**1,934**	**2,484**	**5,181**

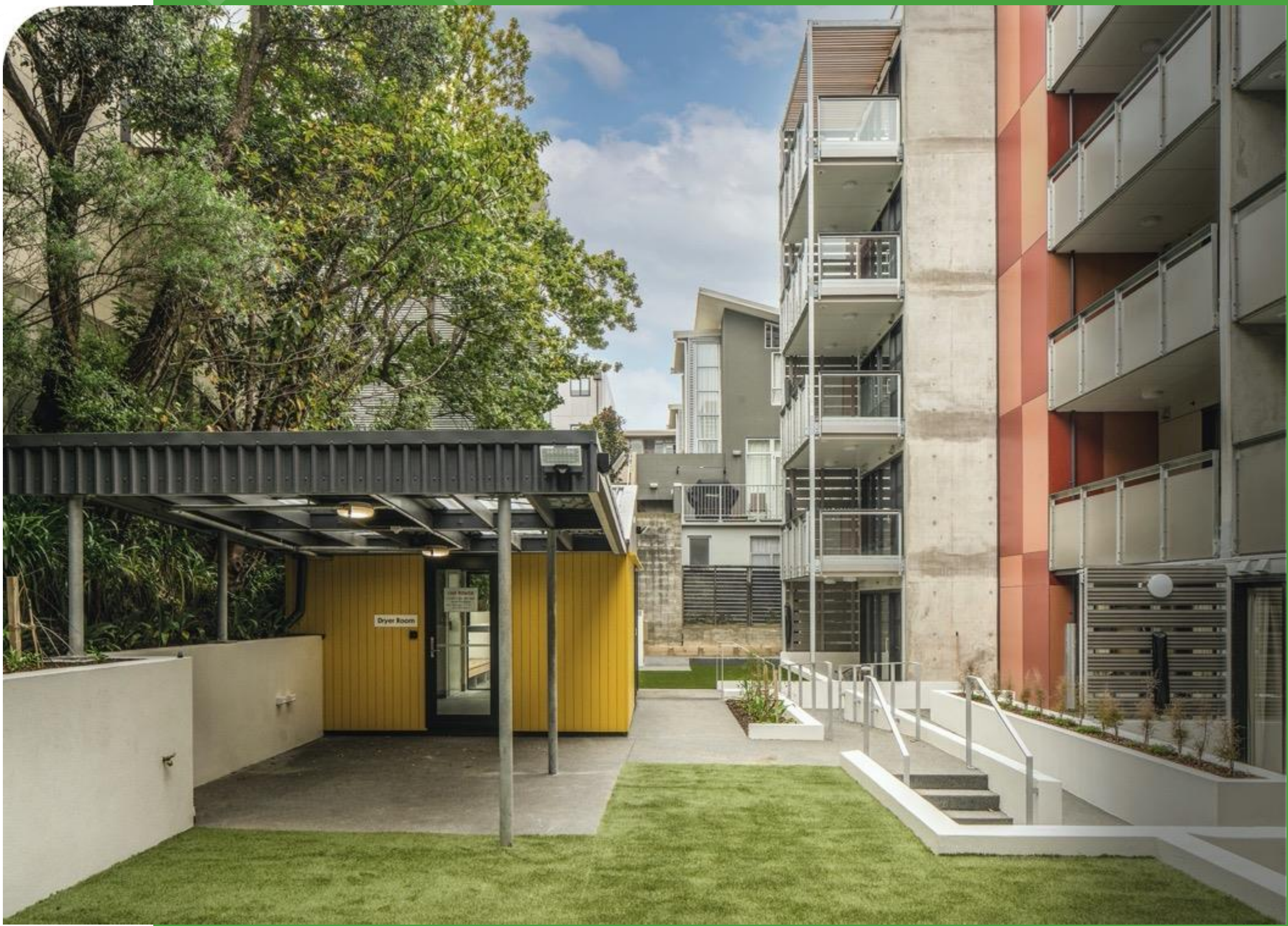
* This represents our large-scale projects land development activity that will result in future land sales.

Operational expenditure

Revenue comes from	Actual 2020/21 $m	Forecast 2021/22 $m	Budget 2022/23 $m
Rental income from tenants	431	466	520
Rental income from income-related rent subsidies	1,044	1,128	1,182
Crown appropriation income	115	112	172
Sale of developments	64	186	307
Interest, realised gains and other income	67	89	135
Total revenue	**1,721**	**1,981**	**2,316**

Where revenue goes to	Actual 2020/21 $m	Forecast 2021/22 $m	Budget 2022/23 $m
Repairs and maintenance	412	463	587
Depreciation	337	407	489
Interest costs	162	202	369
Personnel	201	296	332
Cost of land sold	63	185	307
Rates	182	199	214
Grants	80	39	81
Third-party rental leases	70	56	52
Other expenses	180	240	280
Total expenses	**1,687**	**2,087**	**2,711**
Impairment, write-offs and loss on sales	134	111	166
Surplus/(deficit) before tax	**(100)**	**(217)**	**(561)**

Statement of non-financial performance expectations



Hanson Street, Mt Cook, Wellington

Reporting to Ministers

We will provide a quarterly report to the Minister of Housing and the Associate Ministers of Housing, which will present an accurate and relevant picture of performance over the previous 3 months, including:

- commentary on contextual information such as activities undertaken in the quarter, progress made against the Minister's Letter of Expectations and emerging risks or opportunities
- performance indicators designed to provide a view of our operating and financial performance
- progress against our Statement of Performance Expectations measures and significant asset development programmes of work
- a summary set of financial reports.

We will report on progress on our contribution to sustainable, inclusive and thriving communities through our housing and urban development functions as well as other functions conferred on Kāinga Ora – Homes and Communities by or under any other enactment and our commitment to upholding the Treaty of Waitangi (te Tiriti o Waitangi) and its principles.

We will also consult with Ministers on the progress against our build activity and portfolio redevelopment around New Zealand. This will include significant capital expenditure in line with the consultation process set out in the Treasury Owner's Expectations manual.[9]

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

✔	Achieved	Where the performance result for the year is either equal to or above the target set, the performance measure target will be assessed as 'achieved'.
✔	Substantially achieved	Where the performance result for the year is below the target but has not been achieved by a slim margin (2 percent), it will be assessed as 'substantially achieved'.
✘	Not achieved but progress made	Where the performance result for the year is below the target (by a margin of more than 2 percent) but the result is better than the previous year, it will be assessed as 'not achieved but progress made'.
✘	Not achieved	Where the performance result for the year is below the target (by a margin of more than 2 percent) and the result is lower than the result achieved in the previous year, it will be assessed as 'not achieved'.

[9] The threshold for ministerial consultation is currently set at $50 million.

▶ OUTPUT CLASS 1

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

We support our customers to sustain their tenancies, be well connected to their communities and move towards independence where possible.

Our legislated operating principles[10]

This output class reflects our statutory functions for both housing and urban development under section 13 of the Kāinga Ora–Homes and Communities Act 2019.

In delivering our activities in this output class, we act consistently with all our operating principles, including those related to:

- public housing solutions that contribute positively to wellbeing
- housing supply that meets needs
- well-functioning urban environments
- stewardship and sustainability
- collaboration and effective relationships.

The difference we are trying to make

We want to ensure our public housing customers live well in their homes with dignity, stability and the greatest degree of independence possible.

How we aim to achieve this

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. Meaningful engagement with customers is vital for understanding the wellbeing or housing support required. By taking a whānau-centred approach, we are able to effectively support the wellbeing needs of our customers.

Kāinga Ora will be fair and reasonable and will treat all our customers with respect, integrity and honesty. As a world-class public housing landlord, our overarching goal is to ensure we are doing all we can to help meet the diverse needs and aspirations and improve the wellbeing of our customers and their whānau. This also means sustaining customers' tenancies for the duration of their need and helping them receive the support services they need to live well in their home.

Under this output class, Kāinga Ora establishes and manages public housing tenancies of individuals and households while supporting customers to be well connected to their communities.

We engage meaningfully with local communities to understand the individual needs for every area we work in. We take a place-based approach to create local solutions that meet the diverse needs and aspirations of local communities. As a public housing landlord, we maintain our homes and work

---

[10] Please refer to Appendix 1 for the details of our legislated operating principles.

proactively with our public housing customers to reduce any debt they may have incurred with us and link them with specialist support services, where appropriate, to sustain their tenancies.

The scope of this output class

The scope of this output class is limited to the allocation, induction and management of public housing tenancies. The output class relates to services provided to customers in homes owned by Kāinga Ora or where Kāinga Ora holds a lease for privately owned homes.

Activities delivered

The activities undertaken in this output class include the following.

Providing a suitable home and the right support

- Working with the Ministry of Social Development to place eligible applicants from the public housing register into Kāinga Ora homes.
- Making a good match to an appropriate home by using the right information to understand customer and whānau needs.

Providing support for customers to settle in

- Inducting customers into their new homes and assisting them to settle in.
- Ensuring customers have the right amenities and support networks to live well in their homes.

Supporting customers with their ongoing tenancy

- Working with customers to manage and sustain existing tenancies while ensuring these homes continue to meet the changing needs of our customers.
- Linking public housing customers with appropriate support services if they require support.
- Increasing access to quality support services for whānau and partnering with Māori social service providers where possible.
- Supporting the wellbeing and needs of whānau Māori currently living in Kāinga Ora homes.
- Providing public housing customers with access to information about their homes, their rights and their communities.
- Working with our customers to ensure any overdue rent is repaid over time without putting undue financial stress on the household.
- Setting and reviewing market rents.

Providing support for customers to move up the housing continuum

- Supporting those customers who are financially independent enough to transition on to private market rental or home ownership.

Enhancing and developing our communities

- Building relationships between our public housing customers and their communities and partnering with community providers including rōpū Māori.
- Understanding customers’ whakapapa connections so we can assist them to connect with their Iwi and hapū where possible and appropriate.

- Managing disruptive behaviour issues promptly to ensure well-functioning neighbourhoods.
- Organising community development events and activities and providing information to customers about their community.
- Empowering customers to have greater involvement in the community, drawing and building on their capabilities.

Wider housing and urban development outcomes this output class contributes to

This output class contributes to the following housing and urban development outcomes.

Our outcomes		This output class contributes: Directly	Indirectly	N/A
Customer wellbeing	Customer wellbeing means people in our homes live well, with dignity, stability and the greatest degree of independence possible	✓		
Thriving communities	Thriving communities are 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	✓		
Housing access	Housing access means enabling homes that meet diverse needs and are safe, affordable and healthy to live in	✓		
Environmental wellbeing	Environmental wellbeing means sustainable and resilient operations, assets and communities		✓	
System transformation	System transformation means land use, infrastructure and housing supply is integrated, efficient, effective and responsive to demand		✓	

How we will assess our performance

Ref:	Actual 2020/21	Measure	Measure type	Standard 2021/22	Forecast 2021/22	Standard 2022/23
1.1	New measure	Percentage of new customers to receive Support to Settle In within the first 12 weeks of commencing their tenancy	✽	New measure	New measure	≥85%
1.2	87%	Percentage of public housing customers satisfied with Kāinga Ora Customer Support Centre	✽	≥85%	86–88%	≥85%
1.3	New measure	Customer Support Centre average speed to answer telephone calls	✽	New measure	4 minutes and 18 seconds	≤3 minutes

Ref:	Actual 2020/21	Measure	Measure type	Standard 2021/22	Forecast 2021/22	Standard 2022/23
1.4	85%	Percentage of customers who feel their tenancy manager treats them with respect	✽✽	≥85%	88–89%	≥85%
1.5	94%	Percentage of new customers who sustain their tenancy for 12 months or more	✽✽	≥92%	95%	≥92%
1.6	New measure	Percentage of customers in rent arrears with a successful working repayment arrangement	✽	≥75%	50–51%	≥75%
1.7	New measure	Percentage of customers who feel their tenancy manager takes into account their individual circumstances	✽✽	≥75%	71–73%	≥75%
1.8	New measure	Percentage of customers who are satisfied that their interactions with Kāinga Ora are culturally appropriate:	✽✽			
		- All customers		≥75%	75–78%	≥75%
		- Māori customers		≥75%	73–78%	≥75%
		- Pacific peoples customers		≥75%	74–79%	≥75%

Key to measure type

✽ Direct Kāinga Ora performance output measure.

✽✽ Performance indicator that Kāinga Ora has strong influence over.

✽✽✽ Outcome performance indicator that Kāinga Ora only has an indirect influence over or demand-based activity that Kāinga Ora does not have control over.

Revenue and output expenses

Description	Forecast 2021/22 $m	Budget 2022/23 $m	Comment
Revenue Crown	81.4	70.8	The revenue and expenses of this output class are in relation to management of the public housing portfolio. It includes all rent revenue and administration and tenant servicing expense for public housing.
Revenue other	5.8	31.1	
Expenses	87.2	101.9	
Net surplus/(deficit)	0.0	0.0	
Capital expenses*	6.9	9.3	

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

OUTPUT CLASS 2

Growing, renewing and maintaining our homes

Public and supported housing customers have access to warm, dry and safe homes. We will renew and grow our existing portfolio of homes, delivering growth in the right volume, quality and place, matched to customer and whānau needs.

Our legislated operating principles[11]

This output class reflects our statutory functions for both housing and urban development under section 13 of the Kāinga Ora–Homes and Communities Act 2019.

All our operating principles guide the work we do, but the principles that have the greatest relevance to this output class are those related to:

- public housing solutions that contribute positively to wellbeing
- housing supply that meets needs.

The difference we are trying to make

We aim to provide quality public 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. We will grow our portfolio of homes, delivering good-quality public and supported housing choices in the right volume and place and matched to the diverse needs of our customers and their whānau.

How we aim to achieve this

Growing and renewing our housing portfolio

We also improve the quality and longevity of our existing homes through our renewal programmes. Under this output class, we redevelop our current homes, build new homes, lease homes and purchase properties and land for building homes to meet the changing needs of our public and supported housing customer base, ensuring homes are in the right place and of the right size.

Kāinga Ora will play a significant role in preparing land for many of these homes, ensuring a cohesive masterplanning approach to community development.

Our intention is that building homes will deliver the vast majority of the additions to our portfolio, rather than buy-ins or leasing. This will contribute to the growing number of houses in New Zealand as well as to better financial outcomes.

The table below provides a breakdown of the types of activities Kāinga Ora uses to manage the growth of our state housing portfolio (public and supported housing) and shows our key delivery performance measures 2.1 and 2.2 included in the service performance section of this output class. We will report regularly to the Minister and the Ministry of Housing and Urban Development on this

[11] Please refer to Appendix 1 for the details of our legislated operating principles.

breakdown and our development pipeline to ensure complete transparency of our delivery programme. We will provide the final delivery breakdown in our 2022/23 Annual Report.

As part of the public housing portfolio, Kāinga Ora provides public housing that is supported by income-related rent subsidies as well as some that is not, which includes Community Group Housing, transitional housing and housing for other government agencies such as the Department of Corrections.

Delivering effective and efficient asset management and maintenance services

Efficient and effective asset management and maintenance of our homes is critical to ensuring our customers have access to warm, dry and safe homes that they can operate within their means. This also ensures the overall quality and value of our housing portfolio are maintained for future generations.

The scope of this output class

The scope of this output class is limited to increasing the overall supply of public and supported housing owned or leased by Kāinga Ora as well as activities associated with maintenance, asset renewal, asset acquisition, development and reconfiguration programmes aimed at improving the quality of our existing homes. The output class relates to homes owned by Kāinga Ora, where Kāinga Ora holds a lease for privately owned homes or third-party housing providers. It includes maintenance and new supply provided to Community Group Housing, transitional housing and housing for specific target groups – collectively known as supported homes.

Activities delivered

The activities undertaken in this output class include the following.

Renewing and growing our housing portfolio

- Purchasing existing homes, building new homes and leasing privately owned homes.
- Purchasing and leasing land for building homes that meet the current and forecast demand for public and supported housing.
- Delivering public and supported housing developments on greenfield and brownfield sites.
- Selling land or housing assets that are no longer fit for purpose and reinvesting the proceeds in new housing.
- Reducing the embodied carbon and construction waste of building materials.
- Prioritising house relocations where possible, deconstruction and construction waste minimisation.
- Enabling and supporting housing solutions that are Māori-led.
- Providing access to vocational and educational pathways as well as internships, secondments and cadetships to increase Iwi/rōpū Māori capability.
- Providing building control services through Consentium, our independent building consent authority. Consentium provides faster and more cost-effective building consent services and improves our building processes through greater consistency and transparency.

Delivering effective and efficient asset management and maintenance services

- Completing planned maintenance programmes and improving amenities.
- Completing repairs and maintenance in response to requests from public housing customers and supported housing providers.
- Delivering planned home upgrades and retrofitting homes and apartment buildings.
- Responding to government health and safety objectives.
- Working with tenants and providers to ensure minimal disruption to tenants while undertaking maintenance and ensuring they are treated with respect.
- Realising the onsite renewable energy generation potential of our public housing assets to reduce emissions, increase energy resilience and support our customers.
- Reducing the operational energy use (carbon) to improve occupant comfort, health and wellbeing and fuel poverty/energy hardship.

Summary of Kāinga Ora housing portfolio growth activity

Kāinga Ora asset growth activity	Reference
BUILDING ACTIVITY	
New public and supported homes built by Kāinga Ora (redevelopment)	
+ New public and supported homes built for and purchased by Kāinga Ora (acquire new)	
+ New public and supported homes built and leased new to Kāinga Ora (leased new)	
= Gross Kāinga Ora newly built public and supported homes (SPE 2.1 below)	**A = (SPE 2.1)**
– Public and supported homes demolished	
= Total net Kāinga Ora newly built public and supported homes	**B**
TRANSACTIONAL ACTIVITY	
Existing homes purchased from the private market for public and supported housing use	
– (Kāinga Ora public and supported 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 public and supported housing use	
– Expired public and supported home leases	
= Net leased public and supported homes	**D**
Total net growth in Kāinga Ora public and supported homes (SPE 2.2)	**B + C + D = (SPE 2.2)**

Kāinga Ora will provide regular updates to the Minister and Ministry of Housing and Urban Development on our delivery of these homes.

Wider housing and urban development outcomes this output class contributes to

This output class contributes to the following housing and urban development outcomes.

Our outcomes		This output class contributes: Directly	Indirectly	N/A
Customer wellbeing	Customer wellbeing means people in our homes live well, with dignity, stability and the greatest degree of independence possible	✓		
Thriving communities	Thriving communities are 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	✓		
Housing access	Housing access means enabling homes that meet diverse needs and are safe, affordable and healthy to live in	✓		
Environmental wellbeing	Environmental wellbeing means sustainable and resilient operations, assets and communities	✓		
System transformation	System transformation means land use, infrastructure and housing supply is integrated, efficient, effective and responsive to demand		✓	

How we will assess our performance

Renewing and growing our housing portfolio

Ref:	Actual 2020/21	Measure	Measure type	Standard 2021/22	Forecast 2021/22	Standard 2022/23
2.1	2,432	Number of newly constructed Kāinga Ora public and supported homes:[12]	✱	≥3,400	≥1,815	≥3,400
		– Public homes		≥2,400	≥1,281	≥3,155
		– Supported homes		≥1,000	≥534	≥245
2.2	1,915	Increase in the overall number of Kāinga Ora public and supported homes (net increase):	✱	≥2,700	≥1,233	≥2,200
		– Public homes		≥1,600	≥566	≥1,930
		– Supported homes[13]		≥1,100	≥667	≥270

[12] A newly constructed home is defined as a home that is newly built and has not previously been occupied before its use for public or supported housing purposes.

[13] Supported housing targets contribute to the expectation on Kāinga Ora to deliver 70–80 percent of the Government's commitment to fund 2,000 transitional housing places by June 2022.

Ref:	Actual 2020/21	Measure	Measure type	Standard 2021/22	Forecast 2021/22	Standard 2022/23
2.3	93%	Percentage of new public and supported homes built to a 6 Homestar standard[14]		≥90%	≥90%	≥90%
2.4	New measure	Percentage of eligible[15] newly constructed Kāinga Ora public and supported homes meeting full universal design standards[16]		≥15%	≥15%	≥15%
2.5	New measure	Percentage of Kāinga Ora managed redevelopment new builds[17] of public and supported homes adopting offsite manufacturing building solutions		New measure	New measure	Establish baseline
2.6	New measure	Develop appropriate housing construction timeliness to deliver metrics (from project initiation to construction delivery)		New measure	New measure	By 31 December 2022
2.7	271	Number of public homes completed as part of Kāinga Ora home renewal programmes[18]		≥1,125	≥428	≥700
2.8		Percentage of uncontaminated waste diverted from landfill from redevelopment sites cleared				
	87%	– Auckland region		≥80%	82–84%	≥80%
	New measure	– Rest of New Zealand		Establish baseline	N/A	≥60%
2.9	119	Number of new trainees actively engaged in our Kāinga Ora construction apprenticeship/cadetship programme		≥100	≥100	≥100
2.10	New measure	Percentage of new trainees engaged in our Kāinga Ora construction apprenticeship/ cadetship programme who identify themselves as:		Establish baseline	≥50%	≥50%
		– Māori				
		– Pacific peoples				

[14] Homestar is a comprehensive independent national rating tool run by the not-for-profit Green Building Council that measures the health, warmth and efficiency of New Zealand houses. A 6 Homestar rating or higher provides assurance that a house will be better quality – warmer, drier and healthier and cost less to run – than a typical new house built to comply with the New Zealand Building Code. This excludes new homes acquired from the market.
[15] 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.
[16] Universal design means a property is built according to Kāinga Ora universal design standards so it is or can be fit for purpose for most customers, whether or not they have a disability. Universal design delivers homes that are more liveable for the entire population, including (but not limited to) young and growing families, people of all ages who experience temporary injury or illness, those with mobility, visual or cognitive impairments and the growing ageing population. This excludes new homes acquired from the market.
[17] This excludes new homes acquired from the market.
[18] This includes Kāinga Ora retrofit and complex remediation programmes. (Note that the 2020/21 measure included only retrofits.)

Ref:	Actual 2020/21	Measure	Measure type	Standard 2021/22	Forecast 2021/22	Standard 2022/23
2.11	New measure	Percentage of our construction partners who are satisfied or very satisfied with their ongoing partnership with Kāinga Ora		Establish baseline	70%	≥65%
2.12	New measure	Number of existing Kāinga Ora homes relocated to make way for new redevelopments. Targeted groups include: – Māori Iwi or Māori community housing providers (CHPs)[19] – Other CHPs, non-governmental organisations or private sector		New measure	New measure	Establish baseline
2.13	New measure	Percentage of building consents granted by Consentium within 20 working days[20]		≥98%	99.5%	≥98%

Delivering effective and efficient asset management

Ref:	Actual 2020/21	Measure	Measure type	Standard 2021/22	Forecast 2021/22	Standard 2022/23
2.14	97.9%	Percentage of public homes that are let (occupied days)		≥97.8%	97.7%	≥97.5%
2.15	21 days	Average number of days from a public home becoming vacant to being ready to let		≤18 days[21]	28 days	≤23 days[22]
2.16	74%	Percentage of public housing customers satisfied with repairs and maintenance		≥75%	73–75%	≥75%
2.17	3.9 hours	Average time taken to respond to urgent health and safety maintenance queries		≤4 hours	2.8 hours	≤4 hours
2.18	84%	Percentage of public housing customer maintenance requests completed within the agreed service level targets[23]		≥80%	78%	≥80%

[19] Māori Iwi and Māori community housing providers will be given the first priority over these homes. However, where the offer of these homes is unable to be taken up by them, other CHPs, non-governmental organisations or the private sector will be offered these homes.
[20] These building consents are granted by Consentium, which is the only nationally accredited building consent authority in New Zealand. It is a stand-alone and independent organisation within Kāinga Ora and is only authorised to grant building consents for public and supported housing.
[21] This refers to calendar days.
[22] This target has been increased to reflect the ongoing impact of COVID-19. This relates to both supply chain shortages of materials and the inability to access homes prior to the tenancy end dates.
[23] Kāinga Ora has different service level targets for different priorities of maintenance requests. This measures the percentage of responsive repairs that meet the service level targets for completing urgent health and safety work (12 hours), urgent responsive work (48 hours) and general repairs (10 working days).

Ref:	Actual 2020/21	Measure	Measure type	Standard 2021/22	Forecast 2021/22	Standard 2022/23
2.19	New measure	Percentage of our public and supported housing portfolio that receive one or more major planned interventions[24]	✽	≥13%	13–14%	≥13%[25]
2.20	21%	Percentage of our housing portfolio compliant with the healthy homes standards	✽	≥60%	48%	100%[26]
2.21	92.7%	Percentage of public lettable properties that meet or exceed the asset condition scale baseline quality standard[27]	✽	≥93.5%	92–93.5%	≥93.5%

Key to measure type

✽ Direct Kāinga Ora performance output measure.

✽✽ Performance indicator that Kāinga Ora has strong influence over.

✽✽✽ Outcome performance indicator that Kāinga Ora only has an indirect influence over or demand-based activity that Kāinga Ora does not have control over.

Revenue and output expenses

Description	Forecast 2021/22 $m	Budget 2022/23 $m	Comment
Revenue Crown	1,067.4	1,126.0	The expenses in this output class are in relation to maintenance of the public housing portfolio. It includes all administration and maintenance expense for public housing and both revenue and expenses for supported housing. It includes net interest expense.
Revenue other	561.5	628.3	
Expenses	1,774.9	2,243.9	
Net surplus/(deficit)	(146.0)	(489.5)	
Capital expenses*	1,964.6	4,183.5	

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

[24] Planned interventions include properties where work has been carried out through one or more of our planned programmes. This includes unoccupied repairs >$5,000, new roof replacement, exterior paint, heating, gas services, fire reinstatement and meth-lab reinstatement for both public and supported housing. It excludes both our Healthy Homes Programme and renewal (retrofit and complex remediation) programme.
[25] This equates to approximately 8,400 homes. The number of homes receiving a major planned intervention in 2022/23 is less than the number forecast for 2021/22 (9,630), in large part because we are forecasting significantly less chemical contamination reinstatements. However, the overall percentage for the target remains unchanged because we have changed the method of determining the overall portfolio, using the portfolio at the beginning of the financial year rather than a forecast of the portfolio at year end given most additions are new homes and do not require major planned interventions.
[26] This is a cumulative target that includes the compliant portion of our housing portfolio achieved in previous years.
[27] Kāinga Ora uses the New Zealand Asset Management Support (NAMS) asset condition scale. Each major component of a house is rated 1–5 (where 1 is the highest score and 5 is the lowest). Where the average of the components for a house is rated at less than 3.5, the house is deemed to meet the baseline quality standard.

OUTPUT CLASS 3

Delivering and facilitating urban planning and development

We contribute to sustainable, inclusive and thriving communities through quality urban development and regeneration through leadership, innovation and collaboration. We enable affordability and accessibility of housing, leveraging our land and scale.

Our legislated operating principles[28]

This output class reflects our statutory functions for both housing and urban development under section 13 of the Kāinga Ora–Homes and Communities Act 2019.

All our operating principles guide the work we do, but the principles that have the greatest relevance to this output class are those related to:

- well-functioning urban environments
- stewardship and sustainability
- collaboration and effective relationships.

The Urban Development Act 2020 also empowers Kāinga Ora to undertake and facilitate transformational, complex urban development that contributes to sustainable, inclusive and thriving communities.

The difference we are trying to make

We aim to develop sustainable, inclusive and thriving communities that support good access to jobs, amenities and services. We will provide good-quality affordable housing choices that meet the needs of these diverse communities.

How we aim to achieve this

The Government is committed to moving from a fragmented housing and urban development system to a well-connected system that delivers the outcomes it seeks for New Zealanders.

Through this output class, we will facilitate and deliver large-scale urban development projects, including reshaping public housing neighbourhoods and enabling land for affordable and general housing, to deliver homes where they are needed and where they are not being provided by the private market to ensure an appropriate mix of public, affordable and market housing.

We will build partnerships and collaborate with others to deliver on housing and urban development opportunities, develop and renew urban environments and develop related amenities and infrastructure, facilities, services and works, including working with iwi, Māori landowners, community housing providers, private developers and local councils. We will ensure our engagement with Māori is early and meaningful and offers Māori opportunities to participate in urban development partnerships.

[28] Please refer to Appendix 1 for the details of our legislated operating principles.

The scope of this output class

The scope of this output class is limited to urban development activities initiated, facilitated or undertaken by Kāinga Ora either on its own, in partnership or on behalf of others, including:

- developing land to enable or facilitate public, affordable and market housing in areas of high demand
- undertaking planning, development and renewal of urban environments, whether or not this includes housing development
- developing related commercial, industrial, community or other amenities, infrastructure, facilities, services or works
- leading, partnering in or facilitating specified development projects as set out in the Urban Development Act 2020.

This output class also includes the leadership or coordination role, described below, that Kāinga Ora takes in relation to urban development.

Activities delivered

The activities undertaken in this output class include the following.

Delivering high-quality urban planning and design

- Developing plans for community regeneration, including infrastructure and community amenities.
- Understanding, supporting and enabling the aspirations of communities in relation to urban development.
- Leading and promoting great urban design.
- Enabling well-functioning urban environments through participating in place-making activities.
- Planning efficient, integrated, mixed-use urban developments.
- Partnering with Tāmaki Regeneration Company (TRC) to deliver masterplans for Tāmaki community regeneration.

Growing housing choices and supply by increasing the supply of build-ready land

- Ensuring our urban development activities deliver beyond what the market would deliver alone.
- Facilitating urban development by working with key development partners.
- Enabling and delivering housing options accessible to whānau Māori to rent or own.
- Ensuring housing meets the needs of diverse communities.
- Advocating for planning rules that enable intensification in urban areas.
- Preparing a place-based strategic land acquisition plan for the Kāinga Ora Land Programme.
- Undertaking, as part of the KiwiBuild Buying off the Plans initiative, due diligence of prospective developers and underwriting of plans to de-risk suitable developments led by the private sector.
- Developing land to enable or facilitate public, affordable and market homes within the Tāmaki community.

- Managing the construction delivery of Tāmaki public, shared equity scheme affordable and build-to-rent pilot homes on TRC's behalf.

Supporting Māori aspirations for urban development and build development capacity and capability

- Actively pursuing urban development partnerships with Māori.
- Conducting a stocktake of land available for housing.
- Providing practical opportunities for Māori to lead and contribute to housing solutions.
- Leveraging new and existing programmes and funding to support Māori-led development.
- Building Māori urban development capacity and capability through facilitation and partnership.
- Prioritising Māori as localised suppliers and vendors through Kāinga Ora procurement practice.
- Supporting Māori to better access technical advice to enable land development and housing supply.

Providing certainty and stability of land and housing supply through market cycles

- Undertaking a programme of significant redevelopment across our public housing holdings, including reshaping these neighbourhoods and enabling land for affordable and general housing, either directly or in partnership or on behalf of other agencies.
- Maintaining a pipeline of future urban development projects to provide greater certainty to the infrastructure, development and building and construction sectors.
- Leveraging our scale, supply chain partnerships and innovative construction techniques to reduce the cost of construction and improve productivity.
- Addressing infrastructure funding and financing issues in collaboration with our partners.
- Growing long-term relationships with development partners, including developing tools to de-risk investment.

Using our statutory powers and our leverage to overcome barriers to high-quality development

- Using our statutory powers under the Urban Development Act 2020 to unblock and expedite development.
- Using our powers of land acquisition to aggregate land for development, especially at key rapid transit nodes.
- Addressing infrastructure funding and financing issues in collaboration with our partners.
- Complementing government investment in significant transport infrastructure by taking a lead role in transit-oriented development.

Ensuring our urban development activities drive sustainable environmental outcomes

- Reducing pollution and climate change impacts of infrastructure through our developments and seeking investment decisions to lower the whole-of-life emissions profile of developments.
- Enhancing and regenerating natural systems to restore the mana and mauri of whenua and ecosystems through our development activity, including re-establishment of ngahere in our urban environments through policy, partnering and pilot project implementation.

Wider housing and urban development outcomes this output class contributes to

This output class contributes to the following housing and urban development outcomes.

Our outcomes		This output class contributes: Directly	Indirectly	N/A
Customer wellbeing	Customer wellbeing means people in our homes live well, with dignity, stability and the greatest degree of independence possible		✔	
Thriving communities	Thriving communities are 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	✔		
Housing access	Housing access means enabling homes that meet diverse needs and are safe, affordable and healthy to live in	✔		
Environmental wellbeing	Environmental wellbeing means sustainable and resilient operations, assets and communities	✔		
System transformation	System transformation means land use, infrastructure and housing supply is integrated, efficient, effective and responsive to demand	✔		

How we will assess our performance

Ref:	Actual 2020/21	Measure	Measure type	Standard 2021/22	Forecast 2021/22	Standard 2022/23
3.1	1,713	Number of new homes that will be built on land enabled[29] through Kāinga Ora urban development activity		≥1,600	1,686	≥1,700[30]
3.2	53%	Affordable[31] homes enabled as a percentage of total market and affordable homes enabled[32]		≥40%	43%	≥40%

[29] Enabled homes refers to the number of homes that will be built on ready-to-build land handed over to a third party or as agreed to under a signed unconditional contract between Kāinga Ora and the third party.
[30] Please refer to the 'Breakdown of large-scale urban development projects (SPE 3.1)' table below for a breakdown of this target.
[31] For the purpose of this measure, affordable means homes produced for sale at KiwiBuild price points or other affordable housing products produced in line with the Kāinga Ora affordable housing plan, noting that this is subject to both business case funding approval of large-scale projects and further affordable housing policy development.
[32] Note that the definition of this performance measure has changed since 2020/21, and it no longer includes TRC state homes in the denominator of the calculation. The 2021/22 forecast figure and the 2022/23 standard are based on the performance measure's new definition excluding TRC state homes.

Ref:	Actual 2020/21	Measure	Measure type	Standard 2021/22	Forecast 2021/22	Standard 2022/23
3.3	81%	Percentage of market and affordable enabled homes under construction by third parties within agreed timeframes[33]	✱✱✱	≥95%	95–100%	≥95%
3.4	New measure	Percentage of deliverables met as per Kāinga Ora large-scale projects monitoring framework agreed with the Ministry of Housing and Urban Development and the Minister	✱	New measure	New measure	≥80%
3.5	New measure	Number of newly constructed homes with delivery managed by Kāinga Ora on behalf of TRC[34]	✱	≥95	236	≥324
3.6	100%	Percentage of new market, affordable and TRC public homes enabled to the 6 Homestar standard	✱	≥90%	100%	≥90%
3.7	New measure	Number of jobs[35] to be created, utilised and retained through the life of shovel-ready projects	✱	Track progress towards 3-year target of ≥320 by June 2024	84	Track progress towards 3-year target of ≥320 by June 2024
3.8	New measure	Kāinga Ora Urban Development Strategy and its implementation plan adopted	✱	New measure	New measure	By October 2022
3.9	New measure	Strategic land acquisition plan for Kāinga Ora Land Programme adopted	✱	New measure	New measure	By October 2022
3.10	New measure	Number of projects that have been formally considered for selection as a specified development project under the Urban Development Act 2020	✱	New measure	New measure	Three selection reports completed and decisions made

Key to measure type

✱ Direct Kāinga Ora performance output measure.

✱✱ Performance indicator that Kāinga Ora has strong influence over.

✱✱✱ Outcome performance indicator that Kāinga Ora only has an indirect influence over or demand-based activity that Kāinga Ora does not have control over.

[33] Agreed timeframes is defined as the house being under construction in line with timeframes set out in the contracted development agreements.
[34] Kāinga Ora is responsible for neighbourhood planning, infrastructure delivery, superlot creation, contracting of builders/developers to build TRC's public and shared equity homes on their land and management of the construction of these homes to completion. These homes are defined as completed once practical completion has been achieved.
[35] Full-time equivalents (FTEs).

Breakdown of large-scale urban development projects (SPE 3.1)

Precinct		Forecast 2021/22	Budget 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Total
Lakeside							
	Market	60	202	135	-	-	397
	Affordable	42	32	69	199	120	462
	State	-	-	-	-	-	-
Lakeside total		**102**	**234**	**204**	**199**	**120**	**859**
Māngere precinct							
	Market	91	47	124	121	330	713
	Affordable	113	30	69	62	86	360
	State	155	52	76	307	206	796
Māngere precinct total		**359**	**129**	**269**	**490**	**622**	**1,869**
Northcote precinct							
	Market	62	231	62	-	-	355
	Affordable	63	177	39	-	-	279
	State	-	55	-	-	-	55
Northcote precinct total		**125**	**463**	**101**	**-**	**-**	**689**
Oranga precinct							
	Market	117	-	49	44	96	306
	Affordable	41	-	30	29	63	163
	State	101	64	87	-	-	252
Oranga precinct total		**259**	**64**	**166**	**73**	**159**	**721**
Porirua precinct							
	Market	-	6	19	89	122	236
	Affordable	-	-	-	-	-	-
	State	26	8	43	25	73	175
Porirua precinct total		**26**	**14**	**62**	**114**	**195**	**411**
Roskill precinct							
	Market	315	236	57	145	189	942
	Affordable	206	412	56	113	154	941
	State	151	68	51	116	109	495
Roskill precinct total		**672**	**716**	**164**	**374**	**452**	**2,378**
Tāmaki precinct							
	Market	91	-	198	119	172	580
	Affordable	43	46	231	150	258	728
	State	60	35	257	229	121	702
Tamaki Precinct total		**194**	**81**	**686**	**498**	**551**	**2,010**
TOTAL		**1,737**	**1,701**	**1,652**	**1,748**	**2,099**	**8,937**

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.

Our Auckland large-scale projects

There are five large-scale projects (LSPs) in Auckland, including in Roskill, Oranga, Māngere, Tāmaki and Northcote. They are a once-in-a-generation opportunity to apply twenty-first century solutions to deliver comprehensive, productive, liveable and thriving communities. Delivery of these LSPs is well under way.

The LSPs are a 20-year portfolio of brownfield land development and infrastructure activities that will enable development of new homes to meet critical and growing housing shortages. The LSPs will prepare large tranches of land so that new housing can be built that is healthy, increases housing supply, better utilises land holdings and is in locations that have significant housing demand.

Our role working with the Tāmaki Regeneration Company (TRC)

Kāinga Ora is working closely with TRC to enable the development of public, affordable and market homes on land currently owned by TRC. Our role is that of master developer, overall programme and project management, neighbourhood planning and civil infrastructure procurement and construction. We are also responsible for the development and sale of mega/superlots and the delivery of public homes for TRC as well as enabling market and affordable homes and the overall community amenities. TRC retains overall ownership of the precinct masterplan, the public homes delivered and associated tenancy management as well as continuing to be the lead agency for community and iwi engagement.

Our work in Eastern Porirua

Planning work is well under way on our Eastern Porirua precinct, where the programme aims to deliver medium-density housing redevelopment and wider community regeneration over the next 20 years. The programme includes considerable upgrades to infrastructure and renewal of Eastern Porirua parks and greenways, including shared cycle/walkways and pedestrian links to the Porirua city centre to encourage active modes of transport.

Revenue and output expenses

Description	Forecast 2021/22 $m	Budget 2022/23 $m	Comment
Revenue Crown	29.1	53.3	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	159.7	284.7	
Expenses	277.0	416.9	
Net surplus/(deficit)	(88.1)	(78.9)	
Capital expenses*	511.7	986.9	

Output class revenue and expense tables may have rounding differences.

* Includes a share of corporate infrastructure capital spend.

OUTPUT CLASS 4

Supporting Crown housing infrastructure and home ownership initiatives for New Zealanders

We contribute to supporting first-home ownership through the delivery of affordable home ownership products.

Our legislated operating principles[36]

This output class reflects our statutory functions for both housing and urban development under section 13 of the Kāinga Ora–Homes and Communities Act 2019.

In delivering our activities in this output class, we are guided by all of these operating principles. They include those related to:

- public housing solutions that contribute positively to wellbeing
- housing supply that meets needs
- well-functioning urban environments
- stewardship and sustainability
- collaboration and effective relationships.

The difference we are trying to make

People and whānau are supported to transition to greater housing independence through the provision of financial home ownership products that assist individuals and households to purchase their first home. This output class also includes using Crown land effectively, efficiently and sustainably to provide good-quality affordable housing choices that meet diverse needs to provide homes and more liveable communities for all New Zealanders.

The scope of this output class

The scope of this output class is limited to activities associated with:

- administering the Infrastructure Acceleration Fund as agent of the Crown
- managing Kāinga Ora financial home ownership products, including assessing the eligibility of customers for KiwiBuild, to assist individuals and households to purchase their first home
- property management and development services delivered on behalf of the Crown in relation to land and buildings transferred to direct Crown control that are accounted for in the Crown's Housing Agency Account,[37] including transactions where Kāinga Ora is required to buy or sell properties as part of the KiwiBuild Buying off the Plans initiative underwrite.

---

[36] Please refer to Appendix 1 for the details of our legislated operating principles.
[37] Kāinga Ora provides services to the Housing Agency Account under the specific authority and requirements set out in the Housing Act 1955 and the Housing Agency Accountability Agreement between Housing New Zealand and the Minister who was responsible for Housing New Zealand at that time.

Activities delivered

The activities undertaken in this output class include the following.

Administering the Infrastructure Acceleration Fund (IAF) on behalf of the Crown

The IAF is a contestable process designed to allocate funding to infrastructure projects enabling meaningful contribution to housing outcomes in areas of need. The IAF will enable housing development through the allocation of funds to new and upgraded eligible enabling infrastructure such as transport, three waters and flood management infrastructure, with the majority of housing outcomes expected to be delivered in the medium term. Kāinga Ora is responsible for administering the IAF, which, in 2022/23, will focus on:

- negotiating IAF funding agreements and housing outcome agreements with parties selected through a robust evaluation process (and approved by Ministers) and entering into IAF agreements on behalf of the Crown
- supporting, monitoring and reporting on the IAF agreements throughout the development journey, including conditions and milestone satisfaction, managing funding requests/payment processing, actively supporting developments that encounter issues and delays and receiving, reviewing and providing ongoing reporting.

Administering affordable home ownership products on behalf of the Crown

- Delivering proactive management of financial home ownership products on behalf of the Crown that assist individuals and households to purchase their first home, including:
  - KiwiBuild eligibility criteria on behalf of the Crown (Crown appropriated)
  - First Home Loan and Kāinga Whenua loans (Crown appropriated)
  - First Home Grant (Crown appropriated)
  - First Home Partner (shared home ownership scheme) (Crown appropriated)
  - Kāinga Ora Tenant Home Ownership Scheme
  - Residential Earthquake-Prone Building Financial Assistance Scheme (Crown appropriated).

Administering the Housing Agency Account on behalf of the Crown

- Processing transactions where Kāinga Ora is required to buy or sell properties as part of the KiwiBuild Buying off the Plans initiative underwrite.
- Providing for the management and development of Hobsonville Point (under control of the Housing Agency Account).
- Providing other services to manage properties that are also held in the Crown’s Housing Agency Account.

Hobsonville Point

The project is a large-scale integrated urban development project in northwest Auckland on land formerly used by the New Zealand Defence Force. Kāinga Ora is responsible for facilitating housing development at Hobsonville Point, with at least 20 percent of the housing constructed to be sold as affordable housing. Direct involvement by Kāinga Ora in the development is scaling down, with the development due to be complete during 2025.

Wider housing and urban development outcomes this output class contributes to

This output class contributes to the following housing and urban development outcomes.

Our outcomes		This output class contributes: Directly	Indirectly	N/A
Customer wellbeing	Customer wellbeing means people in our homes live well, with dignity, stability and the greatest degree of independence possible		✓	
Thriving communities	Thriving communities are 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	✓		
Housing access	Housing access means enabling homes that meet diverse needs and are safe, affordable and healthy to live in	✓		
Environmental wellbeing	Environmental wellbeing means sustainable and resilient operations, assets and communities		✓	
System transformation	System transformation means land use, infrastructure and housing supply is integrated, efficient, effective and responsive to demand		✓	

How we will assess our performance

Ref:	Actual 2020/21	Measure	Measure type	Standard 2021/22	Forecast 2021/22	Standard 2022/23
4.1		Number of new applications assessed for eligibility:	✱✱✱	Demand driven	23,800–24,500	Demand driven
	41,984	- First Home Grants			21,300–21,900	
	5,279	- KiwiBuild			1,100–1,200	
	New measure	- First Home Partner (progressive home ownership)			1,400	
4.2	2 working days	Average number of days taken to assess a completed First Home Grant, KiwiBuild or First Home Partner application	✱	≤5 working days	3 working days	≤5 working days

Ref:	Actual 2020/21	Measure	Measure type	Standard 2021/22	Forecast 2021/22	Standard 2022/23
4.3	New measure	Percentage of applicants gaining full pre-approval for First Home Partner who are part of the following targeted groups:	✱✱✱	Establish baseine		Monitor and report progress
		- Māori			7%	
		- Pacific peoples			3%	
		- Families with children			23–26%	
4.4	1,272	Number of First Home Loan mortgages underwritten	✱✱✱	Demand driven up to a maximum of 1,650	780	Demand driven up to a maximum of 3,600[38]
4.5	10,618	Number of homes purchased by New Zealanders with one or more of our home ownership products	✱✱✱	Demand driven	6,100–6,450	Demand driven
4.6	New measure	Percentage of homes purchased by New Zealanders with one or more of our home ownership products who identify themselves as:	✱✱✱	Establish baseline		Monitor and report progress
		- Māori			8–9%	
		- Pacific peoples			3–4%	
4.7	24.6%	Percentage of completed underwritten KiwiBuild homes acquired by the Crown as part of the Buying off the Plans initiative	✱✱✱	≤25%	22%	≤25%
4.8	New measure	Percentage of IAF funding agreements, with an aggregate call on the IAF of approximately $1 billion, entered into by 30 June 2023	✱	New measure	New measure	≥80%

Key to measure type

✱ Direct Kāinga Ora performance output measure.

✱✱ Performance indicator that Kāinga Ora has strong influence over.

✱✱✱ Outcome performance indicator that Kāinga Ora only has an indirect influence over or demand-based activity that Kāinga Ora does not have control over.

[38] 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.

Revenue and output expenses

Description	Forecast 2021/22 $m	Budget 2022/23 $m	Comment
Revenue Crown	73.6	120.3	The revenue and expenses of this output class are in relation to products that are managed on the Crown's behalf and expenses associated with these home ownership products.
Revenue other	1.2	1.7	
Expenses	58.1	114.2	
Net surplus/(deficit)	16.7	7.8	
Capital expenses	0.9	1.2	

Output class revenue and expense tables may have rounding differences.

* Includes a share of corporate infrastructure capital spend.

Forecast financial statements

Pallant Street and Wordsworth Road, Manurewa, Auckland

Forecast financial highlights for 2022/23

Kāinga Ora manages a portfolio of 68,888 homes.[39] The value of the owned portion of this portfolio was $38.9 billion at 30 June 2021. This is an increase of $8.3 billion on the portfolio's previous valuation of $30.6 billion as at 30 June 2020. Another portfolio valuation is due to be completed by 30 June 2022.

The 2022/23 forecast operating loss before tax is $561 million, with no distribution to the Crown.

In 2022/23, we expect to receive $2,316 million in income, comprising:

- $1,182 million in income-related rent subsidies
- $520 million in rental income
- $307 million in sales of developments
- $172 million in other operational funding for Crown programmes
- $135 million in interest and other income.

In 2022/23, we expect to incur $2,711 million in operating expenses, comprising:

- $587 million in repairs and maintenance
- $489 million in depreciation and amortisation
- $369 million in interest costs
- $332 million in people costs (personnel)
- $307 million in cost of selling redeveloped land for market and affordable housing enablement
- $266 million in third party leases and rates
- $81 million in grant payments, primarily to the KiwiSaver scheme
- $280 million in other expenses.

We also expect to incur $166 million of write-offs and impairments of assets, driven by redevelopment activity.

In 2022/23, Kāinga Ora expects to spend $4,151 million on rental housing asset purchases and improvements and expects to receive $51 million from the sale of state housing assets.

[39] As at 31 May 2022, including public and supported homes (transitional and Community Group Housing) owned, leased and leased to other providers.

Forecast statement of comprehensive revenue and expense

	Group Actuals 2021 $m	Group Forecast 2022 $m	Group Budget 2023 $m
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Rental income from income-related rent subsidies (IRRS)	1,044	1,128	1,182
Rental income from tenants receiving IRRS	386	416	464
Crown appropriation revenue	115	112	172
Rent relief fund revenue	4	4	4
REVENUE FROM EXCHANGE TRANSACTIONS			
Sale of developments	64	186	307
Rental income from tenants at market rent	41	46	52
Interest revenue	25	22	58
Mortgage Insurance Scheme	13	11	9
Other revenue	29	56	68
Total revenue	**1,721**	**1,981**	**2,316**
EXPENSES			
Repairs and maintenance	412	463	587
Depreciation and amortisation	337	407	489
Interest expense	162	202	369
Personnel	201	296	332
Cost of land sold	63	185	307
Rates	182	199	214
Grants	80	39	81
Third-party rental leases	70	56	52

Forecast statement of comprehensive revenue and expense (continued)

	Group Actuals 2021 $m	Group Forecast 2022 $m	Group Budget 2023 $m
EXPENSES (CONTINUED)			
Other expenses	180	240	280
Total expenses	**1,687**	**2,087**	**2,711**
OTHER GAINS/(LOSSES)			
Gain/(loss) on disposal of assets	9	(4)	-
Impairment of property under development	(62)	(55)	(55)
Loss on asset write-offs	(81)	(52)	(111)
Total other gains/(losses)	**(134)**	**(111)**	**(166)**
Surplus/(deficit) before tax	**(100)**	**(217)**	**(561)**
Current tax (expense)/benefit	(112)	(71)	8
Deferred tax (expense)/benefit	60	94	79
Income tax (expense)/benefit	**(52)**	**23**	**87**
Net surplus/(deficit) after tax	**(152)**	**(194)**	**(474)**
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Revaluation reserve gains/(losses)	6,912	4,501	(60)
Hedging reserve gains/(losses)	55	52	-
Income tax on items of other comprehensive revenue and expense	(439)	(382)	24
Other comprehensive revenue and expense net of tax	**6,528**	**4,171**	**(36)**
Total comprehensive revenue and expense net of tax	**6,376**	**3,977**	**(510)**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Forecast statement of financial position

	Group Actuals 2021 $m	Group Forecast 2022 $m	Group Budget 2023 $m
ASSETS			
Cash and cash equivalents	233	100	100
Short-term investments	1,136	1,623	1,403
New Zealand Government Bonds	50	50	-
Interest rate derivatives	29	4	4
Receivables and prepayments	134	234	370
Properties held for sale	45	45	45
Property under development	365	545	934
Other assets	45	70	92
Property, plant and equipment	38,868	44,922	48,720
Total assets	**40,905**	**47,593**	**51,668**
LIABILITIES			
Accounts payable and other liabilities	249	360	359
Income tax payable	22	(1)	3
Mortgage Insurance Scheme	30	26	28
Interest rate derivatives	58	21	21
Borrowings	7,627	9,733	13,507
Deferred tax liability	2,570	2,865	2,762
Total liabilities	**10,556**	**13,004**	**16,680**
Net assets	**30,349**	**34,589**	**34,988**
EQUITY			
Equity attributable to the Crown	3,564	3,827	4,737
Retained earnings	904	802	431
Revaluation reserve	25,923	29,965	29,825
Hedging reserve	(42)	(5)	(5)
Total equity	**30,349**	**34,589**	**34,988**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Forecast statement of changes in equity

	Group Actuals 2021 $m	Group Forecast 2022 $m	Group Budget 2023 $m
Total equity at 1 July	**23,970**	**30,349**	**34,589**
Revaluation reserve gains/(losses)	6,912	4,501	(60)
Deferred tax on property, plant and equipment revaluations	(423)	(367)	24
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE			
Hedging reserve gains/(losses)	55	52	-
Deferred tax on hedging reserve gains/(losses)	(16)	(15)	-
Net surplus/(deficit) for the year after tax	(152)	(194)	(474)
Total comprehensive revenue and expense for the period	**6,376**	**3,977**	**(510)**
CONTRIBUTIONS FROM AND DISTRIBUTIONS TO THE CROWN			
Net capital contributions (to)/from the Crown	**3**	**263**	**909**
Total changes in equity	**6,379**	**4,240**	**399**
Total equity at 30 June	**30,349**	**34,589**	**34,988**
EQUITY ATTRIBUTABLE TO THE CROWN			
Opening balance	3,561	3,564	3,827
Net capital contributions (to)/from the Crown	3	263	909
Closing equity attributable to the Crown	**3,564**	**3,827**	**4,736**

Forecast statement of changes in equity (continued)

	Group Actuals 2021 $m	Group Forecast 2022 $m	Group Budget 2023 $m
RETAINED EARNINGS			
Opening retained earnings	697	904	802
Net surplus/(deficit) for the year after tax	(152)	(194)	(474)
Net transfers from asset revaluation reserve on disposal of properties	359	92	104
Closing retained earnings	**904**	**802**	**432**
REVALUATION RESERVE			
Opening revaluation reserve	19,793	25,923	29,965
Asset revaluations on property, plant and equipment	6,912	4,501	(60)
Deferred tax on property, plant and equipment	(423)	(367)	24
Net transfers from asset revaluation reserve on disposal of properties	(359)	(92)	(104)
Closing revaluation reserve	**25,923**	**29,965**	**29,825**
HEDGING RESERVE			
Opening hedging reserve	(81)	(42)	(5)
Fair value gains/(losses)	55	52	-
Deferred tax on derivative fair value movement	(16)	(15)	-
Closing hedging reserve	**(42)**	**(5)**	**(5)**
Total equity at 30 June	**30,349**	**34,589**	**34,988**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Forecast cash flow statement

	Group Actuals 2021 $m	Group Forecast 2022 $m	Group Budget 2023 $m
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Rent receipts – income-related rent subsidies	999	1,161	1,219
Rent receipts – tenants	426	460	511
Rent relief fund income	4	4	4
Crown appropriation revenue	111	104	174
Interest revenue	25	22	58
Mortgage Insurance Scheme income	13	11	9
Other receipts	29	109	31
Payments to suppliers and employees	(1,125)	(1,252)	(1,543)
Interest paid	(162)	(164)	(369)
Income tax paid	(90)	(93)	11
Net cash flows from/(used in) core operating activities	**230**	**362**	**105**
Net cash flows from/(used in) land development activities	1	(402)	(810)
Net cash flows from/(used in) operating activities	**231**	**(40)**	**(705)**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Sale of rental properties and management assets	35	25	51
Mortgage and other lending repayments	8	3	-
Purchase of rental property assets	(1,887)	(2,006)	(4,151)
Purchase of other property, plant and equipment	(33)	(19)	(21)
Purchase of intangible assets	(14)	(18)	(28)
Net short-term investments (made)/realised	281	(487)	270
Net cash flows from/(used in) investing activities	**(1,610)**	**(2,502)**	**(3,879)**

Forecast cash flow statement (continued)

	Group Actuals 2021 $m	Group Forecast 2022 $m	Group Budget 2023 $m
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Net capital contributions (to)/from the Crown	3	263	909
Net funds from borrowings	1,188	2,146	3,675
Net cash flows from/(used in) financing activities	**1,191**	**2,409**	**4,584**
Net cash flows	(188)	(133)	-
Opening cash and cash equivalents	421	233	100
Closing cash and cash equivalents	**233**	**100**	**100**

The above statement 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*) and we have considered the implications of Service Performance Reporting Standard (PBE FRS 48). They are presented to fulfil the statutory obligations of Kāinga Ora – Homes and Communities 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 state 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 2022.

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. Interest rates on debt issued by the market are based on projected market borrowing rates, depending on the expected maturity of the debt.	Actual interest rates may differ significantly from those estimated.	Kāinga Ora has an interest rate hedging policy that minimises any significant change to interest rates on projected borrowings.	Low

Forecasting assumption	Risk	Financial effect/action taken	Net level of uncertainty
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 on operating surplus.	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
Price adjustors (cost indices) Larger expense items such as rates and personnel 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 projected 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 operating surplus and comprehensive income 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 operating surplus and comprehensive income could be significant.	Medium

Assumptions

	2021/22 %	2022/23 %
FINANCING INDICES		
Average overall rate (issued debt)	3.4	4.6
PRICE ADJUSTORS		
Rent growth	6.0	4.5
Rates	7.0	5.0
Maintenance (underlying)	8.1	6.0
TAXATION ADJUSTORS		
Goods and services tax (GST)	15	15
Income tax	28	28
Deductibility of depreciation on housing assets	0	0
PROPERTY REVALUATIONS		
Rental properties	10.4	0.0

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 $51,668 million at 30 June 2023, funded by liabilities of $16,680 million and equity of $34,988 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 2022 $m	Equity as at 30 June 2023 $m
34,589	34,988

Aside from capital appropriations, the Kāinga Ora capital expenditure programme is funded by cash flows generated from operations and private sector 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 entity (Crown entity 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. The core business of the Kāinga Ora Group is to enhance New Zealanders' wellbeing for current and future generations. This guides our strategy, decision making and services in the interim as we continue to develop our roles, while being open to feedback and further development. Our six strategic outcomes are set out below.

- **Māori aspirations** – Investment in housing solutions that build capability and support whānau wellbeing.
- **Customer wellbeing** – People in our homes live well, with dignity, stability and the greatest degree of independence possible.
- **Housing access** – Enabling homes that meet diverse needs and are safe, affordable and healthy to live in.
- **Thriving communities** – Inclusive and sustainable communities with access to employment, education, social and cultural opportunities.
- **Environmental wellbeing** – Sustainable and resilient operations, assets and communities.
- **System transformation** – Land use, infrastructure and housing supply is integrated, efficient, effective and responsive to demand.

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 2022. 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 81 to 84. 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 at fair value through net surplus/(deficit) that are measured at fair value.

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 significantly increased level of activity that Kāinga Ora is doing in its development business is largely financed by market bond issues. Presenting on a liquidity basis provides the users of our financial statements with a faithful representation and more-relevant information on the financial statements.

Comparatives

When presentation or classification of items in the financial statements 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 (HNZL) and Housing New Zealand Build Limited (HNZB) 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 (HNZL), is recognised at cost upon purchase or completion of construction. Such costs include the cost of repairs and renewals that are eligible for capitalisation according to the recognition principles in PBE IPSAS 17 *Property, Plant and Equipment*. All other repairs and maintenance costs are recognised in net surplus/(deficit).

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 net surplus/(deficit) for the year. In such circumstances, the surplus is recognised in net surplus/(deficit) for the year.

Any revaluation deficit is recognised in net surplus/(deficit) 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 net surplus/(deficit) 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. 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 net surplus/(deficit).

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 net surplus/(deficit) for the year in which the item is derecognised. Gain or loss on sale is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

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 net surplus/(deficit).

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 net surplus/(deficit).

Gains or losses arising from derecognition of computer software are recognised in net surplus/(deficit) 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 net surplus/(deficit).

The reversal of an impairment loss is recognised in net surplus/(deficit).

l. Financial assets

Financial assets in the scope of PBE IFRS 9 *Financial Instruments* are classified as either subsequently measured at amortised cost, fair value through other comprehensive revenue and expense (FVOCRE) or fair value through surplus or deficit (FVSD). The classification depends on the business model for managing the financial assets and its contractual cash flow characteristics.

Financial assets are reclassified if the business model for managing those financial assets has changed.

(i) Initial recognition and derecognition

At initial recognition, financial assets or financial liabilities are measured at their fair value or, in the case of a financial asset or financial liability not at fair value through surplus or deficit, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The fair value of a financial instrument at initial recognition is normally the transaction price (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. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

(ii) Financial assets at fair value through net surplus/(deficit)

Derivatives – not in hedge relationships

Derivatives are recognised at fair value on initial recognition and subsequently with changes in fair value recognised in surplus/(deficit) when they are not in a hedging relationship.

(iii) Financial assets at amortised cost

Financial assets subsequently measured at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal balance.

Financial assets at amortised cost are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Specific financial assets at amortised cost include the following.

Cash and cash equivalents

Cash and cash equivalents are cash on hand and short-term liquid investments with original maturities of up to 90 days held specifically for working capital purposes.

Mortgages and housing-related lending

Mortgage advances are measured at amortised cost and are stated net of expected credit losses using the general approach. See 'Impairment' below for more detail.

Receivables (exchange and contractual non-exchange transactions)

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for expected credit losses using the simplified approach. See 'Impairment' below for more detail. Bad debts are written off when identified.

Long-term receivables (exchange and contractual non-exchange transactions)

Long-term receivables represent the present value of debts that are expected to be settled beyond the next 12 months and are measured at amortised cost using the effective interest rate method. Expected credit losses using the general approach are recognised in accordance with the accounting policy for impairment. See 'Impairment' below for more detail.

Investments

Investments consist of money market deposits, commercial paper, registered certificates of deposit and treasury bills. These investments meet the 'solely payments of principal and interest' test and are managed on a hold to collect business model. These debt investments are carried at amortised cost using the effective interest method or FVPL depending on the type of investment. Expected credit losses, using the general approach, are recognised in accordance with the accounting policy for impairment of financial assets. See 'Impairments' below for more detail.

New Zealand Government Bonds

New Zealand Government Bonds are fixed-term debt securities issued by the New Zealand Government. These investments are classified as fair value through surplus or deficit as the purpose is to hold them for trading and selling or repurchasing in the near term. No expected credit losses are recognised for New Zealand Government Bonds as they are secured by the New Zealand Government.

Impairment

The impairment requirements of PBE IFRS 9 apply to Kāinga Ora financial assets that are carried at amortised cost and are based on a forward-looking expected credit loss model. The Kāinga Ora Group recognises the expected credit loss (ECL) arising from the possible defaults based on the possibility of default either over the lifetime of the asset or over the next 12 months, depending on whether the general approach or the simplified approach to impairment is used.

Under the general approach, expected credit losses are recognised in three stages.

- Stage 1 – If credit risk has not deteriorated significantly since the asset was initially recognised, impairment losses are recognised initially based on the 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 (that is, future defaults expected to occur over the lifetime of the asset). Kāinga Ora Group uses a provision matrix to calculate expected credit losses. Historical credit loss experience is adjusted for forward-looking information to estimate the lifetime expected credit losses on the financial assets.

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. 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 either guarantees in relation to mortgages previously sold to Westpac Banking Corporation, or the Mortgage Insurance Scheme (MIS). The carrying value of these guarantees approximates fair value as both the underlying loans that were sold and 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 net surplus/(deficit) 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) (FVSD), 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 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 income-related rent subsidies

Income-related rental revenue received from tenants and income-related rent subsidies received from the Crown are recognised on a straight-line basis over the term of the lease.

Crown operating appropriations

The Kāinga Ora Group receives 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 net surplus/(deficit). 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, on a cost recovery basis, from the Housing Agency Account for managing the development of land.

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%, 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

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.

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 housing portfolio contains approximately 68,888 residential properties. Most of them are public homes from 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 public homes (the majority of the portfolio), 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 public 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, Kāinga Ora 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 public housing rather than to generate a commercial return.

(iii) Classification of assets as held for sale or for distribution to the owner

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 Kāinga Ora must be committed to the impending sale or distribution transaction.

(iv) Classification of revenue as being from exchange or non-exchange transactions

Kāinga Ora 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 Kāinga Ora gives approximately equal value (primarily in the form of cash, goods, services or use of assets) in exchange for the revenue it receives.

As there are no assets or services of approximately equal value provided back to the Crown in exchange for the funding it receives from the Crown, management has determined that revenue from income-related rent subsidies and other Crown appropriations is to be classified as being from non-exchange transactions.

(v) Classification of leases as operating or finance leases – Kāinga Ora as lessor

Kāinga Ora 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 Kāinga Ora. 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.

Kāinga Ora has exercised its judgement on the appropriate classification of all its leases and determined that they are all operating leases.

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 68,888 properties[40] around New Zealand (2021: 67,858). 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

[40] As at 31 May 2022, including public and supported homes (transitional and Community Group Housing) owned, leased and leased to other providers.

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.

(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 ECL models that are considered accounting judgements and estimates include:

- the internal credit grading model that is applied to similar assets based on historical information, which assigns probabilities of default to groups of assets
- the criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment.

It is the Kāinga Ora Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Kāinga Ora has considered the effect of COVID-19 on its expected credit losses. Given the conservative approach that the Kāinga Ora Group takes towards expected credit losses, it is not anticipated these will be more than normally expected.

Appropriations – output tables

The following tables set out the appropriated funding Kāinga Ora expects to receive from the Crown in 2022/23. 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

Appropriation and programme	$m	Kāinga Ora output classes: Output class 1 – Supporting our customers to live well with dignity, stability & connectedness	Output class 2 – Growing, renewing and maintaining our homes	Output class 3 – Delivering and facilitating urban planning and development	Output class 4 – Supporting Crown infrastructure and home ownership initiatives
KĀINGA ORA HOME OWNERSHIP AND ADMINISTRATION					
Mortgage Insurance Scheme (First Home Loan)	18.473	–	–	–	18.473
First Home Grant – Administration	2.998	–	–	–	2.998
Community Owned Rural Rental Housing Loans Interest Subsidy	0.042	–	–	–	0.042
Other Legacy Loan Costs	0.300	–	–	–	0.300
Total Kāinga Ora home ownership and administration	**21.813**	**–**	**–**	**–**	**21.813**
First Home Grant	81.000	–	–	–	81.000
Kāinga Ora Sustainability Funding	64.490			46.490	18.000
Public Housing Renewable Energy	0.416		0.416		
Kāinga Ora Land Programme (Operating/Holding Costs)	6.848			6.848	
First Home Partnership Operating Expense (Progressive Home Ownership)	1.579				1.579
Total operating appropriations	**176.145**	**–**	**0.416**	**53.338**	**122.392**

Output Table: Multi-Category Appropriations (MCA) 2022/23

MCA performances are reported by the Ministry of Housing and Urban Development (HUD) and the Ministry of Business, Innovation and Employment.

Appropriation and programme	$m	Kāinga Ora output classes			
		Output class 1	Output class 2	Output class 3	Output class 4
		Supporting our customers to live well with dignity, stability & connectedness	Growing, renewing and maintaining our homes	Delivering and facilitating urban planning and development	Supporting Crown infrastructure and home ownership initiatives
COMMUNITY GROUP HOUSING MCA					
Community Group Housing Market Rent Top-Up	13.891		13.891		–
Community Housing Rent Relief	4.104		4.104		–
Acquisition and Improvement of Community Group Housing Properties – Non-Departmental Capital Expenditure	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 Public Housing Provision	1,193.885	1,193.885			
This contains both Kāinga Ora’s IRRS ad regional incentive appropriations.					
EARTHQUAKE-PRONE BUILDING MCA					
EPB Operating Expenses	0.750				0.750
EPB Loan Advances – Capital Expenditure	4.000		–	–	4.000

Output Table: Capital Appropriations 2022/23

Appropriation and programme	$m	Kāinga Ora output classes: Output class 1 – Supporting our customers to live well with dignity, stability & connectedness	Output class 2 – Growing, renewing and maintaining our homes	Output class 3 – Delivering and facilitating urban planning and development	Output class 4 – Supporting Crown infrastructure and home ownership initiatives
Refinancing of Kāinga Ora and HNZL Debt	216.302		216.302		
Housing Acceleration Fund Component 1 – large scale projects	904.634			904.634	
Shovel Ready Programmes	43.599			43.599	
Kāinga Ora Decarbonisation Projects	8.435				8.435
Public Housing Renewable Energy	3.050				3.050
Total capital appropriations	**1,176.020**	**–**	**216.302**	**948.233**	**11.485**

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

Public 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 public, 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 – 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	2019/20 Target	2019/20 Actual	2020/21 Target	2020/21 Actual	2021/22 Target	2022/23 Target
Percentage of incidents resolved on first contact by ICT service desk	Condition	≥80.00%	86.02%	≥80.00%	89.51%	≥80.00%	≥80.00%
Priority 1 incidents per 100 ICT users	Condition	≤7.0	0.2	≤7.0	0.2	≤7.0	≤7.0
Core systems availability – Kotahi	Availability	≥99.90%	99.99%	≥99.90%	99.98%	≥99.90%	≥99.90%
Core systems availability – Oracle EBS	Availability	≥99.90%	99.93%	≥99.90%	99.97%	≥99.90%	≥99.90%
Core systems availability – websites	Availability	≥99.90%	99.76%	≥99.90%	99.71%	≥99.90%	≥99.90%
Infrastructure as a service resource utilisation	Utilisation	≥90.00%	93.00%	≥90.00%	76%	≥90.00%	≥90.00%

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

ORGANISATIONAL PERFORMANCE MEASURES[41]

Measure	Standard 2021/22	Standard 2022/23	Type of change	Rationale for change
Organisational maturity measures				
Ministerial correspondence, parliamentary questions and Official Information Act requests delivered to meet the agreed deadline	New measure	≥95%	New measure	To reflect our Official Information Act responsibilities alongside managing the flow of information between us, Ministers and government agencies, ensuring statutory requirements are met, responding to parliamentary and select committee questions and keeping Ministers advised of our work and progress.
Ministerial services delivered meet the quality criteria	New measure	≥95%	New measure	Same as above.
Māori interests and obligations measures				
Percentage of Māori businesses and suppliers who are satisfied or very satisfied with their ongoing commercial relationship with Kāinga Ora	Establish baseline	≥65%	Definition change	This measure has been moved from being in an output class to organisational measures in order to widen the definition for this measure to include all businesses who identify themselves as Māori businesses as identified via our supplier contracts and agreements with Māori businesses.
Environmental measures				
2025 and 2030 gross emissions reduction targets established in line with the Carbon Neutral Government Programme requirements	New measure	Reported as part of Kāinga Ora Annual Report 2022/23	New measure	To reflect our commitment to implementing the Carbon Neutral Government Programme requirements.
Emissions associated with Kāinga Ora activities reported in Kāinga Ora Annual Report 2022/23 in line with the Carbon Neutral Government Programme requirements	New measure	Reported as part of Kāinga Ora Annual Report 2022/23	New measure	To reflect our commitment to implementing the Carbon Neutral Government Programme requirements.

[41] Note that we have focused on measures relating to service performance information in line with the Service Performance Reporting Standard (PBE FRS 48) and excluded internally focused organisational measures from this disclosure statement.

OUTPUT CLASS 1 – SUPPORTING OUR CUSTOMERS TO LIVE WELL WITH DIGNITY, STABILITY AND CONNECTEDNESS

Ref 2021/22	Ref 2022/23	Measure	Standard 2021/22	Standard 2022/23	Type of change	Rationale for change
1.1	N/A	Percentage of public housing customers that receive a welcome home visit within the first six weeks of their tenancy starting	≥85%	N/A	Removed measure	This measure has been replaced with a new measure that better reflects our new customer operating model – see SPE measure below.
N/A	1.1	Percentage of new customers to receive Support to Settle In within the first 12 weeks of commencing their tenancy	New measure	≥85%	New measure	This new measure better reflects our new Support to Settle In service (welcome message, check-in phone call, first settle-in hui, second settle-in hui and other interactions as required). These interactions are flexible and will be based on the needs of the customer.
1.3	N/A	Percentage of calls answered within two minutes by the Customer Support Centre	≥80%	N/A	Removed measure	This measure did not fairly represent the level of service we are delivering. It does not allow for a call that may be only slightly over 2 minutes (e.g. 2 minutes 5 seconds) to contribute, despite this not being a significantly poorer service experience. To address this, we have replaced the current service level with an average speed to answer calls – see measure below.
N/A	1.3	Customer Support Centre average speed to answer telephone calls	New measure	≤3 minutes	New measure	This measure provides a better overall measure of call service experience – see comment above.

OUTPUT CLASS 2 – GROWING, RENEWING AND MAINTAINING OUR HOMES

Ref 2021/22	Ref 2022/23	Measure	Standard 2021/22	Standard 2022/23	Type of change	Rationale for change
N/A	2.5	Percentage of Kāinga Ora managed redevelopment new builds[42] of public and supported homes adopting offsite manufacturing building solutions	N/A	Establish baseline	New measure	New measure to reflect Kāinga Ora focus on building innovation and applying this innovation to our new build activity.
N/A	2.6	Develop appropriate housing construction timeliness to deliver metrics (from project initiation to construction delivery)	N/A	By 31 December 2022	New measure	Developing timeliness to construct measures is vital to demonstrate our ability to deliver at scale and pace. Work is required to develop the appropriate metrics and ensure our systems and processes are well embedded to accurately monitor and report on them.
3.8	2.11	Percentage of our construction partners who are satisfied or very satisfied with their ongoing partnership with Kāinga Ora	Establish baseline	≥65%	Definition change	This measure now includes all construction partners. The previous year's measure only included those with a formal construction partnering agreement in place.
3.9	N/A	Percentage of Māori businesses who are satisfied or very satisfied with their ongoing relationship with Kāinga Ora	Establish baseline	≥65%	Definition change	The definition of this measure was widened to include all businesses who identify themselves as Māori. The 2021/22 measure only included construction partners who identified as Māori businesses. The measure was moved from being in an output class into organisational measures to reflect it is an all of organisation measure.
N/A	2.12	Number of existing Kāinga Ora homes relocated to make way for new redevelopments. Targeted groups include: – Māori Iwi or Māori community housing providers (CHPs) – Other CHPs, non-governmental organisations or private sector	New measure	Establish baseline	New measure	This new measure reflects the priority Kāinga Ora is placing on implementing its sustainability objectives and the Māori Strategy.

[42] This excludes new homes acquired from the market.

OUTPUT CLASS 3 – DELIVERING AND FACILITATING URBAN PLANNING AND DEVELOPMENT

Ref 2021/22	Ref 2022/23	Measure	Standard 2021/22	Standard 2022/23	Type of change	Rationale for change
N/A	3.4	Percentage of deliverables met as per Kāinga Ora large-scale projects monitoring framework agreed with the Ministry of Housing and Urban Development and the Minister	N/A	≥80%	New measure	A new measure to provide accountability and visibility over the progress our large-scale project deliverables.
N/A	3.8	Kāinga Ora Urban Development Strategy and implementation plan adopted	N/A	By October 2022	New measure	A new measure intended to measure the progress of developing the Urban Development Strategy.
N/A	3.9	Strategic land acquisition plan for Kāinga Ora Land Programme adopted	N/A	By October 2022	New measure	A new measure intended to outline the decision criteria for Kāinga Ora Land Programme land acquisitions. A strategic approach to site selection and development is vital to the success of the programme.
N/A	3.10	Number of projects that have been formally considered for selection as a specified development project under the Urban Development Act 2020	N/A	Three selection reports completed and decisions made	New measure	A new measure to respond to the Minister's expectation on proactive use of the toolbox of urban development powers.

OUTPUT CLASS 4 – SUPPORTING CROWN INFRASTRUCTURE AND HOME OWNERSHIP INITIATIVES FOR NEW ZEALANDERS

Ref 2021/22	Ref 2022/23	Measure	Standard 2021/22	Standard 2022/23	Type of Change	Rationale for change
5.2, 5.4 and 5.6	4.2	Average number of days taken to assess a completed First Home Grant, KiwiBuild and First Home Partner application	≤5 working days	≤5 working days	Combined measure	This measure has combined all three previous timeliness measures for home ownership products under one measure as all three measures have the same target.
6.1	N/A	Percentage of surveyed residents that are satisfied with the overall living experience at Hobsonville Point	≥75%	N/A	Removed measure	This measure has been removed as Kāinga Ora has largely completed all its activity at the Hobsonville Point development and therefore this measure is no longer relevant.
N/A	4.8	Percentage of IAF funding agreements, with an aggregate call on the IAF of approximately $1 billion, entered into by 30 June 2023	N/A	80%	New measure	New measure resulting from implementation of Budget 2021 and the Government's Infrastructure Acceleration Fund.